

Agreement on Monaco & Islands Disposal

Cable & Wireless
Communications Plc



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Transaction summary

- Majority of M&I division to be sold to Batelco for **\$680m¹**
- Disposal includes:
 - CWC's entire shareholdings in The Maldives, Channel Islands and Isle of Man, the Seychelles, South Atlantic and Diego Garcia
 - 25% shareholding in company that holds CWC's 55% interest in Monaco Telecom
- CWC's remaining 75% interest in Monaco holding company to be sold to Batelco for additional consideration of \$345m if conditions satisfied within 12 months of completion
 - Potential consideration for entire M&I division: **\$1,025m¹**
 - 25% shareholding in Monaco holding company may be transferred back to CWC for \$100m if conditions not satisfied
- Class 1 transaction subject to shareholder approval
 - General Meeting to be held in January
 - Completion expected by March 2013

¹ Subject to usual cash, debt and working capital adjustments

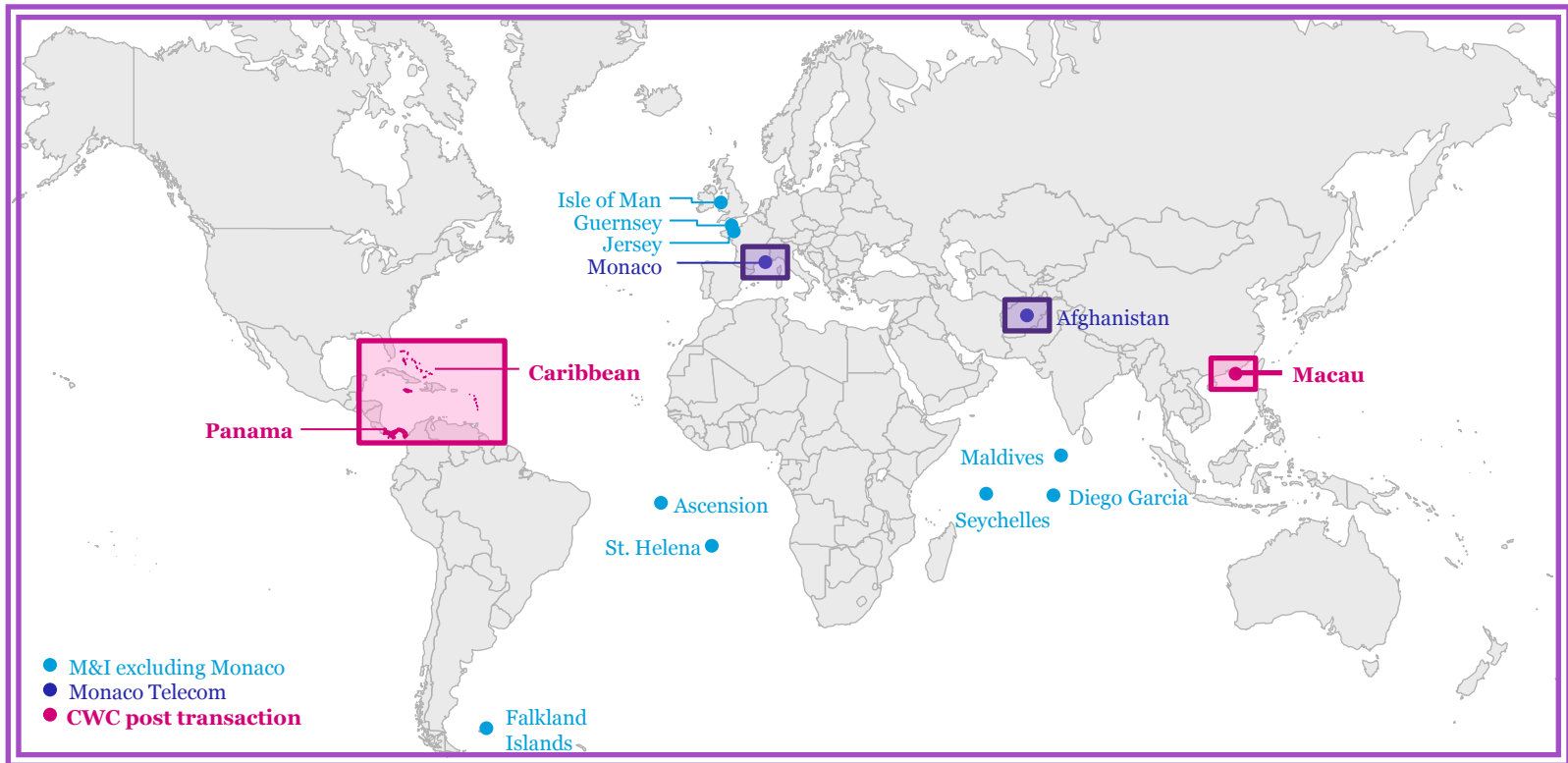
Transformational disposal

Delivering on the strategy

- Major step towards reshaping of business to focus on the Pan-American region
 - Post disposal 69%¹ of revenue and 70%¹ of EBITDA from Pan-American region
- Substantial reduction in spread and complexity of the Group
 - Reduces number of territories by 9¹ and includes 4¹ different currencies
- Increases CWC's financial and strategic flexibility
 - CWC's net debt position will be reduced from \$1,588 million as at 30 September 2012 to approximately \$937 million on a pro forma basis¹
- Equates to 6.3x EBITDA
- FY12/13 outlook for group unchanged, dividend of 4 cents per share maintained

¹ Disposal of CWC's entire shareholdings in The Maldives, Channel Islands and Isle of Man, the Seychelles, South Atlantic and Diego Garcia and 25% shareholding in company that holds CWC's 55% interest in Monaco Telecom

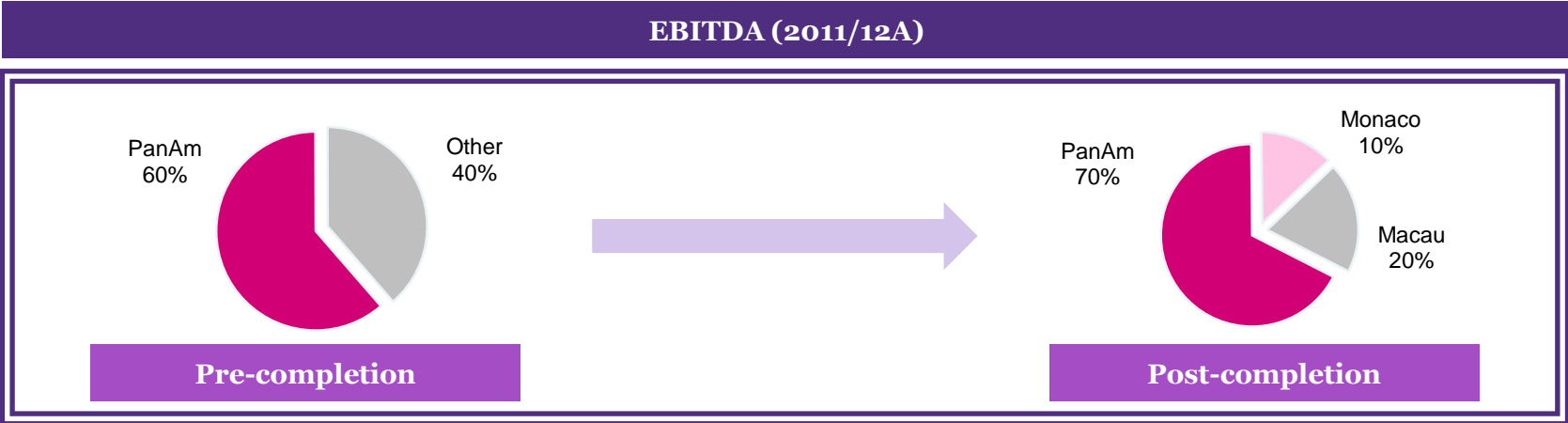
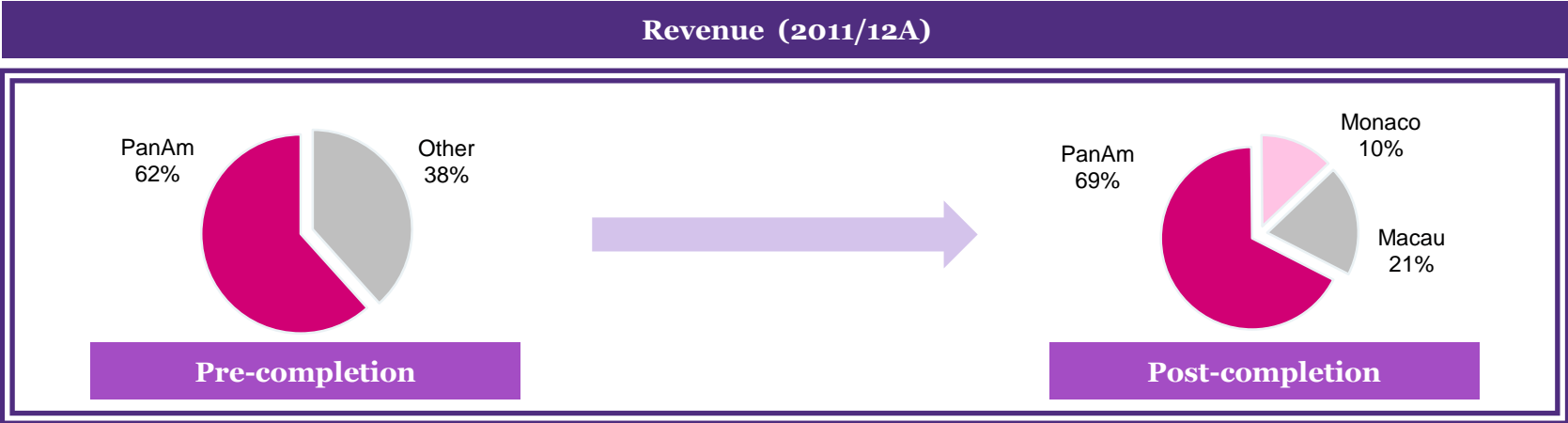
Step-change in structure and complexity



- Disposal represents:
 - 9 territories
 - 5 time zones
 - 4 currencies

Substantial reduction in the spread and complexity of the Group

Greater geographic focus



Significantly enhanced financial and strategic flexibility

- Greater financial and strategic flexibility
- PF net leverage of 1.8x as at 30 Sep 2012
- Maintain target leverage of 1.5 – 2.5x proportionate EBITDA
- Strong underlying cash generation from Retained Group
- Ample liquidity and financial flexibility

Pro forma Capital Structure

At 30 Sep 2012, with RCF repayment

Gross debt	\$1,518m
Cash and equivalents	\$581m
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Net debt	\$937m

Pro forma Leverage Ratios

12 months to 30 Sep 2012

Proportionate Net Debt / EBITDA 1.8x

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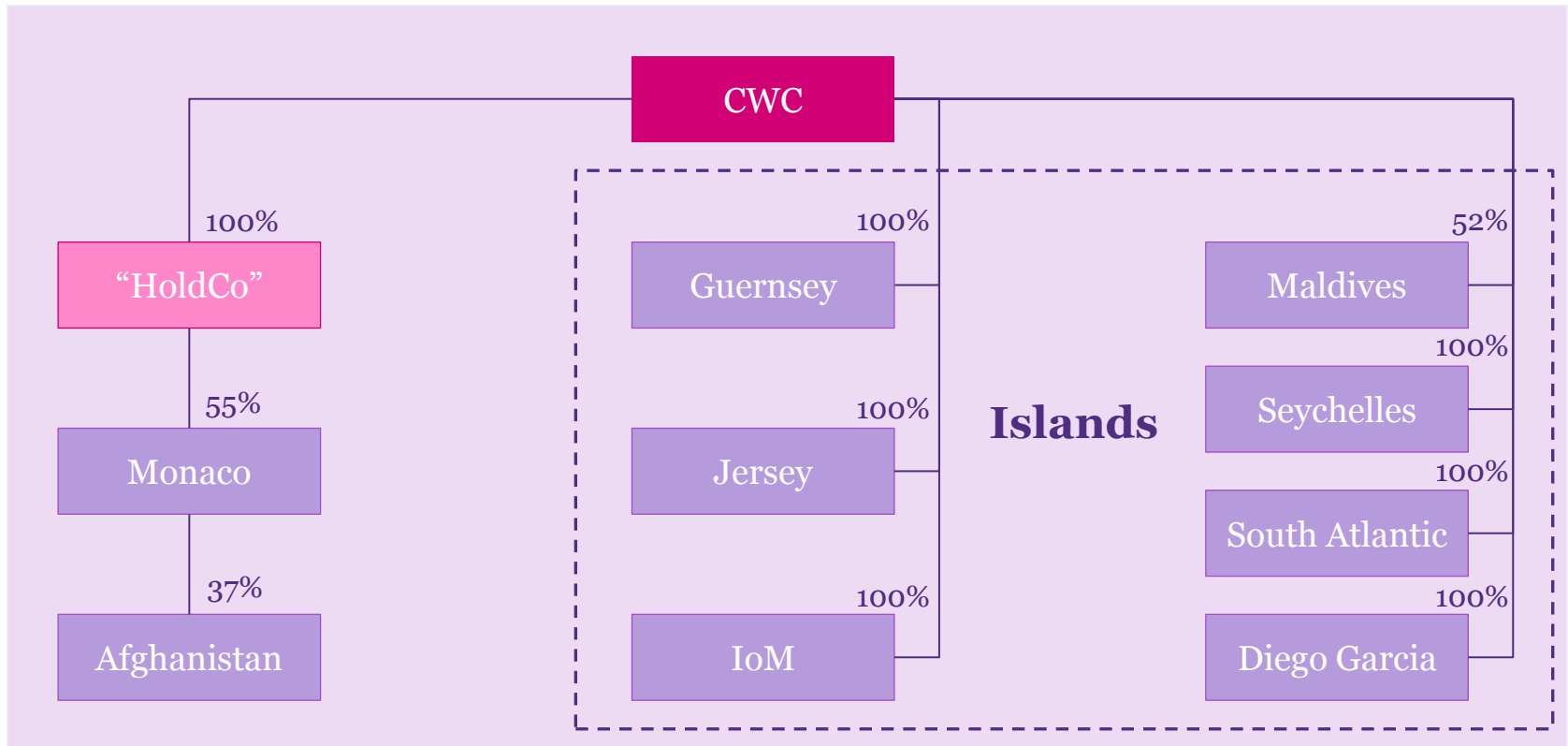
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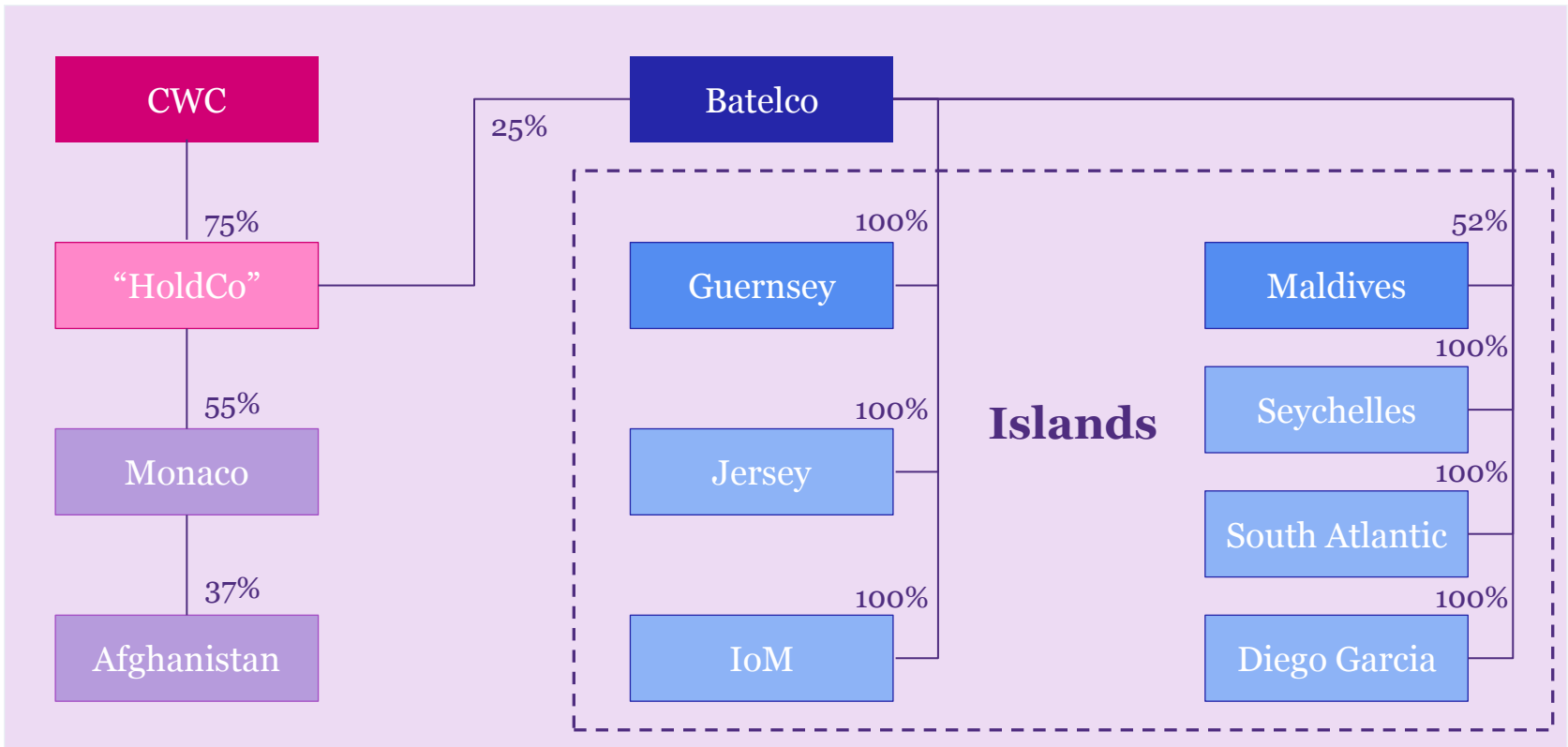
Current M&I Structure (overview)

Current position



At completion¹

Completion—Expected by March 2013

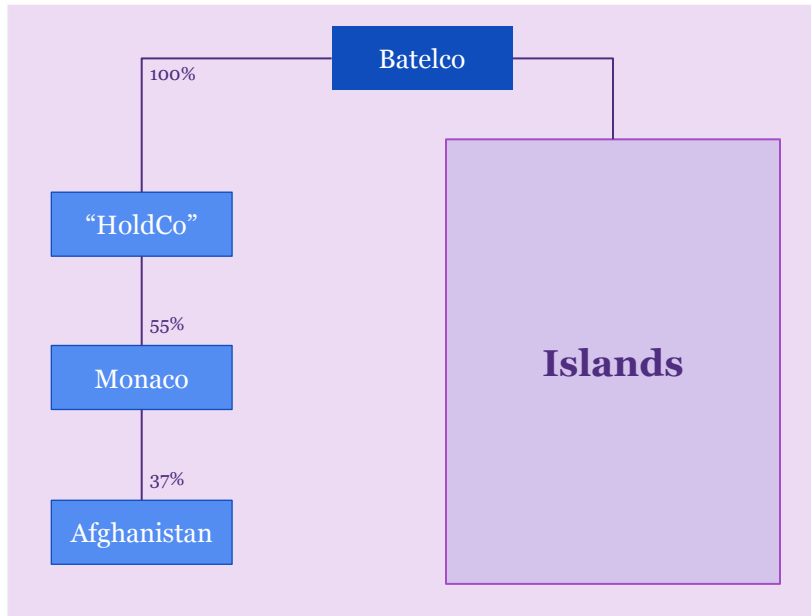


- Proceeds of \$680m

¹ Closing of entities other than Guernsey and Maldives may be delayed whilst regulatory conditions are satisfied

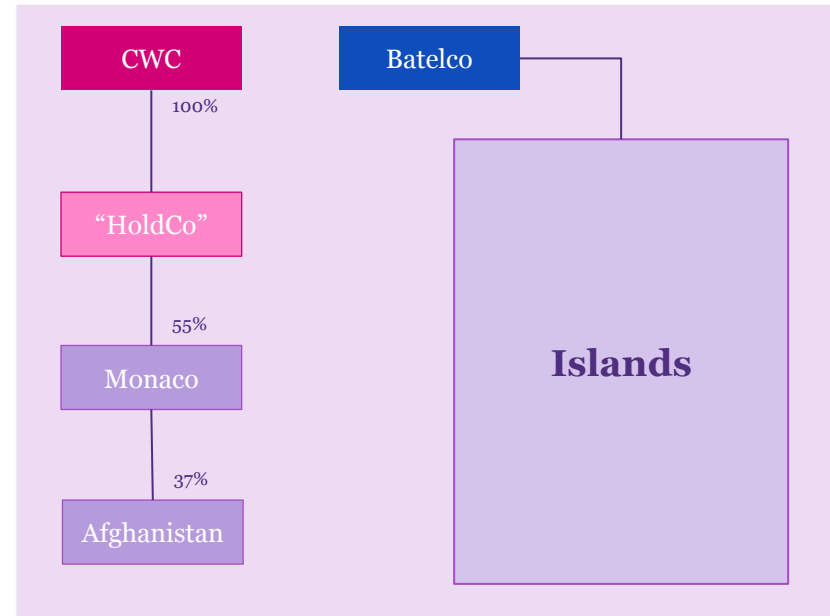
Monaco scenarios

Scenario 1 – Monaco consents received



- Batelco purchases remaining 75% of CWC stake in “HoldCo”
- Total transaction proceeds **\$1,025m**

Scenario 2 – Monaco consents not received



- Batelco 25% stake in “HoldCo” transferred back to CWC for \$100m
- Total transaction proceeds **\$580m**
- CWC retains 55% of Monaco Telecom

Timetable

- Shareholder circular expected to be posted in mid-December 2012
- General meeting for shareholder vote expected in January 2013
- Completion expected to occur by March 2013¹
- Put / call option arrangements for Monaco Telecom holding company exercisable up to 19 months following completion, subject to certain conditions

¹ Subject to other conditions being satisfied

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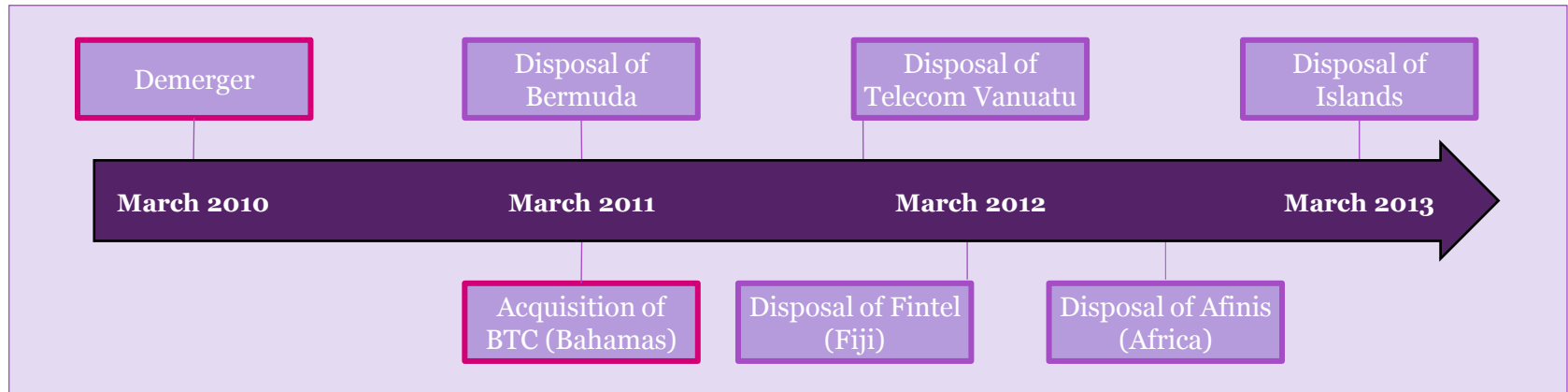
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Delivery on strategy since the demerger



- Including Islands disposal, since demerger CWC will have:
 - Exited 18 markets
 - Realised c.\$770m in disposal proceeds
 - Successfully acquired 51% of BTC
- Following disposal, CWC will consist of operations in 21 markets, 16 of which are in the Pan-American region

Delivering on key priorities

Portfolio management	<ul style="list-style-type: none">• Attractive value crystallised
Geographic focus	<ul style="list-style-type: none">• Major step towards reshaping of business• Group will operate in 21 markets, of which 16 are in the Pan-American region
Driving organic value	<ul style="list-style-type: none">• Build on market leading positions in core markets

Sustainable and growing returns

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Key financials of Islands and CWC ex-Islands

Islands (\$m)		CWC Group post Islands sale (\$m)	
	FY 11/12		FY 11/12
Revenue	319	Revenue	2,556
Gross margin	254	Gross margin	1,663
EBITDA	130	EBITDA	771
Capex	(58)	Capex	(351)
OCF	72	OCF	420

Note: Islands includes The Maldives, Channel Islands and Isle of Man, the Seychelles, South Atlantic and Diego Garcia