



**CABLE & WIRELESS**

3 September 2008

## **Announcement**

### **Pension Fund agrees £1 billion buy in**

Cable and Wireless plc (Cable & Wireless) today announces that the Pension Trustee of its main UK defined benefit scheme ("the Fund") has agreed with Prudential UK, ("Prudential") a 'buy-in' of the pensioner element of the Fund.

Tony Rice, Cable & Wireless Group Finance Director, said: "Cable & Wireless is committed to meeting our pension commitments to existing and former colleagues. We are delighted the Pension Fund Trustee has secured this agreement with such a high quality, long-standing pensions provider as Prudential. The transaction materially reduces the Fund's exposure to liabilities by over £1 billion. It also materially reduces the Fund's and shareholders' exposure to the future risk of adverse changes in actuarial assumptions and investment returns".

The buy-in involves the purchase of a bulk annuity policy by the Fund under which Prudential will assume responsibility for the benefits payable to the Fund's c.5,000 pensioners with effect from 1 August 2008.

This annuity policy effectively matches the pensioner liabilities, removing all risks relating to the pensioner element of the Fund. The annuity policy reduces the Fund's exposure to liabilities by 50%, or approximately £1 billion, based on the latest actuarial valuation as at 31 March 2007. The pensioner liabilities and the matching annuity policy will remain within the Fund.

The premium for the annuity policy is just over £1 billion which the Fund will settle with a combination of assets and cash. Cable & Wireless will contribute £10 million in cash to the Fund. There is no material accounting change arising from this transaction.

The benefits of the Fund's members, including active employees and deferred pensioners, are unaffected by this transaction. In current market conditions, the cost of a buy-in of the Fund's remaining liabilities is unattractive.

## Note for Editors.

- The Cable & Wireless main UK defined benefit scheme has approximately 15,000 members comprising some 5,000 pensioners, 9,000 deferred and 1,000 active members.
- The buy-in does not cover pensioner members whose pension is denominated in non-sterling currency.
- Prudential is a leading life and pensions provider to approximately 7 million customers in the United Kingdom. It has offices located in London, Reading, Belfast, Dublin and Stirling, and a customer service centre in Mumbai. Its products include bulk and individual annuities, corporate pensions, with-profits, onshore and offshore bonds, savings and investments, lifetime mortgages, healthcare and protection.

## About Cable & Wireless

Cable & Wireless is one of the world's leading international communications companies. It operates through two standalone business units - Europe, Asia & US and International.

The Europe, Asia & US business unit (formerly known as the "UK" business) provides enterprise and carrier solutions to the largest users of telecoms services across the UK, US, continental Europe and Asia, and wholesale broadband services in the UK. With experience of delivering connectivity to 153 countries - and an intention to be the first customer-defined communications services business - the focus is on delivering customers a service experience that is second to none.

The International business unit operates integrated telecommunications companies in 39 countries offering mobile, broadband, domestic and international fixed line services to residential and business customers, with four major operations in the Caribbean, Panama, Macau and Monaco & Islands.

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