

# OUR BOARD OF DIRECTORS.

## **01. John Pluthero<sup>N</sup> Chairman and Chairman of the Nomination Committee**

John Pluthero was appointed as a Director on 25 January 2010 and became Chairman on demerger. John served as an Executive Director of Cable and Wireless plc from November 2005 until the demerger and served as Executive Chairman of the Cable&Wireless Worldwide Group from April 2006, having previously been its Executive Director since November 2005. During the period from 12 November 2007 to 11 November 2008, John was also Executive Chairman of the Cable & Wireless Communications Group prior to the appointment of a Cable & Wireless Communications Group chief executive. From September 2002 until its acquisition by Cable and Wireless plc in November 2005, John was chief executive of Energis. He was founder and chief executive officer of Freeserve Limited (now part of Orange), leading it to its flotation, and prior to this, John held various strategy and operations positions within the Dixons Group Limited. John is a director of Merville Limited and is chairman of Essensys.

## **02. Jim Marsh Chief Executive Officer and Executive Director**

Jim Marsh was appointed as a Director on 25 January 2010 and became Executive Director and Chief Executive Officer on demerger. Jim was on the Cable and Wireless plc board from 1 January 2010 until the demerger. Jim has also served as Chief Executive Officer and a member of the operating board of the Cable&Wireless Worldwide Group since April 2006. Prior to its acquisition by Cable and Wireless plc in November 2005, Jim was business development director of Energis. In this role, he oversaw the development and service of all of Energis' channels to market. Before joining Energis, Jim was chief operating officer at Atos KPMG Consulting, overseeing the consulting business across all its industry sectors. Prior to becoming a partner at KPMG in 1997, he was head of strategic planning at Boots the Chemists Limited.

## **03. John Barton<sup>ANR</sup> Deputy Chairman and Senior Independent Director**

John Barton was appointed as a Director on 25 January 2010 and became Deputy Chairman, Non-executive Director and Senior Independent Director on demerger. John served as a non-executive director of

Cable and Wireless plc from his appointment on 9 March 2009 until the demerger. John is chairman of Next plc and is non-executive director of WH Smith PLC. He was formerly chairman of Brit Insurance Holdings NV, Wellington Underwriting plc and Jardine Lloyd Thompson Group plc.

## **04. Clive Butler<sup>ANR</sup> Non-executive Director and Chairman of the Remuneration Committee**

Clive Butler was appointed as a Director on 25 January 2010 and became a Non-executive Director on demerger. Clive served as a non-executive director of Cable and Wireless plc from his appointment in May 2005 until the demerger. He was appointed as senior independent director of Cable and Wireless plc in July 2006 and chairman of Cable and Wireless plc's nominations committee in July 2007. Clive was corporate development director at Unilever plc, serving on its main board of directors from 1992 until his retirement in 2005. He also undertook the roles of personnel director and category director for the home and personal care division, having worked in a variety of marketing and general management roles since joining Unilever in 1970. From 1995-2003, Clive was a non-executive director of Lloyds TSB Group.

## **05. Penny Hughes<sup>ANR</sup> Non-executive Director and Chairman of the Audit Committee**

Penny Hughes was appointed as a Director on 25 January 2010 and became a Non-executive Director on demerger. Penny served as a non-executive director of Cable and Wireless plc from her appointment on 1 July 2009 until the demerger. Penny is a non-executive director of Home Retail Group plc and Royal Bank of Scotland Group plc, and chairs the remuneration committee at both companies, and Wm Morrison Supermarkets PLC where she chairs the corporate compliance and responsibility committee; she was also a non-executive director of Gap, Inc. until May 2009. Penny spent ten years with Coca-Cola, initially as marketing director, ending as president of Coca-Cola GB & Ireland, having started her career with Procter & Gamble Limited and then The Milk Marketing Board. Penny has held a number of non-executive roles on the boards of international businesses, including Reuters Limited, Vodafone Limited, Trinity Mirror plc and Body Shop International plc. She is president of the Advertising Association and a trustee of the British Museum.

## **06. Tim Weller Chief Financial Officer and Executive Director**

Tim Weller was appointed as an Executive Director and Chief Financial Officer of the Company on 24 May 2010. Tim was previously chief financial officer of United Utilities Group PLC and served on its main board of directors since 2006. Prior to joining United Utilities Group PLC in 2006, Tim was group finance director at RWE Thames Water and also group finance director at RWE npower Holdings PLC (formerly Innogy Holdings PLC, the FTSE 100 company). Tim started his career at KPMG, becoming a partner in 1997 before joining the Granada Group PLC where he worked on the merger with Compass Group PLC and the subsequent demerger of Granada Media plc, after which he joined Innogy Holdings PLC. Tim has been a non-executive director of the Carbon Trust since 2007. The Carbon Trust is a not-for-profit company with the mission to accelerate the move to a low carbon economy. He was also appointed as an external non-executive director at BBC Worldwide in May 2010. Tim will leave the Company on the date of the Annual General Meeting (AGM) on 21 July 2011.

## **07. Ian Gibson Chief Financial Officer and Executive Director**

Ian Gibson will be appointed as an Executive Director and Chief Financial Officer on 21 July 2011, the day of the AGM. Ian joined the Cable&Wireless Group in 1995 and has held a number of senior financial management positions including Deputy Chief Financial Officer since May 2010. In 2009 he was appointed as Acting Chief Financial Officer and played a leading role in the demerger and listing of Cable & Wireless Worldwide plc. During the period 2006 to 2009, Ian held the positions of chief financial officer of the broadband business unit and financial controller for the Cable&Wireless Europe, Asia and US business. Prior to that, he held a number of other senior management positions including director of group accounting services, head of group reporting and head of internal audit. Before joining the Cable & Wireless Group, Ian spent 12 years at Deloitte working in both the London and Toronto offices within the audit and forensic accounting teams.

A Denotes membership of Audit Committee  
N Denotes membership of Nomination Committee  
R Denotes membership of Remuneration Committee



- 01 JOHN PLUTHERO
- 02 JIM MARSH
- 03 JOHN BARTON
- 04 CLIVE BUTLER
- 05 PENNY HUGHES
- 06 TIM WELLER
- 07 IAN GIBSON



# CORPORATE GOVERNANCE.



**“The Board of Cable & Wireless Worldwide plc is committed to the highest standards of corporate governance and firmly believes that these standards form an essential underpinning to the Group’s business practices.”**

John Pluthero  
Chairman

As a UK Listed Company, Cable & Wireless Worldwide plc (the Company) is required to comply with Section 1 of the 2008 Combined Code on Corporate Governance (the Code). The Company is required to make certain statements relating to the way it is governed and explain where provisions of the Code have not been met. A full version of the Code can be found at [www.frc.org.uk](http://www.frc.org.uk)

The following sections of this Corporate Governance report set out how the Company applied the principles of the Code during the year ended 31 March 2011.

#### Compliance with the Combined Code

Throughout the year ended 31 March 2011, the Company fully complied with the provisions set out in Section 1 of the Code with the exceptions listed below:

**A.7.1** of the Code provides that all Directors should be subject to election by shareholders at the first Annual General Meeting following their appointment. The Company’s Articles of Association (the Articles) provide that at the first two Annual General Meetings following the demerger, one-third of the Directors shall retire from office but shall be eligible for re-election. This provision was included in the Articles to allow for an even spread of Director re-appointments following demerger. In view of this, it is proposed that a further one-third of Directors will seek re-election at the Company’s second Annual General Meeting in 2011.

**C.3.1** of the Code provides that the Board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience. The Board considers that there is a sufficient breadth of financial expertise across the Audit Committee and that, collectively, its members have the requisite skills and attributes to discharge its responsibilities properly. As a result, the Board has decided not to identify any one member as having such experience.

An updated version of the Code, the UK Corporate Governance Code, was introduced in May 2010. This new code applies to companies with accounting periods beginning on or after 29 June 2010. Cable & Wireless Worldwide plc is therefore required to comply with the new code from its accounting period beginning 1 April 2011. The Company aims to fully comply with the provisions of the new code at the appropriate time.

### Board of Directors

The Board of Directors of Cable & Wireless Worldwide plc (the Board) is collectively responsible to the Company's shareholders for the success of the Group's business. This responsibility includes matters of strategy, performance, resources, standards of conduct and accountability.

The powers of Directors are set out in the Company's Articles, which are available on the Company's website. The Articles may be amended by way of a special resolution of the members of the Company. The Board may exercise all powers conferred on it by the Articles and in accordance with the Companies Act 2006, and other applicable legislation.

The Board has established a formal schedule of matters specifically reserved for its approval, a summary of which is set out below. The full schedule of matters reserved for the Board is available on the Company's website. The Board has delegated other specific responsibilities to its Committees and these are clearly defined within the respective Committee's terms of reference.

The Board is specifically responsible for the following key matters:

#### Matters reserved for the Board

- Approve the Group's business strategy and ensure that an effective management team and resources are in place to ensure the Group meets its objectives;
- Approve the Company's interim and final results, the interim management statements, the annual report and financial statements, and dividend policy and payments;
- Review, via the Audit Committee, the Group's internal controls and risk management systems, and approve Group-wide governance policies;
- Approve major changes to the Group's management or control structure;
- Review and approve the Group's budgetary requirements;
- Review the performance of the Board and the Company and ensure succession plans are in place for key individuals;
- Approve major press releases and documentation to be put to shareholders at the Annual General Meeting;
- Approve major contracts and expenditure; and
- Approve the appointment and removal of Directors and the Company Secretary.

### Composition of the Board

The Board is made up of the Chairman, two Executive Directors and three independent Non-executive Directors. The Board believes that this balance allows for the promotion of high-quality discussion and consideration of key issues affecting the Company. The names and biographical details of each of the Directors are set out on page 38.

Tim Weller, who was appointed to the Board as an Executive Director and Chief Financial Officer on 24 May 2010, will leave the Company on 21 July 2011 as previously announced. At this time, Ian Gibson will be appointed as an Executive Director and Chief Financial Officer of the Company. Ian Gibson's biographical details are also set out on page 38.

### Appointment, removal and re-election of Directors

The Board has established a formal, rigorous and transparent process for the selection and subsequent appointment of new Directors to the Board. This process is described in the Nomination Committee section on page 45 of this Report. The rules relating to the appointment and replacement of Directors are contained within the Articles. The Articles provide that Directors may be appointed by an ordinary resolution of the members or by a resolution of the Directors, provided that, in the latter instance, a Director appointed in that way retires and is submitted for election at the first Annual General Meeting (AGM) following their appointment.

The Articles provide that at each of the first two AGMs following the adoption of the Articles, one-third of the Directors who are then in office or, if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office but shall be eligible for election or re-election. Penny Hughes and John Pluthero retired from the Board and were elected at the 2010 AGM. In accordance with the Articles, Jim Marsh and John Barton will retire from the Board and submit themselves for election at the 2011 AGM. In addition, Ian Gibson, will be appointed by the Board as a Director on 21 July 2011 as previously announced, and will submit himself for election as a Director at the 2011 AGM.

## Non-executive Directors

The independent Non-executive Directors bring external insight to the Board and its Committees' deliberations providing a wide range of knowledge and business experience from other sectors and businesses. They play an important role in the formulation and progression of the Board's agreed strategy, and review and monitor the performance of the executive management in the implementation of this strategy.

Non-executive Directors are appointed for an initial three year term, commencing with their election by shareholders at the first AGM following their appointment by the Board. Subsequent re-appointment is subject to a rigorous review by the Nomination Committee. As part of its annual review of corporate governance, the Board considered the independence of each Non-executive Director against criteria specified in the Code and determined that each remained independent in character and judgement. The terms and conditions of appointment of the Non-executive Directors, together with the service contracts for Executive Directors, are available for inspection at the Company's registered office during normal business hours, and at the AGM. During the year, the Non-executive Directors, including the Chairman, met independently of management.

## Roles of the Chairman, Chief Executive Officer and Senior Independent Director

The roles and responsibilities of the Chairman and the Chief Executive Officer are separate, clearly established, set out in writing, and have been approved by the Board. The division of responsibilities schedule is available on the Company's website. The Chairman is responsible for the leadership and governance of the Board as a whole, and the Chief Executive Officer for the management of the Group, and the successful planning and implementation of Board strategy.

John Barton, the Company's Deputy Chairman and Senior Independent Director, is available to shareholders if they have concerns that contact through the normal channels has either failed to resolve a matter, or is deemed inappropriate.

## Board meetings

The Board recognises the importance of holding regular scheduled meetings throughout the year. All Directors are expected to attend all Board and relevant Committee meetings. During the year, the Board met on 14 separate occasions. Each year at least one of the Board's meetings is held overseas to facilitate a better understanding of the Group's business functions within that area. During the year, the Board held one of its meetings in Singapore, which included items of business relating specifically to that area. Details of Board and principal Committee meeting attendance by Directors are set out in the following table.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Total meetings held during the period 1 April 2010 to 31 March 2011	14	4	8	3
<b>Chairman</b>				
John Pluthero	14	–	–	3
<b>Executive Directors</b>				
Jim Marsh	14	–	–	–
Tim Weller*	13	–	–	–
<b>Non-executive Directors</b>				
John Barton	13	4	8	3
Clive Butler	13	4	8	3
Penny Hughes	13	4	8	3

– Director is not a Committee member.

\* Tim Weller was appointed as a Director of the Company on 24 May 2010 and was eligible to attend 13 Board meetings during the year.

## Directors' conflicts of interest

Directors have a statutory duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Companies Act 2006 and the Company's Articles allow the Board to authorise such conflicts of interest.

The Board has put in place effective procedures for managing and, where appropriate, approving conflicts or potential conflicts of interest. Under these procedures, Directors are required to declare all directorships or other appointments to companies which are not part of the Cable&Wireless Worldwide Group, as well as other situations which could give rise to a potential conflict. The Board will, where appropriate, authorise a conflict or potential conflict, and will impose all necessary restrictions and/or conditions where it sees fit. The Company's register of Directors' conflicts of interest is reviewed by the Board on a regular basis.

No Director had a material interest in any significant contract with the Company or any of its subsidiaries during the year.

## External appointments

The Board has approved an Executive Director External Directorships Policy, which allows Executive Directors to accept one other non-executive director position in a non-conflicting FTSE listed company, and any other positions in non-listed companies at the discretion of the Board. The Board firmly believes that such appointments broaden the experience and knowledge of the Executive Directors and are therefore beneficial to the Company. The appointment of Executive Directors to such positions is subject to Board approval. When determining whether to approve such a request, the Board will consider the likely time commitment involved. Executive Directors are allowed to retain the fees from their external appointments. External appointments held by Directors are set out in their biographies on page 38.

### **Induction, information and professional development**

All new Directors appointed to the Board receive a comprehensive induction briefing tailored to meet their individual needs. Ongoing development and training is provided to Directors at Board meetings and, where appropriate, Committee meetings. During the year, Directors received regular updates and presentations including the following:

- Developments within the business and the markets where the business operates;
- Legal and regulatory matters; and
- Other matters that were deemed beneficial.

The Chairman, with assistance from the General Counsel and Company Secretary, is responsible for delivering an effective induction programme for newly appointed Directors. In addition, all Directors have full access to the advice and services of the General Counsel and Company Secretary, who is responsible for advising the Board on all legal and governance matters, and ensuring that the correct Board procedures are followed. Directors also have the option to seek independent professional advice at the Company's expense in respect of their duties as Directors.

### **Performance evaluation**

An evaluation of the performance of the Board and each of its principal Committees was conducted during the year using comprehensive tailored questionnaires. The internal evaluation was facilitated by the General Counsel and Company Secretary. The Board questionnaire was completed by each Director and the principal Committee questionnaires were completed by the respective members of those Committees.

The questionnaires focused on the following key themes:

- Strategy;
- Risk management;
- Relations with shareholders;
- Board and Committee succession planning;
- Board and Committee composition; and
- Training.

The responses to the questionnaires formed the basis of separate reports which were considered at subsequent Board and Committee meetings. The evaluation process highlighted a small number of areas for enhancement relating to Board and Committee composition and succession planning, and these areas are being actively addressed.

As part of the overall evaluation process, the Chairman met with each Director to evaluate their individual performance, and the Non-executive Directors, led by the Senior Independent Director, met without the Chairman being present to evaluate the performance of the Chairman.

The overall conclusion from the evaluations was that the Chairman, individual Directors, the Board and its principal Committees operate effectively. The Board and its Committees will continue to review critically their respective effectiveness and development during the year ahead.

In accordance with the UK Corporate Governance Code 2010, the Company intends to undertake an external assessment of the Board, its Committees and individual Directors using an independent third-party every three years.

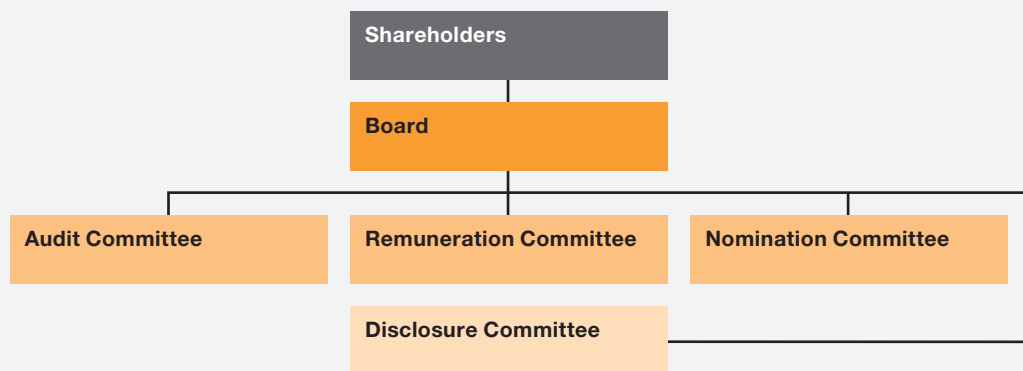
### **Directors' indemnities and protections**

The Company maintains Directors' and Officers' Liability Insurance which provides appropriate cover for any legal action brought against its Directors and Officers. The Company has also granted indemnities to each of its Directors to the extent permitted by law. Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 March 2011, and remain in force, in relation to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors or employees of the Company. Copies of the indemnities granted are available for inspection at the Company's registered office in accordance with the Companies Act 2006.

### **Board Committees**

In order for the Board to operate effectively, and to enable it to give the required amount of attention and consideration to matters reserved to it, it has delegated authority to its Committees to carry out certain tasks as defined in each of the Committee's terms of reference. The Board reviews the terms of reference of each of its Committees on an annual basis to ensure that they remain effective and are in line with best practice. The written terms of reference of the Audit, Remuneration and Nomination Committees are available on the Company's website. The minutes of Committee meetings are made available to the Board on a timely basis after each meeting. In addition, the Chairmen of each of the principal Committees provide updates to the Board at subsequent Board meetings.

## Board governance structure



The Company's Board governance structure is set out above. Further details of each of the Board's Committees including membership and responsibilities are set out within the following Committee reports:

### Audit Committee

#### Membership of the Committee

The members of the Committee are the independent Non-executive Directors listed below:

- Penny Hughes (Chairman)
- John Barton
- Clive Butler

Membership of the Committee is determined by the Board on the recommendation of the Nomination Committee. Only the members of the Committee have the right to attend Committee meetings although others including the Chief Financial Officer, the Risk Director, and the General Counsel and Company Secretary along with representatives of the external auditor are normally invited to each meeting.

Rule 7.1.1 of the Disclosure and Transparency rules requires at least one member of the Audit Committee to have competence in accounting and/or auditing and the Board is satisfied that the composition of the Audit Committee complies with that requirement.

#### Role and responsibilities of the Committee

The Committee is principally responsible for reviewing the integrity of the Company's financial reporting and effectiveness of the system of internal controls. In addition, the Committee is responsible for the Company's risk identification and management procedures as well as monitoring auditor independence.

The Committee's terms of reference were reviewed during the year to ensure that they remained fit for purpose and were in line with the Institute of Chartered Secretaries and Administrators' best practice guidelines. In accordance with its terms of reference, the Committee has delegated authority from the Board to:

- Monitor the integrity and accuracy of the Group's financial statements, including annual, half-year and interim management statements, and any formal announcement relating to the Company's financial performance;
- Review significant reporting issues, the consistency of accounting policies and disclosures, and any decisions requiring a major element of judgement;

- Assist the Board in meeting its responsibilities to create an effective system of internal control and compliance procedures, and risk management systems;
- Approve the internal audit programme and make any necessary recommendations to the Board;
- Consider the role and independence of the external auditor, and make the appropriate recommendations to the Board on the appointment or the re-appointment of the Group's external auditors; and
- Review the Group's processes for detecting and addressing fraud, bribery, misconduct and control weaknesses and consider reports on any such occurrence.

#### Key issues considered by the Committee

The Committee discharged its responsibilities through a series of meetings during the year. The Committee met four times during the year ended 31 March 2011 and attendance at these meetings is set out on page 42. The agenda for each meeting is prepared by the Committee Chairman in conjunction with other members of the Committee and the Committee Secretary as appropriate. At each scheduled meeting the Committee received reports from the Chief Financial Officer, the external auditors and the Risk Director along with twice-yearly litigation reports from the General Counsel and Company Secretary. In addition, at each of the scheduled meetings, the Committee met privately with the external auditors, and separately with the Risk Director, who is responsible for internal audit within the Group.

During the year ended 31 March 2011, the Committee's deliberations included the following key matters:

- Consideration and ongoing review of the Company's financial performance including a review of the full and half-year results, assisting the Board in assuring the integrity of the financial statements and related disclosures;
- Review of the Internal Audit function and effectiveness against the Internal Audit programme;
- Review of non-audit work carried out by the Group's external auditor and fees relating to this work in accordance with the Audit and Non-Audit fees Policy, to ensure the auditors independence and objectivity;
- Consideration and approval of the Group's compliance with the Combined Code on Corporate Governance and any explanations for non-compliance;

- Review of the Group's framework for the identification and control of major risks including risk policies and the Group's risk review process;
- Review of litigation matters affecting the Company;
- Review of confidential reporting procedures and fraud prevention arrangements within the Company, including the Company's policy relating to anti-bribery and corruption in readiness for the Bribery Act 2010 coming into force on 1 July 2011, and any instances of whistle-blowing during the year;
- Consideration of the effectiveness of the Committee and the appropriateness of its terms of reference; and
- Review of the external auditor, including performance, areas for improvement and level of audit fee.

#### **Internal audit**

The internal audit function, led by the Risk Director, is supported by a team of internal auditors that is augmented by specialists from PwC as required. This function has a formal charter approved by the Board that describes its purpose, authority and responsibility. The internal audit plan is approved by the Committee on an annual basis. Formal reports are submitted to Committee meetings, and views are also sought at private sessions between the Committee and the internal auditors. The Committee annually assesses the effectiveness of the internal audit function using a comprehensive evaluation questionnaire, which is facilitated by the General Counsel and Company Secretary.

#### **External audit**

KPMG Audit plc (KPMG) has been the external auditor of the Group since the demerger of Cable & Wireless Worldwide plc in March 2010 having previously been the external auditors of Cable and Wireless plc. The Committee manages the relationship with the external auditor on behalf of the Board and monitors their independence and objectivity along with the effectiveness of the external audit on an annual basis.

KPMG has expressed its willingness to be re-appointed as auditors of the Company. The Committee does not consider it necessary to re-tender for the audit work and has recommended to the Board that KPMG be re-appointed as the Company's auditors for a further year. The Board has accepted this recommendation and has proposed a resolution to shareholders at the 2011 AGM for the re-appointment of KPMG as auditors.

The external auditors are required to rotate the audit partners responsible for the Group audit every five years. The current lead partner has been in place for two years. The Company has not entered into a limitation of liability agreement with its auditors.

In accordance with International Standards on Auditing (UK & Ireland) 260 and Ethical Statement 1 issued by the Accounting Practices Board, and as a matter of best practice, the external auditors have confirmed their independence as auditors of the Company in a letter addressed to the Board.

#### **Audit and non-audit fees**

The allocation of non-audit work is considered in accordance with the Group's Audit and Non-Audit Fees Policy, which was approved by the Committee in May 2010, and in line with National Association of Pension Funds guidance which recommends that non-audit fees should not exceed 100% of audit fees. The Audit and Non-Audit Fees Policy sets out a framework of pre-approved audit services and also services which are prohibited to be carried out by the auditor. The Committee maintains an overview of the ratio of audit fees to non-audit fees charged by the external auditor to ensure that its objectivity and independence is not put at risk. A summary of all non-audit fees is provided at each meeting of the Audit Committee. Having undertaken a full review of the non-audit services provided by the auditor during the year ended 31 March 2011, the Committee is satisfied that these services were provided effectively and did not prejudice the objectivity or independence of the auditor.

For the year ended 31 March 2011, the Committee approved fees of £1.7 million to KPMG, for audit services. In addition, the Committee approved fees of £0.4 million to KPMG for non-audit related work. Non-audit related work accounted for 24% of the total audit and audit related fees paid to the external auditor during the year. A breakdown of fees paid to the auditor is set out in note 6 on page 76.

#### **Nomination Committee**

##### **Membership of the Committee**

The members of the Committee are the independent Non-executive Directors listed below and the Chairman:

- John Pluthero (Chairman)
- Penny Hughes
- John Barton
- Clive Butler

Membership of the Committee is determined by the Board. The Committee meets at appropriate times during the year to discharge its responsibilities and met three times during the year ended 31 March 2011. Attendance at these meetings is set out on page 42. The agenda for meetings is prepared by the Committee Chairman in conjunction with other members of the Committee, and the Committee Secretary, as appropriate.

##### **Role and responsibilities of the Committee**

The Committee is responsible for making recommendations to the Board, within its agreed terms of reference, on appointments to the Board. The terms of reference of the Committee were reviewed during the year to ensure that they remained fit for purpose and were in line with the Institute of Chartered Secretaries and Administrators' best practice guidelines.

The key areas of responsibility within the Committee's scope include:

- Making recommendations to the Board on the appointment of additional or replacement Directors, following a rigorous and transparent process, which will include engagement with an appropriate executive search consultant, consideration of all suitable candidates and a robust interview process led by the Chairman;
- Devising and keeping under review succession planning arrangements for Directors and senior executives within the business;
- Ensuring the Chairman, Senior Independent Director and Non-executive Directors are able to give sufficient time to their role as required; and
- Regularly reviewing the structure, size and composition of the Board and its principal Committees and making recommendations to the Board of any proposed changes.

During the year ended 31 March 2011, the Committee's deliberations included the following matters:

- Reviewed and made recommendations on the appointment of Ian Gibson as a new Executive Director and Chief Financial Officer in replacement of Tim Weller who will leave the Company on 21 July 2011. The Committee's review included a comprehensive external benchmarking exercise to ensure that the Board had identified a suitable candidate with the necessary skills and experience for the role; and
- Reviewed the composition of the Board and considered the requirements for additional Directors.

#### **Remuneration Committee Membership of the Committee**

The members of the Committee are the independent Non-executive Directors listed below:

- Clive Butler (Chairman)
- Penny Hughes
- John Barton

Membership of the Committee is determined by the Board on the recommendation of the Nomination Committee. The Committee discharges its responsibilities through a series of Committee meetings held throughout the year. The Committee met eight times during the year ended 31 March 2011 and attendance at these meetings is set out on page 42. The agenda for meetings is prepared by the Committee Chairman in conjunction with other members of the Committee, and the Committee Secretary as appropriate.

#### **Role and responsibilities of the Committee**

The Committee makes recommendations to the Board, within its agreed terms of reference, on the framework of remuneration for the Chairman, Executive Directors, and a defined population of its senior executive management.

The terms of reference of the Committee were reviewed during the year to ensure that they remained fit for purpose and were in line with the Institute of Chartered Secretaries and Administrators' best practice guidelines. The terms of reference of the Committee are available on the Company's website.

The main responsibilities of the Committee and the activities undertaken throughout the year ended 31 March 2011 are set out in detail in the Remuneration Report on pages 48 to 55.

#### **Disclosure Committee**

The Board has delegated authority to the Disclosure Committee to assist it with the identification and consideration of disclosure matters relating to all market releases containing material financial information. The Disclosure Committee membership comprises senior management from the Finance, Legal and External Affairs functions, and is chaired by the Chief Financial Officer.

During the preparation of the Group's annual report, the Disclosure Committee met to obtain the necessary certifications from contributors following the document's review by the Audit Committee and subsequent approval by the Board.

#### **Internal Control, Risk Management and Financial Reporting**

The Board is responsible for the system of internal control and for reviewing its effectiveness on a continual basis. The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits.

The Company operates a risk management process, which identifies the key risks to its plans, their likelihood and impact and the actions being taken to manage those risks. A Group-wide risk register is reviewed by the Directors and presented to the Audit Committee on a bi-annual basis. Full details of the Company's risk management processes are set out below with the principal risks identified on pages 36 and 37.

The Executive Directors report to the Board, on behalf of management, significant changes in the Group's business and the external environment in which it operates. In addition, they provide the Board with monthly financial information, which includes key risks and performance indicators.

The Group's key internal control and monitoring procedures include the following:

- Financial reporting: each year, an annual budget is agreed and approved by the Board. At each Board meeting, actual results are reviewed and reported against budget and, when appropriate, revised forecasts;
- Investment appraisal: the Group has clear policies for capital expenditure. These include annual budgets and detailed appraisal processes for such expenditure;
- Monitoring systems: internal controls are monitored through a programme of internal audits. The internal audit function reports to the Audit Committee on its examination and evaluation of the effectiveness and adequacy of systems of internal control; and
- Financial controls: the Company operates an annual controls self-assessment exercise to assist with embedding controls across the business. This requires management to assess the effectiveness of its fundamental operating controls over all aspects of its operations, in addition to financial controls. The results of this exercise are utilised by internal audit in planning its work for the forthcoming year.

### Effectiveness of internal control

The Board has reviewed the effectiveness of the internal control systems in operation during the Group's financial year in accordance with the revised Turnbull guidance. The processes as set out above have been in place for the period under review and up to the date of this Annual Report. Where appropriate, necessary action has been or is being taken to remedy any failings and weaknesses identified as significant during this review.

The responsibility for internal control procedures within our joint ventures rests with the senior management of those operations. We monitor our investments and exert our influence through Board representation.

### Relations with shareholders

#### Shareholder engagement

The Board places a great deal of importance on maintaining a good relationship with its shareholders and has an ongoing active dialogue with shareholders through a programme of investor meetings. These meetings include formal presentations from the Chief Executive Officer and the Chief Financial Officer of the Group's full and half-year results.

The Chairman maintains a dialogue with shareholders on a variety of subjects including strategy, corporate governance and Directors' remuneration, and provides feedback to the Board on the topics raised in these meetings. Non-executive Directors are available to attend meetings with shareholders if requested to do so, and all Directors are expected to attend the AGM. The Board also receives reports of meetings with institutional shareholders together with regular market reports and brokers' circulars to enable it to obtain the required understanding of the views of shareholders.

John Barton, the Deputy Chairman and Senior Independent Director, is available to shareholders if they have concerns that contact through the normal channels has either failed to resolve a matter or is deemed inappropriate.

The AGM of the Company provides a good opportunity for shareholder engagement and, in particular, for the Chairman to explain how the Company has progressed during the year. It also provides shareholders with the opportunity to put questions to the Chairman of the Board, the Chairmen of the Audit, Remuneration and Nomination Committees, and the Senior Independent Director. At the meeting, a poll is conducted on each resolution although shareholders also have the opportunity to cast their votes by proxy, either electronically or by post. Following each general meeting, the results of the poll are published on the Company's website.

#### Exercise of rights of shares by Employee Share Trusts

The trustee of the Cable & Wireless Worldwide Share Ownership Trust is required to abstain from voting any shares in which it holds the whole of the beneficial interest at any general meeting, unless the Company directs that the trustee may vote. When the Company has directed the trustee to vote the shares in which the trustee holds the whole of the beneficial interest, the trustee may in its absolute discretion vote in any manner which it thinks fit or may abstain from voting.

The trustees of the Cable & Wireless Worldwide Share Ownership Trust exercise the voting rights on Cable & Wireless Worldwide plc shares held in the employee trust in accordance with their fiduciary duties as trustees, which include the duty to act in the best interests of the beneficiaries of the trust.

#### Dividends

The Company's shareholders can declare dividends by passing an ordinary resolution, but the payment cannot exceed the amount recommended by the Directors. The Directors may also pay interim dividends without shareholder approval if they consider that the financial position of the Company justifies it. Subject to shareholder approval, the Directors may operate scrip or dividend reinvestment plans, or pay dividends by distributing assets. No dividend carries a right to interest from the Company. If dividends remain unclaimed for 12 years they are forfeited by the shareholder and revert to the Company.

The Board has recommended a final dividend for the year ended 31 March 2011 of 3.0 pence per ordinary share. Subject to approval by shareholders at this year's AGM, the final dividend will be payable on 11 August 2011 to ordinary shareholders on the register at the close of business on 10 June 2011. If approved, this will equate to a total dividend of 4.5 pence per ordinary share for the year to 31 March 2011 when added to the interim dividend of 1.5 pence per ordinary share paid on 27 January 2011.

#### Significant shareholders

Notifications of the following material shareholdings had been received by the Company in accordance with the Disclosure and Transparency Rules as at 23 May 2011:

Name	No. of ordinary shares	% of share capital
Legal and General Investment Management Ltd	100,935,912	3.76%
BlackRock Inc.	145,568,734	5.43%
Prudential plc	181,126,169	6.75%
Newton Investment Management	203,610,016	7.59%
Sky Investment Counsel Inc.	234,772,209	8.76%
Orbis Investment Management Limited	387,781,951	14.46%

#### American Depositary Receipts

During the year, the Company established a sponsored Level I American Depositary Receipt (ADR) programme. An ADR is a security which has been created to permit US investors to hold shares in non-US companies and trade them on the 'Over The Counter' market in the US. Trading in ADRs, as opposed to ordinary shares, permits US residents to trade in US dollars in the US securities markets with US securities dealers, in the same way as they trade any US securities. Establishing an ADR programme enables the Company to access new pools of investor capital within the US and helps further build its North American shareholder base.

On behalf of the Board

#### Philip Davis

General Counsel and Company Secretary  
23 May 2011

# REMUNERATION REPORT.



**“The Committee has looked to ensure that the remuneration arrangements continue to support our key corporate goals. In 2011 we have reduced incentive award levels, but retain a focus on driving performance and a significant weighting towards delivery over the longer term.”**

Clive Butler  
Chairman of the Remuneration Committee

**This report sets out the policy and disclosures in relation to Directors’ remuneration. This report will be subject to an advisory vote at the AGM on 21 July 2011.**

This report contains details of our Directors’ remuneration for 2010/11, future remuneration philosophy and policies, and information on the Remuneration Committee’s membership and terms of reference. The content has been prepared in accordance with the requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and describes how the Company applies the principles of the Combined Code.

#### **Remuneration Committee membership and terms of reference**

The Committee comprises three Non-executive Directors, being Clive Butler (Committee Chairman), John Barton and Penny Hughes. The Board considers that all of the members of the Committee are independent in accordance with the Combined Code. The composition of the Committee has not altered since its inception on 26 January 2010.

The Committee makes recommendations to the Board, within agreed terms of reference, on the framework of remuneration for the Chairman, Executive Directors and other members of the senior team. The terms of reference for the Committee may be found on our website at [www.cw.com](http://www.cw.com).

The Board is responsible for approving recommendations from the Committee. In forming their recommendations, the Committee receives input and information from the Chairman, the Chief Executive, the People Director, Director of Reward & Policy and other executives. The Chairman, Executive Directors and any executives are absent from any discussion relating to their own remuneration or contractual arrangements.

The Committee has appointed independent consultants, Deloitte LLP, to provide advice on remuneration and share plans both for Executive Directors and the wider senior team. Other Deloitte departments also provided unrelated advisory services during the period.

#### **Remuneration philosophy**

Our overall aim is to ensure that our remuneration encourages, reinforces and rewards the delivery of shareholder value.

The Committee recognises that Cable&Wireless Worldwide is a people leveraged business, therefore the remuneration structure should attract, retain and motivate the best talent in order to deliver long-term shareholder value. This is underpinned by the following guiding principles:

- There should be a genuine alignment of the interests of the senior team and shareholders. Executive Directors will be encouraged to maintain a significant investment in the shares of the Company to align their interests with shareholder value;
- The majority of total remuneration for the senior team should be subject to the achievement of challenging performance targets;
- Total reward levels will reflect the markets in which we operate. The competitive position of the remuneration packages we provide will be regularly monitored by independent analysis against comparator groups of companies selected on the basis of relevant size, business and geographic focus;
- Base salaries and benefits will be set at the mid-market level of our comparator companies. However, some variances may occur to reflect executives' experience and expertise;
- An appropriate mix of short- and long-term incentives will be set so that the senior team are incentivised to deliver performance over both the short and long-term with greater emphasis on creating value over the longer term;
- The remuneration structure for Executive Directors should be consistent with that of other senior executives whilst also recognising their greater Group responsibilities; and
- All aspects of remuneration for the Executive Directors and other members of the senior team will be approved by the Committee.

#### A summary of Executive Directors' remuneration

Since the demerger of the Company from Cable and Wireless plc at the end of March 2010, the Committee has carried out a detailed review of the executive remuneration arrangements taking into account the evolution of the business in fluid market conditions.

The conclusion of the review is that the arrangements should reflect the Company's transition from focusing on 'turnaround' in the period to demerger, to a more mature business model. We have also taken full account of recent Company performance. During the year we consulted with shareholders on the key proposals, and further details of our revised policy are set out in the report below.

In summary, the Committee have decided to make the following key changes:

- Reduce the face value of performance share awards granted annually to 300% of salary for Executive Directors (compared to past practice of 400% of salary);
- Adjust the vesting schedule for the total shareholder return (TSR) element of performance share awards to be more in line with market practice;
- Re-calibrate the targets for the earnings per share (EPS) element of future performance share awards to ensure alignment with our updated business plans and to maintain a comparable level of stretch; and
- Revoke the one-off arrangement, namely the Exceptional Performance Award (EPA), which was discussed with shareholders last year.

The overall impact of these changes is to de-gear the remuneration package and reduce quantum.

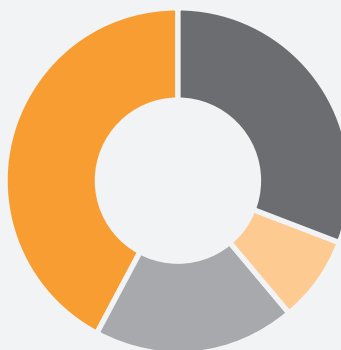
The remuneration structure for 2011/12 and beyond is as follows:

- Base salaries have been set based on market practice and reflect the responsibilities of the Executive Directors. Base salary levels will not be increased for 2011/12;
- The annual bonus potential remains unchanged at up to 100% of base salary for the achievement of stretch targets; and
- Long-term incentives will be awarded on an annual basis in the form of performance share awards.

The chart below illustrates the typical balance between the different elements of the remuneration package for Executive Directors.

Figures reflect payment potential for a 'target' level of performance achieved for the annual bonus plan and for the 'expected value' of performance shares to be granted in 2011/12.

#### Split of potential total remuneration 2011/12



- Salary **31%**
- Pension **8%**
- Performance-related annual bonus **19%**
- Performance-related long-term incentives **42%**

## Base salary

Base salaries are set to competitive levels by reference to the equivalent roles in companies selected on the basis of comparable size, geographic spread and business focus. Individual salary decisions take into account personal contribution and business performance as well as general pay conditions of employees elsewhere in the Group.

The Executive Directors' annual base salaries will not be increased for 2011/12. Base salaries remain as follows:

	Salary
Jim Marsh	£650,000
Tim Weller	£500,000
Ian Gibson <sup>1</sup>	£400,000

<sup>1</sup> Ian Gibson will be appointed as a Director on 21 July 2011.

## Pension and other benefits

Executive Directors, along with other employees are eligible to participate in the defined contribution section of the Cable & Wireless Worldwide Retirement Plan. The Company provides to Executive Directors employer pension contributions at the rate of 25% of base salary; individual Executive Directors can request to have a proportion or all of the employer contributions paid into the pension scheme, and any balance is paid as a taxable, non-bonusable cash allowance. Executive Directors are eligible to participate in employee benefit programmes including life, disability and health insurance plans. The value of these benefits is included in the Directors' remuneration table on page 53.

## Annual bonus

The annual bonus plan is used to drive the achievement of short-term financial objectives.

Individual awards under the annual bonus scheme for 2011/12 will be based on the financial performance of the Group. The financial performance measures for 2011/12 are EBITDA and free cash flow. The maximum bonus opportunity for Executive Directors will remain unchanged at 100% of salary. The financial measures and targets within the bonus plans are reviewed annually by the Committee.

The bonus plan for 2010/11 was based on EBITDA and trading cash flow. Performance against the targets was assessed shortly after the year end and the Committee determined that no bonus will be paid to Executive Directors for 2010/11, reflecting business performance during this period.

## Long-term incentives – performance share awards

Performance share awards are designed to reward the senior team for significant shareholder value creation and strong financial performance. Under the current remuneration policy Executive Directors are granted performance share awards each year which vest subject to achievement of performance conditions over a three year performance period.

Performance share awards granted to Executive Directors in 2011/12 will vest based on the achievement of absolute TSR performance (50% of the award) and cumulative EPS performance (50% of the award). These performance measures are considered to best align the interests of Directors and shareholders as they require creation of absolute shareholder value and strong financial performance.

As set out above, following a review of the remuneration policy, the Remuneration Committee have determined that the overall package should be de-g geared to align with the revised focus of the Company. Therefore it is proposed that awards to be granted to Executive Directors in 2011/12 will be capped at 300% of base

salary. This is a reduction from the previous policy of granting awards with a face value of 400% of salary.

The value of awards to Executive Directors in 2011/12 will be as follows:

	Value of shares at grant	
	Face value £m	'Expected value' <sup>1</sup> £m
Jim Marsh	1.95	0.88
Tim Weller <sup>2</sup>	n/a	n/a
Ian Gibson	1.20	0.54

<sup>1</sup> Assumes 'expected value' of circa 45% of face value.

<sup>2</sup> No award will be made to Tim Weller as he will be leaving on 21 July 2011.

The performance targets for the 2011 awards will be subject to the following absolute TSR and cumulative EPS targets. As a further safeguard, where appropriate the Committee may also adjust the vesting outcome of awards taking into account the underlying financial performance of the Company.

## Absolute TSR

Compound absolute TSR growth over three years	Vesting % of the TSR element
20% p.a.	100%
Between 8% p.a. and 20% p.a.	Straight-line between these points
8% p.a.	25%

No shares will vest from the TSR portion of the award where compound per annum TSR growth over the three year performance period is below 8%. Recognising both the stretch of the targets and the reduction in the face value of the award, the Committee have determined that it would be appropriate to refine the vesting schedule for 2011/12 awards so that achievement of the threshold hurdle of 8% per annum TSR growth results in vesting of 25% of the award (2010 award: nil).

Cable&Wireless Worldwide TSR is share price growth adjusted for dividends and capital actions. For the purpose of these awards, TSR will be calculated using a one month average share price at the beginning and end of the performance period in order to moderate the effect of short-term share price volatility.

## EPS

EPS metrics were introduced in 2010 to motivate senior executives towards increasing profitability of the business over the longer term thereby delivering sustained EPS growth for shareholders. The Committee have set cumulative EPS targets to ensure that executives are incentivised to deliver strong EPS performance in each year of the performance period.

Cumulative EPS over three years	Vesting % of the EPS element
20.5 pence	100%
Between 16.5 pence and 20.5 pence	Straight-line between these points
16.5 pence	25%

No shares will vest from the EPS portion of the award where the cumulative EPS over the three year performance period is below 16.5 pence.

In previous years, long-term share awards were granted under the Cable & Wireless Worldwide Incentive Plan (IP 2010). The IP 2010 was based on a legacy Cable and Wireless plc plan originally implemented in 2001. The IP 2010 is due to expire in July 2011 and consequently

shareholder approval will be sought at the 2011 AGM for a new share plan (the Cable & Wireless Worldwide Incentive Plan 2011).

Subject to shareholder approval, the 2011/12 performance share awards will be granted under the new plan. The provisions of the new plan are closely aligned with general best practice principles and recognise corporate governance developments since the legacy plan was implemented in 2001. The key terms of the replacement plan were discussed with shareholders during the year; further details are set out in the Notice to the AGM.

#### Legacy plans

Executive Directors continue to maintain interests under legacy long-term incentive arrangements granted in previous years.

#### (i) Long-Term Incentive Plan (LTIP)

The LTIP was originally implemented in 2006. The plan was structured to reward participants for the growth in value of the business from an adjusted base value at 1 April 2006. The final performance assessment for outstanding interests under this plan will be assessed after the publication of results for the 2010/11 financial year.

#### (ii) Exceptional Performance Awards (EPA)

In last year's Remuneration Report, the Committee indicated an intention to grant awards under a one-off structure (Exceptional Performance Awards). Following a review of the remuneration policy, and consideration of the Company's strategic priorities, the Committee have concluded that the EPA should be revoked. Therefore the EPA will be removed from the remuneration package and instead the annual grant of performance share awards will be the primary long-term incentive vehicle. Participants will not receive any compensation for the revocation of the EPA.

#### (iii) Historic Performance Share Awards

Details of historic awards to Executive Directors made under Cable and Wireless plc plans, which have been replaced by identical awards under equivalent Cable&Wireless Worldwide schemes as a result of the demerger, are summarised in the tables on pages 54 and 55.

#### Other share plans

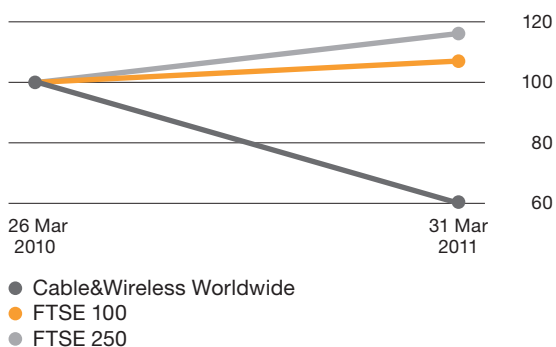
Executive Directors are eligible to participate in the Cable & Wireless Worldwide UK Share Purchase Plan on the same terms as other employees.

#### Performance graphs

The following graph shows the value, by 31 March 2011, of £100 invested in Cable & Wireless Worldwide plc at close of trading on 26 March 2010 (the date shares in Cable & Wireless Worldwide plc were admitted to the Official List) compared with the value of £100 invested in the FTSE 100 and £100 invested in the FTSE 250.

#### Total shareholder return

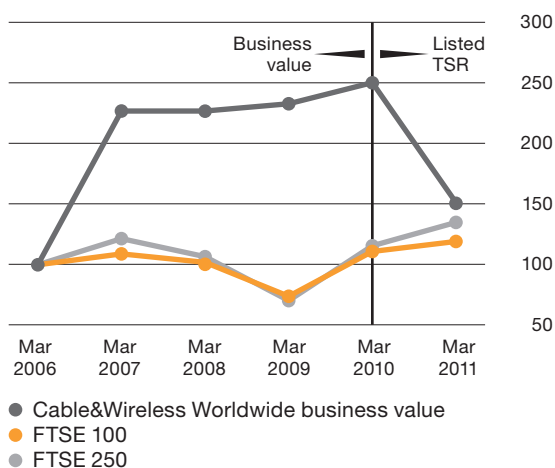
Value in £ from 26 March 2010 to 31 March 2011



The Committee considers the Cable&Wireless Worldwide business value derived for the purpose of the LTIP (as adjusted for cash flows to and from the corporate centre) to be the most representative equivalent to listed market value for the period prior to demerger. The following graph shows the change in value of a notional £100 holding in Cable&Wireless Worldwide over the four years from the start of the LTIP until the demerger and in Cable & Wireless Worldwide plc since demerger compared with the value of £100 invested in the FTSE 100 and £100 invested in the FTSE 250.

#### Cable&Wireless Worldwide business value compared to FTSE 100 and FTSE 250

Value in £ on 31 March 2011



#### Dilution

The Committee ensures that at all times the number of new shares which may be issued under any share-based plans, including all-employee plans, does not exceed the dilution limit of 10% of the Company's issued share capital over any ten year rolling period. As at 31 March 2011, 6.05% of the issued share capital was available for issue under our share-based plans. The Committee includes in its calculation of the 10% dilution limit the number of shares issued to employees who worked within the Cable&Wireless Worldwide business prior to the demerger. Awards under the various share plans are funded by a mix of purchased and newly issued shares, as determined by the Committee. Newly issued shares are subject to the dilution limit outlined above. Purchased shares are held by the Cable & Wireless Worldwide Employee Share Ownership Trust which is subject to a holding limit of 5% of the issued ordinary share capital of the Company.

#### Executive Directors' service contracts

The Committee's policy is that Executive Directors' service contracts should include a maximum notice period of one year. However, a longer notice period may apply initially where this is required to secure the services of executives in exceptional circumstances, though in all cases the notice period will reduce to one year or less after two years. Executive Directors' service contracts continue until their normal retirement date.

	Date of contract	Notice period
Jim Marsh	26 January 2010	One year
Ian Gibson	26 April 2011	One year
Tim Weller	1 December 2009	Two years reducing to one year from 1 June 2011

The Executive Directors' contracts provide that, in the event of a change of control of the Company and an Executive Director's employment is adversely changed,

then he will receive a payment equal to the base salary for the notice period and a time pro-rated annual bonus.

The Executive Directors' service contracts contain no other provisions for compensation payable on early termination. In the event of early termination, the Committee will, within legal constraints, determine the approach to be taken according to the circumstances of each individual case, taking full account of the departing Executive Director's obligation to mitigate loss where the contract so provides. Except in cases of early termination for cause, the Committee will take into account the relevant Executive Director's current salary, notice period and contractual benefits when calculating any liability of Cable&Wireless Worldwide. The principal contractual benefits provided in addition to salary are pension and life insurance. Annual bonuses and long-term incentives are granted at the discretion of the Committee and therefore would be dealt with in accordance with the rules of the relevant scheme. A significant proportion of each Executive Director's total remuneration is subject to performance conditions and therefore would not be payable to the extent that the relevant targets have not been met.

On 11 March 2011 the Company announced that it had been agreed with the Chief Financial Officer, Tim Weller, that he would leave the Company on the day of the Annual General Meeting, 21 July 2011. The principal features of the agreement with Tim Weller are as follows:

**(i) Base salary**

At the time of agreement with Tim Weller his service contract included a two year notice period (applicable in the first year of his employment). Under the agreement Tim Weller will receive a one year payment in lieu of notice on leaving. Subject to an obligation on Tim Weller to find alternative employment in the meantime and thereby mitigate his loss, from January 2012 Tim Weller will receive monthly payments equivalent to his present monthly salary and benefits until August 2012. Should Tim Weller find equivalent alternative employment in the meantime no monthly payments will be paid; in the event of a less well paid position, the Company will pay the difference to the value of the monthly payment.

**(ii) Annual bonus**

No amount will be paid in respect of any annual bonus entitlement to Tim Weller for the year ended 31 March 2011 or for the years ending 31 March 2012 or 31 March 2013.

**(iii) Long-term incentives**

Tim Weller will forfeit the award of 2,966,038 performance shares which had a face value of £2.0 million when made to him in August 2010. He will remain eligible for any payment made on maturity of the Long Term Incentive Plan (LTIP) after the conclusion of the valuation period on or around 23 June 2011, in relation to which he retains 350 units in total as set out on page 54.

**Directors' shareholdings**

Cable&Wireless Worldwide operates a policy of encouraging Executive Directors to align their interests closely with those of shareholders by requiring them to build up and maintain a holding of ordinary shares. Where the relevant holding has not already been attained, it is required to be achieved through the retention of any net awards received from share plans which vest.

The existing requirement is to build and maintain a holding of shares worth at least two times the Director's base salary within five years of appointment.

**Chairman**

The Chairman's contract took effect on 26 March 2010 and contains a one year notice period. The contract provides that at the Company's absolute discretion it may terminate the contract on less than full notice by paying a sum equal to base salary in lieu of the unexpired part of the notice. The contract contains no other contractual entitlements on early termination or following a change of control. During the two year period to 26 March 2012 the Company will pay the Chairman an annual pension cash allowance equivalent to 25% of his annual base salary of £600,000. The Chairman will not receive any new awards under any of the Company's long-term incentive plans described above.

**Non-executive Directors**

The Non-executive Directors do not have service contracts with the Company, but instead have letters of appointment. Their fees are determined by the Board, within the limits set out in the Company's Articles of Association, with Non-executive Directors abstaining from any discussion or decision on their fees. Fee levels were last reviewed in March 2011. No changes were made to fee levels as a result of this review. The Non-executive Directors do not receive any incentive payments or pension provision. Annual fees payable to each Non-executive Director for 2011/12 are as follows:

	Base fee	Additional fee
John Barton	£65,000	£20,000 <sup>1</sup>
Clive Butler	£65,000	£20,000 <sup>2</sup>
Penny Hughes	£65,000	£20,000 <sup>3</sup>

- 1 Additional fee for role of Senior Independent Director and Deputy Chairman.
- 2 Additional fee for role of Chairman of the Remuneration Committee.
- 3 Additional fee for role of Chairman of the Audit Committee.

Non-executive Directors are appointed for an initial three year term. After two three year terms, the continued appointment of any Non-executive Director may be extended on an annual basis at the invitation of the Chairman. Termination of the appointment may be earlier at the discretion of either party on one month's written notice. None of the Non-executive Directors are entitled to any compensation if their appointment is terminated. All appointments will be subject to re-election at the AGM in accordance with the Articles of Association.

**External directorships**

The Company allows Executive Directors to hold external directorships and retain the fees received from those roles.

Details of directorships held and the annual fees received for the 2010/11 financial year are given below:

	Annual fees
<b>Tim Weller</b>	
The Carbon Trust	£21,000
BBC Worldwide	£37,967

During 2010/11 the Chief Executive Officer held no such external directorships. This report, including the tables on pages 53 to 55, has been approved on behalf of the Board by:

**Clive Butler**

Chairman, Remuneration Committee  
23 May 2011

## Directors' remuneration

The following sections of the Directors' remuneration report have been subject to audit.

### For the period 1 April 2010 to 31 March 2011

	Salaries and fees £000	Bonuses <sup>1</sup> £000	Benefits in kind <sup>2</sup> £000	Cash allowance £000	Total 2010/11 £000	Total 2009/10 (Pro forma basis <sup>3</sup> ) £000	Total 2009/10 (statutory basis <sup>4</sup> ) £000
<b>Chairman</b>							
John Pluthero	600	–	30	150 <sup>5</sup>	<b>780</b>	785	11
<b>Executive Directors</b>							
Jim Marsh	650	–	44	86 <sup>6</sup>	<b>780</b>	539	8
Tim Weller <sup>7</sup> (since 24 May 2010)	423	–	1	9 <sup>8</sup>	<b>433</b>	–	–
<b>Non-executive Directors</b>							
John Barton	85	–	–	–	<b>85</b>	66	1
Clive Butler	85	–	–	–	<b>85</b>	86	1
Penny Hughes	85	–	–	–	<b>85</b>	49	1
	<b>1,928</b>	<b>–</b>	<b>75</b>	<b>245</b>	<b>2,248</b>	<b>1,525<sup>9</sup></b>	<b>22</b>

- 1 No bonus was payable to Directors in respect of the 2010/11 financial year based on Company EBITDA and trading cash flow.
- 2 In compliance with the Companies Act 2006, 'Benefits in kind' include Company provided life assurance and travel.
- 3 In order to provide greater transparency of Directors' remuneration, the comparator year remuneration of the Cable&Wireless Worldwide Directors has been presented on a pro forma basis in addition to the statutory basis. This basis presents Directors' remuneration as if the Group had existed in its current form throughout the previous financial year, using amounts paid to the Directors for their services to the former Cable & Wireless Group as the basis of remuneration.
- 4 In accordance with the Companies Act 2006, Cable & Wireless Worldwide plc is required to present the comparator year Directors' remuneration from 24 September 2009 (the date of incorporation) through to 31 March 2010. The demerger of the Cable&Wireless Worldwide business from the Cable & Wireless Group took place on 26 March 2010. Prior to this date, the Directors were not remunerated for their role as Directors of Cable & Wireless Worldwide plc as this entity was unrelated to the Cable&Wireless Worldwide Group until this date.

- 5 Company pension contributions in 2010/11 have been paid to John Pluthero as an annual cash allowance.
- 6 Pension contributions in respect of Jim Marsh were paid in part as a cash allowance and part as employer contributions into the Company's defined contribution pension plan. Jim Marsh was paid a cash allowance in 2010/11 in lieu of provision of a company car.
- 7 Tim Weller's salary is shown prior to any salary sacrifice under his pension arrangements. Upon leaving employment, Tim Weller will receive a lump sum cash payment of £573,300. Subject to an obligation on him to find alternative employment in the meantime and thereby mitigate his loss, from January 2012 he will receive a further £382,000 in eight equal monthly payments. Should he find equivalent alternative employment in the meantime no monthly payments will be paid; in the event of a less well paid position, the Company will pay the difference to the value of the monthly payment.
- 8 Tim Weller was paid a cash allowance in 2010/11 in lieu of provision of a company car.
- 9 The aggregate emoluments of the Directors which include employer pension contributions were £2,385,310 (2009/10 – £1,587,731).

## Directors' shareholdings

The beneficial interests of the Directors and their connected persons as notified to the Company in the ordinary shares of the Company were as follows:

### For the period 1 April 2010 to 31 March 2011

	Shares held as at 1 April 2010 or date of appointment if later	Shares acquired	Shares held as at 31 March 2011
<b>Chairman</b>			
John Pluthero	2,777,932	485,912	<b>3,263,844</b>
<b>Executive Directors<sup>1</sup></b>			
Jim Marsh	651,559	–	<b>651,559</b>
Tim Weller (since 24 May 2010)	–	250,000	<b>250,000</b>
<b>Non-executive Directors</b>			
John Barton	100,000	100,000	<b>200,000</b>
Clive Butler	57,000	–	<b>57,000</b>
Penny Hughes	30,000	–	<b>30,000</b>

- 1 In addition, as potential beneficiaries from outstanding awards which may be satisfied by shares held by the Cable & Wireless Worldwide Employee Share Ownership Trust (the Trust), the Chairman and Executive Directors are deemed to have an interest in all of the ordinary shares held by the Trust, which at 31 March 2011 amounted to 19,693,444 shares.

The information in the table above is accurate as at 23 May 2011.

## LTIP

The table below discloses the LTIP amounts receivable and the qualifying period end date under the terms of the LTIP. The LTIP payments for Jim Marsh and John Pluthero that were receivable at 31 March 2010 were paid on 1 April 2010, within the period of the current report.

### For the period 1 April 2010 to 31 March 2011

	LTIP interests at 1 April 2010 (units)	LTIP paid during the period £	LTIP interests awarded/ forfeited during the period (units)	LTIP interests at 31 March 2011 (units)	LTIP receivable at 31 March 2011 <sup>4</sup>	LTIP receivable at 31 March 2010	Qualifying period end date
John Pluthero	2,000	1,889,252	–	2,000	–	1,889,252 <sup>1</sup>	23/06/11
Jim Marsh	1,688	1,987,500	175 <sup>3</sup>	1,863	–	1,987,500 <sup>2</sup>	23/06/11
Tim Weller	–	–	350 <sup>4</sup>	350	–	–	23/06/11 <sup>4</sup>

- 1 The figure represents 85% of the value of John Pluthero's units in the LTIP reward pool at 26 March 2010 minus the value of the payment made in May 2009.
- 2 The figure represents 100% of the value of Jim Marsh's 1,500 units in the LTIP reward pool at 26 March 2010 minus the value of the payment made in May 2009. There was no payout from the 188 units awarded on 10 June 2009.
- 3 Units were awarded in connection with the Exceptional Performance Award and have subsequently been forfeited in connection with the revocation of the EPA as set out on page 51.
- 4 200 units were awarded which were not subject to any encumbrance; 150 units awarded in connection with the EPA were subject to an encumbrance of £3,000 per unit, ensuring that no payment is made unless the value is in excess of £3,000 per unit, which would only be achieved if the average Cable & Wireless Worldwide plc share price between 25 May and 23 June 2011 (inclusive) was circa 80 pence or higher.

#### Notes

The LTIP, which ends in 2011, creates a reward pool for Executive Directors and senior management of the Group depending on the extent to which the business has grown in value from its adjusted base value at 1 April 2006. The final valuation will be based on the Company's average share price over the 30 consecutive days immediately following the announcement of the Company's annual results on 24 May 2011.

The base valuation at 1 April 2006 is adjusted over the performance period to create the LTIP hurdle as follows:

- (i) to reflect additional capital notionally treated as borrowed by the business;
- (ii) to reflect capital notionally treated as returned by the business; and
- (iii) increased by a hurdle rate being the notional weighted average cost of capital of the business (which will be at least 8% per annum compounded). To the extent that the business' value exceeds its adjusted base valuation at the end of the performance period, 10% of the growth in value over the adjusted base valuation goes into the reward pool. The LTIP is structured as a five year performance period until 2011 with payout opportunities at the end of years three, four and five ending in 2011.

In the event of a potential payment to an individual in excess of £20 million, the Committee will (other than in exceptional circumstances) defer any excess payment until 23 June 2012 or up to one year following a vesting event if earlier and make the payment in Cable & Wireless Worldwide plc shares rather than cash.

## Directors' share options

No share options have been granted during the 2010/11 financial year.

Share options that were not exercised before the date of the Scheme Court Hearing on 19 March 2010 were adjusted by the Cable and Wireless plc Remuneration Committee so that, following the demerger, they continued in respect of one Cable & Wireless Communications Plc ordinary share and one Cable & Wireless Worldwide plc ordinary share for each Cable and Wireless plc ordinary share previously under option. All of these options were granted and vested over Cable and Wireless plc shares prior to the demerger.

### For the period 1 April 2010 to 31 March 2011

	Grant date	Date from which first exercisable	Date of expiry of option	Exercise price (pence)	Shares under option at 1 April 2010	Granted between 1 April 2010 and 31 March 2011	Exercised	Lapsed, cancelled or forfeited	Cable & Wireless Worldwide shares under option at 31 March 2011
<b>John Pluthero<sup>1</sup></b>									
Unapproved	3/3/06	21/5/09 <sup>2</sup>	2/3/13	107.40	1,135,941 <sup>3</sup>	–	–	–	<b>1,135,941<sup>3</sup></b>

- 1 A takeover, reconstruction or winding-up in relation to Cable & Wireless Communications Plc will not trigger the early lapse of share options held by employees within the Cable & Wireless Worldwide Group.
- 2 John Pluthero agreed to delay the date on which options were to become first exercisable from March 2009 to 21 May 2009. This was to avoid options becoming exercisable during a prohibited period.
- 3 Following the demerger, these shares are linked to an equal number of Cable & Wireless Communications Plc shares and cannot be exercised separately.

#### Notes

These are unapproved options originally issued over Cable and Wireless plc shares (see note 32 of the consolidated financial statements for details). The options vested based on the achievement of relative TSR performance conditions.

No amounts were paid by Directors for the award of the options listed in the tables above.

The closing mid-market price of a Cable & Wireless Worldwide plc ordinary share on 31 March 2011 was 52.45 pence. The highest closing mid-market price of a Cable & Wireless Worldwide plc ordinary share during the period was 93.00 pence and lowest closing mid-market price was 52.45 pence.

**Directors' share awards**  
**For the period 1 April 2010 to 31 March 2011**

Name and scheme	Award date	Vesting date	Market price on date of award (pence)	Shares under award at 1 April 2010	Awarded between 1 April 2010 and 31 March 2011	Dividend shares added between 1 April 2010 and 31 March 2011 <sup>1</sup>	Shares vested	Shares under award at 31 March 2011
<b>John Pluthero</b>								
Performance Shares	02/06/2009 <sup>2</sup>	02/06/2012 <sup>3</sup>	83.32 <sup>4</sup>	3,995,983	–	218,447	–	4,214,430
				<b>3,995,983</b>	<b>–</b>	<b>218,447</b>	<b>–</b>	<b>4,214,430</b>
<b>Jim Marsh</b>								
Performance Shares	25/11/2009 <sup>2</sup>	25/11/2012 <sup>3</sup>	85.39 <sup>4</sup>	2,395,872	–	136,632	–	2,532,504
Performance Shares	06/08/2010	05/08/2013 <sup>5</sup>	67.43	–	3,855,850	92,392	–	3,948,242
				<b>2,395,872</b>	<b>3,855,850</b>	<b>229,024</b>	<b>–</b>	<b>6,480,746</b>
<b>Tim Weller</b>								
Performance Shares	06/08/2010	05/08/2013 <sup>5</sup>	67.43	–	2,966,038	71,071	–	3,037,109
				<b>–</b>	<b>2,966,038</b>	<b>71,071</b>	<b>–</b>	<b>3,037,109</b>

- In accordance with the terms of the awards, dividend shares are added to reflect notional dividend reinvestment during the period. Dividend shares vest on the same dates and in the same proportion as the awards to which they relate.
- Awards were originally granted by Cable and Wireless plc. Following the demerger, the Cable and Wireless plc performance shares that had not vested lapsed and were replaced by an award over Cable & Wireless Worldwide plc ordinary shares, having an equivalent value (determined by reference to the average closing price of Cable & Wireless Worldwide plc ordinary shares and Cable & Wireless Communications Plc ordinary shares over the five trading days commencing on the date of demerger). Immediately prior to the demerger, John Pluthero and Jim Marsh held awards over 2,478,783 and 1,486,204 Cable and Wireless plc shares respectively, which lapsed at demerger. Following the demerger, John Pluthero and Jim Marsh were granted replacement awards over 3,995,983 and 2,395,872 Cable & Wireless Worldwide plc shares respectively.
- Full vesting of the performance shares and any associated dividend shares will occur only if TSR performance is equal to 20% or more compound growth per annum. Where TSR performance is equal to 8% compound growth per annum, 25% of the performance shares will vest. The performance shares will vest pro-rata where TSR performance is more than 8% but less than 20% compound growth per annum. If the Group TSR is less than 8% compound growth per annum no performance shares will vest. Vesting must also be warranted by reference to the underlying financial performance during the performance period which will be determined by the Committee within 12 months of the end of the performance period.

- The market price on date of award has been adjusted to reflect the replacement at demerger of awards over Cable and Wireless plc shares with awards over Cable & Wireless Worldwide plc shares, having equivalent value (determined by reference to the average closing price of Cable & Wireless Worldwide plc ordinary shares and Cable & Wireless Communications Plc ordinary shares over the five trading days commencing on the date of demerger).
- The vesting of the performance shares and any associated dividend shares is subject to the achievement of absolute TSR performance (50% of the shares) and cumulative adjusted EPS performance (50% of the shares). Full vesting of the 50% TSR portion of the performance shares will only occur if TSR performance is equal to 20% or more compound growth per annum. Where TSR performance is less than or equal to 8% per annum no performance shares will vest. The performance shares will vest pro-rata where performance is more than 8% but less than 20% compound growth per annum. Vesting must also be warranted by reference to the underlying financial performance during the performance period which will be determined by the Committee within 12 months of the end of the performance period. Full vesting of the 50% EPS portion of the performance shares will vest where cumulative adjusted EPS is greater than 25.7 pence. 25% of the EPS dependant performance shares (12.5% of the total award) will vest where adjusted EPS is 15.6 pence. The performance shares will vest pro-rata where EPS is between 15.6 pence and 25.7 pence. No performance shares will vest if EPS is less than 15.6 pence.

**Directors' pension benefits**

Executive Directors are eligible to participate in the defined contribution section of the Company's pension plan.

Jim Marsh and Tim Weller participated in the defined contribution section of the Cable & Wireless Worldwide Retirement Plan. Participation for Tim Weller was on a salary sacrifice basis. In return for a salary reduction equivalent to 5% of basic salary, subject to the salary cap (£123,600 for the 2010/11 tax year), the Group contributed the equivalent amount plus 12.5% of his uncapped salary.

Name	Company pension contributions for the period 1 April 2010 to 31 March 2011
Jim Marsh	£85,652 <sup>1</sup>
Tim Weller	£52,083 <sup>2</sup>

1 Jim Marsh elected to receive the remainder of his employer pension contribution entitlement as a taxable non-bonusable cash allowance.

2 These figures exclude the contributions relating to Tim Weller's salary reduction under the salary sacrifice arrangement.

John Pluthero received a taxable cash allowance equivalent to 25% of his basic salary in lieu of participation in the Company's pension plan.

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# OTHER STATUTORY INFORMATION.

**There are a number of legal and regulatory requirements with which Cable & Wireless Worldwide plc must comply, such as the Companies Act 2006 and the Listing Rules and Disclosure and Transparency Rules. This section contains additional information, required by these laws and regulations to be included by the Directors in the Annual Report and Accounts.**

#### **Principal activities, business review and results**

Cable & Wireless Worldwide plc, registered number 7029206, is a global telecommunications company. The Group's principal activities during the year are detailed on pages 2 to 37. Through this annual report, including the Chairman's and Chief Executive Officer's statements, the Chief Financial Officer's review, the Business Review and Strategy sections that precede this report, the Board seeks to present a balanced and clear assessment of the Group's activities, position and prospects. The Group's results for the financial year are shown in the consolidated income statement on page 60.

#### **Share capital**

As at 31 March 2011, the issued share capital of the Company was 2,678,782,250 ordinary shares of 5 pence each. Details of changes to ordinary shares issued and awards and options granted during the year are set out in notes 31 and 32 to the consolidated financial statements. No person holds securities in the Company carrying special voting rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights. Each share (other than treasury shares) entitles the holder to one vote at general meetings of the Company on votes taken on a poll. The rights attaching to the ordinary shares are defined in the Company's Articles, which are available on the Company's website.

#### **Authority to purchase shares**

The Company received authority from shareholders at the 2010 AGM to purchase up to 262 million of its own shares, within certain limits as set out in the special resolution. The authority is due to expire at the 2011 AGM, where upon it is proposed that it will be renewed. Shares repurchased may be cancelled or retained as treasury shares. No shares were purchased under the authority granted at the 2010 AGM, nor did the Company acquire any of its shares by other means. Currently the Company holds no treasury shares.

#### **Transfer of shares**

Unless otherwise provided in the Articles or the terms of issue of any shares, any shareholder may transfer any or all of his shares. The Directors may decline to register the transfer of any shares in certificated form that are not fully paid up or otherwise in accordance with the Articles, provided that such refusal does not prevent dealings from taking place on an open and proper basis.

#### **Branches**

Cable&Wireless Worldwide, through various subsidiaries, has established branches in a number of different countries in which the business operates.

#### **Winding up**

If the Company is wound up, the liquidator may divide the whole or any part of the assets of the Company among the shareholders (subject to the passing of a resolution by a 75% majority vote of the shareholders). No shareholder can be compelled to accept any shares or other property which carries a liability.

#### **Major acquisitions and disposals**

Full details of acquisitions and disposals are disclosed in note 10 on page 77.

#### **Events after the balance sheet date**

No other significant events occurred after the balance sheet date of 31 March 2011 that had a material effect on the Group's financial position, results of operations or cash flows.

#### **Related party transactions**

Related party transactions are set out in note 35 to the Financial Statements on page 93.

#### **Essential contractual arrangements**

Given the scope and diversity of the Cable&Wireless Worldwide business activities, the Company does not consider there are persons with whom the Company has contractual or other arrangements, which are essential to the business of the Cable&Wireless Worldwide Group.

#### **Significant contracts – change of control**

The Group has a number of contracts that are subject to change of control clauses. These primarily relate to financing facilities, major customer contracts and licence agreements.

In particular, under the Group's £300 million revolving credit facility agreement, unless all the lenders agree otherwise, on a change of control the facility shall be cancelled in full and all outstanding amounts together with related charges become immediately due and payable.

Under the Company's £230 million 5.75% Convertible Bonds due in 2014, for a period of 60 days following a change of control of the Company (or, if later, notice thereof) the conversion price will be adjusted downwards in accordance with a formula resulting in straight-line amortisation of the conversion premium of the convertible bonds. In addition, on a change of control of the Company, each holder of convertible bonds may exercise their conversion rights or, instead, require the Company to redeem any convertible bond held by such holder at its principal amount, together with accrued and unpaid interest.

Under a contingent funding agreement with Cable & Wireless Worldwide Pension Fund Trustee Limited, the pensions trustees of the Cable & Wireless Retirement Plan have the right on a change of control to procure and call on a letter of credit up to £100 million or, if less, the value of any deficit in the plan at the date of the change of control.

At present, risks arising from a change of control are not considered to be significant. For change of control provisions in relation to Directors' service contracts, refer to the Directors' remuneration report on pages 48 to 55.

#### **Creditor payment policy**

When entering into purchase contracts, the Company agrees payment terms with its suppliers and draws their attention to such terms. The Company seeks to abide by those terms on timely submission of satisfactory invoices. During the year, the average number of days between the invoice date and the date of payment within the Group was 61 days. The Company does not have any trade payables.

#### **Charitable and political donations**

During the year ended 31 March 2011, the Group made charitable donations totalling £300,762. Further information relating to the Group's support for communities and social activities are set out in the Corporate Responsibility section on page 27.

It is not the Company's policy to incur political expenditure or to make political donations. In accordance with this policy, no donations were made in any EU member state for political purposes, as defined in Section 364 of the Companies Act 2006, during the year ended 31 March 2011.

#### **Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have

adequate resources to continue in operational existence for the foreseeable future and, accordingly, they continue to adopt the going concern basis in preparing the financial accounts. For further information please refer to the Going Concern statement set out in note 2 of the accounts on page 65.

#### **Business ethics**

We place significant focus on Business Ethics and the associated attitudes and practices it encourages. In 2010 we launched Business Ethics into the organisation. This included the creation of a worldwide policy complimented by a mandatory e-learn course. To date 97% of colleagues have completed the course, and our unique approach was covered in *The Times* in November 2010. The Business Ethics policy is available on our website.

#### **Employees**

The Group is committed to the fair and equitable treatment of all its employees, irrespective of sex, race, age, religion or belief, disability, sexual orientation or marital status. To this end, policies have been put in place to ensure that this commitment is implemented at recruitment and continues throughout an individual's employment with the Group. Full and fair consideration is given to applicants with disabilities for employment and training, and career development is encouraged on the basis of aptitude and ability. It is the Group's policy to make all reasonable adjustments for employees and applicants with disabilities to enable them to maximise their potential.

The Group communicates with employees in many ways, including: regular briefings by management, newsletters, intranet sites, mobile phone broadcasts, video conferences and consultation forums. These communications help to achieve a common awareness amongst colleagues of the financial and operational performance of the Group. The Company consults employees on key matters affecting their interests through a formalised employee consultation forum.

The Group is committed to ensuring that employees share in its success. Colleagues are encouraged to participate in share purchase schemes and hold investments in the Company's shares.

#### **Compensation for loss of office**

Information relating to Directors' compensation for loss of office in the event of change of control is set out on page 51 of the Remuneration Report.

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# DIRECTORS' RESPONSIBILITIES.

## Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

**The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.**

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- For the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- For the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006 and, with regard to the Group financial statements, Article 4 of the IAS Regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on page 38, with the exception of Ian Gibson, who will be appointed as a Director on 21 July 2011, confirm that, to the best of each person's knowledge and belief:

- The financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The financial statements, prepared in accordance with UK GAAP give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The Directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties that they face.

## Disclosure of information to auditors

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

**Jim Marsh**  
Chief Executive Officer  
23 May 2011