

Meeting Date:	Wed, 21 Jul 2010 11:00	Proxy Deadline:	Mon, 19 Jul 2010	Type:	AGM	Issue date:	Wed, 07 Jul 2010
Meeting Location:	The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE						
Current Indices:	FTSE MidCap						
Sector:							

PROPOSALS	ADVICE
<p>1 Receive the Annual Report The company's Business Review meets ASB RS guidelines in our view. Adequate environmental and employment policies are in place and quantifiable environmental reporting is disclosed.</p>	For
<p>2 Approve the Remuneration Report PIRC is concerned by the presence of Sir Richard Laphorne, the Chairman of the Board, on the remuneration committee. Sir Laphorne was not considered independent upon appointment due to his previous executive duties and his participation in performance-related share award incentive plan. We believe that his presence on the committee represents a potential conflict of interest and undermines the independence of the remuneration setting procedure.</p> <p>Salaries are in the top quartile of the comparator group. The potential maximum variable awards are considered excessive by PIRC. The aggregate pay level of the past financial year is considered excessive according to our guidelines. The company has a share purchase plan open to all employee, there is no disclosure of any plan open to all employees at no cost. There is a shareholding policy for directors, and although it does not have a clear time frame set both Tony Rice and Tim Pennington have recently made significant share purchases.</p> <p>The company's main LTIP, the IP 2010, adopts a single performance condition: absolute TSR. We consider that the company should adopt two concurrent performance conditions one of which is linked to a comparator group. In addition executives are eligible to receive long term cash incentive awards under the cash LTIP. We note that this plan does not have individual maximum limits but a general threshold beyond which awards will be deferred. The disclosure does not permit us to assess whether the performance conditions under the plan can be considered challenging. The components of the base valuation of the cash LTIP are not shown.</p> <p>Contracts have normally a one year notice period. No statement of mitigation have been made. Upon recruitment executives may be offered longer notice period, however after two years the notice period would revert to one year maximum.</p> <p>Rating: BDC</p>	Oppose
<p>3 To re-elect Sir Richard Laphorne Chairman. Not considered independent upon appointment as chairman as Mr Laphorne had executive responsibilities and holds restricted share awards. We note that in addition to the share award linked to the company's performance, Mr Laphorne has a 12 months rolling contract, similar to the contracts awarded to executives rather than the letters of appointment of the non-executive directors. We note that these remuneration arrangements were established by Cable & Wireless plc and were rolled over by the company after the de-merger. PIRC supports the Code provision that the chairman should meet the definition of independence upon appointment, we therefore recommend an abstain vote.</p>	Abstain
<p>4 To re-elect Mr Nick Cooper</p>	For

	Executive Director. 12 months rolling contract.	
5	To re-elect Ms Kate Nealon Non-Executive Director. Independent by PIRC.	For
6	Appoint the auditors KPMG Audit Plc proposed. Inappropriate non-audit fees exceeds the audit fees in the year under review. However the company has communicated to PIRC that 80% of the non-audit fees were paid in relation to the necessary expenses incurred during the de-merging process. Considering the exceptional nature of this event, we recommend a vote in favour.	For
7	Allow the board to determine the auditors remuneration Standard proposal.	For
8	Issue shares with pre-emption rights General authority limited to one third of the issued share capital, and two thirds of the issued share capital if in connection with a pre-emptive rights issue. The requested authority follows the recent published guidance of the Rights Issue Review Group in connection with the ABI. We consider that there is sufficient independent supervision on the Board to monitor the use of the authority, and since the company has made a commitment for all directors to seek re-election if the authority is used, as recommended by the published guidance, we recommend support.	For
9*	Issue shares for cash Authority limited to 5% of the issued share capital and expires no later than the next AGM. Within recommended limits.	For
10*	Authorise Share Repurchase Authority limited to 10% of the issued share capital and expires no later than the next AGM. Within acceptable limits.	For
11*	Authority to call general meetings The proposed resolution reflects the implementation of the EU Shareholder Rights Directive into English law, which took place on 3 August 2009 as implemented by the company in its Articles of Association. Under the regulations, the minimum notice period for general meetings (other than Annual General Meetings) will increase to 21 days unless certain conditions are met, in which case it may be 14 days. PIRC considers that all companies should aim to provide at least 20 working days notice for general meetings in order to give shareholders sufficient time to consider what are often complex issues; however, we recognise that the proposed change is permissible by the Companies Act and recommend support.	For
12	Authorise the scrip dividend The Board is proposing the approval of a Scrip Dividend Scheme that would enable shareholder to opt for receiving the ordinary shares in the company in lieu of their cash dividends. The plan operates on a voluntary basis. Shareholders have to give specific mandate to the company, and they will be allowed to revoke the mandate. The Scheme would permit shareholders to avoid dealing cost and stamp duties, and the company may retain cash for other investments. We consider that the scheme's rules sufficiently protect shareholders' rights and its implications have been clearly disclosed. We recommend support.	For
13	Approve Political Donations Authority requested for a four-year period and limited to £100,000. We consider that the four-year period is excessive. In addition the company has declared that only donations above £2,000 would be disclosed in the company's annual report, we do not think it is appropriate to limit disclosure over a certain threshold for political donations. For these reasons, we recommend an oppose vote.	Oppose
14	Authority for Shareholder E-Communications Election The company is seeking authority to use website communication for documents such as the annual report and accounts. If authority is given, shareholders will receive a written request to agree to website delivery. Shareholders may decline the invitation if they so wish. PIRC does not consider that the enhanced use of electronic communications poses a risk to shareholder rights, as shareholders may elect to continue to receive hard copies of any communication. We therefore recommend support for the proposal.	For

15 Approve the dividend

For

Final dividend of 3.34p proposed. Together with the interim dividend, total dividend for the year of 9.5p per share (11.85c). Covered by earnings.

*** = *Special Resolution***

Combined code compliance

- The company is not going to comply with section A.7.1 of the Code which provides that all Directors should be subject to election by shareholders at the first Annual General Meeting after their appointment. 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-appointment. This provision was included in the Articles as a result of the demerger to provide an even spread of Director re-appointments and hence not all Directors are standing for re-appointment at the Annual General Meeting.

Directors

- On 26 March 2010 the Cable & Wireless Worldwide business was demerged from the Group, thereby creating two independent separately listed entities, Cable & Wireless Worldwide plc and Cable & Wireless Communications Plc. The analysis focuses on activities within Cable and Wireless plc over the financial year until demerger and on Cable & Wireless Communications Plc after that point until the year end.
- From March 2006 until demerger, the governance of Cable and Wireless plc was managed by a Central function acting as portfolio manager of two separate businesses, now Worldwide and Communications. Each of these was headed by Executive Directors reporting to the Chairman with its own Operating Boards.

Remuneration

- PIRC is concerned by the presence of Sir Richard Laphorne, the Chairman of the Board, on the remuneration committee. Sir Laphorne was not considered independent upon appointment due to his previous executive duties and his participation in share award incentive plan. We believe that his presence on the committee represents a potential conflict of interest and undermines the independence of the remuneration setting procedure.
- Salaries are in the top quartile of the comparator group. The potential maximum variable awards are considered excessive by PIRC. The aggregate pay level of the past financial year is considered excessive according to our guidelines. The company has a share purchase plan open to all employee, there is no disclosure of any plan open to all employees at no cost. There is a shareholding policy for directors, and although it does not have a clear time frame set both Tony Rice and Tim Pennington have recently made significant share purchases.
- The company's main LTIP, the IP 2010, adopts a single performance condition: absolute TSR. We consider that the company should adopt two concurrent performance conditions one of which linked to a comparator group.
- In addition executive are eligible to receive long term cash incentive awards under the cash LTIP. We note that this plan does not have a individual maximum limits but a general threshold beyond which awards will be deferred. The disclosure does not permit us to assess whether the performance conditions under the plan can be considered challenging. The components of the base valuation of the cash LTIP are not shown.
- Contracts have normally a one year notice period. No statement of mitigation have been made. Upon recruitment executives may be offered longer notice period, however after two years the notice periods would revert to one year maximum.

Share capital and shareholder relations

- The company is seeking approval of the scrip-dividend scheme at the AGM.

Company's Primary Objective and/or Strategy

- The company's primary objective is to meet customer demands, competition and new technology challenges by operating its existing business better, introducing new services as its customers demand them and developing its presence around its core regional hubs.

Key Performance Indicators

- Various financial KPIs are reported. In addition specific strategic objective are disclosed. No non-financial KPI is adopted.

PIRC Analysis

- The Business Review complies with the ASB (RS) guidelines.
- Financial KPIs have been used to evaluate performance however no Non-Financial Indicators were used to determine performance.

Environment

- There is a overarching environmental policy.
- Environmental standards are required of suppliers.
- Quantitative environmental KPIs are disclosed.
- The company has not set clear future targets.

Employment

- The group has an overall employment policy and a number of policies on specific employee issues.
- The group operates employee consultation forums and employee survey has been undertaken.
- The company reports that it had a good health and safety record with no fatalities or prosecutions to report.

Community

- The company discloses a comprehensive community policy. The company's policy includes the respect of different cultures, values and human rights. There is evidence of collaboration with external organisations.

Issue alert

- No issues at 30 June 2010

FINANCIAL PERFORMANCE

	2010		
	\$	\$	\$
Year End	31 March		
Earnings per share (¢)	11.90		
Dividend per ordinary share (¢)	11.85		

FINANCIAL ADVISORS & COMPANY CONTACT

Company Secretary	Clare Underwood
Company Address	3rd Floor, 26 Red Lion Square, London, WC1R 4HQ

PIRC CONTACT

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1. DIRECTORS

1.1 BOARD OF DIRECTORS

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. *A = audit committee, R = remuneration committee, N = nomination committee, C = CSR or Ethics Committee, * = committee chairman.*

Board changes during year (after previous AGM): All of these Directors were appointed to the Board of the Company on 25 January 2010, having previously been in office on the Board of Cable and Wireless plc throughout the year with the exception of Mary Francis who joined the Board of Cable and Wireless plc as a Non-executive Director on 1 July 2009 and Nick Cooper who joined the Company's Board on 25 January 2010 as an Executive Director.

Sir Richard Laphorne		Chairman			
Age:	n/d	Date Appointed:	2003	Committees:	R, N*
Shares:	6998869	Options:	0	LTIP:	5500000
Severance Entitlement	One year rolling				
Other Positions:	Tommy's The Baby Charity [NED], ex-McLaren Group [Ch], ex-Amersham plc (now GE Healthcare) [Ch, NED], ex-British Aerospace plc [FD, VCh], ex-New Look Group [NExCh], ex-Morse plc [NExCh], ex-The Royal Botanic Gardens, Kew [Her Majesty the Queen's Trustee]				
Comment:	Previously not considered independent as chairman as Mr Laphorne had executive responsibilities and holds restricted share awards. Sir Richard has been chairman of Cable and Wireless plc since January 2003.				

Tony Rice		Chief Executive			
Age:	n/d	Date Appointed:	2003	Committees:	
Shares:	7000000	Options:	5424807	LTIP:	5860762
Severance Entitlement	One year rolling				
Other Positions:	Punch Taverns plc [SID], ex-Tunstall Holdings Ltd [CE, NED], ex-British Aerospace plc [Group Treasurer, Group MD, Commercial Aircraft], Alexander Mann Solutions [NED, ex-Ch]				
Comment:	Served as Chief Executive for the Cable & Wireless Communications business since November 2008, moving from his role as Group Finance Director, a position he held from March 2006, and having been a Non-executive Director since January 2003.				

Tim Pennington		Finance Director			
Age:	n/d	Date Appointed:	2008	Committees:	
Shares:	1016355	Options:	0	LTIP:	2777709
Severance Entitlement	One year rolling				
Other Positions:	ex-Hutchison Telecommunications International Ltd. [CFO, Exec], ex-Hutchison 3G (UK) (Hutchison Whampoa's UK mobile business) [FD], ex-HSBC Investment Bank, ex-Samuel Montagu & Co.				
Comment:	Chief Financial Officer. Former Group Finance Director for Cable and Wireless plc and Chief Financial Officer for the Cable & Wireless Communications business. He also served as an Investor Director on the Cable & Wireless Worldwide Operating Board from November 2008 to January 2010.				

George Battersby		Executive Director		
Age:	n/d	Date Appointed:	2004	Committees:
Shares:	1290551	Options:	5070068	LTIP: 1400066
Severance Entitlement	One year rolling			
Other Positions:	Hogg Robinson Group plc [NED], Board of Ofsted [Member], ex-Amersham plc (now GE Healthcare) [Exec], ex-Laporte plc [Group HR Director], ex-Fisons plc [Group HR Director]			
Comment:	Has served as Executive Director, Human Resources for Cable and Wireless plc since July 2004.			

Nick Cooper		Executive Director		
Age:	n/d	Date Appointed:	2010	Committees:
Shares:	313376	Options:	0	LTIP: 494355
Severance Entitlement	One year rolling			
Other Positions:	ex-Herbert Smith [Solicitor], ex-Asda [company solicitor], ex-George Clothing [company solicitor], ex-The Sage Group Plc [General Counsel and Company Secretary], ex-JD Wetherspoon Plc [General Counsel and Company Secretary], ex-Energis [Company Secretary, Executive Management Board]			
Comment:	He has served as Corporate Services Director for the Cable & Wireless Communications business since December 2008 and Group General Counsel and Company Secretary for Cable and Wireless plc since January 2006. He also served as an Investor Director on the Cable & Wireless Worldwide Operating Board from April 2006 until December 2009.			

Simon Ball		Senior Independent Director		
Age:	n/d	Date Appointed:	2006	Committees: A*, R, N
Shares:	298294	Options:	0	LTIP: 0
Severance Entitlement				
Other Positions:	ex-3i Group plc [Group FD, Dir], ex-Dresdner Kleinwort Benson, ex-Robert Fleming Group [Group FD], ex-Department for Constitutional Affairs [Director General, Finance]			
Comment:	Independent by company, independent by PIRC. Deputy Chairman. Previously served as a Non-executive Director of Cable and Wireless plc since May 2006.			

Mary Francis		Non-Executive Director		
Age:	n/d	Date Appointed:	2009	Committees: A, R*, N
Shares:	20000	Options:		LTIP:
Severance Entitlement				
Other Positions:	Centrica plc [SID], Aviva plc [NED], Almeida Theatre [Trustee], Chatham House [senior adviser], ex-Bank of England [NED], ex-Alliance & Leicester plc [NED], ex-St Modwen Properties plc [NED], ex-UK Civil Service [Financial Counsellor at the British Embassy in Washington DC, Private Secretary to the Prime Minister and Deputy Private Secretary to the Queen], ex-Association of British Insurers [Director General]			
Comment:	Independent by company, independent by PIRC. Previously served as a Non-executive Director of Cable and Wireless plc since July 2009.			

Kate Nealon		Non-Executive Director		
Age:	n/d	Date Appointed:	2005	Committees: A, R, N
Shares:	34960	Options:	0	LTIP: 0
Severance Entitlement				
Other Positions:	Shire plc [NED], Judge Business School at Cambridge University [senior associate], Institute of Business Ethics [Member of the advisory council], ex-Standard Chartered plc [Group Head of Legal and Compliance], ex-HBOS plc [NED]			
Comment:	Independent by company, independent by PIRC. Previously served as a Non-executive Director of Cable and Wireless plc since January 2005.			

Kasper Rorsted		Non-Executive Director			
Age:	n/d	Date Appointed:	2003	Committees:	A, R, N
Shares:	190000	Options:	0	LTIP:	0
Severance Entitlement					
Other Positions:	Henkel KGaA, Germany [CEO], Danfoss A/S [NED], ex-Hewlett-Packard [Senior VP and General Manager, EMEA], ex-Compaq, ex-Ecolab, Inc. [NED]				
Comment:	Independent by company, independent by PIRC. Previously served as a Non-executive Director of Cable and Wireless plc since May 2003.				

1.2 Board Composition (after AGM)

Directors	Number	% of board
Executive Directors	4	44.44
Independent NEDs	4	44.44
'Connected' NEDs	0	0.00
Other	1	11.11
Total	9	100.00

1.3 BOARD COMMITTEES (AFTER AGM)

	Number of members	% indp Co. View	% indp PIRC View	Meetings last year
Whole Board	9	44.44	44.44	1.00
Audit	4	100.00	100.00	1.00
Remuneration	5	80.00	80.00	1.00
Nomination	5	80.00	80.00	0.00

Number of NED-only meetings in year:

1.4 Best Practice

This table sets out PIRC's assessment of the company's compliance with standards of best practice as set out in PIRC's Shareholder Voting Guidelines. n/d = Not Disclosed.

BEST PRACTICE PRINCIPLE AND CRITERIA: DIRECTORS	ANALYSIS
<p>A. There should be a clear division of responsibilities at the head of the company</p> <ul style="list-style-type: none"> a) There is a separate chairman and chief executive b) The chairman has not previously been chief executive c) There is a senior independent director 	<p>Yes</p> <p>Yes</p> <p>Yes</p>
<p>B. The board should contain sufficient numbers of independent non-executives</p> <ul style="list-style-type: none"> d) There are at least three non-executives on the board e) At least a third of the board is independent by PIRC guidelines f) At least 50% of the board excluding the chairman are independent 	<p>Yes</p> <p>Yes</p> <p>Yes</p>
<p>C. All directors should be accountable to shareholders by facing regular re-election</p> <ul style="list-style-type: none"> g) All directors are required to seek regular re-election h) All directors face election every year 	<p>Yes</p> <p>No</p>
<p>D. There should be an independent and transparent appointments and review process</p> <ul style="list-style-type: none"> i) Nomination committee composition complies with PIRC guidelines j) Recruitment practices for new directors are transparent k) There is evidence that a process for succession planning exists and is regularly reviewed. l) Process for regular board and individual appraisals and outcome is disclosed m) NEDs should annually appraise the chairman's performance n) Individual director's attendance at board and committee meetings is disclosed o) There is evidence that training needs for the board are regularly reviewed and acted upon 	<p>No</p> <p>Yes</p> <p>n/d</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

1.5 Board Analysis

Comments on principle A

There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.

There is a clear and strong division of power at the top of the company.

Comments on principle B

Non-executives are central to an effective and accountable board structure. They should meet at least once a year without executives present (A.1.3) and the annual report should include reference to the number of such meetings. Shareholders may benefit from non-executives serving on the board who can add value whilst not having an outsider's independent perspective. However, such appointments need to be assessed as part of the board's evaluation of its own requirements. PIRC places great importance on there being sufficient number of independent Non-Executive Directors (NEDs) to be able to effectively counterbalance the executive element.

The majority of the board, excluding the chairman, is independent by PIRC guidelines

Comments on principle C

It is fundamental to good corporate governance that all directors are required to seek regular re-election by shareholders. The Combined Code provides that: All directors should be subject to election by shareholders at the first annual general meeting after their appointment, and to re-election thereafter at intervals of no more than three years. (A.7.1) PIRC considers annual re-election for each director to be best practice.

Comments on principle D

The Chairman of the Board sits on the Nomination Committee which we consider to be not appropriate. Otherwise the company complies with best practice guidelines.

2. DIRECTORS REMUNERATION

2.1 Board Remuneration

	2010		
		% change	% change
Non-executive directors			
Fees	1,232,162.00		
Others	255,975.00		
Non-executives' total	1,488,137.00	0.00	0.00
Executive directors			
Salaries	2,275,961.00		
Annual Bonus	238,560.00		
Other Performance Related			
Other Emoluments	73,695.00		
Executives' total cash	2,588,216.00	0.00	0.00
Company pension contributions in 2009/10 have been paid to the Directors as an annual cash allowance	564,592.00		
Share Option Gains	1,112,267.00		
LTIP Gains	1,622,356.00		
Compensation Payments	5,345,072.00		
TOTAL EXECUTIVES	11,232,503.00	0.00	0.00

HIGHEST PAID DIRECTOR	2010 Tony Rice		
Salary	954,240.00		
Annual Bonus	0.00		
Other Performance-Related			
Other Emoluments	61,175.00		
Total Cash	1,015,415.00	0.00	0.00
Share option gains	9,105.00		
LTIP gains	3,269,400.00		
Pension increase	238,560.00		
TOTAL	4,532,480.00	0.00	0.00

Average Executive Director (annualised)	2010 of 3.0
Salary	758,654.00
Total Emoluments	862,739.00

Comparative salary ranking

Highest paid director:	2nd out of 7
Average executive:	2nd out of 7
Comparator used:	FTSE 100 and Midcap Telecommunications sector

2.2 Executives' incentive bonus structure

Remuneration Advisers: Hewitt New Bridge Street (HNBS)

Scheme	Annual Bonus
Maximum Award	75% of salary in cash, plus another 75% in shares deferred for 12 months (a claw-back policy applies)
Performance Conditions	FY 2010/11: for Tim Pennington and Nick Cooper, individual awards will be based 80% on the financial performance of the Group and 20% on personal targets. For Tony Rice will be 100% based on the financial performance of the Group. Operating profit and operating cash flow are the financial measures adopted. George Battersby will not be participating in the annual bonus plan for 2010/11.
Comment	The largest bonus in absolute terms (25% of salary) was paid to Mr Pennington. Two directors did not receive a cash bonus. Mr Cooper received a bonus corresponding to 452% of his salary for the period from 19 March 2010 to the end of the fiscal year.

Scheme	Share Incentive Plan 2010 (IP 2010)
Maximum Award	300% of base salary
Performance Conditions	Three year vesting period. Performance condition: Absolute TSR. Full vesting at 14% compound p.a. or higher; No award below 8% compound p.a. straight-line between these two points. The committee may reduce the award due to consideration on underlying performance.
Comment	Awards between 200% (for one executive) and 280% of base salary (for the other two executives).

Scheme	Share Incentive Plan 2001 (IP 2001)
Maximum Award	not disclosed
Performance Conditions	Vesting period: 3 years. Performance condition: TSR. Full award vests at TSR growth 20% compound p.a. or higher, no award below 8% compound p.a. growth. Absolute TSR performance is measured against Cable and Wireless plc up to demerger and the combined Cable & Wireless Communications Plc and Cable & Wireless Worldwide plc thereafter.
Comment	In June 2009 each of the Directors was granted awards equivalent to four times market salary (other than Nick Cooper who received two times market salary). As effect of the merger, the award was split into an award over one Cable & Wireless Communications Plc share and one Cable & Wireless Worldwide plc share for each share under award.

Scheme	Cash LTIP
Maximum Award	no maximum in terms of percentage of salary. In the event of a potential payment to an individual in excess of US\$32 million (£20 million), the Committee will (other than in exceptional circumstances) defer any excess payment until 31 March 2012 and make the payment in the Company's shares rather than cash.
Performance Conditions	Performance period: 2006-2011, however awards are granted at the end of the third, fourth and fifth year. Pool size depends on the extent to which the business has grown in value from its adjusted base value at 1 April 2006. The base valuation is adjusted and past thresholds are disclosed, not the one for 2011. 10% of the growth in value over the adjusted base valuation goes into the reward pool.
Comment	<p>Extended by one year to 2011. At 31 March 2010, the total LTIP pool was US\$32.4 million (£21.8 million). Tony Rice holds units worth 10% of the reward pool for the Group which had no value at the date of his appointment on 11 November 2008.</p> <p>Tim Pennington holds units worth 5% of the reward pool for the Group, in exchange for which he surrendered US\$2.5 million (£1.6 million) of Performance Shares granted by Cable and Wireless plc on 11 November 2008.</p> <p>Nick Cooper holds units worth 2.5% of the reward pool for the Group, in exchange for which he surrendered US\$493,024 (£310,000) of Restricted Shares granted by Cable and Wireless plc on 11 November 2008.</p>

Scheme	Chairman award
Maximum Award	n/a
Performance Conditions	<p data-bbox="320 266 1436 389">No shares vest if TSR at 05 June 2011 (after the period was extended by one year) is at or below the mid point of the comparator group of companies in the FTSE GTSI, through to 100% vesting for performance in the top 10% of this comparator group, on a straight-line scale.</p> <p data-bbox="320 416 1436 539">As a result of demerger the performance conditions were adjusted so that they are measured against the TSR of Cable and Wireless plc for the period up to demerger and measured against the combined TSR of Cable & Wireless Communications Plc and Cable & Wireless Worldwide plc for the period after demerger to June 2011.</p> <p data-bbox="320 566 1436 689">We note that in addition the award is conditional upon the Chairman retaining a personal holding of at least 3.5 million Cable & Wireless Communications Plc shares and 3.5 million Cable & Wireless Worldwide plc shares for the duration of the performance period and a positive TSR over the performance period.</p>
Comment	<p data-bbox="320 732 1436 891">The Chairman was awarded 5.5 million Cable and Wireless plc shares in June 2007. The award will continue over 5.5 million shares in Cable & Wireless Communications Plc and 5.5 million shares in Cable & Wireless Worldwide plc. A takeover, reconstruction or winding up in relation to either Cable & Wireless Communications Plc or Cable & Wireless Worldwide plc would trigger early vesting of the award.</p>

2.3 Best Practice

This table sets out PIRC's assessment of the company's compliance with standards of best practice as set out in PIRC's Shareholder Voting Guidelines. It is based on disclosure in the report and accounts. n/d = not disclosed.

BEST PRACTICE PRINCIPLE AND CRITERIA: REMUNERATION	ANALYSIS
<p>Executive remuneration should be determined by a formal and independent procedure</p> <p>1) Remuneration committee membership meets PIRC guidelines</p> <p>2) Where remuneration consultants are appointed, a statement should be made available of whether they have any other connections with the company.</p>	<p>No</p> <p>No</p>
<p>There should be full and transparent disclosure of remuneration</p> <p>3) Are executive share schemes' long term performance measures linked to non-financial KPIs?</p> <p>4) Pay elsewhere in the company is considered in determining directors' pay</p> <p>5) The intended balance of the pay package is fully described</p> <p>6) Duration of contracts and company liabilities on termination are given</p> <p>7) Compensation payments or significant changes in policy are fully explained</p> <p>8) Takeover provisions attached to share schemes disclosed</p>	<p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>n/d</p>
<p>Longer term incentives should provide rewards scaled towards superior performance</p> <p>9) Maximum vesting targets are challenging relative to performance required</p> <p>10) Minimum vesting targets are challenging relative to performance required</p> <p>11) Vesting scales are sufficiently broad and geared towards better performance</p> <p>12) There are at least two concurrent performance criteria one of which uses a comparator group or index</p> <p>13) Remuneration committee cannot amend share schemes without prior shareholder approval</p> <p>14) Remuneration committee has no discretion to determine payouts on a takeover</p>	<p>n/d</p> <p>n/d</p> <p>Yes</p> <p>No</p> <p>No</p> <p>n/d</p>
<p>Remuneration structure as a whole should not be excessive</p> <p>15) Total potential rewards under all incentive schemes are not excessive</p> <p>16) Directors are required to build up a significant shareholding</p> <p>17) Schemes available to enable all employees to benefit from business success</p> <p>18) Other remuneration practices do not raise concerns</p> <p>19) Performance Period is 5 years or more</p> <p>20) If performance period is 4 years or less there is an additional holding period applied</p>	<p>No</p> <p>Yes</p> <p>Yes</p> <p>No</p> <p>Yes</p> <p>No</p>
<p>Contracts policy should balance potential costs to the company with directors' interests</p> <p>21) No current directors have rolling contracts in excess of one year</p> <p>22) Contracts do not provide for liquidated damages in excess of one year's salary in any circumstances</p> <p>23) Future bonuses are not taken into account in determining compensation</p>	<p>Yes</p> <p>No</p> <p>Yes</p>

2.4 Analysis

Disclosure

Figures

Adequate disclosure, the company has included a calculation of the face and fair value of the current year share awards under the LTIP.

Policy

Remuneration policy is poorly described. PIRC is concerned about the package offered to the Chairman of the Board, however we acknowledge that it has been rolled over from his previous package at Cable & Wireless plc. The company has a share purchase plan open to all employees, there is no disclosure of any plan open to all employees at no cost. There is a shareholding policy for directors, and although it does not have a clear time frame set both Tony Rice and Tim Pennington have recently made significant share purchases. A breakdown of the remuneration package is provided however the company does not clarify which level of variable remuneration is considered in its chart.

Performance targets

Targets of annual bonus are not disclosed. We do not consider that the disclosure of the nature of past targets under which the current grants are paid to be commercially sensitive.

Disclosure rating: B

Balance of incentive and reward

Long term incentives

The company's main LTIP, the IP 2010, adopts a single performance condition: absolute TSR. We consider that the company should adopt two concurrent performance conditions one of which is linked to a comparator group. Whilst the vesting scale is considered acceptable, there are insufficient information publicly available to assess whether these targets are sufficiently stretching.

In addition executives are eligible to receive long term cash incentive awards under the cash LTIP. This Plan terminates next year after a five years performance period, however some awards started to vest after three years since the beginning of the plan in 2006. The company has not clarified whether it will start a new similar plan once this expires. We note that this plan does not have a individual maximum limit but a general threshold beyond which awards will be deferred. The disclosure does not permit us to assess whether the performance conditions under the plan can be considered challenging. The components of the base valuation of the cash LTIP are not shown.

Excessiveness

Salaries are in the top quartile of the comparator group. The potential maximum variable awards are considered excessive by PIRC. The aggregate pay level of the past financial year is considered excessive according to our guidelines.

Incentive/reward rating: D

Contracts

Contracts have normally a one year notice period. No statement of mitigation have been made. Upon recruitment executives may be offered longer notice period, however after two years the notice period would revert to one year maximum.

Contracts rating: C

Overall rating for remuneration report: BDC

3.1 Auditor's Remuneration

Auditors: KPMG Audit Plc

Date appointed:

Audit partner:

Responsible since:

2010	
Statutory audit fee	3.20
Non-audit work undertaken by the auditors - PIRC category 1	
Audit-related, mandatory or regulatory	0.50
Tax compliance	
Other non-audit work undertaken by the auditors - PIRC category 2	
Other tax services	0.60
Acquisition-related	3.20
Other services	0.80
Total non-audit fees (ex. category 1 work)	4.60
	0.00
	0.00
Total PIRC category 2 non-audit as percent of Statutory audit fee	143.75%

3.2 Best Practice

This table sets out PIRC's assessment of the company's compliance with standards of best practice as set out in PIRC's shareholder voting guidelines. n/d = not disclosed.

BEST PRACTICE PRINCIPLE AND CRITERIA: AUDIT	ANALYSIS
A. The auditors should be independent of the company and management	
a) No directors have a significant connection with the auditors	Yes
b) Audit firm is subject to regular fixed-term rotation	No
B. Non-audit fees should be disclosed and should not potentially affect independence	
c) An adequate breakdown of the nature of non-audit fees is provided	No
d) Level of non-audit fees do not raise independence concerns	No
C. Independent audit committee demonstrates accountability and expertise	
e) A fully independent audit committee exists comprising at least three members	Yes
f) Audit committee includes at least one member with significant financial experience	Yes
g) The audit committee report on its activities complies with PIRC guidelines	Yes
h) Audit committee's policy on awarding non-audit work is fully described	Yes
i) The audit committee should review "whistleblowing" arrangements	Yes
D. Effective Internal Controls	
j) There has been a review of the effectiveness of the internal audit arrangements	Yes

k) Absence of internal audit has been reviewed

n/a

3.3 Audit and Reporting Analysis

Comments on principle A

PIRC believes there is a risk that over time an auditor's familiarity with the audit client's affairs may result in excessive trust. If the same firm continues to hold the position of auditor for many years, then previous judgements are not subject to outside scrutiny. We do not consider that rotation of the audit partner, within the same firm, is sufficient. We continue to maintain that rotation of the audit firm after a period of five years is best practice. KPMG have acted as auditors of the predecessor of the company since 1991.

Comments on principle B

Concerning non-audit fees we continue to disagree with the view that audit firms can be employed to provide consultancy services to the management at the same time as undertaking a statutory audit on behalf of the shareholders. PIRC firmly believes that other commercial interests can compromise auditors in their ability to confront directors on difficult issues. We do however operate a materiality threshold for nonaudit fees when one of the big four audit companies are engaged, and only when this threshold is exceeded will we make an assessment as to the excessiveness of nonaudit work in relation to audit work.

Comments on principle C

The Code requires that the committee should be provided with sufficient resources, that its activities should be reported in a separate section of the directors' report (within the annual report) and that the chairman of the committee should be present to answer questions at the AGM. PIRC believes that the audit committee's report is a cornerstone of good governance and that its approval should become a regular agenda item at the AGM of companies. When constructing the report, the board should be aware of the guidance provided in the Smith Report PIRC believes such a report should cover the issues dealt with by the committee in the year under review rather than merely describing the duties of the committee.

This is the case at the company.

4. SHARE CAPITAL & SHAREHOLDER RELATIONS

4.1 AGM Control Structure

Type	Nominal Currency	Issued (millions)	Authorised (millions)	Par value
Ordinary shares	USD	2,624.57		0.05
Limited voting ord shares	USD			
Non-voting ord shares	USD			
Preference shares	USD			

Significant changes in issued capital:

4.2 Disclosed Ordinary Shareholdings (at 26 May 2010)

Directors' interests	0.65%
Newton Investment Management Limited	12.42%
Franklin Mutual Advisers, LLC	9.24%
Orbis Holdings Limited	7.61%
Prudential Plc (group of companies)	6.52%
Legal & General Group Plc	3.75%

4.3 Best Practice

This table sets out PIRC's assessment of the company's compliance with standards of best practice as set out in PIRC's shareholder voting guidelines. n/d = not disclosed.

BEST PRACTICE PRINCIPLE AND CRITERIA: SHAREHOLDERS	ANALYSIS
A. Shareholders have an opportunity to vote on dividend policy	
a) Declared dividend or policy is put to the vote	Yes
B. Shareholders should have adequate information and access to all directors	
b) Sufficient biographical information on all directors is disclosed	Yes
c) Justification for new director appointments is provided	Yes
d) Meetings between NEDs and shareholders are reported	No
C. All ordinary shares should have equal rights	
e) Each ordinary share has equal voting rights	Yes
f) There is no controlling shareholder	Yes
g) No persons have the right to designate directors to the board	Yes
D. Voting by shareholders should be democratic and transparent	
h) All voting is conducted by poll	Yes
i) The levels of proxy votes have been disclosed	Yes
j) Steps taken in understanding of the views of major shareholders	Yes

4.4 Share Capital and Shareholder Relations Analysis

Comments on principle A

PIRC considers distribution policy fundamental both to the income requirements of investors and to a company's investment and financial planning. Shareholders have a clear financial interest in maintaining and increasing their income from dividends and other distributions, but without compromising the company's long-term future. The directors may be under pressure to increase short-term distributions, but they must exercise their duty to the company as a whole.

The Board is seeking shareholder approval for the dividend policy

Comments on principle C The Company meets best practice.

Comments on principle D The Company meets best practice in this regard.

5. OPERATING AND FINANCIAL REVIEW OR BUSINESS REVIEW

5.1 Best Practice

This provides our interpretation of compliance with key guidelines on best practice as set out in ASB Reporting Statement: Operating and Financial Review (January 2006). N.B. Only information in the company's OFR or Business Review is taken into account below except in interpreting guidelines (vii) and (ix) where information elsewhere in the annual report is also considered

BEST PRACTICE FRAMEWORK AND CRITERIA: OFR	ANALYSIS
A. Overview	
i) Does the company have an OFR or Business Review?	Yes
ii) Does the OFR/Business Review have a forward-looking orientation?	Yes
B. Business Nature, Objectives and Strategies	
iii) Does the company explain the market or regulatory environment in which it operates?	Yes
iv) Does the company explain its objectives and/or strategies?	Yes
v) Are the company's objectives and strategies linked to social, environmental or ethical (SEE) matters?	Yes
C. Analysis of Development and Performance	
vi) Does the company report main trends and factors affecting performance in the year under review AND future prospects?	Yes
vii) Does the company report on risks and uncertainties affecting long-term value?	Yes
viii) Does the OFR contain sufficient disclosure of material issues concerning stakeholders (apart from shareholders) that may affect performance?	Yes
D. Key Performance Indicators	
ix) Does the company disclose both financial and, where appropriate, non-financial key performance indicators in support of its analysis of past and future performance?	No

5.2 Analysis

iv) The company's primary objective is to meet customer demands, competition and new technology challenges by operating its existing business better, introducing new services as its customers demand them and developing its presence around its core regional hubs.

vi) Both specific markets and general economy trends which are likely to affect the company are reported in the OFR.

vii)

viii) The company states that issues relating to customers and employees could affect performance.

6. CORPORATE SOCIAL RESPONSIBILITY

6.1 Environmental Best Practice

This table sets out PIRC's assessment of the company's compliance with standards of best practice as set out in PIRC's shareholder voting guidelines. n/d = not disclosed.

BEST PRACTICE PRINCIPLE AND CRITERIA: ENVIRONMENT	ANALYSIS
A. There should be a comprehensive, published policy a) Group-wide environmental policy published	Yes
B. There should be clear lines of accountability and management b) Is there board-level responsibility for environmental issues either in the form of a CR committee or a specific director bearing responsibility?	n/d
C. Procedures for stakeholder engagement should be evident c) Environmental standards required of suppliers d) Evidence of structured consultation process to gauge stakeholder views	Yes Yes
D. Companies should report fully on performance e) Target setting disclosed f) Performance evaluated against targets	No n/a
E. Audits, external standards and independent verification should be used g) Formal procedures in place for monitoring performance and evaluating outcomes h) Environmental reporting is externally verified	Yes No

6.2 Analysis

Comments on principle A	<p>All companies have environmental impacts, and PIRC expects every listed company to publish a comprehensive environmental policy. Publishing a policy provides a clear message both internally and externally. Such policy documents should be formal statements describing the group's approach to dealing with environmental issues in its operations. A good policy statement should acknowledge the board's responsibilities on environmental issues; cover all group companies; include a commitment to appropriate reporting; and set out the board's objectives in addressing their main environmental impacts, particularly direct and indirect greenhouse gas emissions, energy use, water consumption and waste production.</p> <p>The group has a clear general environmental policy.</p>
Comments on principle C	<p>As part of ensuring stakeholder accountability, boards should have a structured process of consultation and engagement to gauge and respond to a variety of stakeholder views. Once opinions have been canvassed, they should form part of the review process for policy and objectives.</p> <p>This is the case at the company.</p>

6.3 Performance Indicators - Environment

		Unit of measurement	2010	KPI in business review	Target set
a)	Greenhouse Gas Emissions - Direct	ghg - metric ton CO2e	116000.0	Yes	Yes
b)	Greenhouse Gas Emissions - Indirect	ghg - metric ton CO2e		Yes	Yes
c)	Water Consumption	water - m3	n/d	No	No
d)	Landfill	landfill - Metric Tonnes	n/d	No	No

a) This includes scope 1 and scope 2 emissions.

b) The company discloses also its electricity consumption: 170 million kWh And its fuel usage: 4.6 million litres.

6.4 Employment Best Practice

This table sets out PIRC's assessment of the company's compliance with standards of best practice as set out in PIRC's shareholder voting guidelines. n/d = not disclosed.

BEST PRACTICE PRINCIPLE AND CRITERIA: EMPLOYMENT AND HUMAN RIGHTS	ANALYSIS
<p>A. There should be a comprehensive, published policy</p> <p>a) Group-wide employment policy published</p> <p>b) Health and safety policy published</p> <p>c) Policy includes a commitment to equal employment opportunities so as to encourage diversity in the workforce</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>
<p>B. There should be clear lines of accountability and management</p> <p>d) Board level responsibility for human resource issues identified</p>	<p>No</p>
<p>C. Procedures for stakeholder engagement should be evident</p> <p>e) Trade union negotiating framework, works councils or similar strategic-level procedures for information and consultation</p> <p>f) Company undertakes regular employee satisfaction surveys</p>	<p>n/d</p> <p>Yes</p>
<p>D. Companies should report fully on performance</p> <p>g) Employment performance indicators are disclosed</p> <p>h) Target setting disclosed</p>	<p>No</p> <p>No</p>
<p>E. Audits, external standards and independent verification should be used</p> <p>i) Performance evaluated against targets</p>	<p>No</p>

6.5 Analysis

Comments on principle A	<p>All companies have employment impacts, and PIRC expects every listed company to publish a comprehensive employment policy. Publishing a policy provides a clear message to both internal and external stakeholders. Such policy documents should be formal statements describing the group's approach to dealing with employment issues in its operations. A formal employment policy statement should cover all group companies, acknowledge the board's responsibilities on employment issues, include a commitment to or evidence of appropriate reporting; and set out the board's objectives for addressing their main employment impacts. It is clear from the company's disclosure that such policies exist.</p>
Comments on principle B	<p>The responsible at the predecessor company used to be George Battersby.</p>
Comments on principle C	<p>As part of ensuring stakeholder accountability, boards should have a structured process of consultation and engagement to gauge and respond to a variety of stakeholder views. Once opinions have been canvassed, they should form part of the review process for policy and objectives.</p>

6.6 Performance Indicators - Employment

	Unit of measurement	2010	KPI in business review	Target set
a) Workforce Fatalities	total fatalities	n/d	No	N
b) Company Spending on Employees' Training	total in meeting currency	n/d	No	N
c) Employee Turnover	percent	n/d	No	N

6.7 Community Investment Best Practice

This table sets out PIRC's assessment of the company's compliance with standards of best practice as set out in PIRC's shareholder voting guidelines. n/d = not disclosed.

BEST PRACTICE PRINCIPLE AND CRITERIA: COMMUNITY INVESTMENT	ANALYSIS
A. There should be a comprehensive, published policy a) Group-wide community policy published	Yes
B. There should be clear lines of accountability and management b) Is there board-level responsibility for community issues either in the form of a CR committee or a specific director bearing responsibility?	No
C. Procedures for stakeholder engagement should be evident c) There is evidence that the company is forming partnerships with external bodies d) There is evidence that the company uses feedback to develop appropriate procedures	Yes n/d
D. Audits, external standards and independent verification should be used e) Company reporting is in accordance with GRI or has had external review	No

6.8 Analysis

Comments on principle A	<p>The company should have a community investment policy in the form of a formal statement outlining the company's position on community involvement. Such a policy should include identification of the company's responsibilities to community stakeholders, the role the company plays in wider society and a description of the company's charitable and community investment objectives. The company should demonstrate it has: informed investors of relevant responsibilities for such issues within the company; established partnerships, where appropriate, with external bodies that may include charities, voluntary organisations, trusts, community support groups or local authorities; and set up a reporting framework to ensure that feedback from community stakeholders is used to develop future policy and procedures.</p> <p>It is clear from the company's disclosure that such policies exist.</p>
Comments on principle C	<p>As part of ensuring stakeholder accountability, boards should have a structured process of consultation and engagement to gauge and respond to a variety of stakeholder views. Once opinions have been canvassed, they should form part of the review process for policy and objectives</p> <p>This is the case at the company.</p>

6.9 Performance indicators - Community Investment

	Unit of measurement	2010
a) Cash Donations (UK)	total in meeting currency	
b) Cash Donations (Global)	total in meeting	1700000

b) Cash Donations (Global)	currency	1700000.0
c) Other Company Giving (in kind)	total in meeting currency	0.0
d) Political Donations (Europe)	total in meeting currency	0.0
e) Political Donations (outside EU)	total in meeting currency	0.0

a Included in the global figure

APPENDIX: COMPLIANCE WITH COMBINED CODE OF BEST PRACTICE 2006

Under the listing rules, UK companies are required to make the following disclosures. This table is PIRC's assessment of the company's statements.

Listing rule compliance

Listing Rule		
	a) There is a statement of how the company has applied the Combined Code's principles	Yes
	b) There is a compliance statement; specifying the code provisions with which the company has not complied, if any.	Yes
	c) The board considers that the company complied with the code in full for the whole period	No
	d) Is combined code compliance statement complete?	Yes

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