



CABLE & WIRELESS

LIFETIME BENEFITS PLAN

MEMBER BOOKLET



THIS GUIDE IS ONLY FOR YOU IF YOU DO NOT PARTICIPATE IN SMART PENSIONS. IT DOES NOT OVERRIDE THE LEGAL DOCUMENTS THAT GOVERN THE PLAN, WHICH ARE AVAILABLE ON REQUEST

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PLAN IN BRIEF

SAVING FOR YOUR RETIREMENT

The Lifetime benefits plan is designed to help you make tax effective savings for your retirement. You'll have a personal Account into which you and Cable & Wireless will pay contributions. The Account enjoys tax privileges which means that your money can grow faster to provide more for your retirement. Your basic contribution of 1, 2, 3, 4 or 5% of Pensionable Salary will be matched by Cable & Wireless.

Since your contributions qualify for tax relief, this means that you can have 10% of your salary invested for your retirement – at a cost to you of 4% of salary.

You can vary the level of your contribution each year to suit changes in your personal circumstances - the Plan is designed for flexibility.

You may also pay Additional Voluntary Contributions in addition to your basic contributions, but they won't be matched by Cable & Wireless.

SMART PENSIONS

You've chosen not to participate in Smart Pensions. To remind you – by using Smart Pensions you don't pay contributions. Instead, your contractual salary is reduced by your chosen payment rate and Cable & Wireless increases its contribution into your Account by that amount. By using Smart Pensions, Cable & Wireless' contribution to your Account will be increased.

WHEN YOU RETIRE

Your Account will be used to buy a pension - and you can choose the type of pension that suits you. You may take part of your Account as a cash payment which is currently tax-free.

IF THE UNEXPECTED HAPPENS

The Plan provides a cash payment if you die in service.

INVESTMENT

Your Account is managed by professional investment managers. Contributions will be invested monthly, normally on the first Dealing Day following pay day.

RETIRING

You can currently retire at any age from 50 onwards. However, this will be raised to 55 on 6 April 2010 in line with HM Revenue & Customs requirements (although retirement before the age of 55 may be allowed in cases of serious ill-health).

YOU'RE IN CONTROL

- *You choose how much you contribute to the Plan.*
- *You can change the contribution level in the future to suit your circumstances.*
- *You can choose the investment strategy that best matches your financial plans.*
- *You select a package of retirement benefits to suit you.*

KEY WORDS

ACCOUNT

means your retirement savings account built up from your contributions, contributions from Cable & Wireless and the investment returns on these contributions.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVGs)

are contributions which you choose to make in addition to your basic contributions in order to provide extra pension on retirement.

DEALING DAY

is the day on which the investment manager buys and sells investments on behalf of Plan members.

EARNINGS CAP

is the limit on earnings that contributions relate to (£123,600 for the tax year 2009/2010). The Earnings Cap will increase annually, broadly in line with the increase in the Retail Prices Index.

ELIGIBLE EMPLOYEE

means all Cable & Wireless colleagues under the age of 63 at the date of joining, regardless of the number of hours worked.

NORMAL RETIREMENT DATE

is the date from which you would normally expect to receive retirement benefits from the Plan, and is the end of the month in which you reach age 65.

PENSIONABLE SALARY

is your annual rate of basic salary (subject to the Earnings Cap if applicable) unless your employer informs you differently in writing.

PLAN YEAR

means a calendar year.

RETAIL PRICES INDEX

is an index by which the rate of inflation on standard goods and services is measured.

SMART PENSIONS

An efficient way of making payments to the Plan. Instead of you making contributions, Cable & Wireless increases its contributions by the amount of contractual salary you choose to give up. Cable & Wireless then reduces your pay by that amount. If you want to know more about Smart Pensions, the booklet on the pensions website has more detail and worked examples.

STATE PENSION AGE

Currently age 65 for men and 60 for women born before 6 April 1950. Women born between 6 April 1950 and 6 April 1955 will receive their state pension between the ages of 60 and 65. Women born after 6 April 1955 will not get a state pension until age 65. State Pension Age for both men and women is to increase from 65 to 68 between 2024 and 2046, with each change phased in over two consecutive years in each decade. The first increase, from 65 to 66, will be phased in between April 2024 and April 2026; the second, from 66 to 67, will be phased in between April 2034 and April 2036; and the third, from 67 to 68, between April 2044 and April 2046.

JOINING

CAN I JOIN?

Yes, as long as you're under the age of 63.

HOW DO I JOIN?

Joining is simple. Just complete the personal details form contained in your joiner pack and return it as instructed.

You may be asked to provide your birth and marriage certificates and evidence of health. We'll let you know if these are required.

When you join the Plan, you're automatically included in Smart Pensions. We'll then ask you to register your details on the pensions website and make your investment choices.

If you're one of the few that would be disadvantaged under Smart Pensions, you'll be automatically excluded and you'll make contributions outside the Smart Pensions framework.

When you join the Plan you're encouraged to complete an online nomination. This tells the trustee who you would prefer to receive the cash payment in the event of your death in service. This is important because the cash payment can be substantial.

CAN I CHOOSE NOT TO JOIN?

Yes. Membership is voluntary. However, you should think carefully before turning down the opportunity to join. You still need to make provision for your retirement and the options then open to you are a personal pension and/or the State scheme. If you decide to take out a personal pension, you may pay considerable amounts in commission and Cable & Wireless will not contribute. If you rely on the State, your retirement pension could be very disappointing. The State scheme was never intended to be an alternative to good private pension arrangements.

If you don't join the Plan when you're first eligible, you may be able to join at a later date but you'll miss out on the opportunity to build up a larger Account for your retirement.

CAN I JOIN AND HAVE ANOTHER PENSION AS WELL?

Yes. HM Revenue & Customs allow you to be a member of more than one registered pension plan. You'll receive tax relief on your contributions to all registered pension plans, subject to the annual limit on tax relief described on page 7.

CONTRIBUTIONS

HOW MUCH CAN I PAY?

You can choose between 1% and 5% of your Pensionable Salary as your basic contribution to the Plan. The greater your chosen rate, the greater Cable & Wireless' match will be (see the table below). You can also pay Additional Voluntary Contributions (AVCs) if you wish.

You'll receive tax relief on any contributions you make up to 100% of your salary, subject to the Annual Allowance (see page 7).

Remember that the cost to you is lower than it seems because, under current legislation, you receive tax relief on your contributions at your highest tax rate.

The arrangements for contributing to the Plan are very flexible. At the start of each Plan Year you can alter your contribution rate to suit your personal circumstances. This will also affect the level of contribution that Cable & Wireless pays for that year.

HOW MUCH DOES CABLE & WIRELESS PAY?

Cable & Wireless will match your chosen contribution rate up to a maximum of 5% of your Pensionable Salary. This means that you could have a total of 10% of your Pensionable Salary building up for your retirement, as the table below shows. If you're a senior manager within Cable & Wireless, you'll be notified separately of Cable & Wireless' contribution.

Remember that by participating in Smart Pensions, you could increase the amount that Cable & Wireless pays into your Account.

HOW DO I PAY CONTRIBUTIONS?

Your basic contributions and any AVCs will be automatically deducted each month from your salary. You can also pay one-off lump sum AVCs if you wish. Please contact the trustee for details.

WHAT YOU PAY	WHAT CABLE & WIRELESS PAY	TOTAL AMOUNT BEING PAID TO YOUR ACCOUNT EACH YEAR
1%	1%	2%
2%	2%	4%
3%	3%	6%
4%	4%	8%
5%	5%	10%

CONTRIBUTIONS

WHAT IS THE ANNUAL ALLOWANCE?

The annual allowance is the amount by which your Account may increase each year without being subject to any tax charges. This includes:

- *Your contributions (including AVCs)*
- *Cable & Wireless' contributions*

The table below shows the annual allowance. You're taxed at 40% on any increase in your Account value that is higher than these levels. The annual allowance doesn't apply in the tax year in which you take your benefits in full

TAX YEAR	ANNUAL ALLOWANCE
2009/10	£245,000
2010/11	£255,000

CAN I FIND OUT HOW MY ACCOUNT IS BUILDING UP?

Yes. Once you register at the pensions website, you'll be able to see all the contributions made to your Account, together with their current value. You'll also be able to monitor investment performance and switch your investments around.

INVESTMENT

With the help of its advisers, the trustee has devised two investment strategies under which all contributions are invested.

LIFESTYLE

The lifestyle investment strategy automatically changes your investments as you approach Normal Retirement Date in order to minimise the different investment risks. The aim of lifestyle is to obtain a good, long term rate of investment return for your Account over the majority of your working life. It's designed to provide you with an automatic means of switching your Account from equity-based investments to a combination of bonds and cash as you approach retirement. The chart below illustrates how, at the start of your career, contributions will be invested in equities. This means that shares are bought in UK and overseas companies. The price of equities can be volatile in the short term, but in the long term they're likely to achieve a return that matches, and hopefully exceeds, inflation. Towards retirement you'll be increasingly investing for the short term, and your Account will gradually switch investment classes from equities to bonds and cash.



These investments are likely to produce lower returns than equities, but they're less volatile. By switching in this way, you're safeguarding part or all of your Account in anticipation of buying a pension, and taking a cash payment.

Lifestyle uses professionally managed index tracker funds which aim to give the same investment performance as the underlying market and minimise the cost of management.

FREESTYLE

The freestyle investment approach doesn't make automatic changes to your investments as you approach retirement. Freestyle allows you to allocate your money to the types of asset you feel are most appropriate to your personal financial plans. You can invest in a mixture of passively managed (tracker) and actively managed funds. For example, the freestyle equity funds invest in a selection of shares chosen by an investment manager. They aim to outperform the stock market but are riskier than index-tracking funds because your investment returns depend, to some extent, on the skill of the investment manager.

We can't give you advice about which strategy or funds to choose. If you can't make up your mind, you might want to see an independent financial adviser.

The trustee will monitor the performance of the investment fund manager, and may appoint other investment managers as considered appropriate. If the investment manager arrangements are changed, you'll be notified.

NOTE: PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE. THE VALUE OF YOUR ACCOUNT MAY GO UP OR DOWN.

BENEFITS

WHEN WILL I RETIRE?

Your Normal Retirement Date is at the end of the month in which you reach age 65. However, you may retire earlier or later than this.

CAN I RETIRE EARLY?

Yes. With Cable & Wireless' consent you may retire from the age of 50 (increasing to 55 on 6 April 2010). Your pension will be based on the value of your Account and the cost of buying a pension at the time you choose to retire. The earlier you retire, the less pension your Account will buy. This is because the pension is likely to be paid for longer and so is therefore more expensive.

CAN I RETIRE LATE?

Yes. If, by arrangement with Cable & Wireless, you continue to work after Normal Retirement Date, you can remain a member of the Plan. Contributions will continue to be paid up to your actual retirement date. Your pension will become payable on your actual retirement date or your 75th birthday – whichever is earlier.

WHAT ABOUT FLEXIBLE RETIREMENT?

With Cable & Wireless' agreement, you can draw your pension from the Plan while still working. You can also draw part of your pension before retiring, remain a member of the Plan, then draw the balance of your pension at a later date.

CAN I TAKE A CASH PAYMENT?

Yes. You have the opportunity to take part of your Account as a cash payment that is currently tax-free.

HOW MUCH WILL MY PENSION BE?

The amount of pension you'll receive depends on two factors:

- *The value of your Account at the date you retire, less any cash payment you choose to take.*
- *The cost of buying a pension from an insurance company (this is known as the annuity rate).*

Your pension will normally be bought from an insurance company, and the cost will depend on the type of pension you wish to receive.

THE AMOUNT OF PENSION YOUR ACCOUNT WILL BUY IS:

$$\frac{\text{Account value at retirement} \\ \text{less any cash payment taken}}{\text{Cost of buying a pension} \\ \text{when you retire (annuity rate)}} = \text{Your pension at retirement}$$

You can decide what type of pension you would like to buy. For example, you might want a pension that increases each year. You should also think carefully about providing a pension for your dependants after you die.

When you approach retirement you'll be given a full range of pension options from which to choose. You don't have to decide now. This gives flexibility for your eventual choice to reflect any changes in your circumstances between now and retirement.

BENEFITS

WHAT HAPPENS IF I DIE BEFORE I RETIRE?

The following benefits will be paid:

- *A cash payment of five times your Pensionable Salary (not limited by the Earnings Cap), normally paid tax-free. You may increase, or decrease, this cover by up to three times Pensionable Salary as a flex option.*
- *Your Account value will be returned as a cash payment to your dependants.*

The trustee needs your help to make sure your dependants are properly provided for.

Please go online and nominate the individual(s) you would like to be considered as a beneficiary. If you're not sure whether a nominee is eligible, ask the trustee. Your enquiry will be dealt with confidentially.

WHO WILL RECEIVE ANY DEATH IN SERVICE CASH PAYMENT?

The trustee will decide who receives the payment which is made following your death. This normally enables payment to be made free of Inheritance Tax. You can help the decision making process by completing an online nomination to indicate the dependants you would like to receive the benefit. The trustee will bear your wishes in mind but is not legally bound by them.

You should make sure that you complete a new nomination if there are any changes in your personal circumstances.

WHAT HAPPENS IF I GET DIVORCED?

The Court must include pension rights when deciding settlements on divorce or dissolution of a civil partnership. It has three options:

- *Offset the value of the pension rights against other assets*
- *Set aside part of the pension rights for the ex-spouse/ex-civil partner*
- *Transfer some of the benefits to a policy in the name of the ex-spouse/ex-civil partner as part of a clean break settlement*

We'll provide the Court with whatever information they need, and we may charge you for this.

HOW WILL MY PENSION BE PAID?

Your pension will be paid directly to your bank or building society account and will be taxed under the PAYE system. It is payable for life.

WHAT IS THE LIFETIME ALLOWANCE?

The lifetime allowance limits how much you can build up in all your pension plans. A tax charge will apply on benefits taken in excess of the lifetime allowance. The table below shows the allowance for the next two years.

TAX YEAR	LIFETIME ALLOWANCE
2009/10	£1.75 million
2010/11	£1.8 million

TEMPORARY ABSENCE

DO I HAVE TO MAKE CONTRIBUTIONS IF I'M OFF WORK DUE TO ILL HEALTH?

If you have to take time off work due to ill health your membership of the Plan, and your life cover, will continue. You'll make contributions on the pay you actually receive.

WHAT HAPPENS IF I'M ON MATERNITY LEAVE?

If you're on maternity leave your membership of the Plan will continue and you'll make contributions on the pay you actually receive. During your absence, Cable & Wireless will pay contributions to your Account during the period of paid leave at the same level as before your maternity leave started (i.e. based on your full Pensionable Salary).

WHAT HAPPENS IF I'M RECEIVING LONG TERM INVALIDITY BENEFIT (LTIB)?

Your membership of the Plan will continue and you'll pay contributions on the LTIB you receive. Your Pensionable Salary, on which your Plan contributions are based, will remain unchanged so you may wish to change the percentage you pay into the Plan to allow for the reduction in your income. Cable & Wireless will continue to match your own contributions.

LEAVING

WHAT HAPPENS IF I LEAVE THE PLAN?

If you leave the Plan before retirement, contributions and your life cover will cease.

If you leave the Plan within three months of joining, you'll only be given a refund of your own contributions. This will make allowance for investment returns and is currently assessed for income tax at 20% up to £10,800, then 40% thereafter.

If you leave the Plan between three months and two years of joining, you can choose between a refund or a transfer value to another pension arrangement. The transfer value will be your total Account value (including Cable & Wireless' contributions).

If you've been a member of the Plan for more than two years when you leave, you'll receive a statement showing the value of your Account. Between the date you leave the Plan and Normal Retirement Date, your Account will continue to be invested. Having left Cable & Wireless, you'll still be able to access your Account on the pensions website.

When you reach your Normal Retirement Date (or later if you remain employed), you'll have the same options as described in the Benefits section on page 9. You may also choose to take early retirement from the age of 50 onwards (increasing to 55 with effect from 6 April 2010).

CAN I LEAVE THE PLAN WHILE STILL WORKING FOR CABLE & WIRELESS?

Yes. You can choose to opt out of the Plan at any time. You must give the trustee one month's notice of your intentions. On leaving the Plan your life cover will cease. You may re-join the Plan at a later date, and opt out again, but you'll not be allowed to re-join for a second time. If you've been a member of the Plan for more than two years, your Account will remain in the Plan and will continue to be managed by the Plan's investment managers

CAN I TRANSFER MY ACCOUNT ELSEWHERE?

Yes. Provided that you left the Plan three or more months after joining it, you can transfer the value of your Account to a personal pension or your new company pension scheme. If you're interested in this option, you should seek further advice from an independent financial adviser or the administrators of your new company pension scheme.

IF I LEAVE MY ACCOUNT IN THE PLAN, WHAT HAPPENS IF I DIE BEFORE RETIREMENT?

The full Account value will be returned as a cash payment to your dependants.

KEEPING IN TOUCH WITH YOUR ACCOUNT

If you leave Cable & Wireless, you should make sure that you notify the trustee of any change of address to avoid any possible delay in the payment of your benefits. Information about the Plan has been given to The Pension Tracing Service at Whitley Road, Newcastle upon Tyne NE98 1BA, which acts as a central tracing agency to help you keep track of your deferred entitlements with previous employers' schemes.

STATE ARRANGEMENTS

WILL I STILL RECEIVE A PENSION FROM THE STATE?

Yes. The State retirement pension is made up of two parts, both of which are payable at State Pension Age:

- *State Basic Pension*
- *Additional State Pension*

Your membership of the Plan does not affect your entitlement to either of these State benefits.

STATE BASIC PENSION

State Basic Pension is a flat-rate weekly pension which you'll receive in addition to your Plan benefits, provided you've contributed, or have been credited with, National Insurance contributions for most of your working life. If you haven't paid sufficient contributions in every tax year, you may still be entitled to a State Basic Pension on a reduced basis.

ADDITIONAL STATE PENSION

From 1978 to 2002, additional state pension was called the State Earnings Related Pension Scheme (SERPS).

From 6 April 2002, State Second Pension (S2P) replaced SERPS to provide a more generous additional state pension for low and moderate earners, certain carers and people with a long-term illness or disability.

Details of your State pension entitlement are available online at the pensions website. Further information is also available from the Department for Work and Pensions (www.dwp.gov.uk).

GENERAL INFORMATION

HOW DOES THE PLAN WORK?

The Lifetime Benefits Plan is set up under trust. The assets are held completely separate from those of Cable & Wireless and cannot be used by Cable & Wireless for any other purpose. The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004, and is not contracted-out of the State Second Pension.

The Plan has a corporate trustee, Cable and Wireless Pension Trustee Limited. The trustee has to ensure that the Plan is administered correctly and in accordance with the terms of the Trust Deed and Rules. In order to carry out its duties effectively, it can call upon various professional advisers to assist it. These include actuaries, auditors, solicitors and investment managers.

TAX BENEFITS

The Plan currently has valuable tax benefits:

- *You receive full tax relief at your highest rate on your own contributions*
- *You won't be taxed as a benefit in kind on the contributions that Cable & Wireless make on your behalf*
- *Investment growth is tax efficient*
- *The cash payment at retirement is tax-free within certain allowances*

However, in return for these valuable concessions, HM Revenue & Customs set allowances on the amount of contributions that members can make and on the benefits that they receive from the Plan without tax charges (see pages 7 and 10).

CAN I ASSIGN MY BENEFITS?

No. Your benefits in the Plan are held in trust and so you must not dispose of, or promise your benefits to anyone else. You may not use them as security for a loan.

TRANSFERS FROM PREVIOUS SCHEMES

The trustee is willing to accept transfer payments in respect of members' benefits in previous pension arrangements. However, it will not accept liability for any contracting-out rights. Please contact the trustee for further details.

WHERE CAN I GET MORE INFORMATION?

Cable and Wireless Pension Trustee Ltd
Buckingham Road
Bletchley
Milton Keynes
MK3 5JL

Email: pensions.team@cw.com

Telephone: +44 1908 833100 / comnet 45 3100

Fax: +44 1908 833304 / comnet 45 3304

Website: www.freedom.cw.com

GENERAL INFORMATION

DATA PROTECTION ACT 1998

As Data Controller under this Act the trustee has both a legal obligation and a legitimate interest to process data relating to you. This may include passing on data to the Plan's actuary, auditor, administrators and such other third parties as may be necessary.

HOW SAFE IS MY ACCOUNT?

Your Account is held within a trust fund which is completely separate from the assets of Cable & Wireless. The Plan's investments are held by a custodian (Northern Trust). The transactions carried out by the trustee, and the total level of assets, are subject to annual checks by the auditor. These arrangements give a high degree of security against fraud or if Cable & Wireless becomes insolvent. Remember that the value of your Account can go down if the value of the investments in your Account reduces.

DISPUTES

There is an internal dispute resolution procedure that should be followed if you have a problem with any aspect of the running of the Plan. Details are available from the trustee. In the unlikely event that the trustee is unable to resolve your query, you can seek further advice from The Pensions Advisory Service (TPAS) at 11 Belgrave Road, London SW1V 1RB (www.pensionsadvisoryservice.org.uk).

For problems that cannot be settled through TPAS, you may appeal to the Pensions Ombudsman (based at the same address as TPAS). The Ombudsman has the power to investigate and determine complaints or disputes of fact or law in relation to occupational pension schemes. All queries about the Plan should be raised in the first instance with the trustee

INDUSTRY WATCHDOG

The Pensions Regulator is the regulatory body for work-based pension schemes in the UK. It replaced OPRA, the Occupational Pensions Regulatory Authority. The Pensions Regulator is created under the Pensions Act 2004 and differs from OPRA in a number of ways.

The regulator:

- *has a defined set of statutory objectives*
- *has wider powers to investigate schemes and take action where necessary*
- *takes a proactive, risk-focused approach to regulation*
- *provides practical support for the regulated community*

You can contact The Pensions Regulator at Napier House, Trafalgar Place, Brighton BN1 4DW (www.thepensionsregulator.gov.uk).

If you have any questions about the Plan or about your own benefits in particular, the trustee will be happy to help and should always be your first point of contact.

You'll be able to monitor the progress of your Account on the pensions website. You'll also be able to view the annual report and accounts. If you would like to read the full Plan details, ask the trustee for a copy of the Trust Deed and Rules.

NOTE: CABLE & WIRELESS AND THE TRUSTEE RESERVE THE RIGHT TO CHANGE THE RULES OF THE PLAN AT ANY TIME.