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Cable & Wireless

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1130 Connecticut Avenue, NW  
Suite 1201  
Washington  
DC 20036  
www.cw.com

Telephone (202) 530-8085  
Fax (202) 530-8094

December 8, 2003

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Ms. Blanca Bayo  
Administrative Services Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Dear Ms. Bayo:

Cable & Wireless USA, Inc. (CW USA) hereby advises the Commission that early this morning CW USA and certain of its affiliates filed voluntary petitions to recognize under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware in Wilmington. More information on CW USA's filing is provided in the attached press release.

Sincerely,

Cathy L. Slesinger  
Senior Vice President  
Public Policy - USA

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## **Cable & Wireless America (CWA) to Sell Core Operations to an Affiliate of Gores Technology Group, LLC**

- Files Voluntary Chapter 11 Petitions to Facilitate Sale
- Appoints New Management
- Assures Customers of Continuous Operations During Sale Process
- Secures Up to \$100 Million in New Financing Secured from Cable and Wireless plc
- Implements Significant Cost-Saving Measures

**RESTON, VA – December 8, 2003** – Cable & Wireless USA Inc. and Cable & Wireless Internet Services, Inc. (CWA), wholly-owned subsidiaries of Cable and Wireless plc (NYSE: CWP; LSE: CW), today announced that they, together with their subsidiaries, have entered into an asset purchase agreement with an affiliate of Gores Technology Group, LLC (Gores) for the sale of their hosting and IP solutions businesses. In accordance with the terms of this agreement and to facilitate the sale transaction, CWA today filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code. During the sale transaction CWA will continue to operate and focus on its core competencies of hosting and IP services while delivering uninterrupted customer service.

Under the terms of the Asset Purchase Agreement, which is subject to Bankruptcy Court approval, an affiliate of Gores Technology Group, LLC will acquire substantially all of the assets of CWA for \$125 million. The offer from Gores comprises \$50 million in cash and \$75 million in a note from Gores Technology, in each case to be delivered on completion of a sale of the US Businesses to Gores Technology. It is subject to closing adjustments based on business performance targets which have been set for working capital, revenue and certain overhead expenses. Although the Purchase Price could be reduced if CWA does not achieve these targets, under the terms of the Asset Purchase Agreement, it cannot be reduced to less than \$50 million.

The Purchase Price from this process will be applied to satisfy outstanding liabilities of CWA in accordance with the US Bankruptcy Code. In accordance with Section 363 of the Bankruptcy Code, qualifying bidders will have an opportunity to submit higher and better offers through a court-supervised competitive bidding process.

CWA also announced today that John S. Dubel has recently joined the US business as chief executive officer along with Eric A. Simonsen, who joins the US business as chief restructuring officer and chief financial officer. Both are principals of AlixPartners LLC. Mr. Dubel and Mr. Simonsen have extensive experience in restructuring and turnaround services for organizations such as WorldCom, Acterna and other Fortune 500 companies.

### **Continuous Customer Service**

“Today’s actions provide a clear path to a much stronger organization,” stated John S. Dubel, CWA’s new chief executive officer. “Fulfilling the needs of our customers remains our number one objective, and this sale represents a very positive outcome for them. Throughout the sale process, continuity of service will be maintained for our customers,” Mr. Dubel stated. “CWA’s products and market position are strong, its technology is leading-edge, and there is significant value in the core business. That is why we determined that a sale of the business was in the best interests of all CWA’s constituents and would support the continued development of the business in an expanding market going forward.”

### **New Financing Secured**

CWA also announced that it has received a commitment for up to \$100 million in debtor-in-possession (DIP) financing from Cable and Wireless plc, subject to Bankruptcy Court approval. The DIP financing will be used to maintain uninterrupted business operations through the completion of the sale transaction. “With the availability of up to \$100 million in DIP financing our customers and employees should be reassured that we will continue business as usual through the completion of the sale transaction,” said Clint Heiden, executive vice president of sales for CWA.

### **Streamlining Operations**

Through the Chapter 11 and sale transaction processes CWA will be taking further cost reduction steps. The measures include network consolidation and rationalization, contract renegotiations and the continuation of previously announced headcount reductions.

Over the past year CWA has successfully implemented a series of initiatives to reduce costs and streamline operations, including headcount reductions and the closure of eight underutilized data centers while successfully migrating customers to the 15 remaining data centers. Pre-exceptional operating losses were reduced by £100 million and free cash outflow by £156 million compared to the second half of 2002/03.

## **Background**

Following a strategic review of all its businesses, on June 4, 2003, Cable and Wireless plc announced its decision to withdraw from the U.S. domestic market. Cable and Wireless plc fully supports and endorses the decision of the Board of CWA to enter into the sale agreement and to commence proceedings under Chapter 11.

CWA with their subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware in Wilmington. The filing entities include Cable & Wireless USA Inc., Cable & Wireless Internet Services, Inc., Cable & Wireless USA of Virginia, Inc., Exodus Communications Real Property I, LLC, Exodus Communications Real Property Managers I LLC and Exodus Communications Real Property I, LP.

**Cable & Wireless America (CWA)** is among the leading providers of complex hosting and IP solutions for global enterprises, counting 40% of the Fortune 100 among their customers. Their portfolio of services includes a wide range of flexible and secure IP connectivity and networking solutions along with complete and secure infrastructure to support complex web hosting. CWA is part of the Cable & Wireless group, whose principal operations are in the United Kingdom, continental Europe, the United States, Japan, the Caribbean, Panama, the Middle East and Macau.

For more information about CWA, go to [www.cwusa.com](http://www.cwusa.com) for Chapter 11 information

### **About Cable and Wireless plc**

Cable & Wireless is one of the world's leading international communications companies. It provides voice, data and IP (Internet Protocol) services to business and residential customers, as well as services to other telecoms carriers, mobile operators and providers of content, applications and internet services.

Cable & Wireless' principal operations are in the United Kingdom, continental Europe, the United States, Japan, the Caribbean, Panama, the Middle East and Macau.

For more information about Cable and Wireless plc, go to [www.cw.com](http://www.cw.com)

### **About Gores Technology Group, LLC**

Gores Technology Group, LLC ("Gores") is a private investment firm focused on the technology and telecommunications sectors. The firm combines the seasoned M & A team of a traditional financial buyer with the operational expertise and detailed due diligence capabilities of a strategic buyer. Gores has a long standing record of creating sustainable value in its portfolio companies by focusing on customers and employees, supporting management with operational expertise and providing the capital required for growth. Headquartered in Los Angeles, California, Gores maintains offices in Boulder, Colorado; New York, New York; London, United Kingdom; and Zurich, Switzerland. ([www.gores.com](http://www.gores.com))

### **Contacts**

U.S. Media: Laurie Probst or Chad Couser 703-292-2288

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