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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
CABLE & WIRELESS USA, INC., et al.,¹)
) Case No. 03-13711 (CGC)
) (Jointly Administered)
)
Debtors.)

NOTICE OF AUCTION AND SALE HEARING

PLEASE TAKE NOTICE that on December 8, 2003, the above-captioned debtors and debtors and debtors in possession (collectively, the "Debtors") filed voluntary chapter 11 bankruptcy petitions in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

PLEASE TAKE FURTHER NOTICE that on December 10, 2003, the Debtors filed a motion for an order (a) approving the asset purchase agreement, dated December 8, 2003 (the "APA") with Gores Asset Holdings, Inc. (the "Proposed Purchaser"), and (b) authorizing (i) the sale of substantially all of the debtors' assets to the Proposed Purchaser or such other successful bidder(s) at an auction, free and clear of all liens, claims, encumbrances and interests; (ii) assumption and assignment of certain executory contracts, license agreements and unexpired leases (the "Assigned Contracts"); and (iii) granting related relief (the "Sale Motion"). Pursuant to the Sale Motion, the debtors seek authority to sell substantially all of the debtors' assets (the "Acquired Assets") to the Proposed Purchaser, or a successful bidder (any such bidder, a "Successful Bidder") at an auction (the "Auction") to be conducted with respect to the sale of the Acquired Assets. The terms and conditions of the proposed sale to the Proposed Purchaser are set forth in the APA attached to the Sale Motion. The APA represents the results of extensive marketing efforts conducted by the Debtors, together with the investment banking firms of Greenhill & Co. LLC and The Blackstone Group LP, to obtain the highest and best offer for the Acquired Assets. As set forth in the APA, the Debtors seek to sell substantially all of the Debtors' assets to the Proposed Purchaser for approximately \$125 million in consideration, consisting of approximately \$50 million in cash (including up to \$5 million towards payment of proposed cure amounts and transfer taxes), and \$75 million in a senior secured increasing rate note from Gores Asset Holdings, Inc., as well as the assumption of specified pre-closing liabilities. The proposed purchase price is subject to

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¹ The Debtors consist of the following entities: Cable & Wireless USA, Inc., Cable & Wireless USA of Virginia, Inc., Cable & Wireless Internet Services, Inc., Exodus Communications Real Property I, LLC, Exodus Communications Real Property Managers I, LLC, and Exodus Communications Real Property I, LP.

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adjustments based on business performance targets that have been set for Working Capital (as defined in the APA), revenue and certain overhead expenses.

PLEASE TAKE FURTHER NOTICE that on December 22, 2003, the Bankruptcy Court entered an Order (A) Approving Bidding Procedures And Overbid Protections In Connection With The Sale of Substantially All Of Their Assets, (B) Approving The Form And Manner Of The Sale Notice and Bidding Procedures Notice, (C) Scheduling A Sale Hearing Date, And (D) Approving Procedures For Determining Cure Amounts In Connection With The Assumption And Assignment Of Executory Contracts And Unexpired Leases (the "Bidding Procedures Order"). The Bidding Procedures Order governs the manner in which the Assets are to be sold. Any party desiring to obtain a copy of the Sale Motion or the Bidding Procedures Order may do so by contacting Debtors' co-counsel at Kirkland & Ellis LLP, 777 South Figueroa Street, Los Angeles, CA 90017, Attn: Bennett L. Spiegel, Esq. or Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., 919 North Market Street, 16th Floor, P.O. Box 8705, Wilmington, Delaware 19899-8705, Attn: Laura Davis Jones, Esq.

PLEASE TAKE FURTHER NOTICE that the Debtors seek the following relief, among other things, in the Sale Motion, (i) authority to, among other things, sell substantially all of the assets of the Debtors to the Proposed Purchaser free and clear of all liens, other than certain specified permitted liens, (ii) authority to assume and assign to the Proposed Purchaser certain executory contracts, license agreements and unexpired leases, and (iii) a finding of the Bankruptcy Court that the Proposed Purchaser is a good-faith purchaser entitled to the protections of section 363(m) of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that pursuant to the Sale Motion and section 365 of the Bankruptcy Code, the Debtors request authority to assume and assign the Assigned Contracts to the Proposed Purchaser, or any Successful Bidder, and that upon such assumption and assignment the Debtors shall be relieved of any liability under the Assigned Contracts arising after the Closing. If you are a party to a potential Assigned Contract that may be assumed and assigned under the APA, you will receive a separate notice setting forth the proposed cure amount, if any, and a deadline to file an objection to any such proposed cure amount. If you would like to receive financial and other information regarding adequate assurance of future performance under section 365 of the Bankruptcy Code from any of the qualified bidders after the submission of competing bids at the Auction, please submit a written request to counsel for the Debtors at the following address: Kirkland & Ellis LLP, 777 South Figueroa Street, Los Angeles, CA 90017, Attn: Bennett L. Spiegel, Esq.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Bidding Procedures Order, the Auction will be conducted at Kirkland & Ellis LLP, Citigroup Center, 153 East 53rd Street, New York, NY 10022-4611, or at another location as may be timely disclosed by the Debtors to Qualifying Bidders, on January 21, 2004 at 10:00 a.m. (prevailing Eastern time) (the "Auction Date"). Only parties that have submitted a Qualifying Bid (as defined in the Bidding Procedures Order) by January 16, 2004 at 5:00 p.m. (prevailing Eastern time) will be permitted to participate in and/or make any statements on the record at the Auction.

PLEASE TAKE FURTHER NOTICE that a hearing will be held to confirm the results of the Auction and approve the sale of the Acquired Assets to the Successful Bidder (the "Sale Hearing") before the Honorable Charles G. Case, II, United States Bankruptcy Judge, on January 23, 2004 at 10:00 a.m. (prevailing Arizona time) located at 2929 N. Central Avenue, 9th Floor, Courtroom 6 in Phoenix, Arizona, or at such time thereafter as counsel may be heard. The sale of the Acquired Assets will be subject to the entry of an order of the Bankruptcy Court approving the sale. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing.

PLEASE TAKE FURTHER NOTICE that objections to the relief requested by the Sale Motion shall be set forth in writing and shall specify with particularity the grounds for such objections or other statements of position and shall be filed with the Court on or before January 13, 2004 at 4:00 p.m. prevailing Eastern standard time and shall be served so as to be received by that same date and time on:

- i. Debtors' proposed co-counsel at Kirkland & Ellis LLP, Aon Center, 200 East Randolph Drive, Chicago, IL 60601-6636, Attn: James H.M. Sprayregen, P.C., Esq., Kirkland & Ellis LLP, 777 South Figueroa Street, Los Angeles, CA 90017, Attn: Bennett L. Spiegel, Esq., and Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., 919 N. Market Street, 16th Floor, P.O. Box 8705, Wilmington, DE 19899-8705, Attn: Laura Davis Jones, Esq.;
- ii. the Proposed Purchaser at Gores Technology Group, 10877 Wilshire Blvd., Suite 1805, Los Angeles, CA 90024, Attn: Eric Hattler, and its counsel at Pepper Hamilton LLP, 400 Berwyn Park, 899 Cassatt Road, Berwyn, PA 19312-1183, Attn: James D. Rosener and Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY, 10036-6522, Attn: Jay Goffman, Esq.;
- iii. counsel for PLC at Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, NY 10019-6150, Attn: Philip Mindlin, Esq., and Richards, Layton & Finger, P.A., P.O. Box 551, One Rodney Square, Wilmington, DE 19899-0551, Attn: Mark D. Collins, Esq.;
- iv. counsel for JPMorgan Chase Bank, as DIP Agent, at Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, NY 10178-0060, Attn: Robert H. Scheibe, Esq. and Landis Rath & Cobb LLP, 919 Market Street, Suite 600 Wilmington, DE, Attn: Adam G. Landis, Esq.;
- v. the Office of the United States Trustee for the District of Delaware; and
- vi. the Committee's counsel at Winston & Strawn, 200 Park Avenue, New York, NY 10166-4193, Attn: David Neier, Esq. and Winston & Strawn

LLP, 333 South Grand Avenue, Los Angeles, CA 90071, Attn: Eric E. Sagerman, Esq.

PLEASE TAKE FURTHER NOTICE that the failure of any person or entity to timely file an objection shall be deemed a consent to the sale of the Acquired Assets to the Proposed Purchaser, or Successful Bidder, and be a bar to the assertion, at the Sale Hearing or thereafter, of any objection to the Sale Motion, the Auction, the sale of the Acquired Assets or the Debtors' consummation and performance of the APA (including, without limitation, the transfer of the Acquired Assets and Assigned Contracts free and clear of all liens, claims, and interests and the assumption and assignment of the Assigned Contracts), if authorized by the Court.


PLEASE TAKE FURTHER NOTICE that this Notice of the Auction and Sale Hearing is subject to the full terms and conditions of the Sale Motion, Bidding Procedures Order and Bidding Procedures which shall control in the event of any conflict and the Debtors encourage parties in interest to review such documents in their entirety, which are available upon written request from undersigned counsel.

Dated: December 23, 2003

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[Proposed] Co-Counsel for the Debtors and Debtors in Possession