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OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF CABLE & WIRELESS USA, INC., et al., DEBTORS¹

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Chapter 11 Case No. 03-13711 (CGC) (Jointly Administered)

COMMISSION
CLERK

c/o

WINSTON & STRAWN LLP
YOUNG CONAWAY STARGATT & TAYLOR, LLP
CHANIN CAPITAL PARTNERS

TO: UNSECURED CREDITORS OF CABLE & WIRELESS USA, INC.
AND ITS DIRECT AND INDIRECT DEBTOR SUBSIDIARIES

The Official Committee of Unsecured Creditors (the "Committee") in the bankruptcy cases of Cable & Wireless USA, Inc., et al., writes to advise creditors of the Committee's determinations as to the Second Amended Joint Plan of Liquidation under Chapter 11 of the Bankruptcy Code, which was filed by the Debtors on May 13, 2004 (the "Plan"). Any capitalized terms used but not defined herein have the meaning ascribed to such terms in the Plan.

THE MEMBERS OF THE CREDITORS' COMMITTEE, REPRESENTING THE INTERESTS OF ALL UNSECURED CREDITORS OF THE DEBTORS, UNANIMOUSLY SUPPORT THE PLAN AND RECOMMEND THAT HOLDERS OF UNSECURED CLAIMS (i.e., CLASS 6 CLAIMS) (A) VOTE TO ACCEPT THE PLAN AND (B) DO NOT CHECK THE BOX WITH RESPECT TO THE OPTIONAL RELEASE. *Each Holder of an unsecured Claim must, however, make its own independent decision as to whether or not the Plan is acceptable to that creditor before voting to accept or reject the Plan.* PLEASE NOTE THAT EACH CREDITOR MUST SUBMIT A COMPLETED BALLOT SO AS TO BE RECEIVED ON OR BEFORE JULY 2, 2004 IN ACCORDANCE WITH THE INSTRUCTIONS ON THE BALLOT.

Formulation of Plan. Since its formation on December 18, 2003, the Committee has expended significant efforts investigating the acts, conduct, assets and liabilities of the Debtors, the Debtors' officers and directors, and the Debtors' ultimate parent, Cable and Wireless plc ("PLC"), a public limited company headquartered in the United Kingdom and with worldwide operations. In addition, as set forth more fully in the First Amended Disclosure Statement dated May 13, 2004 (the "Disclosure Statement"), accompanying the Plan, we have worked both independently and with the Debtors to investigate the financial condition of the Debtors, the operation of the Debtors' businesses (including the operations of non-Debtor subsidiaries) and the desirability of continuing such businesses, and numerous other matters relevant to the formulation of a chapter

- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- MMS _____
- RCA _____
- SCR _____
- SEC 1
- OTH None

¹ The debtors and debtors in possession (collectively, 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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11 plan for the Debtors. The Plan is the product of extensive negotiations with numerous parties, including the Debtors, PLC and the Committee, and represents a global compromise of many complex disputes. We believe that the global compromise with PLC embodied in the Plan will maximize recoveries for unsecured creditors of the Debtors.

Distributions. The Plan provides for the distribution of all of the potential value of the Debtors' assets to Holders of Allowed Claims as expeditiously as possible through the liquidation of all of the Debtors' assets and claims, and the creation of a Liquidating Trust that will make cash distributions to Holders of Allowed Claims.

Global Compromise. As described in the Disclosure Statement, the Plan is premised upon a settlement, rather than litigation, of various claims, particularly with respect to PLC. The following are critical elements of the Global Settlement:

- **According to the Debtors, unsecured creditors (i.e., Holders of Allowed Class 6 Claims) will receive an estimated distribution of approximately 27.5% on their Claims if they timely complete and submit a Ballot and do not check the box with respect to the Optional Release, and only approximately 13.75% if they do check the box.² By checking the box with respect to the Optional Release, a creditor elects not to give the Optional Release to PLC and the other released parties, and therefore that creditor will not share in the consideration being paid by PLC in exchange for the release.**
- **Significantly, Holders of Allowed Claims that do not check the box on the Ballot, and thereby consent to the Optional Release, will receive the estimated 27.5% recovery on their Claims even if they do not have any claims against PLC and the other released parties.**

This Global Settlement, which we believe to be fair, will significantly reduce the expense and duration of these Chapter 11 Cases and the expenses attendant to protracted disputes. We believe that, if the issues settled by the Global Settlement were litigated to conclusion, these Chapter 11 Cases would be prolonged for, at a minimum, two additional years. In addition, there is a significant risk of an adverse outcome for creditors. The cost, delay and uncertainty that would result from such litigation would not, in the Committee's view, be in the best interests of unsecured creditors, especially given the recoveries available to creditors pursuant to the Global Settlement embodied in the Plan. A more detailed description of the investigation of PLC and the risks of litigation as an alternative to the Global Settlement is outlined in Article III of the Disclosure Statement.

The foregoing description summarizes only certain aspects of the Plan and does not constitute any part of, and is not intended as a substitute for, the Disclosure Statement approved by the Court. Creditors should read the Plan and the accompanying Disclosure Statement (including,

² These estimated distributions will not be received by members of the PLC Group (as defined in the Plan) and creditors whose Claims are subordinated under Bankruptcy Code section 510.

without limitation, all of the risk factors set forth therein) in their entirety before voting on the Plan.

Ballots. CREDITORS MUST SUBMIT A TIMELY BALLOT SO AS TO RECEIVE THE OPTIONAL RELEASE CONSIDERATION. The Debtors have provided Holders of Class 6 Claims with a Ballot to vote to accept or reject the Plan. In order to have a vote counted, creditors must complete and return the Ballot in accordance with the procedure set forth on the Ballot and in the Disclosure Statement so as to be received on or before July 2, 2004. Please read the directions on the Ballot carefully and complete your Ballot in its entirety before returning it to the Debtors' balloting agent.

THE COMMITTEE UNANIMOUSLY RECOMMENDS THAT CREDITORS VOTE TO ACCEPT THE PLAN.

REMEMBER, IN ORDER TO RECEIVE THE ESTIMATED 27.5% RECOVERY, CREDITORS MUST DO THE FOLLOWING:

- **SUBMIT A BALLOT SO AS TO BE RECEIVED BY THE BALLOTING AGENT ON OR BEFORE JULY 2, 2004; and**
- **DO NOT CHECK THE BOX WITH RESPECT TO THE OPTIONAL RELEASE**

Additional Information. Any interested unsecured creditor desiring further information about the Plan should contact the Committee's attorneys and financial advisors:

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THE OFFICIAL COMMITTEE OF UNSECURED
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