

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
: Case Nos. 02-15749
ASIA GLOBAL CROSSING LTD., et al. : through 02-15750 (SMB)
: :
Debtors. : (Jointly Administered)
: :
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**DISCLOSURE STATEMENT WITH RESPECT TO JOINT LIQUIDATING CHAPTER
11 PLAN OF REORGANIZATION OF ASIA GLOBAL CROSSING LTD. AND
ASIA GLOBAL CROSSING DEVELOPMENT CO.**

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Dated: New York, New York
May 1, 2003

EXECUTIVE SUMMARY

On November 17, 2002 (the “**Petition Date**”) Asia Global Crossing Ltd. (“**AGCL**”) and its wholly-owned subsidiary, Asia Global Crossing Development Co. (“**AGCDC**”, and, together with AGCL, the “**Debtors**” or the “**Company**”), each filed a voluntary petition for relief with the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). On November 18, 2002, in aid of its chapter 11 case, AGCL, a Bermuda corporation, commenced coordinated proceedings in the Supreme Court of Bermuda (the “**Bermuda Court**”) known under Bermuda law as a “winding up.” On November 20, 2002, the Bermuda Court issued an order appointing certain principals of Deloitte & Touche as Joint Provisional Liquidators (the “**JPLs**”) of AGCL.

On January 28, 2003, the Bankruptcy Court approved the sale (the “**Sale**”) of substantially all of AGCL’s assets to Asia Netcom Corporation Limited (“**Asia Netcom**” or the “**Purchaser**”). On March 10, 2003, the Sale was consummated. Asia Netcom is an investment vehicle organized in Bermuda. Asia Netcom was formed and is 100% owned by a consortium of investors consisting of China Netcom International Limited (a wholly-owned subsidiary of China Netcom Corporation (Hong Kong) Limited), Newbridge Capital LLC, and SB Asia Infrastructure Fund L.P.

This disclosure statement (the “**Disclosure Statement**”) is submitted pursuant to section 1125 of the Bankruptcy Code for the solicitation of votes on the Joint Liquidating Chapter 11 Plan of Reorganization of Asia Global Crossing Ltd. and Asia Global Crossing Development Co. (the “**Plan**”) filed with the Bankruptcy Court on May 1, 2003.

The Disclosure Statement describes certain aspects of the Plan, the Debtors’ former operations, significant events that occurred during the Debtors’ chapter 11 cases (the “**Chapter 11 Cases**” or the “**Cases**”), the process relating to confirmation of the Plan by the Bankruptcy Court and related matters. This executive summary is intended solely as a summary of the distribution provisions of the Plan. **FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THE DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS THERETO IN THEIR ENTIRETY. Capitalized terms used in this Disclosure Statement and not otherwise defined herein have the respective meanings ascribed to them in the Plan.**

The Plan provides for the liquidation of the Debtors’ remaining assets and for the distribution of the proceeds of the Debtors’ respective assets (including \$89.8 million of cash retained by AGCL upon the closing of the Asia Netcom Transaction) to the Debtors’ respective creditors in the order of their relative priority of distribution under the Bankruptcy Code. As a consequence of the Asia Netcom Transaction, the Debtors no longer are conducting business operations other than fulfilling their fiduciary duties as debtors in possession and safeguarding their respective Estates pending confirmation and consummation of the Plan. The Debtors are not reorganizing their businesses; rather, the Debtors are liquidating. Following confirmation and consummation of the Plan, the Debtors will not be conducting any business operations other than disposing of assets, distributing the proceeds of their respective assets to their respective

creditors, resolving Disputed Claims not dealt with previously, and, ultimately, dissolving as corporate entities under applicable local law.

The Plan contemplates that, upon consummation, the respective assets of AGCL and AGCDC will be transferred on the Effective Date to a liquidating trust (the “**Liquidating Trust**”). A Liquidating Trustee will be responsible for administering the Liquidating Trust in accordance with the provisions of the Plan; a Liquidating Trust Agreement (which will be filed with the Bankruptcy Court as part of the Plan Supplement) will govern the Liquidating Trust.

The terms and provisions of the Plan, including those provisions governing Distributions to holders of Allowed Claims, reflect the result of discussions between the Debtors, the Committee and the JPLs. **The JPLs support the Plan and recommend voting in favor of the Plan.**

This Disclosure Statement, the Plan and any documents attached or referred to in the Disclosure Statement and the Plan are the only materials that Creditors should use to determine whether to vote to accept or reject the Plan. A ballot (the “**Ballot**”) for acceptance or rejection of the Plan is enclosed with this Disclosure Statement submitted to holders of Claims that the Debtors believe are entitled to vote to accept or reject the Plan.

The last day to vote to accept or reject the Plan is July 21, 2003. To be counted, your Ballot must actually be received by the Voting Agent (as defined herein) by July 21, 2003 at 4:00 p.m. (prevailing Eastern Time) (the “Voting Deadline”). Any Ballots received after the Voting Deadline will not be counted. Claimants must return their Ballots to the Voting Agent in accordance with the Voting Instructions that accompany the Ballots.

June 3, 2003 at 4:00 p.m. (prevailing Eastern Time) is the date (the “Record Date”) on which the identity of holders of the 13.375% Senior Notes due 2010 (the “Senior Notes”) issued by AGCL will be determined for the purpose of establishing an entitlement, if any, to receive certain notices and vote on the Plan.

By its order (the “**Disclosure Statement Approval Order**”) dated June __, 2003, the Bankruptcy Court approved this Disclosure Statement for dissemination to Debtors’ Creditors. **Approval of this Disclosure Statement by the Bankruptcy Court does not, however, constitute a determination by the Bankruptcy Court as to the fairness or merits of the Plan.** The Debtors, the Committee and the JPLs believe that approval of the Plan maximizes the recovery to Creditors. **The Debtors and the JPLs strongly urge creditors to vote to accept the Plan by completing and returning their Ballots so that they will be received on or before July 21, 2003, 4:00 p.m., prevailing Eastern Time.**

The following table divides the Claims against and Equity Interests in the Debtors into separate Classes and summarizes the treatment for each Class. The table also identifies which Classes are entitled to vote on the Plan based on rules set forth in the Bankruptcy Code. Finally, the table indicates an estimated recovery for each Class, expressed as a percentage of the estimated, aggregate Allowed Claims in such Class. **Important Note:** The recoveries described in the following table represent the Debtors' best estimates based on the information available at this time. Unless otherwise specified, the information in the following table is based on calculations as of April 30, 2003. The estimation of recoveries makes the following assumptions, among others¹:

- The Cash that is expected to be available for distribution to holders of AGCL Class 3 General Unsecured Claims², **after** satisfaction of all Allowed Administrative Claims, Allowed Priority Tax Claims and Allowed Other Priority Claims, is projected to be approximately \$79,148,000.
- The Cash that is expected to be available for distribution to holders of AGCDC Class 3 General Unsecured Claims³, after satisfaction of all Allowed Administrative Claims, Allowed Priority Tax Claims and Allowed Other Priority Claims, is projected to be approximately \$500,000.
- The respective claims (the "**PCL Claims**") asserted against AGCL by Pacific Crossing Ltd. and Pacific Crossing Ltd.'s bank group are the subject of contested proceedings pending in the Bankruptcy Court and are not included in the claims

¹ For a fuller recitation of assumptions, see Section III.C ("*Summary of Claims and Distributions*"). Nothing contained in the estimates of creditor recoveries shall be deemed to constitute an admission concerning the merits of any claim.

² 360networks Corp. filed a proof of claim alleging a General Unsecured Claim (AGCL Class 3) in the liquidated amount of \$100 million against AGCL, as guarantor of a Global Crossing Ltd. subsidiary's obligations to provide Asia-region telecommunications capacity under a capacity contract. Assuming that the Global Crossing Ltd. subsidiary continues to perform under such capacity contract, 360networks Corp.'s proof of claim may be estimated and allowed by the Bankruptcy Court in an amount less than \$100 million. For the purposes of the estimated recoveries set forth in this Disclosure Statement, the claim of 360networks Corp. is estimated at \$100 million.

³ A proof of claim (the "**Legere Proof of Claim**") in an amount alleged to be not less than \$3,476,363.70, plus other unliquidated amounts, was filed by John J. Legere ("**Legere**"), the former Chief Executive Officer of AGCDC and AGCL and a former member of each Debtor's board of directors. The Legere Proof of Claim alleges various claims (collectively, the "**Legere Claims**") arising from or relating to his employment relationship, including indemnification under AGCDC's bye-laws, contribution, rescission, breach of contract, fraud, specific performance, misrepresentation, reimbursement and/or subrogation and claims arising out of certain agreement between Legere and AGCL. It is anticipated that the Legere Proof of Claim will be the subject of a written objection filed by AGCDC and/or the Liquidating Trustee. In the event that the Bankruptcy Court were to allow all or any portion of the Legere Proof of Claim as an AGCDC Class 3 General Unsecured Claim, the actual recovery of Creditors holding Allowed AGCDC Class 3 General Unsecured Claims may vary significantly from the estimated recovery set forth in this Disclosure Statement. The Legere Proof of Claim, on its face, states that the Claim asserted therein "is secured to the extent of any set-off, counterclaim, credit or lien. The balance of the Claim is unsecured. The extent of any set-off, counterclaim or credit is undetermined at this time."

pool for purposes of the following estimation of recovery for AGCL Class 3. See Section V.H (“*Postpetition Litigation*”). Likewise, the Legere Claims, which are expected to be contested by AGCDC and/or the Liquidating Trustee, are not included in the claims pool for purposes the following estimation of recovery for AGCDC Class 3. In addition, the claims of entities that filed proofs of claim alleging contingent or unliquidated claims are not included in the claims pool for purposes of the following estimation of recovery for AGCL Class 3 and AGCDC Class 3, respectively. See Section VII.D (“*Unliquidated or Contingent Claims*”).

Class	Description	Treatment	Entitled to Vote	Estimated Recovery (%)
AGCL 1	Other Priority Claims	Payment in full, in cash, of the allowed amount of such claim (or as otherwise agreed).	No	100%
AGCL 2	Milligan-Whyte Secured Claim	Payment in full, in cash, of the allowed amount of such claim, without interest	Yes	100%
AGCL 3	General Unsecured Claims	Pro rata payments of Available Cash commencing on the Distribution Date and, thereafter, on each Quarterly Distribution Date.	Yes	14.6%
AGCL 4	Intercompany Claims	No distribution.	No	None
AGCL 5	Section 510(b) Claims	No distribution.	No	None
AGCL 6	Equity Interests	No distribution.	No	None
AGCDC 1	Other Priority Claims	Payment in full, in cash, of the allowed amount of such claim (or as otherwise agreed).	No	100%
AGCDC 2	Legere Secured Claim	Realization of the indubitable equivalent of the allowed amount, if any, of such claim.	Yes (to the extent such claim is temporarily allowed for voting)	100%

Class	Description	Treatment	Entitled to Vote	Estimated Recovery (%)
			purposes)	
AGCDC 3	General Unsecured	Pro rata payments of Available Cash commencing on the Distribution Date and, thereafter, on each Quarterly Distribution Date.	Yes	100% ⁴
AGCDC 4	Intercompany Claims ⁵	No distribution.	No	None
AGCDC 5	Equity Interests	No distribution.	No	None

⁴ If the Legere Claims were to be Allowed in whole or in part as a General Unsecured Claim, the recovery for AGCDC Class 3 could be materially less than the estimated recovery set forth in the accompanying text.

⁵ Intercompany Claims against AGCDC consist of Claims of AGCL in the approximate, aggregate amount of \$71.94 million.

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN, AND ANY EXHIBITS THERETO, IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT, INCLUDING THE PRECEDING EXECUTIVE SUMMARY, ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THE TRANSMISSION OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF. AFTER THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN WILL BE MATERIALLY ACCURATE, AND (B) THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT NEITHER HAS BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. THIS DISCLOSURE STATEMENT WAS PREPARED TO PROVIDE HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS WITH "ADEQUATE INFORMATION" (AS DEFINED IN THE BANKRUPTCY CODE) SO THAT THEY CAN MAKE AN INFORMED JUDGMENT ABOUT THE PLAN. PERSONS OR ENTITIES TRADING IN, OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING, SECURITIES OF AGCL SHOULD NOT RELY UPON THIS DISCLOSURE STATEMENT FOR SUCH PURPOSES AND SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, AS A STIPULATION OR AS A WAIVER, BUT, RATHER, AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THE DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NONBANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE REORGANIZATION OR THE PLAN ON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS

TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1
A. Summary of Contents of Disclosure Statement	1
B. Qualification Concerning Summaries Contained in Disclosure Statement	2
C. Source of Information Contained in Disclosure Statement	2
II. THE BANKRUPTCY PLAN VOTING INSTRUCTIONS AND PROCEDURES	2
A. Notice To Holders Of Claims Against AGCL and/or AGCDC	2
B. Solicitation Package	3
C. Voting Procedures, Ballots And Voting Deadline.....	4
D. Confirmation Hearing And Deadline For Objections To Confirmation.....	5
III. OVERVIEW OF THE PLAN	6
A. Cash Held by AGCL and AGCDC	6
B. Liquidation of Assets	6
C. Summary of Claims and Distributions	6
IV. HISTORY OF THE DEBTORS AND COMMENCEMENT OF THE CASES	10
A. Overview of Prepetition Operations	10
1. History	10
2. Overview of Business Operations	10
3. Prepetition Indebtedness	11
4. Global Crossing	11
5. Pacific Crossing Ltd.	12
6. Service Offerings	12
7. Network and Operations	12
8. Employees.....	14
B. Legal Proceedings.....	14
1. Prepetition Proceedings	14
2. Postpetition Proceedings.....	15
C. Prepetition Restructuring Activities	15
1. Ad Hoc Committee of Holders of the Senior Notes	15
2. Marketing AGCL's Assets	15

TABLE OF CONTENTS

(continued)

	Page
D. Events Leading to Chapter 11 Filings	16
V. THE CHAPTER 11 CASES.....	17
A. Continuation of Business; Stay of Litigation and Enforcement of Creditors' Rights.....	17
B. Parties In Interest and Advisors	17
1. The Court	17
2. Advisors to the Debtor	18
3. The Committee and its Advisors	18
4. Asia Netcom	19
C. First Day Orders	19
D. The Bermuda Proceedings and the JPLs	20
E. Creditor-Related Activities	21
1. Notices to Creditors	21
2. Payment of Interest Payment to Indenture Trustee on October 28, 2002	21
3. Settlement Between AGCL and Global Crossing	22
F. Sale of Substantially All of the AGCL's Assets.....	22
1. Decision to Sell	22
2. The Sale Agreement and the Bankruptcy Court's Approval of the Sale Agreement.....	23
G. Claims Process and Bar Date.....	26
1. Schedules and Statements	26
2. Bar Date	26
3. Claims Objections and Claims Reconciliation.....	27
4. Preparation of Claims Estimates and Recoveries	27
H. Postpetition Litigation	28
1. The Discovery Motions	28
2. The PCL Adversary Proceeding	28
3. PCL and PCL Lenders Proofs of Claims	28
4. The Interest Payment Litigation	29
VI. SUMMARY OF THE PLAN.....	29

TABLE OF CONTENTS

(continued)

	Page
A. Introduction.....	29
B. Overall Structure of The Plan.....	30
C. Classification and Treatment of Claims and Equity Interests	30
D. Payment Of Administrative Claims And Priority Tax Claims	30
1. Administrative Claims.	30
2. Professional Fees.	30
3. Priority Tax Claims.....	31
4. Bar Dates For Administrative Claims and Professional Fees.....	32
E. Classification and Treatment of Classified Claims and Equity Interests	33
1. Summary.	33
2. Classification and Treatment of Claims and Equity Interests.	33
F. Acceptance or Rejection of The Plan	38
1. Holders of Claims and Equity Interests Entitled to Vote.	38
2. Acceptance by Impaired Classes.	38
3. Presumed Acceptance of Plan	38
4. Elimination of Vacant Classes.	38
5. Confirmation by Cramdown.	39
G. Means For Implementation of The Plan.....	39
1. Settlement of Certain Claims.	39
2. Transactions on the Effective Date.	39
3. Corporate Existence; Dissolution of Debtors.	39
4. Effectuating Documents; Further Transactions.	40
5. The Liquidating Trust Agreement.	40
6. Committee and Plan Committee.....	46
7. Operations of the Debtors between Confirmation and the Effective Date.....	48
8. Cancellation of Debt Securities.	48
9. Sources of Cash for Plan Distributions.....	49
10. Exclusivity Period.....	49
11. Effectuating Documents; Further Transactions.	49

TABLE OF CONTENTS
(continued)

	Page
12. Distributions under the Plan; Reserves.	49
13. Disputed Claims Reserves.	49
14. Preservation of Rights of Action; Settlement of Causes of Action.	50
15. Issuance of New Securities; Execution of Related Documents.	50
16. Corporate Action.	50
17. Scheme of Arrangement.	50
18. JPL Fee and Expense Claim.	51
H. Treatment of Executory Contracts and Unexpired Leases.	52
1. Assumption and Rejection of Executory Contracts and Unexpired Leases.	52
2. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.	52
3. Bar Date for Claims Based on Rejection of Executory Contracts or Unexpired Leases.	53
4. Rejection of Indemnification Obligations.	53
I. Provisions Governing Distributions.	53
1. Manner of Payment under the Plan.	53
2. Timing of Distributions.	53
3. Interest on Allowed Claims.	54
4. Distributions by the Liquidating Trustee.	54
5. Delivery of Distributions and Undeliverable or Unclaimed Distributions.	54
6. Time Bar to Negotiate Checks.	55
7. Record Date for Distributions to Claimants Holding Debt Securities.	55
8. Indenture Trustee as Claim Holder.	56
9. Allocation of Plan Distributions between Principal and Interest.	56
10. Fractional Dollars; De Minimis Distributions.	56
11. No Distribution in Excess of Allowed Amount of Claim.	56
12. Setoffs.	57
13. Compliance with Tax Requirements.	57
14. Release of Liens.	57

TABLE OF CONTENTS
(continued)

	Page
J. Procedures For Resolving Disputed Claims	57
1. Prosecution of Objections to Claims on and after the Effective Date	57
2. Claims Objection Bar Date	57
3. Estimation of Claims.	58
4. Payments and Distributions on Disputed Claims; Disputed Claims Reserve.	58
5. Distribution When a Disputed Claim Becomes an Allowed Claim.	58
6. Accounts and Reserves.	58
7. Distributions after Allowance	60
K. Effect of Plan Confirmation.....	61
1. Subordination.	61
2. Release by the Debtors.	61
3. Injunction Related to Releases.....	62
4. Preservation of Causes of Action.	62
5. Exculpation.	62
6. Injunction.	63
7. Term of Injunctions or Stays.	63
8. Discharge.	64
L. Retention of Jurisdiction.....	64
1. Bankruptcy Court.....	64
2. No Limitation on Bermuda Court.	64
M. Modification and Revocation of The Plan.....	64
1. Modification of the Plan	64
2. Revocation of the Plan.	64
3. Plan Supplement.	65
VII. CERTAIN FACTORS TO BE CONSIDERED	65
A. General Considerations	65
B. Risk of Dilution of Recovery Due to Disputed Claims	65
C. Certain Bankruptcy Considerations	66
D. Unliquidated or Contingent Claims	66

TABLE OF CONTENTS

(continued)

	Page
E. Certain Tax Considerations	66
VIII. SUMMARY OF THE SCHEME.....	67
A. Bermuda Scheme of Arrangement	67
1. Background to the Commencement of the Bermuda Proceedings	67
2. What is a Scheme of Arrangement?	67
3. What is Proposed?	68
4. Which Creditors are Affected?	68
5. What Will Be the Effect of Passing the Scheme on the Plan?	68
6. Treatment of AGCL's Shareholders	69
7. Voting on the Scheme	69
8. Court Approval and Filing with the Registrar of Companies of Bermuda.....	69
IX. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN	69
A. General.....	69
B. Consequences to the Debtors	70
C. Federal Income Tax Consequences to Holders of Claims	70
1. Consequences to U.S. Holders.....	71
2. Consequences to Non-U.S. Holders	73
D. Tax Treatment of the Liquidating Trust and Beneficiaries	73
1. Classification of the Liquidating Trust	73
2. General Tax Reporting by the Liquidating Trust and Beneficiaries.....	74
3. Tax Reporting for Liquidating Trust Assets Allocable to Disputed Claims	74
E. Information Reporting and Backup Withholding	75
F. Importance of Obtaining Professional Tax Assistance.....	76
X. SOLICITATION, VOTING AND PLAN ACCEPTANCE	76
A. In General	76
B. Solicitation of Votes	76
C. Beneficial Holders and Nominees	77
1. Beneficial Holders	77

TABLE OF CONTENTS
(continued)

	Page
2. Nominees	78
D. Fiduciaries and Other Representatives	78
E. Creditors and Equity Interest Holders Entitled to Vote	79
F. Temporary Allowance of Claims.....	80
XI. PLAN CONFIRMATION	82
A. In General	82
B. The Confirmation Hearing.....	82
C. Requirements for Confirmation of the Plan.....	83
D. Best Interests Test	84
E. Plan Feasibility	85
F. Section 1129(b): Unfair Discrimination and the “Fair and Equitable” Test	86
1. No Unfair Discrimination.....	86
2. Fair and Equitable Test: “Cramdown”	86
XII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN	87
A. Alternative Plan of Reorganization	88
B. Liquidation under Chapter 7	88
XIII. CONCLUSION AND RECOMMENDATION	90

TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Name</u>
A	Plan of Reorganization
B	Scheme of Arrangement
C	Explanatory Statement

**DISCLOSURE STATEMENT WITH RESPECT TO JOINT
LIQUIDATING CHAPTER 11 PLAN OF REORGANIZATION OF ASIA GLOBAL
CROSSING LTD. AND ASIA GLOBAL CROSSING DEVELOPMENT CO.**

I. INTRODUCTION

A. Summary of Contents of Disclosure Statement

The Debtors transmit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code for use in the solicitation of votes on their Plan. A copy of the Plan is attached to this Disclosure Statement as **Exhibit A**. The purpose of this Disclosure Statement is to provide information of a kind and in sufficient detail to enable the Creditors who are entitled to vote to make an informed decision whether to accept or reject the Plan. In summary, this Disclosure Statement includes or describes the following:

Section	Summary of Contents
II	<ul style="list-style-type: none"> • Instructions concerning how to vote to accept or reject the Plan • Notices to Creditors concerning Plan voting and Plan confirmation
III	<ul style="list-style-type: none"> • Cash held by the Debtors • Estimates of Distributions under the Plan
IV	<ul style="list-style-type: none"> • Overview of Debtors' prepetition businesses and history • Prepetition legal proceedings commenced against AGCL • Reasons for Debtors' decision to commence Chapter 11 Cases
V	<ul style="list-style-type: none"> • Significant events that have occurred in the Chapter 11 Cases • Description of sale of substantially all of AGCL's assets to Asia Netcom • Summary of the Claims Bar Date and discussion of bases for Debtors' estimates of Claims
VI	<ul style="list-style-type: none"> • Summary of the provisions of the Plan
VII	<ul style="list-style-type: none"> • Certain factors Creditors should consider before voting
VIII	<ul style="list-style-type: none"> • Summary of the Bermuda Proceedings and the Scheme of Arrangement
IX	<ul style="list-style-type: none"> • Certain U.S. federal income tax consequences of the Plan
X	<ul style="list-style-type: none"> • Discussion of vote solicitation process, voting instructions for Beneficial Holders of the Senior Notes and for Nominees, and explanation of which Creditors are entitled to vote
XI	<ul style="list-style-type: none"> • The procedure and legal requirements governing confirmation of the Plan

Section	Summary of Contents
XII	<ul style="list-style-type: none"> • Conclusion and recommendation of Debtors to vote to accept the Plan

If there is any inconsistency between the Plan (including the exhibits and schedules attached thereto and any supplements to the Plan) and the descriptions in the Disclosure Statement, the terms of the Plan (and the exhibits and schedules attached thereto and any supplements to the Plan) will control. Except as otherwise provided herein, capitalized terms used herein and not otherwise defined herein have the respective meanings ascribed to them in the Plan.

For a description of the Plan as it relates to holders of Claims against the Debtors, please see Article VI (“*Summary of the Plan*”).

B. Qualification Concerning Summaries Contained in Disclosure Statement

This Disclosure Statement contains summaries of certain provisions of the Plan, certain statutory provisions, certain documents related to the Plan, certain events in the Debtors’ Chapter 11 Cases, and certain financial information. Although the Debtors believe that the summaries of the Plan and related document summaries contained herein are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents, statutory provisions or financial information. All of the exhibits to the Plan and this Disclosure Statement and other pleadings and orders relating to the Debtors’ Chapter 11 Cases are available for inspection during regular business hours (8:00 a.m. to 4:00 p.m. weekdays, except legal holidays) at the Office of the Clerk of the Court, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004.

C. Source of Information Contained in Disclosure Statement

Factual information contained in this Disclosure Statement has been provided from numerous sources, including (i) the Debtors’ books and records, (ii) publicly filed quarterly and annual reports, (iii) the Debtors’ management and (iv) pleadings filed with the Bankruptcy Court. The Debtors are unable to warrant or represent that the information contained herein, including the financial information, is without any inaccuracy or omission.

II. THE BANKRUPTCY PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice To Holders Of Claims Against AGCL and/or AGCDC

This Disclosure Statement is being transmitted to holders of certain Claims against the Debtors. The primary purpose of this Disclosure Statement is to provide those Creditors voting on the Plan with adequate information so that they can make a reasonably informed decision with respect to the Plan before voting to accept or to reject the Plan.

On June __, 2003, the Bankruptcy Court entered the Disclosure Statement Approval Order approving this Disclosure Statement, finding that it contains information of a kind and in sufficient detail to enable the holders of Claims against the Debtors that are entitled to vote to make an informed judgment about the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT CONSTITUTES NEITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN, NOR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

IF CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS, WHETHER OR NOT THEY ARE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PLAN. THUS, YOU ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT CAREFULLY. IN PARTICULAR, HOLDERS OF IMPAIRED CLAIMS WHO ARE ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS TO THE PLAN CAREFULLY AND IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR TO REJECT THE PLAN.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING OR CONTAINS OR MAY CONTAIN ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur after the date hereof and that may have a material impact on the information contained in this Disclosure Statement. Further, the Debtors do not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement shall not under any circumstance imply that the information herein is correct or complete as of any time after the date hereof.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made until transmission of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtors other than the information contained herein.

B. Solicitation Package

In addition to approving this Disclosure Statement, the Disclosure Statement Approval Order prescribed certain voting procedures, scheduled a hearing (the "**Confirmation Hearing**") at which the Bankruptcy Court will consider confirmation of the Plan and approved the form of the notice of the Confirmation Hearing (the "**Confirmation Hearing Notice**"). Accompanying this Disclosure Statement are copies of (i) the Plan (**Exhibit A**); (ii) the Scheme of Arrangement to be filed with the Bermuda Court (**Exhibit B**); (iii) the explanatory statement (the

“**Explanatory Statement**”) to the Scheme of Arrangement (**Exhibit C**); (iv) the Confirmation Hearing Notice, which provides notice of, among other things, the time for submitting Ballots to accept or reject the Plan, the date, time and place of the hearing to consider confirmation of the Plan and related matters, and the time for filing objections to confirmation of the Plan; and (v) for Creditors whose Claims are classified in an Impaired Class and who are entitled to vote on the Plan, one or more Ballots (and return envelopes) to be used in voting to accept or to reject the Plan. If you did not receive a Ballot in your package and believe that you should have, please contact the voting agent identified below in the next subsection.

C. Voting Procedures, Ballots And Voting Deadline

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. The same Ballot is to be used for voting on the Scheme of Arrangement. After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your Ballot, please (i) indicate your acceptance or rejection of the Plan and the Scheme by checking the appropriate box on the enclosed Ballot and (ii) complete and sign your **original** Ballot (copies will not be accepted) and return it in the envelope provided so that it is **RECEIVED** by the Voting Deadline (as defined below). Please note that, if you are in AGCL Class 3 and hold Senior Notes evidencing your Claim through a broker, trust company or other financial intermediary (*i.e.*, a “**Nominee**,” as defined in the Plan), you must return your Ballot to such Nominee sufficiently in advance of the Voting Deadline to permit such Nominee to fill out and return a Master Ballot by the Voting Deadline.

Each Ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan and the Scheme of Arrangement, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement. If you believe you received the wrong Ballot, please contact the voting agent named below in the next subsection.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ACCOMPANYING THE BALLOT AND RECEIVED NO LATER THAN July 21, 2003 AT 4:00 P.M. PREVAILING EASTERN TIME (THE “VOTING DEADLINE”) BY ALIXPARTNERS LLC (THE “VOTING AGENT”) at the following address:

AlixPartners LLC
2100 McKinney Avenue
Suite 800
Dallas, Texas 75201

provided, however, that, pursuant to the terms of the Plan and the Disclosure Statement Approval Order, Beneficial Holders of the Senior Notes who receive a Ballot from a Nominee must return the Ballot to such Nominee and must do so in sufficient time for the Nominee to process the Ballot and return a Master Ballot to the Voting Agent before the Voting Deadline. Any Ballot

that is executed and returned but which does not indicate an acceptance or rejection of the Plan will not be counted.

DO NOT RETURN ANY DEBT INSTRUMENTS WITH YOUR BALLOT.

If you have any questions about the procedure for voting your Claim or with respect to the packet of materials that you have received, please contact the Voting Agent at the following address and phone number:

AlixPartners LLC
2100 McKinney Avenue
Suite 800
Dallas, Texas 75201
Attn: Latonya Callaway
Tel: (214) 647-7650

If you wish to obtain, at your own expense (unless otherwise specifically required by Bankruptcy Rule 3017(d)), an additional copy of the Plan, this Disclosure Statement, or any exhibits to such documents, please contact the Voting Agent.

D. Confirmation Hearing And Deadline For Objections To Confirmation

The Bankruptcy Court has scheduled the Confirmation Hearing for July __, 2003 at _____ (prevailing Eastern Time), or as soon thereafter as counsel may be heard, before the Honorable Stuart M. Bernstein, Chief United States Bankruptcy Judge, in the United States Bankruptcy Court, Room 723, One Bowling Green, New York, New York 10004-1408. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan must be filed with the clerk of the Bankruptcy Court, with a copy to the Chambers of Chief Judge Bernstein, and served so that they are *RECEIVED* on or before July __, 2003 at ____ p.m. (prevailing Eastern Time) by:

Counsel for the Debtors

Kasowitz, Benson, Torres
& Friedman LLP
1633 Broadway
New York, New York 10019
(212) 506-1800 (facsimile)
Attn: Richard F. Casher

United States Trustee

The Office of the United States Trustee
for the Southern District of New York
33 Whitehall Street
21st Floor
New York, New York 10004
(212) 668-2255 (facsimile)
Attn: Lauren Landsbaum

Counsel for the Committee

Bingham McCutchen LLP
One State Street
Hartford, Connecticut 06103

Counsel for the JPLs

Allen & Overy
1221 Avenue of the Americas
New York, New York 10020

(860) 240-2800 (facsimile)
Attn: Evan D. Flaschen

(212) 610-6399 (facsimile)
Attn: Ken Coleman

The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

III. OVERVIEW OF THE PLAN

A. Cash Held by AGCL and AGCDC

On January 28, 2003, the Bankruptcy Court approved the sale of substantially all of AGCL's assets to Asia Netcom. On March 10, 2003, the Asia Netcom Transaction was consummated. Pursuant to the Sale Agreement between AGCL and Asia Netcom, upon consummation of the Sale, AGCL retained Cash in the amount of \$89.8 million for the distribution to Creditors of AGCL's Estate. AGCL has continued to use that retained Cash to fund its ongoing expenses in chapter 11, including Professional Fees. As of April 30, 2003 AGCL's Estate held Cash in the approximate amount of \$87,425,000, and AGCDC's Estate held Cash in the approximate amount of \$725,793.91.

B. Liquidation of Assets

The remainder of AGCL's assets that were not transferred to Asia Netcom in connection with the Asia Netcom Transaction, including the Causes of Action, will be liquidated, sold or otherwise realized upon following the Effective Date for the benefit of AGCL's Creditors. The Debtors do not believe that AGCDC's Estate has assets other than Cash that it holds.

C. Summary of Claims and Distributions

Under the Plan, Claims against and Equity Interests in each of the Debtors are divided into Classes. Certain unclassified Claims, including Administrative Claims and Priority Tax Claims will be paid in full in Cash to the extent such Claims are Allowed Claims. All other Claims and Equity Interests will be divided into Classes and will receive the Distributions and recoveries (if any) described in the table below.

The following table briefly summarizes the classification and treatment of Claims and Equity Interests under the Plan. With respect to AGCL Class 3 and AGCDC Class 3, the amount shown in the following table as "Estimated Recovery" is the quotient of the estimate of the Cash to be distributed to all holders of Allowed Claims in the applicable Class, if any, divided by the estimated aggregate amount of Allowed Claims in such Class, exclusive of any accrual of postpetition interest.

The estimated recovery to the holders of Allowed AGCL Class 3 General Unsecured Claims is based on the following assumptions:

- The aggregate amount of (i) accrued and unpaid Allowed Administrative Claims and (ii) Allowed Administrative Claims anticipated to be incurred hereafter through the Effective Date, is estimated to be approximately \$7,500,000.⁶
- The aggregate amount of unpaid Allowed Priority Tax Claims is estimated to be approximately \$ 0.00.
- The aggregate amount of unpaid Allowed Other Priority Claims is estimated to be approximately \$ 0.00.
- The Allowed amount of the Milligan-Whyte Secured Claim under the plan is \$51,928.92.
- The aggregate amount of Allowed AGCL Class 3 General Unsecured Claims, based upon the Debtors' review of proofs of claim filed with the Bankruptcy Court and General Unsecured Claims listed in AGCL's Schedules, is estimated to be approximately \$541,000,000.⁷ The PCL Claims are the subject of contested proceedings pending in the Bankruptcy Court and are not included in the claim pool for purposes of the estimate of Allowed AGCL Class 3 General Unsecured Claims.
- The Cash available for distribution to AGCL's Creditors is estimated to be approximately \$86,700,000, without taking into account any Cash that may be realized through successful prosecution of AGCL's Causes of Action.

The estimated recovery to the holders of Allowed AGCDC Class 3 General Unsecured Claims is based on the following assumptions:

- The aggregate amount of unpaid Allowed Administrative Claims is estimated to be approximately \$0.00.
- The aggregate amount of unpaid Allowed Priority Tax Claims is estimated to be approximately \$0.00.
- The aggregate amount of unpaid Allowed Other Priority Claims is estimated to be approximately \$0.00.
- The aggregate amount of Allowed AGCDC Class 3 General Unsecured Claims, based upon the Debtors' review of proofs of claim filed and General Unsecured Claims listed in AGCDC's Schedules, is estimated to be approximately \$382,000.⁸ The Legere Claims likely will be the subject of contested proceedings

⁶ The approximate amount set forth for unpaid Allowed Administrative Claims (consisting entirely of Professional Fees) represents a gross estimate that is not informed by information received from all of the Professionals retained in the Chapter 11 Cases.

⁷ See Note 2 herein.

⁸ See Note 3 herein.

in the Bankruptcy Court and are not included in the claim pool for purposes of the estimate of Allowed AGCDC Class 3 General Unsecured Claims.

- The Cash available for distribution to AGCDC’s Creditors is estimated to be approximately \$500,000.

The estimated recoveries for AGCL Class 3 General Unsecured Claims and AGCDC Class 3 General Unsecured Claims assume that the Effective Date will occur on or about August 1, 2003. In addition, the claims of entities that filed proofs of claim alleging contingent or unliquidated claims are not included in the claims pool for purposes of the following estimation of recovery for AGCL Class 3 and AGCDC Class 3, respectively. *See* Section VII.D (“*Unliquidated or Contingent Claims*”).

ALTHOUGH THE DEBTORS BELIEVE THAT THE ESTIMATED RECOVERIES ARE REASONABLE, THERE IS NO ASSURANCE THAT THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN EACH CLASS WILL NOT MATERIALLY EXCEED THE ESTIMATED AGGREGATE AMOUNTS SHOWN HEREIN. The actual recoveries under the Plan by the Debtors’ Creditors will be dependent upon a variety of factors including, but not limited to, whether, and in what amount, contingent Claims against the Debtors become non-contingent and fixed and whether, and to what extent Disputed Claims are resolved in favor of the Debtors rather than the Claimants. Accordingly, no representation can be or is being made with respect to whether each Estimated Recovery shown in the table below will be realized by the holder of an Allowed Claim in any particular Class.

Class	Description	Treatment	Entitled to Vote	Estimated Recovery (%)
AGCL 1	Other Priority Claims	Payment in full, in cash, of the allowed amount of such claim (or as otherwise agreed).	No	100%
AGCL 2	Milligan-Whyte Secured Claim	Payment in full, in cash, of the allowed amount of such claim, without interest	Yes	100%
AGCL 3	General Unsecured Claims	Pro rata payments of Available Cash commencing on the Distribution Date and, thereafter, on each Quarterly Distribution Date.	Yes	14.6%
AGCL 4	Intercompany Claims	No distribution.	No	None
AGCL 5	Section 510(b) Claims	No distribution.	No	None

Class	Description	Treatment	Entitled to Vote	Estimated Recovery (%)
AGCL 6	Equity Interests	No distribution.	No	None
AGCDC 1	Other Priority Claims	Payment in full, in cash, of the allowed amount of such claim (or as otherwise agreed).	No	100%
AGCDC 2	Legere Secured Claim	Realization of the indubitable equivalent of the allowed amount, if any, of such claim.	Yes (to the extent such claim is temporarily allowed for voting purposes)	100%
AGCDC 3	General Unsecured	Pro rata payments of Available Cash commencing on the Distribution Date and, thereafter, on each Quarterly Distribution Date.	Yes	100% ⁹
AGCDC 4	Intercompany Claims ¹⁰	No distribution.	No	None
AGCDC 5	Equity Interests	No distribution.	No	None

⁹ See Note 4 herein.

¹⁰ See Note 5 herein.

IV. HISTORY OF THE DEBTORS AND COMMENCEMENT OF THE CASES

A. Overview of Prepetition Operations

1. *History*

AGCL was incorporated in Bermuda on September 24, 1999 as a wholly owned subsidiary of AGC Holdings Ltd. (“**AGC Holdings**”), a wholly owned subsidiary of Global Crossing Ltd. (“**Global Crossing**”). On November 24, 1999, AGC Holdings became a joint venture owned by Global Crossing, Softbank Corp. (“**Softbank**”) and Microsoft Corporation (“**Microsoft**”). Upon the formation of the joint venture, Global Crossing contributed to AGC Holdings (1) GCT Pacific Holdings Ltd. (“**GCT Pacific**”), the wholly owned subsidiary through which Global Crossing held its interest in Pacific Crossing-1 (“**PC-1**”) (the subsea telecommunications cable connecting Japan and the United States), and (2) its development rights with respect to East Asia Crossing (“**EAC**”) (the subsea telecommunications cable which connects Japan, Hong Kong, Taiwan, Singapore, the Philippines and South Korea). AGCDC, a wholly owned subsidiary of AGCL, was incorporated in Delaware on October 12, 2001. AGCDC employs AGCL’s U.S.-based employees and was the U.S. operating company that contracted with third-parties for various necessary professional and business services.

On October 12, 2000, AGCL completed its initial public offering (“**IPO**”) in which it sold 68.5 million shares of its Class A common stock at a price to the public of \$7.00 per share. Upon completion of the IPO, Global Crossing, Softbank and Microsoft owned 56.9%, 15.4% and 15.4% of AGCL, respectively.

Concurrent with the IPO, Global Crossing, Softbank and Microsoft contributed to AGCL their aggregate 50% equity interest in Hutchison Global Crossing Holdings Limited and subsidiaries (collectively, “**HGC**”). HGC and its affiliates’ telecommunications offerings included international services, local fixed network services, and multimedia services in Hong Kong. Also, Global Crossing contributed its 49% interest in Global Access Limited (“**GAL**”) to AGCL. GAL constructs and operates a terrestrial fiber optic cable system connecting Tokyo, Osaka and Nagoya with PC-1, providing communication network services. AGCL sold its interests in HGC and GAL during 2002.

2. *Overview of Business Operations*

AGCL was a pan-Asian telecommunications carrier that, in concert with its subsidiaries and affiliates (collectively, “**Asia Global Crossing**”), provided bandwidth and value-added data services to enterprise and carrier customers. Asia Global Crossing built an end-to-end network across Asia that was substantially completed and includes subsea cables, terrestrial connection to Asia Global Crossing’s landing sites (commonly known as backhaul) and space, security and environmental controls for equipment owned by various carriers (commonly known as “**telehouses**”).

Asia Global Crossing's network connected Japan, Hong Kong, Taiwan, South Korea, the Philippines and Singapore to each other. Asia Global Crossing had also established commercial arrangements which allowed Asia Global Crossing to provide its customers with the full suite of bandwidth and value added data services to China, Australia and New Zealand.

Asia Global Crossing provided its customers worldwide services through Global Crossing's network and over PC-1. By virtue of the Asia Netcom Transaction, Asia Netcom has acquired substantially all of Asia Global Crossing's operating assets (excluding PCL (as defined herein)).

3. *Prepetition Indebtedness*

Concurrent with the closing of the IPO, AGCL issued the Senior Notes. The Senior Notes were issued in the original aggregate principal amount of \$408 million, mature on October 15, 2010 and bear interest at the rate of 13.375% per annum. Prior to the Petition Date, interest on the Senior Notes was payable on April 15 and October 15 of each year, beginning April 15, 2001. The Bank of New York, as successor to the United States Trust Company of New York, is the indenture trustee (the "**Indenture Trustee**") under the Senior Note Indenture governing issuance of the Senior Notes

4. *Global Crossing*

Global Crossing is a public company organized under the laws of Bermuda. Global Crossing built an extensive, controlled fiber-optic network spanning over 100,000 route miles (the "**Global Crossing Network**"). Global Crossing currently owns 58.8% of the Equity Interests in AGCL. On January 28, 2002, Global Crossing and fifty-four of its subsidiaries filed chapter 11 petitions in the Bankruptcy Court. Additional subsidiaries of Global Crossing filed chapter 11 petitions April 2002 and August 2002 (Global Crossing, together with its debtor subsidiaries, collectively the "**GX Debtors**"). Global Crossing and Global Crossing Holdings Ltd., as debtors and debtors-in-possession, the Joint Provisional Liquidators of Global Crossing and Global Crossing Holdings Ltd., Singapore Technologies Telemedia Pte. Ltd. ("**SingTel**"), and Hutchison Telecommunications Limited ("**Hutchison**"), entered into a purchase agreement dated as of August 9, 2002, which generally provides for the acquisition of the equity of the GX Debtors by SingTel and Hutchison (the "**GX Sale**"). The GX Debtors first filed their *Disclosure Statement for the GX Debtors' Joint Plan of Reorganization* and a *Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code* (the "**GX Plan**") on September 16, 2002. On December 26, 2002, the Court in the GX Debtors' cases entered an order confirming the GX Plan. As of the date hereof, the GX Sale has not been consummated.

On March 28, 2003, the Bankruptcy Court approved a comprehensive settlement (the "**AX-GX Settlement**") between AGCL and Global Crossing that provided for, among other things, the exchange of mutual, reciprocal releases by AGCL (and its subsidiaries, excluding PCL) and Global Crossing (and its subsidiaries, excluding AGCL and its subsidiaries). The AX-GX Settlement is discussed in Section V.E. ("*Creditor-Related Activities*").

5. *Pacific Crossing Ltd.*

On July 19, 2002, Pacific Crossing Ltd., a majority-owned subsidiary of AGCL, which owns and operates PC-1, and its subsidiaries and an affiliate (collectively, “**PCL**”) filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “**Delaware Bankruptcy Court**”). Pacific Crossing Ltd. and certain of its subsidiaries owe approximately \$703.2 million to a consortium of banks (the “**PCL Lenders**”) under a bank credit facility. This bank credit facility is not guaranteed by, and is non-recourse to, the Debtors. PCL’s bankruptcy proceedings are being administered separately from and are not consolidated with the Debtors’ Chapter 11 Cases. PCL has engaged separate financial advisors to pursue a sale of PC-1 and related assets. PCL has announced that no recovery is expected for its shareholders. As a result, effective July 19, 2002, AGCL deconsolidated the financial position and results of operations of PCL and its subsidiaries and began reporting the net assets of PCL as an investment using the cost method. On or about November 12, 2002, the Delaware Bankruptcy Court authorized PCL to engage CXO, L.L.C. to manage PCL.

Each of Pacific Crossing Ltd. and the PCL Lenders filed proofs of claim (as previously defined herein, collectively, the “**PCL Claims**”) against AGCL’s estate (the PCL Lenders filed a proof of claim against AGCDC’s estate that is identical to the proof of claim that it filed against AGCL’s estate). On March 14, 2003, AGCL filed an objection to PCL’s proof of claim and the PCL Lenders’ proof of claim; on the same day, AGCDC filed an objection to the PCL Lenders’ proof of claim filed against AGCDC. The PCL Claims are discussed in Section IV.B.2 (“*Postpetition Proceedings*”).

6. *Service Offerings*

Asia Global Crossing provided bandwidth and internet-based services to enterprise and telecommunications companies. Its core service offerings were targeted to four primary customer segments: (i) medium enterprises, (ii) large enterprises, (iii) tier 2 carriers and (iv) tier 1 carriers.

Asia Global Crossing targeted enterprise and carrier customers with bandwidth-intensive applications and demand for global city-to-city solutions. Directly and through its joint ventures and other commercial arrangements, Asia Global Crossing offered a host of services at varying bandwidth sizes, from 64 Kbps to 1.544 Mbps, a unit known as a T-1, to 9.953 Gbps, a unit known as STM-64.

7. *Network and Operations*

Prior to the consummation of the Sale, Asia Global Crossing had designed and substantially constructed a Pan-Asian network with significant geographic coverage through a combination of subsea cables and terrestrial networks with connections to its telehouses. With built-in redundancy, the network provided a common backbone infrastructure for service

platforms across layers 1, 2 and 3. Asia Global Crossing offered its customers worldwide connectivity through PC-1 and the Global crossing Network.

East Asia

East Asia Crossing (“**EAC**”) is an approximately 17,900 kilometer undersea telecommunications cable in East Asia that was wholly-owned by indirect subsidiaries of AGCL. By the Petition Date, construction on EAC was substantially complete, with cable landing stations in Hong Kong, Taiwan, South Korea, Japan and Singapore fully built and commissioned. From each landing site, a backhaul network (either wholly owned by Asia Global Crossing or established through one of Asia Global Crossing’s joint ventures or commercial relationships) extended connectivity to telehouses in Hong Kong, Taipei, Taiwan, Seoul, South Korea, Japan and Singapore. Asia Global Crossing also established telehouses in Australia and New Zealand. Asia Global Crossing designed and constructed EAC so that it could be rapidly extended to a landing station in mainland China, if and when regulations permit.

Regional Centers

Asia Global Crossing had two main regional offices, one in Tokyo focusing on the Japanese market and the other in Hong Kong, focusing on the other Asian markets.

Japan. Asia Global Crossing formed its regional office in Tokyo to market capacity on PC-1 and other Global Crossing systems to multinational corporations. Asia Global Crossing marketed and sold value-added services, such as Internet Protocol transit, international private line, voice-over Internet Protocol and telehousing services on PC-1 and the Global Crossing Network.

Asia Pacific. Asia Global Crossing had established its Asia Pacific regional office, based in Hong Kong, to market capacity on EAC and to coordinate business development activities in Asia. Asia Global Crossing had established a sales and marketing office in South Korea and was in the process of establishing sales and marketing offices in Taiwan, Singapore and the Philippines.

Operations Centers

Asia Global Crossing’s systems were monitored 24 hours a day, seven days a week by its Asia Service Centre, which provided customers with maintenance and inquiry support, its Asia Network Operations Centre (“**ANOC**”), which monitored Asia Global Crossing’s physical system and data traffic and controls and coordinated all activities in Asia Global Crossing’s telehouses and cable landing stations located in Singapore and Asia Global Crossing’s telehouses and regional operating centers in Japan and Hong Kong. In addition, Asia Global Crossing had a Network Operations Center (“**NOC**”) in Sydney, Australia, that was part of a closed network of NOCs in North America and the United Kingdom that performed fault management for certain services and extended network operations in Southeast Asia, Australia and New Zealand. Prior to June 2002, Asia Global Crossing’s Pan-Asian systems were monitored, in part, by Global Crossing’s global networks operations center, which thereafter was replaced by Asia Global Crossing’s Asia Service Centre and ANOC. Network monitoring and management capabilities

were extended to the global network operations center in order to assure a global quality standard for both network performance and services management.

8. *Employees*

As of the Petition Date, the Debtors employed twenty-four (24) employees in facilities located in Hong Kong and Los Angeles, California. Together with their consolidated subsidiaries and affiliates of such subsidiaries, as of October 31, 2002, Asia Global Crossing employed 425 employees, including 130 in Hong Kong, 69 in Japan, 78 in Singapore, 53 in Australia, 21 in the United States, 32 in Taiwan, 18 in Korea, and 24 in other locations. The Debtors currently employ eleven (11) employees in Los Angeles, California.

B. Legal Proceedings

1. *Prepetition Proceedings*

Exclusive of proceedings pending in the Bankruptcy Court or the Delaware Bankruptcy Court, AGCL is a defendant in four (4) pending law suits, all of which were commenced prior to the Petition Date. Those lawsuits are identified below:

Caption of Suit and Case Number	Nature of Proceeding	Court Where Proceeding is Pending	Status or Disposition
<i>Martin Aircraft Tool Company and Frank Negri v. Pacific Capital Group, Inc. et al.</i> ; Civil No. 02-02470	Class action suit alleging violation of federal securities law.	U. S. District Court, Central District of California	Pending
<i>David W. Tucker etc. v. Pacific Capital Group, Inc., et al.</i> , Civil No. 02-7910	Class action suit alleging violation of federal securities law	U. S. District Court, Central District of California	Pending
<i>Jon L. Petit v. Gary Winnick et al.</i> , Civil No. 02-7801	Class action suit alleging violation of federal securities law	U. S. District Court, Central District of California	Pending
<i>Michael A. Bernstein Profit Sharing Plan v. Gary Winnick et al.</i> , Civil No. 02-8630	Class action suit alleging violation of federal securities law	U. S. District Court, Central District of California	Pending

In the event that a judgment for money damages against AGCL is entered in any of the foregoing lawsuits, such judgment would constitute a Class 5 Section 510(b) Claim that, in accordance with the provisions of the Plan and section 510(b) of the Bankruptcy Code, is subordinated to AGCL Class 3 General Unsecured Claims.

2. *Postpetition Proceedings*

Subsequent to the Petition Date, PCL and the PCL Lenders commenced various proceedings against AGCL in the Bankruptcy Court and in the Delaware Bankruptcy Court. Those proceedings, and certain other litigation commenced in the Bankruptcy Court, are described in Section V.G (“*Postpetition Litigation*”). In addition, the following proceeding was commenced after the Petition Date:

Caption of Suit and Case Number	Nature of Proceeding	Court Where Proceeding is Pending	Status or Disposition
<i>Jakoub Kalimi, etc. v. Pacific Capital Corp., Inc. et al.</i> , Civil No. 02-8914	Class action suit alleging violation of federal securities law	U. S. District Court, Central District of California	Pending

C. **Prepetition Restructuring Activities**

1. *Ad Hoc Committee of Holders of the Senior Notes*

Prior to the Petition Date, an *ad hoc* committee of holders of the Senior Notes (the “**Ad Hoc Committee**”) was formed to negotiate a restructuring of the Senior Notes. The Ad Hoc Committee represented holders owning approximately \$145.2 million, or approximately 36%, of the outstanding principal amount of the Senior Notes. Considerations affecting AGCL’s liquidity and an imploding market for fiber-optic telecommunications capacity operated to bring AGCL and the Ad Hoc Committee together to commence discussions concerning the restructuring of the Senior Notes. The Ad Hoc Committee had significant input in AGCL’s prepetition restructuring activities, including, but not limited to, significant contact with AGCL’s professionals and input in the Restructuring Process (defined herein) undertaken by AGCL and its investment bankers and other professionals.

The Ad Hoc Committee was represented by Bingham McCutchen LLP (legal counsel) and Houlihan Lokey Howard & Zukin Capital (financial advisors). Upon the appointment of the Committee by the United States Trustee, the Ad Hoc Committee disbanded. Three (3) members of the Ad Hoc Committee are members of the Committee.

2. *Marketing AGCL’s Assets*

As more fully set forth in Section V.F (“*Sale of Substantially All of AGCL’s Assets*”), in February 2002, AGCL engaged Lazard Frères & Co. LLC (“**Lazard**”) as its investment banker to, among other things, assist AGCL in connection with the restructuring of the Senior Notes and the potential sale of all or substantially all of AGCL’s assets, the sale of a controlling interest in the equity of AGCL, the merger or consolidation of AGCL with another entity and other similar

potential transactions. Lazard contacted potential investors worldwide, assisted AGCL during the investor due diligence process and analyzed and advised AGCL's management and board of directors concerning the investment proposals submitted by various potential investors. The Asia Netcom Transaction is the product of the Restructuring Process (defined herein).

D. Events Leading to Chapter 11 Filings

The filing of the Chapter 11 Cases was precipitated, in part, by the dramatic recessionary change in the national and global economy and an even more dramatic shift in the environment for telecommunications companies, highlighted by the recent, well-publicized business failures, restructurings or chapter 11 filings of numerous telecommunications companies, including Global Crossing, FLAG Telecom Holdings Limited, Covad Communications Group, Inc., NorthPoint Communications Group Inc., 360networks Corp., Williams Communications Group Inc., WorldCom Inc., Metromedia Fiber Network Inc., XO Communications Inc., Winstar Communications Inc., KPNQwest NV, Versatel Telcom International NV, Exodus Communications, Inc. and Energis. Overcapacity for bandwidth in some regions and lower than anticipated demand have led to a dramatic decline in bandwidth prices that has imposed severe financial challenges on the telecommunications industry in general. Such overcapacity, price declines and the bankruptcy filings of numerous telecommunications companies have combined to render the capital markets inaccessible to the Debtors as a possible source of additional liquidity.

Industry-wide overcapacity and lagging demand have contributed to a dramatic slowdown in the sale of "indefeasible rights of use" ("**IRUs**")¹¹, which, historically, had been the Debtors' most significant source of cash proceeds from sales. Telecommunications bankruptcies have contributed in no small measure to the slowdown, as customers have been reluctant to make long-term IRU commitments until the identity of the surviving telecommunications companies becomes more apparent. As an indication of the severity of the slowdown in the IRU market, Asia Global Crossing's IRU cash sales were approximately \$399 million during calendar 2000, \$363 million during calendar 2001 and \$17.5 during calendar year 2002.¹²

Asia Global Crossing's liquidity constraints were exacerbated further when, as the capital markets were becoming closed to the Company, Global Crossing, through its subsidiary Global Crossing Holdings Ltd. ("**GC Holdings**"), refused to honor its obligations under two subordinated standby credit facilities (collectively, the "**GX Credit Facility**") that it had made

¹¹ An IRU typically is an agreement between a telecommunications carrier (the "**Carrier**") and a third party user (the "**User**") that grants to the User the unconditional right to use a specified quantity of capacity on a fiber-optic cable owned by the Carrier for the User's own network use for a specified term (typically for the expected economic life of the applicable fiber-optic cable).

¹² On October 15, 2002, Asia Global Crossing announced that, following discussions with the United States Securities and Exchange Commission, the Company will not include amounts from reciprocal transactions in its 2002 financial statements. The sales figures for 2000 and 2001 do not include amounts from reciprocal transactions.

available to AGCL in connection with AGCL's issuance of the Senior Notes. Under the GX Credit Facility, Global Crossing agreed to lend AGCL up to \$400 million on a subordinated basis. Under its terms, the GX Credit Facility permitted AGCL to use the proceeds of the facilities for general corporate purposes, including to pay capital expenditures, operating expenses, interest on the GX Credit Facility and other indebtedness. In December 2001, in accordance with the recommendation of a special committee of AGCL's independent directors, AGCL issued a request to Global Crossing for funding under the GX Credit Facility. Global Crossing did not comply with the request. On or about September 30, 2002, AGCL filed a proof claim in the amount of not less than \$800 million against GC Holdings on account of Global Crossing's failure to fulfill its obligations under the GX Credit Facility. As more fully discussed in Section V.E ("*Creditor-Related Activities*"), pursuant to the AX-GX Settlement, that claim, and all other proofs of claim filed by AGCL and its subsidiaries against Global Crossing and its subsidiaries, were settled and released.

V. THE CHAPTER 11 CASES

A. Continuation of Business; Stay of Litigation and Enforcement of Creditors' Rights

The Debtors filed their petitions for relief under Chapter 11 of the Bankruptcy Code on November 17, 2002. Since the Petition Date, the Debtors have continued to operate as debtors-in-possession subject to the supervision of the Bankruptcy Court. Although the Debtors are authorized to operate in the ordinary course of business, transactions out of the ordinary course of business have required Bankruptcy Court approval.

An immediate effect of the Debtors' chapter 11 filings was the imposition of the automatic stay under the Bankruptcy Code, which, with limited exceptions, enjoined the commencement or continuation of all collection efforts by Creditors, the enforcement of liens against property of the Debtors and the continuation of litigation against the Debtors. This relief provided the Debtors with the "breathing room" necessary to assess and to commence an orderly liquidation of its business. The automatic stay of an act against property of the Debtors' Estates remains in effect, unless modified by the Bankruptcy Court, until such property no longer is property of the relevant Estate; the stay of all other acts encompassed by the automatic stay continues until the earlier of the time the Chapter 11 Cases are closed or the time the Chapter 11 Cases are dismissed.

B. Parties In Interest and Advisors

Described below are the parties in interest and advisors to such parties in interest that have played significant roles in the Chapter 11 Cases to date.

1. The Court

The Chapter 11 Cases were filed in the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1004. The Honorable Stuart M. Bernstein, Chief United States Bankruptcy Judge, is presiding over the Chapter 11 Cases.

2. *Advisors to the Debtor*

The Debtors retained Kasowitz, Benson, Torres & Friedman LLP to act as bankruptcy counsel for the Chapter 11 Cases. In addition, the Debtors have retained Gibson, Dunn & Crutcher LLP as general corporate and tax counsel, Milligan-Whyte & Smith as special Bermuda counsel, and Friedman Kaplan Seiler & Adelman LLP as special corporate counsel. The Debtors also have retained Lazard as financial advisors and investment bankers and Pricewaterhouse-Coopers LLP as their accountants and auditors. The Debtors have consulted with their advisors on various aspects of their businesses, financial restructuring and operations as debtors-in-possession in the Chapter 11 Cases.

3. *The Committee and its Advisors*

On November 25, 2002, the United States Trustee for the Southern District of New York (the “**United States Trustee**”), pursuant to its authority under section 1102 of the Bankruptcy Code, appointed the members of the Committee for the Chapter 11 Cases.

Since that appointment, the Debtors have consulted with the Committee on all matters material to the administration of the Chapter 11 Cases. The Debtors also have discussed their business operations with the Committee and its financial advisors and have sought concurrence of the Committee for actions and transactions outside of the ordinary course of business. The Committee has participated actively in reviewing the Debtors’ business operations and the Asia Netcom Transaction and has had significant input into the provisions of the Plan filed herewith.

The Committee originally consisted of five members. The original members of the Committee are identified below:

KDDI Submarine Cable Systems Inc.
Shinjuku Park Tower Bldg., 33rd Floor
7-1 Nishi-Shinjuku 3-Chome, Shinjuku-ku
Tokyo 163-1033 Japan
Attn: Masanori Egi

Clearwater Capital Partners Fund LLP
c/o Robert Petty
535 Madison Avenue, 7th Floor
New York, New York 10022

Värde Partners, Inc.
3600 West 80th Street, Suite 425
Bloomington, MN 55431
Attn: George G. Hicks, Managing Director

Ashmore Asset Holder PCC No. 2 Limited
20 Bedfordbury
London WC2N 4BL
Attn: Tim Davis

NEC Corporation
7-1 Shiba 5-Chome
Minato-ku
Tokyo 108-8001 Japan
Attn: Hitoshi Mityachi

After the Bankruptcy Court approved the Asia Netcom Transaction, KDDI Submarine Cable Systems Inc. (“**KDDI**”) and NEC Corporation (“**NEC**”) resigned from the Committee. As part of the Asia Netcom Transaction, both KDDI and NEC fully and finally released and discharged their respective Claims against AGCL, and, therefore, were no longer Creditors of AGCL. Following the resignation of KDDI and NEC from the Committee, the United States Trustee appointed 360networks Corporation and the Indenture Trustee to the Committee. The Committee’s legal counsel is Bingham McCutchen LLP, and its financial advisors are Houlihan Lokey Howard & Zukin Capital (collectively, the “**Committee Professionals**”). The Committee Professionals represented the Ad Hoc Committee prior to the Petition Date. The Bankruptcy Court approved the Committee’s retention of the Committee Professionals for purposes of the Chapter 11 Cases.

4. *Asia Netcom*

Asia Netcom is an investment vehicle incorporated in Bermuda. It was formed and is 100% owned by a consortium consisting of China Netcom International Limited (which is wholly-owned by China Netcom Corporation (Hong Kong) Limited (“**CNC**”)), Newbridge Capital LLC (“**Newbridge**”) and SB Asia Infrastructure Fund L.P (“**Softbank Fund**”, and together with CNC and Newbridge, the “**Consortium**”). Asia Netcom was established for the specific purpose of entering into the Sale Agreement and consummating the Asia Netcom Transaction.

CNC is a leading telecommunications service provider in China. CNC is a member of the China Netcom Group. CNC is one of two incumbent wireline operators in China, and is one of the three operators in China licensed to operate international infrastructure. CNC offers a broad range of telecommunications products and services, including domestic and international fixed-line telecom network and infrastructure, as well as local wireless loops, voice, data, image, and multimedia communications based on such telecom networks.

Newbridge is an investment firm dedicated to making direct investments in Asia. Established in 1994 by the Texas Pacific Group and Blum Capital Partners of the United States, Newbridge manages more than US\$1.7 billion of capital and operates out of offices in Hong Kong, San Francisco, Mumbai, Seoul, Singapore, and Tokyo.

Softbank Fund is a US\$1.05 billion private equity fund investing in broadband and wireless telecommunications and network infrastructure, media and technology product and service companies in the Asia-Pacific region and the United States. Softbank Fund was founded in February 2001; Cisco Systems, the founding limited partner of the fund, is one of the leading names worldwide in network infrastructure.

C. First Day Orders

On November 18, 2002, the day after the commencement of the Chapter 11 Cases, the Bankruptcy Court entered a number of “first day” orders granting the Debtors various forms of

relief. In particular, the Bankruptcy Court approved certain orders designed to stabilize, and minimize any disruption to, the Debtors' business operations, including:

- authorizing the joint administration of the Chapter 11 Cases;
- authorizing the employment and compensation of professionals utilized by the Debtors in the ordinary course of business;
- authorizing the interim retention of the Debtors bankruptcy-related Professionals, including Kasowitz, Benson, Torres & Friedman LLP, Milligan-Whyte & Smith, Gibson, Dunn & Crutcher LLP, Lazard Frères & Co. LLC and PricewaterhouseCoopers LLP;
- authorizing the continued maintenance of the Debtors' bank accounts and continued use of existing business forms;
- authorizing the continuation of the Debtors' existing centralized cash management system;
- authorizing the Debtors to continue payment of pre-petition employee obligations (including payroll, benefits, employment-related taxes, and reimbursement obligations for employees and, in limited instance, directors);
- authorizing the continuance of workers compensation programs and insurance policies and the payment of all obligations in respect thereof; and
- establishing procedures for providing utilities with adequate assurance of future performance.

D. The Bermuda Proceedings and the JPLs

On November 18, 2002, in aid of its chapter 11 case, AGCL, a Bermuda corporation, commenced coordinated "winding up" proceedings (the "**Bermuda Proceedings**") under the Companies Act of 1981 in the Bermuda Court. On November 20, 2002, the Bermuda Court issued an order appointing Mark Smith and Jamie Smith of Deloitte & Touche as Joint Provisional Liquidators of AGCL. The Bermuda Proceedings are discussed more fully in Article VIII ("*Summary of the Scheme*").

The appointment of the JPLs created a moratorium under Bermuda law that prevents creditors from taking actions to collect their claims against AGCL. AGCL sought and obtained orders from the Bermuda Court leaving the management of AGCL in place to pursue the goal of a restructuring under chapter 11 of the Bankruptcy Code under the oversight of the JPLs. The JPLs perform their oversight role mainly by exercising their power to sanction or approve transactions with, and payments made, by AGCL. AGCL has worked with and sought out the participation of the JPLs throughout the Chapter 11 Cases on all material matters affecting

AGCL. The JPLs have reviewed the Plan accompanying this Disclosure Statement and have had input into its provisions.

E. Creditor-Related Activities

1. Notices to Creditors

The Debtors filed their respective schedules of assets, liabilities and executory contracts, and their statements of financial affairs on December 12, 2002. On April 21, 2003, AGCDC filed amendments to its schedules of liabilities. On February 25, 2003, the United States Trustee conducted the meeting with the Debtors' creditors under section 341 of the Bankruptcy Code. As discussed below, the Bankruptcy Court set February 28, 2003 at 5:00 p.m. (prevailing Eastern Time) as the Bar Date, notice of the Bar Date and a form of proof of claim were mailed to all known creditors of the Debtors and a notice of the Bar Date was published in *The Wall Street Journal* (Global Edition), *The Asian Wall Street Journal*, *The New York Times* (national edition) and *The Bermuda Sun*.

2. Payment of Interest Payment to Indenture Trustee on October 28, 2002

Pursuant to the Senior Notes Indenture, prior to the Petition Date, a semi-annual interest payment in respect of the Senior Notes was required to be paid on each April 15 and October 15 until the Senior Notes were paid in full. On October 15, 2002, a semi-annual interest payment in the amount of \$27.285 million (the "**Interest Payment**") became due and payable by AGCL under the Indenture to the Indenture Trustee for the benefit of the holders of the Senior Notes. AGCL elected to make the Interest Payment after October 15, 2002 but within the 30-day grace period provided for under the Senior Note Indenture. On October 28, 2002, AGCL paid the Interest Payment to the Indenture Trustee for the benefit of the holders of the Senior Notes. Because AGCL paid the Interest Payment after the October 15 "due date", the Indenture Trustee was required under the Senior Note Indenture to set a new record date to determine the holders of record and a new distribution date (the "**New Distribution Date**"). In accordance with the Senior Note Indenture, following its receipt of the Interest Payment, the Indenture Trustee established November 22, 2002 as the New Distribution Date. On November 17, 2002, AGCL filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code.

As a result of the commencement of AGCL's Chapter 11 Case prior to the New Distribution Date, the Indenture Trustee did not distribute the Interest Payment to the holders of the Senior Notes. On February 7, 2003, the Indenture Trustee filed a motion (the "**Indenture Trustee Stay Relief Motion**") with the Bankruptcy Court requesting that the automatic stay be lifted to permit the Indenture Trustee to distribute the Interest Payment to holders of the Senior Notes and seeking, among other things, a finding that, to the extent that the payment by AGCL to the Indenture Trustee of the Interest Payment is ever determined to be an avoidable preference under applicable provisions of the Bankruptcy Code, the Indenture Trustee would not be liable for the payment of such funds to holders of the Senior Notes. On March 18, 2003, the Bankruptcy Court denied the Indenture Trustee Stay Relief Motion. On March 28, 2003, the Indenture Trustee filed a complaint (the "**Indenture Trustee Complaint**") against AGCL and

certain other parties seeking a declaratory judgment that the Interest payment is not "property of the estate" and that the Indenture Trustee is not a "trans feree" under section 550 of the Bankruptcy Code. The Indenture Trustee Complaint currently is pending.

3. *Settlement Between AGCL and Global Crossing*

Asia Global Crossing's relationship with Global Crossing was Asia Global Crossing's single most important commercial relationship. Global Crossing's network provided the necessary and uninterrupted worldwide services for AGCL's customers (as AGCL provided to Global Crossing's customers through its Asia-region services). After a number of months of intensive negotiations that commenced prior to the Petition Date, AGCL and Global Crossing reached a universal settlement (as previously defined herein, the "**AX-GX Settlement**"). The AX-GX Settlement is embodied in that certain Settlement Agreement (the "**Settlement Agreement**"), dated as of March 5, 2003, between AGCL and Global Crossing. The Settlement Agreement (i) resolved all claims of AGCL and its subsidiaries and affiliates under its control, excluding PCL (as defined below), against Global Crossing and its subsidiaries and affiliates (that are under Global Crossing's control) (Global Crossing and such subsidiaries, the "**Global Crossing Entities**")¹³, including, but not limited to, damages stemming from GC Holdings failure to fund the GX Credit Facility, which claims aggregated more than \$1 billion, (ii) resolved all claims of the Global Crossing Entities against AGCL and its subsidiaries and affiliates (that are under AGCL's control), which claims aggregated approximately \$314 million (not including certain asserted contingent and unliquidated claims of an undetermined amount), (iii) provided a transition plan and transition services for AGCL's businesses to facilitate the sale of assets to Asia Netcom, (iv) implemented a certain undersea cable maintenance agreement between the parties, and (v) established the terms for a continuing telecommunications business relationship (which ultimately will benefit AGCL's existing customers and Asia Netcom, as the purchaser of AGCL's primary business assets). The AX-GX Settlement was a significant predicate to the Asia Netcom Transaction and, by order dated March 31, 2003, was approved, as modified, by the Bankruptcy Court.¹⁴ The AX-GX Settlement spared AGCL's estate the dilution that otherwise would be caused by the allowance of the Global Crossing Entities' claims, in that allowance of such claims, in whole or in part, would have increased the aggregate amount of Allowed General Unsecured Claims competing for AGCL's Estates' finite Cash resources.

F. Sale of Substantially All of the AGCL's Assets

1. *Decision to Sell*

Prompted by AGCL's severe liquidity constraints caused by the downturn in the telecommunications industry and exacerbated by Global Crossing's failure to honor its

¹³ As used herein, the term "Global Crossing Entities" does not include AGCL and its subsidiaries or PCL.

¹⁴ The AGCL Settlement Motion, together with a similar motion filed by Global Crossing seeking approval by its bankruptcy court of the AX-GX Settlement, were heard jointly by Judge Robert E. Gerber of the United States Bankruptcy Court for the Southern District of New York at a hearing held on March 28, 2003.

commitment under the GX Credit Facility, in early 2002, AGCL undertook both (i) an operational and financial restructuring to improve Asia Global Crossing's strategic and financial positioning and (ii) an extensive, worldwide effort to explore the potential for the sale or merger of, or equity investment in, AGCL. In that regard, in February 2002, AGCL engaged Lazard as its investment banker and financial advisor to, among other things, assist AGCL in connection with the restructuring of the Senior Notes and the potential sale of all or substantially all of AGCL's assets, the sale of a controlling interest in the equity of AGCL, the merger or consolidation of AGCL with another entity and other similar potential transactions.

In the course of its engagement, Lazard conducted detailed due diligence in respect of AGCL's operations and financial condition, prepared financial models, projections and restructuring alternatives, contacted potential investors worldwide, prepared and distributed an offering memorandum to nearly thirty potential financial and strategic investors, contacted potential investors worldwide, assisted AGCL during the investor due diligence process, negotiated with representatives of the Ad Hoc Committee, analyzed the investment proposals submitted by various potential investors, assisted AGCL's counsel in identifying and resolving legal and business issues implicated by the various proposals, assisted and advised AGCL's senior management and board of directors in selecting the proposal that offered the highest and best value for AGCL's stakeholders, negotiated extensively with advisors to Asia Netcom over the terms of the Asia Netcom Transaction, and advised the board of directors in connection with the board's decision to approve the Asia Netcom Transaction (the foregoing activities being referred to herein as the "**Restructuring Process**").

During the course of the Restructuring Process, a number of potential investors conducted due diligence regarding AGCL's financial condition, customer relationships, assets, liabilities, contractual commitments and other aspects of AGCL's business operations. Lazard contacted a total of fifty potential investors in North America, Asia and Europe. Multiple proposals were submitted to AGCL by interested third parties. Following analysis of such proposals by AGCL's management and its professional advisors, AGCL determined in August 2002 that the proposal submitted by Asia Netcom constituted the highest and best offer for substantially all of AGCL's assets.

2. *The Sale Agreement and the Bankruptcy Court's Approval of the Sale Agreement*

Following extensive negotiations with Asia Netcom, on November 17, 2002, AGCL entered into the Sale Agreement with Asia Netcom to sell substantially all of AGCL's assets (consisting primarily of stock in substantially all of AGCL's subsidiaries) (the assets sold to Asia Netcom pursuant to the Sale Agreement, the "**Acquired Assets**"), the assumption by Asia Netcom of certain liabilities and the assumption by AGCL and assignment to Asia Netcom of certain executory contracts, as set forth more particularly in the Sale Agreement. AGCL's business judgment to enter into the Sale Agreement was influenced principally by the following factors:

- (a) Industrywide overcapacity and lagging demand had contributed to a dramatic slowdown in the sale of IRUs, which, historically, had been

AGCL's most significant source of cash proceeds from sales, thereby severely impairing AGCL's liquidity.

- (b) AGCL's liquidity constraints were exacerbated by Global Crossing's refusal to honor its obligations under the GX Credit Facility.
- (c) AGCL, in the exercise of its sound business judgment, determined that, (i) due to the slowdown affecting the telecommunications sector, AGCL lacked the ability to avail itself of the capital markets as a means of addressing its liquidity constraints, (ii) AGCL's liquidity "runway" extended only through approximately the end of the first quarter of 2003, rendering a stand-alone business plan infeasible, and (iii) unless a sale to Asia Netcom was concluded expeditiously, the value of the assets acquired by Asia Netcom would have declined, and AGCL, its estate and its creditors would have realized less value.
- (d) The Asia Netcom Transaction likely afforded AGCL's estate a higher recovery than an orderly liquidation of AGCL's assets.

In order to implement the Sale Agreement, on November 17, 2002, AGCL filed a motion (the "**Sale Motion**") seeking authority to consummate the transactions contemplated by the Sale Agreement, and also filed a motion (the "**Bidding Procedures Motion**") with the Court seeking entry of an order (A) scheduling an auction (the "**Auction**") for the sale of the Acquired Assets, free and clear of all liens, claims, encumbrances and other interests, to Asia Netcom or such other bidder who made the highest or otherwise best offer for the Acquired Assets at the Auction, (B) approving bidding and auction procedures (the "**Bidding Procedures**") in connection with the Auction, (C) approving (i) and authorizing and directing AGCL to pay, under certain circumstances, to Asia Netcom, as the "stalking horse" bidder, a "breakup fee" (the "**Breakup Fee**") and to reimburse Asia Netcom for certain costs, fees and expenses (as defined in the Sale Agreement, the "**Purchaser Fees and Expenses Reimbursement**") incurred and to be incurred by Asia Netcom in connection with the Chapter 11 Cases, the Bermuda Case and the Sale, (ii) certain bidding protections in favor of Asia Netcom (the Breakup Fee and such bidding protections, collectively, the "**Bid Protections**"), (D) approving the procedures (the "**Cure Amount Procedures**") to determine the amounts necessary to cure defaults, if any, under certain executory contracts and unexpired leases pursuant to and as described in the Sale Agreement, (E) approving the form, manner and scope of notice of the Auction, the Bidding Procedures, the Bid Protections, the Cure Amount Procedures, the Sale Motion Objection Deadline (as defined herein) and the Sale Hearing (as defined herein), (F) setting a deadline (the "**Sale Motion Objection Deadline**") for filing objections to the Sale Motion and (G) setting a date and time for a hearing (the "**Sale Hearing**") for the Bankruptcy Court to consider the Sale Motion.

Pursuant to an order dated December 10, 2002 (the "**Bidding Procedures Order**"), the Bankruptcy Court approved, with certain modifications, the relief sought by AGCL in the Bidding Procedures Motion, including, revised bidding procedures (the "**Revised Bidding Procedures**"). The Revised Bidding Procedures, among other things, (A) set January 9, 2003 at

4:00 p.m. (the "**Bid Deadline**") as the deadline for interested parties to submit competing bids ("**Competing Bids**") for the Acquired Assets, (B) set January 9, 2003 as the date by which AGCL was to publish a notice of the Auction in the global editions, to the extent applicable, of *The Wall Street Journal* (Global Edition) and *The Asian Wall Street Journal*, (C) set January 9, 2003 at 4:00 p.m. as the Sale Motion Objection Deadline, (D) set January 16, 2003 at 10:00 a.m. as the date and time for the Auction in the event that one or more Qualified Bids (as defined in the Bidding Procedures Order), other than the Asia Netcom Transaction, were received by the Bid Deadline, (E) set January 21, 2003 at 2:00 p.m. (prevailing Eastern time) as the date and time for the Sale Hearing and (F) authorized AGCL, among other things, to conduct the Auction of the Acquired Assets and entertain Qualified Bids for the Acquired Assets in accordance with the Revised Bidding Procedures. The Bidding Procedures Order also provided that no Auction would be conducted if AGCL did not receive at least one Qualified Bid from a Qualified Bidder (as defined in the Bidding Procedures Order), other than the Asia Netcom Transaction.

Although, following the entry of the Bidding Procedures Order, Lazard received two inquiries regarding certain subsets of the Acquired Assets from or on behalf of two telecommunications companies, neither inquiry materialized into a Qualified Bid. Accordingly, no Auction was conducted for the Acquired Assets.

The Bankruptcy Court approved the Sale Agreement, as modified, on January 28, 2003 and entered an order to that effect on January 29, 2003. The Asia Netcom Transaction was consummated on March 10, 2003, as described more fully below.

Pursuant to the Asia Netcom Transaction, AGCL (i) sold, assigned, transferred and delivered, or caused to be sold, assigned, transferred and delivered, to Asia Netcom, free and clear of any and all Encumbrances (as defined in the Sale Agreement) (except for the Permitted Encumbrances¹⁵), pursuant to sections 363(b), (f) and (m), 365 and 1146(c) of the Bankruptcy Code, the Acquired Assets¹⁶, which comprised substantially all of AGCL's assets, including AGCL's equity interests in substantially all of AGCL's direct subsidiaries and indirect subsidiaries (collectively, the "**Acquired Subsidiaries**")¹⁷ and (ii) assumed and assigned to Asia

¹⁵ As defined in the Sale Agreement, the term "**Permitted Encumbrances**" includes, without limitation, the security interests and stock pledges granted by AGCL to NEC and KDDI (together with NEC, the "**Vendors**"), AGCL's primary Network vendors, in AGCL's assets and in certain of AGCL's direct and indirect subsidiaries' assets, including, without limitation, in the equity securities of certain of such subsidiaries.

¹⁶ The term "**Acquired Assets**" refers solely to the assets sold, assigned, transferred, conveyed and delivered to Asia Netcom by AGCL, and does not include any assets that AGCL caused to be sold, assigned, transferred, conveyed and delivered to Asia Netcom by any direct or indirect subsidiary of AGCL pursuant to the Sale Agreement.

¹⁷ The Acquired Assets *did not* include, among other things, the Company's equity interest (direct or indirect, as the case may be) in Asia Global Crossing Holdings China Limited; EAP Limited; Asia Global Crossing Development Co.; AGC Bandwidth USA, Inc.; Pacific Crossing Holdings Limited; GCT Pacific Holdings Limited; SCS (Bermuda) Limited; Pacific Crossing Limited; Pacific Crossing UK Limited; PC Landing Corporation; PCL Japan Limited; East Asia Crossing 1 Limited; GlobalCenter Japan Holdings Limited; Bazisco Limited; and AGC Hungary Holdings Limited, (ii) all material insurance policies (including directors and officers liability insurance) maintained by Global Crossing (to the extent AGCL, the Acquired Subsidiaries and their respective assets are covered thereby)

Netcom, pursuant to section 365 of the Bankruptcy Code, certain executory contracts identified on Exhibit D annexed to the Sale Agreement. In consideration of the transfer by AGCL of the Acquired Assets to Asia Netcom, (i) \$89.8 million in cash was retained by AGCL's Estate, subject to certain potential adjustments under the Sale Agreement, for distribution to AGCL's Creditors and (ii) Asia Netcom assumed certain liabilities (the "**Assumed Liabilities**") in an amount estimated to range from \$277 million to \$1.125 billion of AGCL and certain direct and indirect subsidiaries of AGCL, respectively.

As a result of the structure of the Asia Netcom Transaction, AGCL's estate was freed of substantial claims, including claims stemming from the Assumed Liabilities, that otherwise would be asserted against AGCL's estate:

- Each of the Vendors, NEC and KDDI, held a substantial claim against East Asia Crossing Ltd. and AGCL arising in connection with the construction of East Asia Crossing (the main operating asset of AGCL's business). In conjunction with the Asia Netcom Transaction, those claims, which totaled approximately \$280 million, have been reduced, restructured and assumed by Asia Netcom and, as to AGCL, released.
- Intercompany claims in an aggregate amount exceeding \$600 million that certain Acquired Subsidiaries held against AGCL have been released in connection with the Asia Netcom Transaction.
- Substantial claims for unactivated telecommunication capacity arising under telecommunication capacity contracts purchased by customers and sold and/or guaranteed by AGCL have assumed by Asia Netcom and, therefore, will not be asserted against AGCL's estate.

G. Claims Process and Bar Date

1. Schedules and Statements

On December 12, 2002, the Debtors each filed with the Bankruptcy Court a statement of financial affairs, schedules of assets and liabilities and schedules of executory contracts and unexpired leases. On April 21, 2003, AGCDC filed amendments to its schedules of liabilities.

2. Bar Date

By order (the "**Bar Order**") dated January 6, 2003, the Bankruptcy Court fixed February 28, 2003 at 5:00 p.m. (prevailing Eastern Time) as the deadline for filing proofs of claim in the Chapter 11 Cases. Subsequently, the Debtors mailed notices of the Bar Date and proof of claim forms to all known Creditors and stockholders of the Debtors. The Debtors also caused a notice of the Bar Date to be published in the *New York Times* (National Edition), *The Wall Street Journal* (Global Edition), *The Bermuda Sun* and *The Asian Wall Street Journal*.

and all directors and officers insurance policies held by AGCL and (iii) any claims against directors, officers, shareholders, consultants and other agents of AGCL and its subsidiaries (collectively, the "**Excluded Assets**").

The Plan requires that requests for payment of Administrative Claims (except for Professional Fees) must be filed with the Bankruptcy Court no later than thirty (30) days after the Effective Date.

3. *Claims Objections and Claims Reconciliation*

The Debtors have not yet conducted a thorough analysis of all of the proofs of claim. However, the Debtors have undertaken a preliminary review and analysis of the proofs of claim timely filed.

The Debtors anticipate that objections to certain proofs of claim will be filed in advance of the deadline for holders of Claims to return Ballots accepting or rejecting the Plan, and that the effect of certain objections could be to prohibit certain Claimants from voting absent the Bankruptcy Court's temporary allowance of such Claims for voting purposes.

In view of the fact that the Claims reconciliation process is in its infancy, the actual, ultimate, aggregate amount of Allowed Claims may differ significantly from the estimates set forth in Section III.C ("*Summary of Claims and Distributions*"). Accordingly the amount of the Distribution that ultimately will be made to any particular holder of an Allowed AGCL Class 3 Claim or an Allowed AGCDC Class 3 Claim may be affected adversely by the outcome of the Claims resolution process.

4. *Preparation of Claims Estimates and Recoveries*

The Debtors, with the assistance of their counsel, have been engaged in reviewing and analyzing the Claims asserted in the Chapter 11 Cases. Through this process, the Debtors have developed preliminary estimates of Allowed General Unsecured Claims in each of the two Classes of General Unsecured Claims established under the Plan (*i.e.*, AGCL Class 3 and AGCDC Class 3). The Debtors have prepared their estimates based primarily on the following: (a) projections based on anticipated future claim reconciliations and claim objections, (b) the comparison of asserted Claims against the Debtors' books and records, (c) the Debtors' experience in reconciling Claims prior to and following the commencement of the Chapter 11 Cases, (d) the historical experience of the Debtors' professionals in other chapter 11 cases, (e) an analysis of the litigation risks associated with Disputed Claims, and (f) other legal and factual analyses unique to particular types of Claims.

The Debtors' estimates of Allowed Claims are identified in the chart set forth in Section III.C ("*Summary of Claims and Distributions*") above and form the basis of projected recoveries in AGCL Class 3 and AGCDC Class 3. ***Notwithstanding the Debtors' efforts in developing their Claims estimates, the preparation of such estimates is inherently uncertain, and accordingly, there is no assurance that such estimates accurately will predict the actual amount of Allowed Claims in these Chapter 11 Cases. As a result, the actual amount of Allowed Claims may differ materially from the Debtors' Claims estimates contained herein.***

H. Postpetition Litigation

1. *The Discovery Motions*

Each of Pacific Crossing Ltd. and the PCL Lenders filed motions (the "**Rule 2004 Motions**") in the Delaware Bankruptcy Court seeking, pursuant to Bankruptcy Rule 2004, extensive document discovery from AGCL and requesting authority to take depositions of thirty-six (36) current and former officers and directors of AGCL and Global Crossing. On or about March 6, 2003, following a contested hearing, the Delaware Bankruptcy Court entered an order (the "**Rule 2004 Order**") authorizing a substantially reduced scope of discovery from AGCL. Pursuant to the Rule 2004 Order, AGCL has produced nearly 200,000 pages of documents to PCL and PCL has taken or scheduled depositions of the three senior officers of AGCL and an additional employee.

2. *The PCL Adversary Proceeding*

On or about March 7, 2003, PCL Japan Ltd. ("**PCL Japan**"), an indirect wholly-owned subsidiary of PCL, and also a debtor and debtor in possession with a case pending before the Delaware Bankruptcy Court, filed a complaint (the "**PCL Japan Complaint**") or the "**Complaint**") in the Delaware Bankruptcy Court against AGCL, EAC Japan Ltd. ("**EAC Japan**") and certain current and former officers of AGCL concerning the alleged unauthorized transfer (the "**Shima Transfer**") by PCL Japan to EAC Japan of a 56% interest in PCL Japan's cable landing station located in Shima, Japan. Along with the Complaint, PCL Japan Ltd. also filed with the Bankruptcy Court a motion to lift the automatic stay (the "**PCL Japan Stay Relief Motion**") in AGCL's chapter 11 case, requesting that the Bankruptcy Court enter an order lifting the automatic stay so PCL Japan could prosecute the Complaint against, and seek relief from, AGCL in the Delaware Bankruptcy Court. On March 26, 2003, AGCL filed an objection (the "**AGCL Stay Relief Objection**") to the PCL Japan Stay Relief Motion with the Bankruptcy Court. The AGCL Stay Relief Objection set forth a detailed analysis of the legal infirmities of the PCL Japan Stay Relief Motion. On March 27, 2003, the day after AGCL filed its AGCL Stay Relief Objection, PCL Japan filed a notice with the Delaware Bankruptcy Court dismissing AGCL as a defendant in the Complaint. On the same day, PCL Japan attempted unilaterally to withdraw, without prejudice, the PCL Japan Lift Stay Motion. Litigation concerning PCL Japan's right to withdraw, without prejudice, the PCL Japan Lift Stay Motion is pending.

3. *PCL and PCL Lenders Proofs of Claims*

On January 15, 2003, Pacific Crossing Ltd. filed a proof of claim (the "**PCL Proof of Claim**") in AGCL's Chapter 11 Case for an undetermined amount alleging various claims against AGCL, including claims based upon: AGCL's alleged diversion of revenue from the sale of capacity on PC-1; AGCL's alleged diversion of funds paid by customers for the operation and maintenance of circuits purchased on PC-1; AGCL's alleged overcharging of PCL for certain management services. On February 28, 2003, the PCL Lenders filed a substantially similar proof of claim (the "**PCL Lenders Proofs of Claim**", together with the PCL Proof of Claim, and as previously defined herein, the "**Proofs of Claim**") in each of AGCL's and AGCDC's Chapter 11

Cases. The PCL Lenders Proofs of Claim further alleged as claims that AGCL and AGCDC, respectively, caused harm to the PCL Banks as a result of the Shima Transfer, including the alleged degradation of the value of PC-1 caused by AGCL's conduct. The allegations in the Proofs of Claims are substantially identical to the allegations (as to AGCL) in the Rule 2004 Motions. On March 14, 2003, AGCL and AGCDC filed objections (the "**PCL Claims Objections**") to the Proofs of Claim in the Bankruptcy Court, refuting the allegations asserted in the Proofs of Claims. Litigation concerning the PCL Claim Objections is pending.

4. *The Interest Payment Litigation*

As a result of the commencement of AGCL's Chapter 11 Case prior to the New Distribution Date, the Indenture Trustee did not distribute the Interest Payment (defined herein) to the holders of the Senior Notes. The Indenture Trustee has commenced litigation in the Bankruptcy Court requesting relief that would facilitate the distribution by the Indenture Trustee to the holders of the Senior Notes of the Interest Payment. Those proceedings are discussed in Section V.E ("*Creditor-Related Activities*").

VI. SUMMARY OF THE PLAN

A. Introduction

This Article provides a summary of the terms and provisions of the Plan, including the classification and treatment of Claims and Equity Interests under the Plan and the means for implementation of the Plan. The summary is qualified in its entirety by reference to the Plan, which is attached to this Disclosure Statement as **Exhibit A**. The structure of the Plan and the Distribution to holders of Claims and Equity Interests thereunder reflect the result of extensive negotiations between the Debtors, the Committee and the JPLs.

The JPLs have advised the Debtors that they support the Plan.

After careful review of the estimated recoveries in a chapter 11 liquidation scenario and a chapter 7 liquidation scenario, the Debtors have concluded that the recovery to Creditors will be maximized by completing the liquidation of the Debtors under chapter 11 of the Bankruptcy Code and making Distributions pursuant to the Plan. The Debtors believe that their Estates have value that would not be fully realized by Creditors in a chapter 7 liquidation primarily due to (i) the difficulties that a chapter 7 trustee would encounter in resolving Disputed, contingent and unliquidated Claims, (ii) the additional administrative expenses that would be incurred in a chapter 7 liquidation and (iii) the delay in Distributions that would occur if the Debtors' Chapter 11 Cases were converted to cases under chapter 7. Accordingly, the Debtors believe that the Estates are worth more to their Creditors if the Debtors' liquidation is completed, and Distributions are made, under chapter 11 pursuant to the Plan.

The statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms

of the Plan or the documents referred to therein; reference is made to the Plan and to such documents for the full and complete statements of such terms.

The Plan itself and the documents referred to therein control the actual treatment of Claims against and Equity Interests in the Debtors under the Plan and will, upon the Effective Date, be binding upon all holders of Claims against and Equity Interests in the Debtors, their Estates and other parties in interest.

B. Overall Structure of The Plan

The Debtors have filed the Plan, which provides for (i) the distribution to AGCL's Creditors of approximately \$86,700,000 million in Cash that remains in the AGCL Estate as a result of the Asia Netcom Transaction and any proceeds from the orderly liquidation of AGCL's assets (including the Causes of Action) that were not transferred to Asia Netcom and (ii) the distribution to AGCDC's Creditors of approximately \$500,000 in Cash held by AGCDC's Estate, in each case in accordance with the priorities set forth in the Bankruptcy Code. The Plan does not contemplate the continuation of business operations by the Debtors following confirmation and consummation of the Plan other than for purposes of winding up and distributing Cash to Creditors. The Debtors are liquidating, not reorganizing. The Classes of Claims against and Equity Interests in the Debtors created under the Plan, the treatment of those Classes under the Plan, the means for implementation of the Plan and the Distributions to be made under the Plan are described below.

C. Classification and Treatment of Claims and Equity Interests

Under the Plan, Claims against and Equity Interests in the Debtors are divided into different Classes. Only certain Allowed Claims are entitled to receive distributions under the Plan. The following is a description of the Plan's treatment of the Claims against and Equity Interests in the Debtors.

D. Payment Of Administrative Claims And Priority Tax Claims

1. Administrative Claims.

On, or as soon as reasonably practicable after (i) the Distribution Date, if such Administrative Claim is an Allowed Administrative Claim as of the Effective Date, or (ii) the first Quarterly Distribution Date after the date on which such Administrative Claim becomes an Allowed Administrative Claim, each holder (other than a Professional) of an Allowed Administrative Claim against any Debtor shall receive, at the sole option of the Liquidating Trustee, in full settlement, satisfaction and release of, and in exchange for, such Allowed Administrative Claim, (a) Cash in an amount equal to the unpaid amount of such Allowed Administrative Claim or (b) such other less favorable treatment as may be agreed upon in writing by such holder and the Liquidating Trustee.

2. Professional Fees.

Notwithstanding any other provision of this Plan concerning Administrative Claims, any Professional seeking an award by the Bankruptcy Court of an Allowed Administrative Claim on account of Professional Fees incurred through and including the Effective Date under sections 328, 330, 331 or 503(b) of the Bankruptcy Code shall File a final application for allowance of compensation for services rendered and reimbursement of expenses incurred through and including the Effective Date no later than thirty (30) days after the Effective Date. To the extent that such an award is granted by the Bankruptcy Court, on, or as soon as reasonably practicable after (i) the Distribution Date, if such Administrative Claim is an Allowed Administrative Claim as of the Effective Date, or (ii) the date on which such Administrative Claim becomes an Allowed Administrative Claim, each holder of an Allowed Administrative Claim for Professional Fees shall receive, in full settlement, satisfaction and release of, and in exchange for, such Allowed Administrative Claim, Cash in an amount equal to the unpaid amount of such Allowed Administrative Claim. In consideration of the Debtors' need to consult with a creditor representative prior to the formation of the Committee, the reasonable fees and the actual, necessary expenses of counsel to the Ad Hoc Committee incurred on and after the Petition Date through and including the date immediately prior to the formation of the Committee shall be entitled to treatment on a "substantial contribution" basis within the meaning of sections 503(b)(3)(D) and 503(b)(4) of the Bankruptcy Code, subject to final allowance of the amount of such fees and expenses in accordance with the first sentence of this paragraph.

On the Effective Date, AGCL shall deposit in the Professional Escrow Account all Accrued Professional Compensation, estimated in good faith by AGCL and the Committee as of the Effective Date, pending entry of a Final Order on each such Professional's fee application. To facilitate the estimation of Accrued Professional Compensation contemplated by the immediately preceding sentence, each Professional who has accumulated Accrued Professional Compensation as of the Confirmation Date shall deliver to the Plan Proponents, within five (5) Business Days of the Confirmation Date, an estimate, prepared in good faith and with reasonable specificity, of its actual Accrued Professional Compensation as of the Confirmation Date and its projected Accrued Professional Compensation as of the Effective Date.

The Debtors (prior to the Effective Date) or the Liquidating Trustee (on and after the Effective Date) are authorized to pay compensation for services rendered and reimbursement of expenses incurred after the Confirmation Date and until the Effective Date by the Plan Proponents' professionals in accordance with the procedures approved by the Bankruptcy Court and in effect prior to the Confirmation Date in the ordinary course and without the need for further Bankruptcy Court approval.

The JPL Fee and Expense Claims for the period through and including the Effective Date shall be paid in accordance with Section V.S of the Plan.

3. *Priority Tax Claims.*

On, or as soon as reasonably practicable after (i) the Distribution Date, if such Priority Tax Claim is an Allowed Priority Tax Claim as of the Effective Date, or (ii) the first Quarterly Distribution Date after the date on which such Priority Tax Claim becomes an Allowed Priority

Tax Claim, each holder of an Allowed Priority Tax Claim against any Debtor shall receive, at the sole option of the Liquidating Trustee, in full settlement, satisfaction and release of, and in exchange for, such Allowed Priority Tax Claim, (a) Cash in an amount equal to the unpaid amount of such Allowed Priority Tax Claim or (b) such other less favorable treatment as may be agreed upon in writing by such holder and the relevant Debtor; *provided, however*, that no Claimant shall be entitled to any payments on account of any pre-Effective Date interest accrued on, or penalty arising on or after the Petition Date with respect to or in connection with, such Allowed Priority Tax Claim.

4. *Bar Dates For Administrative Claims and Professional Fees.*

(i) *Administrative Claims.*

Except as otherwise provided in the Plan, unless previously Filed, requests for payment of Administrative Claims (except for Professional Fees) must be Filed no later than thirty (30) days after the Effective Date. Any holder of an Administrative Claim that is required to File a request for payment of such Administrative Claim and that does not File a request by the aforesaid bar date shall be forever barred from asserting such Administrative Claim against the Debtors or their respective property, and such Administrative Claim shall be deemed discharged and released as of the Effective Date. Objections to such a request must be Filed and served on the requesting party by the later of (i) sixty (60) days after the Effective Date or (ii) thirty (30) days after the Filing of the applicable request for payment of Administrative Claim. Unless the Liquidating Trustee or another party in interest objects to a request for payment of an Administrative Claim within such time period, such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Liquidating Trustee objects to a request for payment of an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be Filed with respect to an Administrative Claim that is paid or payable by the Debtor in the ordinary course of business.

(ii) *Professional Fees and Committee Member Expenses.*

Any Person or Entity seeking (i) a final allowance of Professional Fees in relation to the Chapter 11 Cases pursuant to sections 327, 328, 330, 331 or 503(b) of the Bankruptcy Code or (ii) reimbursement of expenses incurred as a member of the Committee shall File and serve an application for final allowance no later than thirty (30) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Any Professional, Person or Entity who fails to File such an application by such date forever shall be barred from seeking and obtaining an allowance of Professional Fees and/or expenses under the Bankruptcy Code. Objections to applications for Professional Fees and reimbursement of expenses incurred by a member of the Committee must be served on respective counsel for the Liquidating Trustee and the requesting Professional, Person or Entity no later than thirty (30) days after the date on which the applicable application was Filed. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court, the Allowed amounts of such

Professional Fees and reimbursement of expenses shall be determined by the Bankruptcy Court and paid in accordance with the provisions of Section II.B of the Plan.

E. Classification and Treatment of Classified Claims and Equity Interests

1. *Summary.*

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests that are required to be designated in classes pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. Classification of Claims and Equity Interests in this Plan is for all purposes, including voting, confirmation and distribution pursuant to the Plan.

A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class only to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class.

A Claim or Equity Interest is placed in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid, released or otherwise settled prior to the Effective Date. Notwithstanding any Distribution provided for in the Plan, no Distribution on account of any Claim or Equity Interest is required or permitted unless and until such Claim or Equity Interest becomes an Allowed Claim or Equity Interest, as the case may be, which may not occur for any Claim or Equity Interest, if at all, until after the Effective Date.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims of the kinds specified in sections 507(a)(1) and 507(a)(8) of the Bankruptcy Code have not been classified, and their treatment is set forth in Article II of the Plan.

2. *Classification and Treatment of Claims and Equity Interests.*

- (i) *Class Descriptions: AGCL. The classification of Claims against and Equity Interests in AGCL is as follows:*

AGCL Class 1 consists of all Other Priority Claims.

AGCL Class 2 consists of the Milligan-Whyte Secured Claim.

AGCL Class 3 consists of all General Unsecured Claims.

AGCL Class 4 consists of all Intercompany Claims.

AGCL Class 5 consists of all Section 510(b) Litigation Claims.

AGCL Class 6 consists of all Equity Interests.

- (ii) *Class Descriptions: AGCDC. The classification of Claims against and Equity Interests in AGCDC is as follows:*

AGCDC Class 1 consists of all Other Priority Claims.

AGCDC Class 2 consists of the Legere Secured Claim.

AGCDC Class 3 consists of all General Unsecured Claims.

AGCDC Class 4 consists of all Intercompany Claims.

AGCDC Class 5 consists of all Equity Interests.

(iii) *Treatment of Claims.*

(a) ***AGCL Class 1 and AGCDC Class 1- Other Priority Claims (Unimpaired).***

(A) **Treatment.** On the Distribution Date, each holder of an Allowed AGCL Class 1 Other Priority Claim or an Allowed AGCDC Class 1 Other Priority Claim, as the case may be, shall receive, in full satisfaction, settlement and release of, and in exchange for, such Allowed AGCL Class 1 Other Priority Claim or Allowed AGCDC Class 1 Other Priority Claim, (a) payment of Cash in an amount equal to the unpaid portion of such Allowed AGCL Class 1 Other Priority Claim or Allowed AGCDC Class 1 Other Priority Claim, or (b) such other less favorable treatment to which the Liquidating Trustee and such holder shall have agreed upon in writing.

(B) **Impairment Status and Voting Rights.** AGCL Class 1 and AGCDC Class 1 are not impaired. The holders of AGCL Class 1 Other Priority Claims and AGCDC Class 1 Other Priority Claims conclusively are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the holders of Claims in AGCL Class 1 and AGCDC Class 1 are not entitled to vote to accept or reject the Plan.

(b) ***AGCL Class 2-- Milligan-Whyte Secured Claim(Impaired).***

(A) **Treatment.** On the Distribution Date, the holder of the Allowed AGCL Class 2 Secured Claim shall receive, in full settlement, satisfaction and release of, and in exchange for, such AGCL Class 2 Secured Claim, (x) Cash in the amount of such Allowed Class 2 Secured Claim, exclusive of interest or (z) such other treatment as the Liquidating Trustee and such holder shall have agreed upon in writing.

(B) **Impairment Status and Voting Rights.** AGCL Class 2 is impaired. The holder of the AGCL Class 2 Secured Claim is entitled to vote to accept or reject the Plan.

(c) ***AGCDC Class 2-- Legere Secured Claim (Impaired).***

(A) **Treatment.** On, or as soon as reasonably practicable after, (i) the Distribution Date, if the AGCDC Class 2 Secured Claim is an Allowed Secured Claim as of the Effective Date, or (ii) the first Quarterly Distribution Date after the date on which the AGCDC Class 2 Secured Claim becomes an Allowed Secured Claim, the holder of the Allowed AGCDC Class 2 Secured Claim shall receive, in full settlement, satisfaction and release of, and in exchange for, such AGCDC Class 2 Secured Claim, the “indubitable equivalent” of such AGCDC Class 2 Secured Claim within the meaning of Section 1129(b)(2)(A)(iii) of the Bankruptcy Code. Disputes, if any, concerning whether the Distribution(s) made to the holder of the Allowed AGCDC Class 2 Secured Claim pursuant to the Plan constitute the “indubitable equivalent” of such Allowed AGCDC Class 2 Secured Claim shall be resolved by the Bankruptcy Court upon the motion of either the Liquidating Trustee or the holder of such Claim.

(B) **Impairment Status and Voting Rights.** AGCDC Class 2 is impaired. The holder of the AGCDC Class 2 Secured Claim is entitled to vote to accept or reject the Plan.

(d) *AGCL Class 3 and AGCDC Class 3- General Unsecured Claims (Impaired).*

(A) **Treatment.** On, or as soon as reasonably practicable after, (i) the Distribution Date, if such General Unsecured Claim is an Allowed General Unsecured Claim as of the Effective Date, or (ii) the first Quarterly Distribution Date after the date on which such General Unsecured Claim becomes an Allowed General Unsecured Claim, each holder of an Allowed AGCL Class 3 General Unsecured Claim or an Allowed AGCDC Class 3 General Unsecured Claim, as the case may be, shall receive a Distribution equal to its Ratable Proportion of the applicable Estate’s Available Cash. On each ensuing Quarterly Distribution Date, each holder of an Allowed AGCDC Class 3 General Unsecured Claim or an Allowed AGCDC Class 3 General Unsecured Claim, as the case may be, shall receive a Distribution equal to its Ratable Proportion of the applicable Estate’s Available Cash.

(B) **Distributions to Holders of Senior Note Claims.** Notwithstanding any provision contained in the Plan to the contrary, the distribution provisions contained in the Senior Note Indenture shall continue in effect to the extent necessary to authorize the Indenture Trustee to receive and distribute all Distributions to be made pursuant to this Plan to the holders of Senior Note Claims. Such provisions shall terminate in their entirety upon completion of all such Distributions under the Plan. The Distributions to be made under the Plan to holders of the Senior Note

Claims shall be made to the Indenture Trustee, which, subject to the right of the Indenture Trustee to assert its Indenture Trustee Charging Lien against such Distributions to the extent of its reasonable fees and expenses incurred in connection with receiving and distributing such Distributions, shall promptly transmit the Distributions to the holders of the Senior Note Claims in accordance with the Plan.

- (C) **Impairment Status and Voting Rights.** Each of AGCL Class 3 and AGCDC Class 3 is impaired. The holders of Class 3 General Unsecured Claims are entitled to vote to accept or reject the Plan.

- (e) ***AGCL Class 4– Intercompany Claims (Impaired).***

- (A) **Treatment.** Holders of Allowed AGCL Class 4 Intercompany Claims shall neither receive nor retain any property under the Plan.
 - (B) **Impairment Status and Voting Rights.** AGCL Class 4 is impaired and conclusively is deemed to have rejected the Plan. Therefore, the holders of Allowed AGCL Class 4 Intercompany Claims are not entitled to vote to accept or reject the Plan.

- (f) ***AGCL Class 5– Section 510(b) Claims (Impaired).***

- (A) **Treatment.** Holders of Allowed AGCL Class 5 Section 510(b) Claims shall neither receive nor retain any property under the Plan.
 - (B) **Impairment Status and Voting Rights.** AGCL Class 5 is impaired and conclusively is deemed to have rejected the Plan. Therefore, the holders of Allowed AGCL Class 5 Section 510(b) Claims are not entitled to vote to accept or reject the Plan.

- (g) ***AGCL Class 6– Equity Interests (Impaired).***

- (A) **Treatment.** Holders of Allowed AGCL Class 6 Equity Interests shall neither receive nor retain any property under the Plan. On the Effective Date, AGCL Class 6 Equity Interests shall be cancelled.
 - (B) **Impairment Status and Voting Rights.** AGCL Class 5 is impaired and conclusively is deemed to have rejected the Plan. Therefore, the holders of Allowed AGCL Class 6 Equity Interests are not entitled to vote to accept or reject the Plan.

- (h) ***AGCDC Class 4– Intercompany Claims (Impaired).***

- (A) **Treatment.** Holders of Allowed AGCDC Class 4 Intercompany Claims shall neither receive nor retain any property under the Plan; *provided,*

however, notwithstanding the foregoing, in the event that Allowed AGCDC Class 3 Claims are satisfied in full in accordance with the provisions of this Plan, the remaining Available Cash of AGCDC's Estate shall be distributed to the holder of the Allowed AGCDC Class 4 Claim.

(B) **Impairment Status and Voting Rights.** AGCDC Class 4 is impaired and conclusively is deemed to have rejected the Plan. Therefore, the holders of Allowed AGCDC Class 4 Intercompany Claims are not entitled to vote to accept or reject the Plan.

(i) ***AGCDC Class 5– Equity Interests (Impaired).***

(A) **Treatment.** Holders of Allowed AGCDC Class 5 Equity Interests shall neither receive nor retain any property under the Plan. On the Effective Date, AGCDC Class 5 Equity Interests shall be cancelled.

(B) **Impairment Status and Voting Rights.** AGCDC Class 5 is impaired and conclusively is deemed to have rejected the Plan. Therefore, the holders of Allowed AGCDC Class 5 Equity Interests are not entitled to vote to accept or reject the Plan.

(iv) *Identification of Impaired and Unimpaired Classes: AGCL.*

AGCL Class 1 (Other Priority Claims) is an Unimpaired Class.

AGCL Class 2 (Secured Claims) is an Impaired Class.

AGCL Class 3 (General Unsecured Claims) is an Impaired Class.

AGCL Class 4 (Intercompany Claims) is an Impaired Class.

AGCL Class 5 (Section 510(b) Claims) is an Impaired Class.

AGCL Class 6 (Equity Interests) is an Impaired Class.

(v) *Identification of Impaired and Unimpaired Classes: AGCDC.*

AGCDC Class 1 (Other Priority Claims) is an Unimpaired Class.

AGCDC Class 2 (Secured Claims) is an Impaired Class.

AGCDC Class 3 (General Unsecured Claims) is an Impaired Class.

AGCDC Class 4 (Intercompany Claims) is an Impaired Class.

AGCDC Class 5 (Equity Interests) is an Impaired Class.

F. Acceptance or Rejection of The Plan

1. Holders of Claims and Equity Interests Entitled to Vote.

Except as provided herein, each holder of an Allowed Claim or Allowed Equity Interest, or the holder of a Claim or Equity Interest that has been temporarily Allowed for voting purposes only under Bankruptcy Rule 3018(a), in an Impaired Class that will (or may) receive or retain property or any interest in property under the Plan shall be entitled to vote to accept or reject the Plan. By operation of law, each Unimpaired Class of Claims shall be deemed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan. Any Class of Claims or Equity Interests that will not receive or retain any property on account of such Claims or Equity Interests under the Plan is deemed, by operation of law, to have rejected the Plan and, therefore, is not entitled to vote to accept or reject the Plan.

AGCL Classes 2, 3, 4, 5 and 6 are Impaired Classes hereunder. AGCDC Classes 2, 3, 4 and 5 are Impaired Classes hereunder. The holders of Allowed Claims in AGCL Classes 2 and 3 and AGCDC Classes 2 and 3, respectively, are entitled to vote to accept or reject this Plan. The holders of Allowed Claims in AGCL Classes 4 and 5, the holders of Allowed Equity Interests in AGCL Class 6, the holders of Allowed Claims in AGCDC Class 4 and the holders of Allowed Equity Interests in AGCDC Class 5 are not entitled to receive or retain any property under the Plan and conclusively are presumed to have rejected the Plan pursuant to Bankruptcy Code § 1126(g); as such, holders of such Allowed Claims or Allowed Interests are not entitled to vote to accept or reject this Plan.

2. Acceptance by Impaired Classes.

An Impaired Class of Claims shall have accepted the Plan if (a) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

3. Presumed Acceptance of Plan

Each of AGCL Class 1 and AGCDC Class 1 is an Unimpaired Class under the Plan, and, therefore, conclusively is presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code; as such, holders of Allowed AGCL Class 1 Claims and holders of Allowed AGCDC Class 1 Claims are not entitled to vote to accept or reject this Plan.

4. Elimination of Vacant Classes.

Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed deleted from the Plan for purposes of (i) voting on the acceptance or

rejection of the Plan and (ii) determining acceptance or rejection of the Plan by such Class under section 1129(a)(8) of the Bankruptcy Code.

5. *Confirmation by Cramdown.*

The Plan Proponents will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code with respect to AGCL Classes 4, 5 and 6, and AGCDC Classes 4 and 5, each of which is deemed to have rejected the Plan. In addition, in the event that any other Impaired Class of Claims entitled to vote shall not accept the Plan by the requisite majorities provided in section 1126(c) of the Bankruptcy Code, the Plan Proponents reserve the right to (i) modify the Plan in accordance with Section XII.A of the Plan and/or (ii) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code notwithstanding such lack of acceptance.

G. Means For Implementation of The Plan

1. *Settlement of Certain Claims.*

Pursuant to Bankruptcy Rule 9019, and in consideration of the classification, distribution, releases and other benefits provided under the Plan and the Scheme of Arrangement, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan.

2. *Transactions on the Effective Date.*

On the Effective Date, (a) the remaining officers and members of the boards of directors of AGCL and AGCDC, respectively, shall be deemed to have resigned, (b) the Liquidating Trustee shall be appointed in accordance with Section V.F.1 of the Plan, and (c) the Debtors will transfer the Liquidating Trust Assets to the Liquidating Trust on behalf of holders of Allowed Claims. Notwithstanding the foregoing, for the purposes of enabling and facilitating a smooth and orderly transition from the Debtors to the Liquidating Trustee and the orderly transfer of the Liquidating Trust assets by the Debtors to the Liquidating Trust, the designated Liquidating Trustee shall be authorized to engage Liquidating Trust Professionals, and incur fees and expenses in connection with such engagement, immediately upon the occurrence of the Confirmation Date.

3. *Corporate Existence; Dissolution of Debtors.*

(i) *Continued Existence.*

AGCL shall continue to exist as a shell corporation after the Effective Date under the laws of Bermuda and pursuant to its certificate of incorporation and by-laws in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws are amended under the Plan (but without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise)), for the limited purpose of effecting, at the expense of the Liquidating Trust, its dissolution under the laws of Bermuda and the dissolution of each of its

direct and indirect subsidiaries under the laws of the jurisdiction of incorporation of such subsidiary.

(ii) *Retention of Debtors' Records; Dissolution.*

As soon as practicable after the Effective Date, and at the expense of the Liquidating Trust, the Liquidating Trustee shall (a) provide for the retention and storage of the books, records and files that are delivered to the Liquidating Trustee by the Debtors until the later of (i) the second anniversary of the final Distribution of Available Cash under the Plan or (ii) such time as the Liquidating Trustee determines in good faith, after taking into account applicable law governing the retention of such books, records and files and the Liquidating Trustee's need for such books, records and files in connection with the administration of the Liquidating Trust, that such retention no longer is necessary or required, (b) file a certificate informing the Bankruptcy Court of the location at which such books, records and files are being stored; (c) file a certification with the Bankruptcy Court stating that the assets of the Debtors' respective Estates have transferred to the Liquidating Trust; and (d) take any and all appropriate action to cause (x) AGCL to be dissolved under Bermuda law and (y) each direct and indirect subsidiary of AGCL, other than PCL, to be dissolved under the law of the jurisdiction of its incorporation. In accordance with Section 303 of the Delaware General Corporation Law, the Liquidating Trustee, on behalf of AGCDC, shall file a certificate of dissolution with the Secretary of State of Delaware and, subject to Section 103(d) of the Delaware General Corporation Law, such certificate shall become effective upon filing, and AGCDC shall be deemed dissolved for all purposes under Delaware law without the necessity for any other or further actions to be taken by or on behalf of AGCDC or payments to be made in connection therewith.

4. *Effectuating Documents; Further Transactions.*

The Liquidating Trustee shall be authorized to execute, deliver, file or record such documents, instruments, releases and other agreements and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

5. *The Liquidating Trust Agreement.*

(i) *Execution of Liquidating Trust Agreement.*

On the Effective Date, the Liquidating Trust shall be executed, and all other necessary steps shall be taken to establish the Liquidating Trust and the Beneficial Interests, which shall be for the benefit of the holders of Allowed General Unsecured Claims. In the event of conflict between the terms of Sections V.E and V.F of the Plan and the terms of the Liquidating Trust Agreement, the terms of the Liquidating Trust Agreement shall govern.

(ii) *Purpose of Liquidating Trust.*

The Liquidating Trust shall be established for the sole purpose of liquidating its assets, in accordance with IRS Revenue Procedure 94-45 and Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business.

(iii) *Liquidating Trust Assets.*

The Liquidating Trust shall consist of the Liquidating Trust Assets. Any Cash or other property received from third parties from the prosecution, settlement, or compromise of the Causes of Action shall constitute Liquidating Trust Assets for purposes of distributions under the Liquidating Trust. On the Effective Date, the Debtors shall transfer all of the Liquidating Trust Assets to the Liquidating Trust free and clear of all liens, claims and encumbrances.

(iv) *Governance of the Liquidating Trust.*

The Liquidating trust shall be governed by the Liquidating Trustee.

(v) *Federal Income Tax Treatment of the Trust for the Liquidating Trust Assets.*

(a) *Liquidating Trust Assets Treated as Owned by Creditors.*

For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee, and the Beneficiaries) shall treat the transfer of the Liquidating Trust Assets to the Liquidating Trust for the benefit of the Beneficiaries as (A) a transfer of the Liquidating Trust Assets directly to the Beneficiaries followed by (B) the transfer by the Beneficiaries to the Liquidating Trust of the Liquidating Trust Assets in exchange for Beneficial Interests. Accordingly, the Beneficiaries shall be treated for federal income tax purposes as the grantors and owners of their respective shares of the Liquidating Trust Assets.

(vi) *The Liquidating Trustee.*

(a) *Appointment.*

From and after the Effective Date, an entity to be designated jointly by the Debtors and the Committee prior to the Confirmation Date, shall serve as the Liquidating Trustee pursuant to the Liquidating Trust Agreement and the Plan, until death, resignation or discharge and the appointment of a successor Liquidating Trustee in accordance with the Liquidating Trust Agreement and the Plan.

(vii) *Role of the Liquidating Trustee.*

In furtherance of and consistent with the purpose of the Liquidating Trust, this Plan and the Scheme, the Liquidating Trustee shall (i) have the power and authority to hold, manage and distribute the Liquidating Trust Assets, (ii) hold the Liquidating Trust Assets for the benefit of the holders of Allowed General Unsecured Claims, and (iii) have the power and authority to hold, manage and distribute Cash and non-Cash Liquidating Trust Assets obtained through the exercise of its power and authority. In all circumstances, the Liquidating Trustee shall act in the

best interests of all Beneficiaries and in furtherance of the purpose of the Liquidating Trust.

(viii) *Rights, Powers and Duties of the Debtors and the Liquidating Trustee.*

The Debtors shall retain and have all the rights, powers and duties necessary to carry out its responsibilities under the Plan. Subject to the consultation rights of the Plan Committee as set forth in Section V.G.4 of the Plan, such rights, powers and duties, which shall be exercisable by the Liquidating Trustee after the Effective Date pursuant to the Plan and the Liquidating Trust Agreement, shall include, among others:

(a) hold legal title to any and all rights of the holders of the Beneficial Interests in or arising from the Liquidating Trust Assets, including collecting and receiving any and all money and other property belonging to the Liquidating Trust and the right to vote any claim or interest in a case under the Bankruptcy Code and receive any distribution thereon;

(b) perform the duties, exercise the powers, and assert the rights of a trustee under Sections 704 and 1106 of the Bankruptcy Code, including commencing, prosecuting or settling causes of action, enforcing contracts, and asserting claims, defenses, offsets and privileges;

(c) protect and enforce the rights to the Liquidating Trust Assets by any method deemed appropriate including by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;

(d) borrow funds, incur or assume liabilities, and pledge Liquidating Trust Assets on behalf of the Liquidating Trust in furtherance of or in connection with the Liquidating Trustee's or the Liquidating Trust's duties, powers, authority, and obligations under the Liquidating Trust Agreement and this Plan, and determine and satisfy any and all liabilities created, incurred or assumed by the Liquidating Trust;

(e) file, if necessary, any and all tax and information returns with respect to the Liquidating Trust and the Reserves and pay taxes, if any, properly payable by the Liquidating Trust or the Reserves;

(f) pay all expenses and make all other payments relating to the Liquidating Trust Assets;

(g) obtain reasonable insurance coverage with respect to its liabilities and obligations as Liquidating Trustee under the Liquidating Trust Agreement and this Plan (in the form of an errors and omissions policy or otherwise);

(h) obtain insurance coverage with respect to real and personal property that may become Liquidating Trust Assets, if any;

(i) retain and pay such Liquidating Trust Professionals as the Liquidating Trustee in its sole discretion may select to assist the Liquidating Trustee in its duties,

on such terms as the Liquidating Trustee deems appropriate, without Bankruptcy Court approval. The Liquidating Trustee may commit the Liquidating Trust to and shall pay such Liquidating Trust Professionals reasonable compensation for services rendered and expenses incurred. A Liquidating Trust Professional shall not be disqualified from serving the Liquidating Trustee solely because of its current or prior retention as counsel or professional to a party in interest in the Chapter 11 Cases or the Bermuda Proceedings;

(j) retain and pay an independent public accounting firm to perform such reviews and/or audits of the financial books and records of the Liquidating Trust and the Reserves as may be appropriate in the Liquidating Trustee's sole discretion and to prepare and file any tax returns or informational returns for the Liquidating Trust and the Reserves as may be required. The Liquidating Trustee may commit the Liquidating Trust to pay and shall pay such independent public accounting firm reasonable compensation for services rendered and expenses incurred;

(k) retain and pay such third parties as the Liquidating Trustee, in its sole discretion, may deem necessary or appropriate to assist the Liquidating Trustee in carrying out its powers and duties under the Liquidating Trust Agreement and this Plan. The Liquidating Trustee may commit the Liquidating Trust to and shall pay all such persons or entities reasonable compensation for services rendered and expenses incurred, as well as commit the Liquidating Trust to indemnify any such parties in connection with the performance of services;

(l) employ such employees as the Liquidating Trustee, in its sole discretion and as consistent with the purposes of the Liquidating Trust, may deem necessary or appropriate to assist the Liquidating Trustee in carrying out its powers and duties under the Liquidating Trust Agreement and this Plan. The Liquidating Trustee may commit the Liquidating Trust to pay and shall pay all such employees reasonable salary in the amounts it shall determine to be appropriate and any employee benefits it may establish pursuant to Section V.F.2(m) of the Plan. If the Liquidating Trustee employs employees pursuant to Section V.F.2(l) of the Plan, the Liquidating Trustee shall establish payroll procedures and pay any and all federal, state or local tax withholding required under applicable law with respect to any such employees, and it will take all other actions it deems necessary to effectuate the provisions of Section V.F.2(l) of the Plan;

(m) establish and adopt or cease to provide such employee benefits for the benefit of any employees described in Section V.F.2(l) of the Plan above as the Liquidating Trustee, in its sole discretion and as consistent with the purposes of the Liquidating Trust, may deem necessary or appropriate, including, without limitation, the adoption of any group health plan;

(n) assert or waive any privilege or defense on behalf of the Debtors or, with respect to the Liquidating Trust Assets, the Liquidating Trust;

(o) compromise, adjust, arbitrate, sue on, defend, pursue, prosecute, abandon or exercise any and all rights, powers, and privileges with respect to, or otherwise deal

with and settle, in accordance with the terms set forth herein, all Causes of Action and any and all claims and causes of action against the Debtors or the Liquidating Trust as the Liquidating Trustee shall deem advisable;

(p) avoid and recover transfers of the Debtors' property as may be permitted by the Bankruptcy Code or applicable state law;

(q) execute offsets and assert counterclaims against Claims as provided for in the Plan;

(r) in its sole discretion (subject to Section V.F of the Plan), take all appropriate action with respect to the Liquidating Trust Assets consistent with the purpose of the Liquidating Trust, including the avoidance of any transfer or obligation, and the filing, prosecution, settlement or other resolution of claims and causes of action, including the Avoidance Actions;

(s) invest any moneys held as part of the Liquidating Trust in accordance with the terms of the Liquidating Trust Agreement, limited, however, to such investments that are consistent with the Liquidating Trust's status as a liquidating trust within the meaning of Treasury Regulations Section 301.7701-4(d);

(t) request any appropriate tax determination with respect to the Liquidating Trust or the Disputed Claims Reserve, including a determination pursuant to Section 505 of the Bankruptcy Code;

(u) establish and maintain a website for the purpose of providing notice of Liquidating Trust activities in lieu of sending written notice to holders of Beneficial Interests, subject to providing notice of such website to such holders;

(v) take or refrain from taking any and all actions that the Liquidating Trustee reasonably deems necessary or convenient for the continuation, protection and maximization of the Liquidating Trust Assets or to carry out the purposes hereof; and

(w) seek the examination of any entity subject to the provisions of Bankruptcy Rule 2004.

The Liquidating Trustee may delegate such powers as the Liquidating Trustee deems necessary for the resolution and conversion to Cash of the Causes of Action.

(ix) *Compensation of the Liquidating Trustee.*

The Liquidating Trustee (and any Liquidating Trust Professionals retained by the Liquidating Trustee) shall be compensated first from the Operating Reserve and then out of the Liquidating Trust Assets pursuant to the terms of the Liquidating Trust Agreement. The Liquidating Trustee shall be entitled to reasonable compensation in an amount consistent with that of similar functionaries in similar types of reorganization proceedings. The payment of the

fees and expenses of the Liquidating Trustee and the Liquidating Trust Professionals shall be made from the Operating Reserve in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court.

(x) *Indemnification.*

The Liquidating Trustee, and the Liquidating Trustee's agents, representatives, designees, and professionals, and their respective employees shall not be liable for any actions taken or omitted in its capacity as, or on behalf of, the Liquidating Trustee, except those acts or omissions arising out of its or their own willful misconduct, fraud or gross negligence, and each shall be entitled to indemnification and reimbursement for fees and expenses in defending any and all of its actions or inactions in its capacity as, or on behalf of, the Liquidating Trustee, except for any actions or inactions involving willful misconduct, fraud or gross negligence. Any indemnification claim of the Liquidating Trustee (and the other parties entitled to indemnification under Section V.F.5 of the Plan) shall be satisfied first from the Operating Reserve and then from the Liquidating Trust Assets. The Liquidating Trustee shall be entitled to rely, in good faith, on the advice of its retained Liquidating Trust Professionals. The Liquidating Trust shall indemnify and hold harmless the Liquidating Trustee and its designees and Liquidating Trust Professionals, and all duly designated agents and representatives thereof, from and against and in respect of all liabilities, losses, damages, claims, costs, and expenses, including without limitation attorneys' fees and costs arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Liquidating Trust or the implementation or administration of the Trust Agreement and this Plan; provided, however, that no such indemnification will be made for such actions or omissions as a result of willful misconduct, fraud or gross negligence. The indemnification provisions of the Liquidating Trust Agreement shall remain available to and be binding upon any former Liquidating Trustee or the estate of any deceased Liquidating Trustee and shall survive the termination of the Liquidating Trust Agreement.

(xi) *Insurance.*

The Liquidating Trustee shall be authorized to obtain and pay for out of the Operating Reserve all reasonably necessary insurance coverage for itself, its agents, representatives, employees, independent contractors and the Liquidating Trust, including coverage with respect to (i) any property that is or may in the future become the property of the Liquidating Trust and (ii) the liabilities, duties and obligations of the Liquidating Trustee and its agents, representatives, employees or independent contractors under the Liquidating Trust Agreement (in the form of an errors and omissions policy or otherwise), the latter of which insurance coverage may, at the sole option of the Liquidating Trustee, remain in effect for a reasonable period (not to exceed six years) after the termination of the Liquidating Trust Agreement.

(xii) *Authority To Object to Claims and Interests and To Settle Disputed Claims.*

From and after the Effective Date, and subject to the consultation rights of the Plan

Committee as set forth in Section V.G of the Plan, the Liquidating Trustee shall be authorized, with respect to those Claims or Equity Interests that are not Allowed hereunder or by Court order, (i) to object to any Claims Filed against any of the Debtors' Estates and (ii) pursuant to Bankruptcy Rule 9019(b) and section 105(a) of the Bankruptcy Code, to compromise and settle Disputed Claims in accordance with the following procedures, which shall constitute sufficient notice in accordance with the Bankruptcy Code and the Bankruptcy Rules for compromises and settlements of claims:

(a) If the proposed amount at which the Disputed Claim is to be Allowed is less than or equal to \$50,000, the Liquidating Trustee shall be authorized and empowered to settle the Disputed Claim and execute such documents and instruments as it determines, in its sole discretion, to be necessary or appropriate to effectuate or implement such settlement or compromise, without notice to any party, and the Liquidating Trustee shall have no liability to any party for the reasonableness of such settlement.

(b) If the proposed amount at which the Disputed Claim is to be allowed is greater than \$50,000 but less than or equal to \$5 million, the Liquidating Trustee shall be authorized and empowered to settle such Disputed Claim and execute such documents and instruments as it determines, in its sole discretion, to be necessary or appropriate to effectuate or implement such settlement or compromise, only upon receipt of written approval of the Plan Committee or the Bankruptcy Court of such settlement.

(c) If the proposed amount at which the Disputed Claim is to be allowed is greater than \$5 million, the Liquidating Trustee, with the written approval of the Plan Committee, shall be authorized and empowered to settle the Disputed Claim and execute such documents and instruments as it determines, in its sole discretion, to be necessary or appropriate to effectuate or implement such settlement or compromise, only upon receipt of Bankruptcy Court approval of such settlement or compromise.

6. *Committee and Plan Committee.*

(i) *Dissolution of Committee.*

The Committee shall continue in existence until the Effective Date to exercise those powers and perform those duties specified in section 1103 of the Bankruptcy Code and shall perform such other duties as it may have been assigned by the Bankruptcy Court or in this Plan prior to the Effective Date. On the Effective Date, the Committee shall be deemed dissolved, and its members shall be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Cases or the Plan and its implementation, and the retention or employment of the Committee's Professionals shall terminate; *provided, however*, that the Committee shall continue to exist after the Effective Date for the limited purpose of (i) reviewing and objecting, if necessary, to final applications for Professional Fees and (ii) contesting any appeal of the Confirmation Order. Counsel to the Committee shall be entitled to reasonable compensation and reimbursement of actual, necessary and reasonable expenses for post-Effective Date activities authorized hereunder upon the submission of invoices to the Liquidating

Trustee.

(ii) *Creation of Plan Committee; Procedures.*

On the Effective Date, the Plan Committee shall be formed and constituted. The Plan Committee shall consist of three (3) Committee members (other than the Indenture Trustee) who shall be appointed by the Committee and whose identities shall be disclosed to the Bankruptcy Court prior to the Confirmation Hearing Date; *provided, however*, that if fewer than three (3) Committee members express an interest in serving on the Plan Committee, then the Plan Committee shall consist of the two (2) or one (1) (as the case may be) Committee members willing to serve. Membership on the Plan Committee shall be on an institutional and not on an individual basis. In the event that a member of the Plan Committee resigns from its position on the Plan Committee, such member shall have the right to designate its successor (if any) on the Plan Committee. To the extent that a resigning member of the Plan Committee does not exercise its right to designate its successor on the Plan Committee within ten (10) days after such member's resignation from the Plan Committee, the non-resigning members of the Plan Committee shall have the right (but not the obligation) to designate a successor to the resigning member of the Plan Committee. In the event that there have been no Plan Committee members for a period of thirty (30) consecutive days, then the Liquidating Trustee may, during such vacancy and thereafter, in its sole discretion, ignore any reference in the Plan, the Liquidating Trust Agreement or the Confirmation Order to a Plan Committee, and all references to the Plan Committee's ongoing duties and rights in the Plan, the Liquidating Trust Agreement and the Confirmation Order shall be null and void.

(iii) *Standing of Plan Committee.*

The Plan Committee shall have independent standing to appear and be heard in the Bankruptcy Court with respect to any matter relating to the Plan, the Debtors, the Estates, the Liquidating Trustee, or the Liquidating Trust, including any matter as to which the Bankruptcy Court has retained jurisdiction pursuant to Article XI of the Plan. The Plan Committee shall be the successor-in-interest to, and the assignee of, the Committee with respect to any and all of the Committee's right, title and interest in and to causes of action, rights, claims or defenses, including objections to Claims and Equity Interests, or proceedings to subordinate or recharacterize Claims.

(iv) *Plan Committee Function and Duration; Compensation and Expenses.*

The Plan Committee shall have consultation rights with respect to the Liquidating Trustee. The Liquidating Trustee shall report to the Plan Committee, and the Plan Committee shall have the power to remove the Liquidating Trustee. The Plan Committee (i) shall be responsible for (A) consulting with the Liquidating Trustee with respect to the Liquidating Trustee's responsibilities under the Plan and the Liquidating Trust Agreement, (B) reviewing and consulting with respect to the prosecution of adversary proceedings, contested matters and other proceedings, if any, including proposed settlements thereof, (C) reviewing and consulting with respect to objections to and proposed settlements of Disputed Claims, (D) performing such other duties that may be necessary and proper to assist the Liquidating Trustee and its retained Liquidating Trust Professionals, and (ii) shall remain in existence until such time as the final

Distributions under the Plan have been made by the Liquidating Trustee. The members of the Plan Committee shall serve without compensation for their performance of services as members of the Plan Committee, except that they shall be entitled to reimbursement by the Liquidating Trustee of the actual, necessary and reasonable expenses incurred by them in the performance of their duties hereunder.

(v) *Liability; Indemnification.*

Neither the Plan Committee, nor any of its members or designees, nor any duly designated agent or representative of the Plan Committee, including counsel and other professionals retained by the Plan Committee, or their respective employees (collectively, the “**Indemnified Plan Committee Parties**”), shall be liable for the act or omission of any other Indemnified Plan Committee Party, nor shall any Plan Committee member be liable for any act or omission taken or omitted to be taken in its capacity as a member of the Plan Committee, other than acts or omissions resulting from such member’s willful misconduct, bad faith or gross negligence. The Liquidating Trust shall indemnify and hold harmless the Indemnified Plan Committee Parties (in their capacity as such) from and against and with respect to any and all liabilities, losses, damages, claims, costs and expenses, including attorneys’ fees, arising out of or due to their actions or omissions, or consequences of such actions or omissions, other than as a result of their willful misconduct, bad faith or gross negligence, with respect to the Debtors, the Estates, the Liquidating Trust or the implementation or administration of the Plan. To the extent that an Indemnified Plan Committee Party asserts a claim for indemnification hereunder, the legal fees and related costs incurred by counsel to such Indemnified Plan Committee Party in monitoring and participating in the defense of such claims giving rise to the asserted right of indemnification shall be advanced to such Indemnified Plan Committee Party (and such Indemnified Plan Committee Party undertakes to repay such amounts if it ultimately shall be determined that such Indemnified Plan Committee Party is not entitled to be indemnified therefore) out of the Operating Reserve.

7. *Operations of the Debtors between Confirmation and the Effective Date.*

The Debtors shall continue to operate as debtors in possession during the period from the Confirmation Date and until the Effective Date.

8. *Cancellation of Debt Securities.*

On the Effective Date, except as otherwise provided for herein, the Debt Securities shall be deemed extinguished, cancelled and of no further force or effect, and the obligations of the Debtors thereunder shall be discharged, in each case without any further act or action under any applicable agreement, law, regulation, order or rule and without any further action on the part of the Bankruptcy Court or any Person; *provided, however*, that the Senior Note Indenture shall continue in effect solely for the purposes of allowing the Indenture Trustee to receive and make the Distributions to be made to the holders of Senior Note Claims under the Plan. The holders of such cancelled Debt Securities shall have no rights against the Debtors arising from or relating to such Debt Securities or the cancellation thereof, except the rights provided herein.

Except to the extent otherwise provided for herein, in agreements entered into in connection herewith, or the Confirmation Order, as a condition to participating in Distributions under the Plan, a Claimant holding a Debt Security shall be deemed to surrender such Debt Security to the Liquidating Trustee or the Indenture Trustee on the Effective Date. The Debt Securities shall be deemed cancelled and shall represent only the right to receive the Distributions to which the Claimant is entitled under the Plan.

9. *Sources of Cash for Plan Distributions.*

Except as otherwise provided in the Plan or the Confirmation Order, all Cash necessary for the Liquidating Trustee to make Distributions pursuant to the Plan shall be provided from the Liquidating Trust Assets transferred by the Debtors to the Liquidating Trust pursuant to this Plan and from the liquidation of the non-Cash Liquidating Trust Assets by the Liquidating Trustee.

10. *Exclusivity Period.*

Subject to further order of the Bankruptcy Court, the Plan Proponents shall retain the exclusive right to amend the Plan and solicit acceptances thereof until the Effective Date.

11. *Effectuating Documents; Further Transactions.*

Prior to the occurrence of the Effective Date, the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, General Counsel or any other appropriate officer of AGCDC or AGCL, as the case may be, and, on and after the Effective Date, the Liquidating Trustee, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Prior to the Effective Date, the Secretary or Assistant Secretary of AGCDC or AGCL, as the case may be, shall be authorized to certify or attest to any of the foregoing actions, if necessary.

12. *Distributions under the Plan; Reserves.*

On the Distribution Date, or on such later date as Distributions are required to be made on account of Allowed Claims, the Liquidating Trustee shall make, or shall make adequate reserve for, the Distributions required to be made to all holders of Claims (including Disputed Claims but excluding Disallowed Claims) under the Plan. All Distributions reserved pursuant to this Section shall be held by the Liquidating Trustee in trust, for the benefit of the holders of Allowed Claims entitled to receive such Distributions. The Liquidating Trustee shall place Cash Distributions reserved under the Plan in a separate segregated account and may establish one or more interest-bearing Reserve accounts as it determines may be necessary or appropriate to effectuate the provisions of this Plan.

13. *Disputed Claims Reserves.*

On the Distribution Date, or as soon as practicable thereafter, the Liquidating Trustee shall create and fund the Disputed Claims Reserves in accordance with the provisions of Section VIII.F.1 of the Plan.

14. *Preservation of Rights of Action; Settlement of Causes of Action.*

On the Effective Date, except as otherwise provided in this Plan or the Confirmation Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b)(3) of the Bankruptcy Code, the Liquidating Trustee, on behalf of the applicable Debtor and its Estate, may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) (i) any and all defenses and counterclaims to all Claims asserted against the applicable Debtor and its Estate, including setoff, recoupment and any rights under Bankruptcy Code section and 502(d) and (ii) the Causes of Action that the applicable Debtor or its Estate may hold against any Person or Entity. The Liquidating Trustee may pursue such retained defenses, counterclaims and Causes of Action, as appropriate, in accordance with the best interests of the Liquidating Trust, as determined by the Liquidating Trustee. The Bankruptcy Court shall retain jurisdiction to adjudicate any and all such Causes of Action, whether commenced prior to or after Confirmation. At any time after the Confirmation Date and before the Effective Date, notwithstanding anything in the Plan to the contrary, the Plan Proponents may settle any or all of the Causes of Action with the approval of the Bankruptcy Court pursuant to Bankruptcy Rule 9019.

15. *Issuance of New Securities; Execution of Related Documents.*

On or as soon as reasonably practicable after the Effective Date, except as otherwise provided in the Plan, the Debtors shall execute, deliver and issue, as the case may be, in accordance with the provisions of the Plan, all securities, notes, instruments, certificates, warrants, agreements and other documents required to be executed and delivered, or issued, as the case may be, pursuant to the Plan, including the Liquidating Trust Agreement.

16. *Corporate Action*

On the Effective Date, the appointment of the Liquidating Trustee and all actions contemplated by the Plan shall be deemed authorized and approved in all respects (subject to the provisions of the Plan and the Confirmation Order). All matters provided for in the Plan involving the corporate structure of each Debtor, and any corporate action required by each Debtor in connection with the Plan or the Confirmation Order, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the holders of Equity Interests or the directors of such Debtor. On the Effective Date, the Liquidating Trustee shall be deemed authorized and directed to issue, execute and deliver the agreements, documents, Securities and instruments contemplated by the Plan in the name of and on behalf of the Liquidating Trust.

17. *Scheme of Arrangement.*

The Scheme of Arrangement, together with this Plan, shall facilitate and implement a common system of distribution to AGCL's creditors in a manner designed to ensure that there

are no double recoveries. Toward that end, the Scheme of Arrangement shall mirror and be consistent with the provisions of the Plan. The provisions of the Plan that govern, among other things, the treatment of Claims, the procedures for treating and resolving Disputed Claims and the means of implementation shall be incorporated or accounted for in the Scheme of Arrangement.

18. *JPL Fee and Expense Claim.*

(i) *JPL Fee and Expense Claim Reserve.*

On the Effective Date, the JPL Fee and Expense Claim Reserve shall be created and funded by AGCL in an amount estimated by the Plan Proponents in good faith as of the Effective Date to be sufficient to fund all of the fees and expenses of the JPLs and their retained professionals incurred and unpaid prior to the Effective Date (excluding those fees and expenses, if any, that have been disallowed by the Bermuda Court pursuant to the applicable fee approval procedure and that are not subject to any ongoing dispute). To facilitate the estimation contemplated by the immediately preceding sentence, the JPLs and their retained professional advisors shall deliver to the Plan Proponents, within five (5) Business Days of the Confirmation Date, an estimate, prepared in good faith and with reasonable specificity, of (i) their actual fees and expenses incurred prior to, and remaining outstanding as of, the Confirmation Date and (ii) their fees and expenses projected to have been incurred and outstanding as of the Effective Date. The Liquidating Trustee shall administer the JPL Fee and Expense Claim Reserve and shall release funds to the JPLs immediately upon the delivery by the JPLs to the Liquidating Trustee of a copy (certified by the JPLs to be a true and correct copy) of an order of the Bermuda Court that provides that fees and expenses reserved in the JPL Fee and Expense Claim Reserve have been allowed under the applicable approval process established by the Bermuda Court. After the payment in full of the JPL Fee and Expense Claim incurred prior to the Effective Date, any sum remaining in the JPL Fee and Expense Claim Reserve shall be distributed to the Liquidating Trustee, who shall treat such sum as Available Cash.

(ii) *Post-Effective Date Fees and Expenses of the JPLs.*

On the Effective Date, AGCL shall deposit \$150,000 in a bank account in Bermuda designated by and under the sole control of the JPLs, which account shall be subject to the exclusive jurisdiction of the Bermuda Court for the payment of the fees and expenses of the JPLs and their retained professionals incurred on and after the Effective Date in the Bermuda Proceedings in accordance with the procedures established by the Bermuda court. In the event that the aggregate post-Effective Date fees and expenses of the JPLs and their retained professionals that finally are approved by the Bermuda Court are less than \$150,000, any balance in such bank account shall be returned to the Liquidating Trustee promptly following the Bermuda Court's final determination in respect of such fees and expenses, and, thereafter, such balance shall be treated by the Liquidating Trustee as Available Cash. In the event that such post-Effective Date fees and expenses of the JPLs and their retained professionals that finally are approved by the Bermuda Court are greater than \$150,000, the Liquidating Trustee shall deposit in such bank account, promptly following the Bermuda Court's final determination in respect of such fees and expenses, funds in an amount sufficient to facilitate payment in full of such

approved fees and expenses.

H. Treatment of Executory Contracts and Unexpired Leases

1. Assumption and Rejection of Executory Contracts and Unexpired Leases.

Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, each of the prepetition executory contracts and unexpired leases to which any Debtor is a party, to the extent such contracts or leases are executory contracts or unexpired leases, is rejected by the applicable Debtor effective on and subject to the occurrence of the Effective Date, unless such contract or lease (a) previously shall have been assumed or rejected by a Debtor (including those executory contracts and unexpired leases assumed by AGCL and assigned to Asia Netcom) or shall have been deemed rejected pursuant to section 365(d)(4) of the Bankruptcy Code, (b) previously shall have expired or terminated pursuant to its own terms, (c) is identified in the Plan Supplement as a contract or lease to be assumed or (d) is the subject of a pending motion to assume, or assume and assign, Filed on or before the Confirmation Date; *provided, however*, that neither the inclusion by the Plan Proponents of a contract or lease in the Plan Supplement nor anything contained in Article VI of the Plan shall constitute an admission by any Debtor that such contract or lease is an executory contract or unexpired lease or that any Debtor or its successors and assigns has any liability thereunder. The Plan Proponents reserve the right, at any time on or before the earlier to occur of (i) the Effective Date or (ii) sixty (60) days after the Confirmation Date, to amend the Plan Supplement to delete any executory contract or unexpired lease therefrom or add any executory contract or unexpired lease thereto, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be rejected or assumed, as the case may be, by the applicable Debtor. The Plan Proponents shall provide notice of any such amendments to the Plan Supplement to the non-Debtor parties to the executory contracts and unexpired leases affected thereby.

For purposes of sections 365(a) and (b) of the Bankruptcy Code, this Plan shall constitute a motion seeking rejection of all executory contracts and unexpired leases to which any Debtor is a party and which are not excepted from rejection pursuant to the first sentence of Section VI.A of the Plan. Entry of the Confirmation Order shall, subject to and effective upon the occurrence of the Effective Date, constitute approval of the rejections described in Article VI of the Plan pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

2. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by Cure payable by Liquidating Trustee within thirty (30) days after the Effective Date. In the event of a dispute regarding: (1) the nature or amount of any Cure, (2) the ability of the Liquidating Trust to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (3) any other matter pertaining to assumption, the Cure shall occur within thirty (30) days

following the entry of a Final Order resolving the dispute and approving the assumption and, as the case may be, assignment.

3. *Bar Date for Claims Based on Rejection of Executory Contracts or Unexpired Leases.*

If the rejection by a Debtor, pursuant to the Plan or otherwise, results in damages to the other party or parties to such contract or lease, a claim for such damages shall be forever barred and shall not be enforceable against the applicable Debtor or its Estate, the Liquidating Trust, the Liquidating Trustee or their respective successors or properties unless a proof of claim is Filed and served upon the Liquidating Trustee within thirty (30) days after service of a notice of entry of the Confirmation Order. Unless otherwise ordered by the Bankruptcy Court or provided in this Plan, all Rejection Claims for which proofs of claim are required to be Filed and which timely are Filed in accordance with the provisions of Section VI.C of the Plan will constitute, and will be treated as, AGCL Class 3 General Unsecured Claims or AGCDC Class 3 General Unsecured Claims, as the case may be, but only to the extent that such Rejected Claims are Allowed Claims.

4. *Rejection of Indemnification Obligations.*

The obligations of any Debtor, if any, to indemnify any Person or Entity serving at any time on or prior to the Effective Date as one of its directors, officers, or employees by reason of such Person's or Entity's service in such capacity, or as a director, officer, or employee of any other corporation or legal entity, to the extent provided in the Debtor's constituent documents, by a written agreement with such Debtor or the applicable law of such Debtor's jurisdiction of incorporation or organization, shall be deemed and treated as an executory contract that is rejected by the Debtor pursuant to the Plan and section 365 of the Bankruptcy Code as of the Effective Date, except as otherwise provided herein.

I. Provisions Governing Distributions

1. *Manner of Payment under the Plan.*

Distributions of Cash made pursuant to the Plan shall be in U.S. dollars and shall be made, at the option and in the sole discretion of the Liquidating Trustee, by check drawn on, or by wire transfer from, a domestic bank selected by the Liquidating Trustee. If so requested in a writing received by the Liquidating Trustee no later than five (5) Business Days after the Confirmation Date, Cash Distributions of \$200,000 or more to be made pursuant to the Plan shall be made by wire transfer from a domestic bank, with any associated wire transfer fees to be assessed against the Creditor requesting such wire transfer. Cash payments to foreign Creditors may be made, at the option and in the sole discretion of the Liquidating Trustee, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

2. *Timing of Distributions.*

Except as otherwise provided herein or as may be ordered by the Bankruptcy Court, Distributions to be made on account of Claims that are Allowed Claims as of the Effective Date and that are entitled to receive Distributions under the Plan shall be made on the Distribution Date. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. Distributions on account of Claims that become Allowed after the Effective Date shall be made pursuant to Article VIII.G of the Plan.

3. *Interest on Allowed Claims.*

Unless otherwise specifically provided for in the Plan or in the Confirmation Order or required by the Bankruptcy Code, interest, fees, costs and other charges accruing on a Claim or incurred by the holder of such Claim in respect of its Claim on or after the Petition Date shall not be paid, and no Claimant shall be entitled to interest, fees, costs or other charges accruing on its Claim or incurred by it in respect of its Claim on or after the Petition Date on any Claim. In the event that a Disputed Claim becomes an Allowed Claim, interest shall not accrue or be paid upon any such Disputed Claim in respect of the period from the Petition Date to the date on which the final Distribution is made in respect of such Disputed Claim.

4. *Distributions by the Liquidating Trustee.*

The Liquidating Trustee shall serve as disbursing agent under the Plan and shall make all Distributions required under the Plan.

5. *Delivery of Distributions and Undeliverable or Unclaimed Distributions.*

(i) *Delivery of Distributions in General.*

Except as provided herein, Distributions to Claimants who, as of the Distribution Record Date, hold Allowed Claims shall be made, as the case may be, (a) at the addresses set forth on the proofs of Claim Filed by Claimants, (b) at the addresses set forth in any written notices of address changes delivered by Claimants to the Liquidating Trustee or the applicable Debtor after the date of any related proof of claim, (c) at the Claimants' respective addresses reflected in the Schedules, if no proof of claim has been Filed and the Liquidating Trustee has not received a written notice of a change of address, or (d) in the case of Debt Securities administered by the Indenture Trustee, in accordance with the provisions of the Senior Note Indenture.

(ii) *Undeliverable and Unclaimed Distributions.*

(a) **Holding of Undeliverable Distributions.** If any Distribution to a Claimant is returned to the Liquidating Trustee as undeliverable or is otherwise unclaimed, no further Distributions shall be made to such Claimant unless and until the Liquidating Trustee is notified in writing of such Claimant's then-current address. The Liquidating Trustee shall deposit undeliverable or unclaimed Distributions in a segregated, interest-bearing account, designated as the **"Unclaimed Distribution Reserve,"** for the benefit

of all such similarly situated Claimants until such time as a Distribution becomes deliverable or is claimed. The Claimant on account of which a Distribution is undeliverable or unclaimed shall be entitled to any interest, dividends or other accruals of any kind in respect of such Distribution.

(b) **After Distribution Becomes Deliverable.** On each Quarterly Distribution Date, the Liquidating Trustee shall make all Distributions that have become deliverable or have been claimed since the Distribution Date or the immediately preceding Quarterly Distribution Date, as the case may be.

(c) **Failure to Claim Undeliverable Distributions.** In an effort to ensure that all holders of Allowed Claims receive their allocated Distributions, the Liquidating Trustee shall File a listing of holders of undeliverable or unclaimed Distributions. Such list shall be maintained for as long as the Chapter 11 Cases remain open. Any holder of an Allowed Claim that does not assert a Claim pursuant to the Plan for an undeliverable or unclaimed Distribution within one (1) year after the Effective Date shall be deemed to have forfeited its claim for such undeliverable or unclaimed Distribution and shall be forever barred from asserting any such claim for an undeliverable or unclaimed Distribution against the Debtors or their property, the Liquidating Trustee or the Liquidating Trust. In such cases, any Cash held in the Unclaimed Distribution Reserve for distribution on account of such claims for undeliverable or unclaimed Distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall be deemed a Liquidating Trust Asset free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary, and any entitlement of any Claimant to such Distributions shall be extinguished and forever barred. Such Cash shall be treated by the Liquidating Trustee as Available Cash. Nothing contained in the Plan or the Liquidating Trust Agreement shall require the Liquidating Trustee to attempt to locate any holder of an Allowed Claim.

6. *Time Bar to Negotiate Checks.*

Checks issued by the Liquidating Trustee on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days from and after the date of issuance thereof. Requests for re-issuance of any check shall be made in writing directly to the Liquidating Trustee by the holder of the Allowed Claim with respect to which the check was originally issued. Any claim in respect of such a void check shall be made on or before one hundred twenty (120) days after the date of issuance of such check. After such date, all claims in respect of such void checks shall be forever barred, and the proceeds of such checks shall revert in and become the property of the Liquidating Trust for the benefit of holders of Allowed Claims against the applicable Debtor.

7. *Record Date for Distributions to Claimants Holding Debt Securities.*

As of the close of business on the Distribution Record Date, the transfer register for any Debt Securities canceled pursuant to the Plan (including the Senior Notes) shall be closed, and there shall be no further changes in the record holders of any such Debt Securities. Each of the Debtors, the Liquidating Trustee and the Indenture Trustee shall have no duty to recognize the

transfer of, or the sale of any interest in, any Allowed Claim or any Debt Security occurring after the close of business on the Distribution Record Date and shall be entitled for all purposes relating to this Plan to recognize, distribute to and deal with only those record holders of Claims stated on the official claims register maintained by the clerk of the Bankruptcy Court or the transfer books and records as maintained by the Indenture Trustee or its agent, as the case may be, as of the close of business on the Distribution Record Date.

8. *Indenture Trustee as Claim Holder.*

Consistent with Bankruptcy Rule 3003(c), the Debtors and the Liquidating Trustee, as the case may be, shall recognize a proof of claim filed by the Indenture Trustee in respect of the Senior Note Claims. Accordingly, any Senior Note Claim, proof of which is Filed by the registered or beneficial holder thereof, shall be deemed disallowed as duplicative of the Senior Note Claims of the Indenture Trustee without need for any further action or order of the Bankruptcy Court.

9. *Allocation of Plan Distributions between Principal and Interest.*

To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for federal income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the Distribution exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

10. *Fractional Dollars; De Minimis Distributions.*

Notwithstanding any other provision of the Plan or the Liquidating Trust Agreement to the contrary, (a) the Liquidating Trustee shall not be required to make Distributions or payments of fractions of dollars, and whenever any Distribution of a fraction of a dollar under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down, and (b) the Liquidating Trustee shall not have a duty to make a Distribution on account of an Allowed Claim from any Reserve or account (i) to any holder of an Allowed Claim if the aggregate amount of all Distributions authorized to be made from all such Reserves or accounts on the Quarterly Distribution Date in question is less than \$10,000, in which case such Distributions shall be deferred to the next Quarterly Distribution Date, or (ii) to a specific holder of an Allowed Claim if the amount to be distributed to that holder on the particular Distribution Date or Quarterly Distribution Date, as the case may be, is less than \$50.00, unless such Distribution constitutes the final Distribution to such holder.

11. *No Distribution in Excess of Allowed Amount of Claim.*

Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall receive in respect of such Claim any Distribution in excess of the Allowed Amount of such Claim.

12. *Setoffs.*

Except as otherwise provided in the Plan, the Liquidating Trustee may, pursuant to sections 502(d) or 553 of the Bankruptcy Code or applicable non-bankruptcy law, offset against any Allowed Claim, and the Distributions to be made pursuant to the Plan on account of such Claim (before any Distribution is made on account of such Claim), the claims, rights, and Causes of Action of any nature that the applicable Debtor may hold against the holder of such Allowed Claim; *provided, however*, that (1) neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the applicable Debtor of any such claims, rights, and Causes of Action that such Debtor may possess against such holder.

13. *Compliance with Tax Requirements.*

In connection with the Plan and all Distributions hereunder, to the extent applicable, the Liquidating Trustee is authorized to take any and all actions that may be necessary or appropriate to comply with all tax withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all Distributions pursuant to the Plan shall be subject to any such withholding and reporting requirements.

14. *Release of Liens.*

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created or assumed in connection with the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article VII of the Plan, all mortgages, deeds of trust, liens, pledges or other security interests against the property of any Debtor's Estate shall be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens, pledges or other security interests shall revert to the Debtors' Respective Estates and shall be deemed Liquidating Trust Assets that are transferred to the Liquidating Trust pursuant to Section V.B of the Plan.

J. Procedures For Resolving Disputed Claims

1. *Prosecution of Objections to Claims on and after the Effective Date.*

Subject to the limitations set forth in the Liquidating Trust Agreement and Section V.F.7 of the Plan, on and after the Effective Date, the Liquidating Trustee shall have the exclusive authority to, and shall, File, settle, compromise, withdraw or litigate to judgment all objections to Claims, except applications for allowance of Professional Fees (as to which any party in interest may File an objection). Nothing contained herein shall limit the right of the Liquidating Trustee to object to Claims, if any, Filed or amended after the Claims Objection Bar Date.

2. *Claims Objection Bar Date.*

No later than the Claims Objection Bar Date (unless extended by order of the Bankruptcy Court), the Liquidating Trustee shall File with the Bankruptcy Court objections to Claims and objections to requests for payment of Administrative Claims and serve such objections upon the

Claimants who Filed such Claims or requests. If an objection has not been Filed to a proof of Claim, a scheduled Claim or a request for payment of Administrative Claim by the Claims Objection Bar Date, the Claim to which the proof of Claim, the scheduled Claim or the request for payment of Administrative Claim relates, as the case may be, will be treated as an Allowed Claim if such Claim or request for payment has not been Allowed earlier.

3. *Estimation of Claims.*

The Liquidating Trustee may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, such estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Liquidating Trustee may elect to pursue any supplemental proceedings to object to any ultimate allowance of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

4. *Payments and Distributions on Disputed Claims; Disputed Claims Reserve.*

Notwithstanding any provision in the Plan to the contrary, no payments or Distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim. Until such time, the Liquidating Trustee shall withhold from the property to be distributed under the Plan the portion of such property allocable to such Disputed Claim and shall place and hold such property in trust in the Disputed Claims Reserve for the benefit of the holder of such Disputed Claim.

5. *Distribution When a Disputed Claim Becomes an Allowed Claim.*

Distributions to each holder of a Disputed Claim, to the extent that such Claim ultimately becomes an Allowed Claim (and to the extent that the holder of such Claim has not received prior Distributions on account of such Claim), shall be made in accordance with the provisions of the Plan governing the Class of Claims in which such Claim is classified.

6. *Accounts and Reserves.*

The Liquidating Trustee shall, subject to and in accordance with the provisions of this Plan and the Liquidating Trust Agreement, (a) establish one or more general accounts into which shall be deposited all funds not required to be deposited into a Reserve and (b) create, fund and

withdraw funds from, as appropriate, the Operating Reserve, the Administrative Claims Reserve, the Disputed Claims Reserve, the Unclaimed Distributions Reserve and such other reserves, accounts and escrows as the Liquidating Trustee deems appropriate. The Liquidating Trustee shall sell non-Cash assets of the Liquidating Trust, if any, in accordance with the provisions of the Plan and the Liquidating Trust Agreement. The net proceeds of any such sales shall be deposited in an account or Reserve pursuant to the terms of the Liquidating Trust Agreement.

(i) *Disputed Claims Reserve.*

(a) On the Effective Date (or as soon thereafter as is practicable), the Liquidating Trustee shall create and fund, and on each Quarterly Distribution Date, the Liquidating Trustee shall fund, a Disputed Claims Reserve for Disputed General Unsecured Claims. The Liquidating Trustee shall fund the Disputed Claims Reserve with an amount of Cash equal to one hundred percent (100%) of the Distributions to which holders of Disputed General Unsecured Claims would be entitled under the Plan as of such date if such Disputed Claims were Allowed Claims in their Disputed Claim Amount, or such other amount as may be agreed by the holder of such Disputed Claim and the Liquidating Trustee, or such other amount as otherwise may be determined by order of the Bankruptcy Court; provided, however, that the Liquidating Trustee may, at any time, File motion(s) pursuant to section 502(c) of the Bankruptcy Code for order(s) estimating and limiting the amount of the Cash which shall be deposited in the Disputed Claims Reserve in respect of any Disputed General Unsecured Claims, with notice and an opportunity to be heard to the affected holders of such Disputed Claims. The Disputed Claims Reserve shall be closed and extinguished by the Liquidating Trustee upon its determination that all Distributions required to be made under the Plan have been made in accordance with the terms of the Plan. Upon closure of the Disputed Claims Reserve, all Cash (including any Cash Investment Yield and any Cash dividends and other Distributions held in such Disputed Claims Reserve) shall be subject to redistribution, as appropriate, in accordance with the provisions of Article VII of the Plan.

(b) Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Liquidating Trustee of a private letter ruling if the Liquidating Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Liquidating Trustee), the Liquidating Trustee shall (i) treat the Disputed Claims Reserve established with respect to Disputed Claims as a discrete trust fund for federal income tax purposes, consisting of separate and independent shares to be established in respect of each Disputed Claim, in accordance with the trust provisions of the Internal Revenue Code (sections 641 *et seq.*), and (ii) to the extent permitted by applicable law, shall report consistent with the foregoing for state and local income tax purposes. All holders of Disputed Claims shall report, for tax purposes, consistent with the foregoing. Any amounts relating to Liquidating Trust Assets that are allocable to or retained by the Liquidating Trustee on account of Disputed Claims shall be treated for tax purposes in accordance with Section V.E.5 of the Plan.

(ii) *Administrative Claims Reserve.*

On the Effective Date (or as soon thereafter as is practicable), the Liquidating Trustee shall create and fund, and on each Quarterly Distribution Date, the Liquidating Trustee shall fund, the Administrative Claims Reserve with an amount of Cash equal to the aggregate Disputed Claims Amount of all Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims and Disputed Secured Claims. The Liquidating Trustee shall fund the Administrative Claims Reserve with an amount of Cash equal to one hundred percent (100%) of the Distributions to which holders of Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims and Disputed Secured Claims would be entitled under the Plan as of such date if such Disputed Claims were Allowed Claims in their Disputed Claim Amount, or such other amount as may be agreed by the holder of such Disputed Claim and the Liquidating Trustee, or such other amount as otherwise may be determined by order of the Bankruptcy Court; *provided, however*, that the Liquidating Trustee may, at any time, File motion(s) pursuant to section 502(c) of the Bankruptcy Code for order(s) estimating and limiting the amount of the Cash which shall be deposited in the Administrative Claims Reserve in respect of any Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims and Disputed Secured Claims, with notice and an opportunity to be heard to the affected holders of such Disputed Claims. Each Administrative Claims Reserve shall be closed and extinguished by the Liquidating Trustee upon its determination that all Distributions in respect of Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Other Priority Claims and Allowed Secured Claims required to be made under the Plan have been made in accordance with the terms of the Plan. Upon closure of an Administrative Claims Reserve, all Cash (including any Cash Investment Yield and any Cash dividends and other Distributions held in such Administrative Claims Reserve) shall be subject to redistribution, as appropriate, in accordance with the provisions of Article VII of the Plan.

(iii) *Operating Reserve.*

On the Effective Date or as soon thereafter as practicable, the Liquidating Trustee shall establish the Operating Reserve and deposit Cash (in such amounts as directed by the Plan Committee) sufficient to fund the Debtors' obligations under the Plan (other than Claims whose treatment is prescribed in Article III of the Plan) and to fund the compensation of the Liquidating Trustee and the expenses of the Liquidating Trust, the Liquidating Trustee, the Plan Committee and the Debtors. On each Quarterly Distribution Date, the Liquidating Trustee shall deposit Cash (in such amounts, if any, as directed by the Plan Committee) to maintain the Operating Reserve on and after such date. If, and to the extent that, after making and giving effect to the determination referred to in the immediately preceding sentence, the Liquidating Trustee, in consultation with the Plan Committee, determines that the Operating Reserve (i) contains Cash in excess of the amount required to adequately maintain the Operating Reserve, then the Liquidating Trustee shall transfer such surplus Cash, first, to any underfunded Reserves (but only to the extent of any underfunding) and, next, to any general accounts established pursuant to Section VIII.F of the Plan, or (ii) does not contain Cash in an amount sufficient to adequately maintain the Operating Reserve, then the Liquidating Trustee shall transfer Cash from any overfunded Reserve or account until the deficit in the Operating Reserve is eliminated.

7. *Distributions after Allowance.*

On the first Quarterly Distribution Date following the date on which a Disputed Administrative Claim, Disputed Priority Tax Claim, Disputed Non-Tax Priority Claim, Disputed Secured Claim or Disputed General Unsecured Claim, as the case may be, becomes an Allowed Claim, the Liquidating Trustee shall make payments and Distributions from the appropriate Reserves to the holder of such Disputed Claim. Such Distributions shall be made in accordance with the Plan and the Liquidating Trust Agreement. With respect to each Disputed General Unsecured Claim, the amount of such Distributions shall be based upon the cumulative Distributions that would have been made to such holder under the Plan if the Disputed General Unsecured Claim had been Allowed on the Effective Date, shall not be limited by the Disputed Claim Amounts previously reserved with respect to such Disputed General Unsecured Claim and shall be paid to such holder to the extent that additional amounts are available therefor from the Disputed Claims Reserve.

K. Effect of Plan Confirmation

1. *Subordination.*

The classification and manner of satisfying all Claims and Equity Interests and the respective Distributions and treatment under the Plan take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant to the Plan. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons and Entities from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled pursuant to Section X.A of the Plan.

2. *Release by the Debtors.*

On the Effective Date, each of the Debtors, on behalf of itself and its Estate, shall be deemed unconditionally and irrevocably to release (i) the Ad Hoc Committee and, solely in their capacity as members of the Ad Hoc Committee (and not as individual Creditors of the Debtors), each member of the Ad Hoc Committee, (ii) the Committee and, solely in their capacity as members of the Committee (and not as individual Creditors of the Debtors), each member of the Committee; (iii) the JPLs, (iv) each of the respective agents, advisors, accountants, investment bankers, consultants, attorneys and other representatives of any of the Persons or Entities described in clauses (i), (ii) and (iii) of Section X.B of the Plan or of the Debtors, solely in their respective capacities as such, and only with respect to their activities and conduct relating to the Debtors (whether before or after the Petition Date) and the Chapter 11 Cases, and (v) in consideration of their service to the Debtors, the directors, officers and employees of the Debtors who were employed by, or who served, the Debtors during the pendency of the Chapter 11 Cases from any and all claims, obligations, rights, suits, judgments, damages, causes of action, remedies and liabilities whatsoever (other than the right to enforce the performance of their respective obligations, if any, to the Debtors under the Plan, the Liquidating Trust Agreement

and any other contract, instrument, release or other agreement executed in connection with the Plan), whether known or unknown, foreseen or unforeseen, whether fixed or contingent, whether liquidated or unliquidated, then existing or thereafter arising, in law, equity or otherwise, that the Debtors or their Estates would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date (whether before or after the Petition Date) in any way relating or pertaining to (v) the Debtors, (w) the respective business operations of the Debtors, (x) the Chapter 11 Cases, (y) the negotiation, formulation, dissemination, solicitation, preparation, implementation, administration, Confirmation or Consummation of the Plan, the Scheme of Arrangement or any related agreements, instruments or other documents or (z) the Disclosure Statement.

3. *Injunction Related to Releases.*

The Confirmation Order shall constitute an injunction permanently enjoining the commencement or prosecution by any Entity, whether directly, derivatively, or otherwise, of any claim, demand, suit, liability, obligation, debt, damage, right, cause of action, interest, or remedy released or to be released pursuant to the Plan.

4. *Preservation of Causes of Action.*

On the Effective Date, except as otherwise provided in the Plan or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Causes of Action that the Debtors or the Estates may hold against any Person or Entity shall be Liquidating Trust Assets, and the Liquidating Trustee shall have and may exclusively enforce, as the authorized representative of the Liquidating Trust, any and all claims, rights and Causes of Action that the Debtors or the Estates may hold against any Person or Entity. The Liquidating Trustee may pursue the Causes of Action in accordance with the best interests of the Liquidating Trust and shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such claims, rights and Causes of Action without the consent or approval of any third party and without any further order of the Bankruptcy Court.

5. *Exculpation.*

As of the Effective Date, none of (i) the Debtors and their respective present and former officers, directors and employees, (ii) the Committee, (iii) the JPLs, (iv) the Liquidating Trustee, (v) the accountants, financial advisors, investment bankers and attorneys for the Debtors, solely in their capacities as such and (vi) the directors, officers, partners, members, employees, agents, representatives, accountants, financial advisors, investment bankers or attorneys of any of the Persons or Entities described in clauses (ii) through (iv) of Section X.E of the Plan, solely in their capacities as such, shall have or incur any liability to any Person or Entity by reason of any claim, cause of action or other assertion of liability for any act taken or omitted to be taken on or after the Petition Date in connection with, arising out of, or related to (i) the Chapter 11 Cases, (ii) the Bermuda Proceedings, (iii) the negotiation, formulation, preparation, dissemination,

solicitation, implementation, administration, Confirmation or Consummation of the Plan or the Scheme of Arrangement, (iv) the Disclosure Statement, (v) any contract, instrument, release, agreement or document created or entered into in connection with the Plan (except for any obligations arising in the ordinary course of business), (vi) any action or act taken or omitted to be taken in connection with the Chapter 11 Cases or (vii) any of the settlements and compromises reflected in the Plan (collectively, the “**Precluded Claims**”), and in all respects shall be entitled reasonably to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and the Scheme of Arrangement; *provided, however*, that the foregoing provisions of Section X.E of the Plan shall have no effect on the liability of any Person or Entity that results from any such act or omission that is determined by a Final Order to have constituted gross negligence, bad faith, fraud or willful misconduct.

6. *Injunction.*

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons and Entities that have held, currently hold or may hold a Claim against or an Equity Interest in one or both of the Debtors, and all other parties in interest in the Chapter 11 Cases, together with their respective present or former employees, agents, officers, directors or principals, are permanently enjoined from, directly or indirectly, taking any of the following actions against the Debtors, the Estates, the Liquidating Trustee, the Liquidating Trust, the Committee, the JPLs or any property of such Persons or Entities, on account of any such Claim, Equity Interest or Precluded Claim: (a) commencing or continuing in any manner any action or other proceeding of any kind to collect or recover any property on account of any such Claim, Equity Interest or Precluded Claim; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order to collect or recover any property on account of any such Claim, Equity Interest or Precluded Claim; (c) creating, perfecting or enforcing any lien or encumbrance on account of any such Claim, Equity Interest or Precluded Claim; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors, the Estates or their respective property; (e) commencing or continuing any action, in any manner and in any forum, that does not comply with or is inconsistent with the provisions of the Plan; and (f) taking any action to interfere with the implementation or consummation of the Plan or the Scheme of Arrangement; *provided, however*, that nothing herein shall prohibit any Claimant from prosecuting a proof of claim in the Chapter 11 Cases.

By accepting Distributions pursuant to the Plan, each holder of an Allowed Claim shall be deemed to have consented to the release, exculpation and injunctions set forth in Article X of the Plan.

7. *Term of Injunctions or Stays.*

Unless otherwise provided in the Plan or the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under Bankruptcy Code sections 105 or 362 or otherwise, and extant on the Confirmation Date, shall remain in full force and effect until the Effective Date. To the extent that any injunction or stay is provided under the Plan or the Confirmation

Order, it shall remain in full force and effect until all property of the Estates of the Debtors has been distributed and the Debtors have been dissolved.

8. *Discharge.*

Pursuant to section 1141(d)(3) of the Bankruptcy Code, Confirmation will not discharge Claims against the Debtors; *provided, however*, that no holder of a Claim against any Debtor, may, on account of such Claim, seek or receive any payment or other distribution from, or seek recourse against, any Debtor or any of their affiliates, each of their respective successors or their respective property, except as expressly provided herein.

L. Retention of Jurisdiction

1. *Bankruptcy Court.*

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under or related to the Chapter 11 Cases, as more specifically described in the Plan.

2. *No Limitation on Bermuda Court.*

Notwithstanding the foregoing, nothing in Article XI of the Plan shall be construed as a limitation on the jurisdiction of the Bermuda Court in the Bermuda Proceedings or in respect of the Scheme of Arrangement.

M. Modification and Revocation of The Plan

1. *Modification of the Plan.*

The Plan Proponents reserve the right to amend or modify the Plan or any exhibits or schedules thereto under Bankruptcy Code section 1127(a) at any time before the Confirmation Date. After the Confirmation Date and before “substantial consummation” of the Plan (as defined in Bankruptcy Code section 1101(2)), the Plan Proponents may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan or the Confirmation Order in such manner as may be necessary to carry out the purposes and intent of the Plan.

2. *Revocation of the Plan.*

The Plan Proponents reserve the right to revoke or withdraw this Plan prior to the Confirmation Date. If the Plan Proponents revoke or withdraw this Plan prior to the Confirmation Date, or if Confirmation or Consummation of the Plan as to any or all of the Debtors does not occur, then, with respect to such Debtor(s), (a) the Plan shall be deemed null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of

executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (c) nothing contained in the Plan shall (i) constitute or be deemed a waiver or release of any Claims by or against, or any Equity Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person, or (iii) constitute an admission, acknowledgment, offer or commitment of any sort by the Debtors or any other Person. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

3. *Plan Supplement.*

Not later than ten (10) days prior to the Confirmation Hearing Date, the Plan Proponents shall File with the Bankruptcy Court in the Plan Supplement such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, including draft forms of the Liquidating Trust Agreement. Upon its Filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours. Holders of Claims or Equity Interests may obtain a copy of the Plan Supplement upon written request to Debtors' counsel in accordance with Section XIII.I of the Plan. The forms of agreements and other documents Filed in the Plan Supplement are drafts and are subject to revision from time to time to reflect the evolving deal points negotiated by the parties thereto.

VII. CERTAIN FACTORS TO BE CONSIDERED

A. General Considerations

Holders of Claims against the Debtors should read and consider carefully the information set forth below, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference), prior to voting to accept or reject the Plan. This information, however, should not be regarded as the only risk factors involved in connection with the Plan and its implementation.

B. Risk of Dilution of Recovery Due to Disputed Claims

The holders of AGCL Class 3 Claims are subject to the risk of dilution if the amount of Allowed AGCL Class 3 Claims is higher than the Debtors' estimate. For example, the PCL Proof of Claim, although contested by AGCL, alleges substantial Claims; if Allowed, in whole or in part, the total amount of all AGCL Class 3 Claims would materially exceed the total amount of Allowed AGCL Class 3 Claims assumed in the development of the Plan. The actual amount of Allowed Claims may differ from the estimates set forth in the table in Section III.C ("*Summary of Claims and Distributions*"). Accordingly, the amount of Distribution that ultimately will be made to any particular holder of an Allowed AGCL Class 3 Claim may be affected adversely by the aggregate amount of all Allowed AGCL Class 3 Claims. Consequently

Distributions to holders of Allowed AGCL Class 3 Claims will be made on an incremental basis until all Disputed Claims have been resolved.

C. Certain Bankruptcy Considerations

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the resolicitation of votes. In addition, although the Debtors believe that the Effective Date will occur during the third calendar quarter of 2003, there can be no assurance as to such timing.

D. Unliquidated or Contingent Claims

Numerous unliquidated or contingent proofs of claim have been filed against AGCL's Estate. Claims set forth in such proofs of claim include, but are not limited to, (i) a claim filed by the Indenture Trustee, on behalf of the holders of the Senior Notes, for certain fees and expenses, (ii) claims by, and on behalf of, holders of Equity Interests, which claims, in any event are classified under the Plan as Section 510(b) Claims and will not receive or retain any property under the Plan, (iii) claims by current and former employees for severance, change of control entitlements and health insurance, (iv) claims by certain current and former officers and directors of each of the Debtors for indemnification against liabilities, fees, costs and expenses relating to legal proceedings commenced against such individuals in their official capacity, and (vi) claims asserted by Pacific Crossing Ltd. and the PCL Lenders. The claims set forth in those proofs of claim are subject to resolution in amounts, if any, that are to be determined by the Bankruptcy Court. The unliquidated claims have not been taken into account in calculating the estimated recoveries to Creditors that are set forth in this Disclosure Statement. *See* Section III.C (“*Summary of Claims and Distributions*”). If all or any portion of the claims set forth in such proofs of claim are Allowed by the Bankruptcy Court, the estimated recoveries to Creditors presented in this Disclosure Statement will be reduced. In addition, 360networks Corp. filed a proof of claim alleging a General Unsecured Claim in the liquidated amount of \$100 million against AGCL, as guarantor of a Global Crossing subsidiary's obligations under a capacity contract. Assuming that the Global Crossing subsidiary continues to perform under such capacity contract, 360network Corp.'s proof of claim may be estimated and allowed by the Bankruptcy Court in an amount less than \$100 million.

E. Certain Tax Considerations

There are a number of material United States federal income tax considerations, risks and uncertainties associated with consummation of the Plan. Interested parties should read carefully the discussion set forth in Article IX of this Disclosure Statement (“*Certain United States Federal Income Tax Consequences of the Plan*”) for a discussion of the material United States federal income tax consequences and risks for holders of Claims resulting from the transactions occurring in connection with the Plan.

VIII. SUMMARY OF THE SCHEME

A. Bermuda Scheme of Arrangement

This Article provides an abbreviated summary of the Scheme of Arrangement proposed for AGCL, a corporation organized under the laws of Bermuda, in the Bermuda Proceedings. Creditors of AGCL should read the Explanatory Statement relating to the Scheme of Arrangement and the Scheme of Arrangement. The Scheme of Arrangement is attached to this Disclosure Statement as **Exhibit B**, and the Explanatory Statement is attached to this Disclosure Statement as **Exhibit C**. The summary of the Scheme of Arrangement provided in this Disclosure Statement and in the Explanatory Statement is qualified in its entirety by the Scheme of Arrangement itself, which is controlling in the event of any inconsistency.

1. *Background to the Commencement of the Bermuda Proceedings*

On November 18, 2002, in aid of its Chapter 11 Case, AGCL filed its petition (the “**Bermuda Petition**”) for a “winding up” in Bermuda under the Companies Act of 1981. Pursuant to an order of the Bermuda court dated November 18, 2002 and following a presentation of winding up petitions, Mark Smith and Jamie Smith of Deloitte & Touche were appointed as the JPLs on November 20, 2002 in the Bermuda Proceedings. Accordingly, AGCL is the subject of formal bankruptcy proceedings both in the United States and in Bermuda.

The Bermuda Proceedings were commenced because Bermuda is the country of incorporation of AGCL, and the provisional liquidation commenced by the Bermuda Petition was necessary to facilitate the coordinated reorganization of AGCL. The appointment of the JPLs imposed a moratorium preventing creditors from taking or continuing any legal proceedings in Bermuda against AGCL or its assets. The JPLs have formed the view after taking advice from their professional advisors, and in conjunction with AGCL and its professional advisors, that the best course of action in Bermuda is for there to be a scheme of arrangement as a mechanism for making distributions to AGCL’s Creditors in accordance with the Plan and in order to assist the implementation of the chapter 11 liquidation. The JPLs believe that the Plan, supported by the Scheme of Arrangement, is in the best interests of Creditors of AGCL.

2. *What is a Scheme of Arrangement?*

A scheme of arrangement is a compromise or arrangement between a company and some or all of its creditors. It is governed by Section 99 of the Bermuda Companies Act of 1981. A scheme becomes binding on creditors when:

- a majority in number of those voting, representing three-quarters in value of those voting in each class of creditors, votes in person or by proxy in favor of the scheme at a specially convened meeting;
- the Bermuda Court subsequently makes an order approving the scheme; and

- a copy of that order is delivered to the Register of Companies for Bermuda for registration.

3. *What is Proposed?*

The assets of AGCL are subject to two different legal systems, one in Bermuda and the other in the United States. Although both systems have as a basic principle the fair distribution of a company's assets among its creditors, there are differences between the two systems. In order to ensure that all Creditors of AGCL are treated equally (and that there are no double recoveries), the Scheme of Arrangement and the Plan together will enable a common system of distribution to be established. The Creditors of AGCL who have filed claims in AGCL's chapter 11 case will be deemed to have claims in the Scheme of Arrangement. However, it is possible for Creditors of AGCL to claim in the Scheme of Arrangement only.

Creditors of AGCL who have asserted Claims in both the Scheme of Arrangement and under the Plan will be asked to vote on both the Scheme of Arrangement and the Plan. However, creditors of AGCL who assert Claims under the Scheme of Arrangement and the Plan will only receive a single distribution in respect of such a Claim if it is allowed. The Creditors of AGCL who have claimed only in the Scheme of Arrangement will not be prejudiced as a result and will receive a single distribution in the same way as all other Claims which are allowed.

The Scheme of Arrangement mirrors the provisions of the Plan. All of the provisions and procedures contained in the Plan that govern, *inter alia*, the treatment of Claims, the procedures for treating and resolving Disputed Claims and the means of implementation of the Plan, are incorporated or accounted for in the Scheme of Arrangement.

4. *Which Creditors are Affected?*

The Scheme of Arrangement will apply to the Creditors of AGCL holding General Unsecured Claims who would be entitled to claim in a liquidation of AGCL in Bermuda or who are entitled to claim under the Plan.

The Scheme of Arrangement will not affect or apply to the claims of those creditors who have Other Priority Claims, Priority Tax Claims, Administrative Claims, Section 510(b) Claims, or Secured Claims in the United States to the extent that they have valid security interests or certain rights of set-off in Bermuda or are preferential claims in the Scheme of Arrangement. Nor will the Scheme of Arrangement affect Creditors' post-petition claims in the Bermuda Proceedings or under the Plan. To the extent that such Creditors have such postpetition Claims, such Creditors will be paid in full; and they will not, therefore, be entitled to vote on the Scheme of Arrangement in respect of that portion of any Claim they may have against AGCL.

5. *What Will Be the Effect of Passing the Scheme on the Plan?*

The Scheme of Arrangement is conditioned on the Plan becoming effective; the Plan is conditioned upon the Scheme becoming effective.

6. *Treatment of AGCL's Shareholders*

Under the laws of Bermuda, shareholders are not entitled to a dividend in the liquidation of a company until all creditors have been paid in full. As AGCL is insolvent, in a winding up of AGCL in Bermuda, its shareholders will have no right to receive a distribution.

7. *Voting on the Scheme*

The Creditors of AGCL will be entitled to vote on the Scheme of Arrangement provided their claim has been allowed for voting purposes. Full details of the procedures applicable to voting on the Scheme of Arrangement will be set out in the Explanatory Statement which will be circulated to creditors with the Scheme of Arrangement.

At the same time that creditors who are entitled to vote on the Plan and the Scheme of Arrangement receive copies of this Disclosure Statement, the Plan, the Explanatory Statement and the Scheme of Arrangement, they also will receive a combined ballot and proxy form in respect of the Plan and the Scheme of Arrangement. Creditors should complete the ballot and proxy form insofar as it deals with the Scheme of Arrangement in accordance with the instructions in the Explanatory Statement.

8. *Court Approval and Filing with the Registrar of Companies of Bermuda*

In order for the Scheme of Arrangement to become effective, the Bermuda Court must sanction the Scheme of Arrangement after it has been approved by the requisite majority of Creditors. The Bermuda Court may impose such conditions as it deems appropriate on the Scheme of Arrangement but cannot impose any material changes. A copy of the order sanctioning the Scheme of Arrangement must then be delivered to the Registrar of Companies for Bermuda (the "**Bermuda Registrar**").

If the Scheme of Arrangement is sanctioned by the Bermuda Court and the sanction order is delivered to the Bermuda Registrar, subject to the Plan becoming effective, the Scheme of Arrangement will be effective and binding on all the Scheme of Arrangement creditors, including those who may have voted against the Scheme of Arrangement or the Plan, as appropriate, or who did not vote.

IX. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. General

A summary description of certain United States federal income tax consequences of the Plan is provided below. This description is for informational purposes only. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan, and no tax opinion is given by this Disclosure Statement. No rulings or determinations of the Internal Revenue Service ("**IRS**") or any other tax authorities have been obtained or sought with respect to the Plan, and the description below is not binding upon the IRS or such other authorities.

Only the principal consequences of the Plan for the holders of Claims who are entitled to vote to confirm or reject the Plan are described below. The summary does not address the United States federal income tax consequences to holders whose claims are entitled to satisfaction in full under the Plan or to holders whose claims or equity interests are extinguished without a distribution in exchange therefor.

The following discussion of United States federal income tax consequences below is based on the Internal Revenue Code (the "**Tax Code**"), Treasury Regulations, judicial decisions and published administrative rulings and pronouncements of the IRS, all as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations enacted or promulgated in the future could alter or modify the analysis and conclusions set forth below. Any such changes or interpretations may be retroactive and could significantly affect the United States federal income tax consequences discussed below. This discussion does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the federal tax consequences of the Plan to special classes of taxpayers (such as holders of Claims that are, or hold their Claims through, pass-through entities, dealers in securities or foreign currency, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, broker-dealers, tax-exempt organizations and except to the extent set forth below, foreign entities and non-resident alien individuals). Furthermore, estate and gift tax issues are not addressed herein.

NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT ITS TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

B. Consequences to the Debtors

The Debtors do not anticipate that the Plan will result in any significant United States federal income tax consequences to the Debtors. AGCL is a Bermuda corporation and is not subject to tax in the United States. AGCDC is a Delaware corporation subject to tax in the United States but due to its tax attributes and the special tax rules for debtors in bankruptcy with respect to cancellation of indebtedness income, AGCDC does not expect to incur any United States federal income tax liability as a result of the Plan.

C. Federal Income Tax Consequences to Holders of Claims

For purposes of the following discussion in this Article IX, a "U.S. Holder" is a holder of a Claim that is (1) a citizen or individual resident of the United States, (2) a partnership or corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof, (3) an estate the income of which is subject to federal income taxation regardless of its source, or (4) a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States fiduciaries have the authority to control all substantial decisions of the trust or (ii) the trust was

in existence on August 20, 1996 and properly elected to be treated as a United States person. A "Non-U.S. Holder" is a holder that is not a U.S. Holder.

The federal income tax consequences of the Plan to holders of Claims and the character, amount and timing of income, gain or loss recognized as a consequence of the Plan and the distributions provided for or by the Plan will depend upon, among other things, (i) the manner in which a holder acquired a Claim; (ii) the length of time a Claim has been held; (iii) whether the Claim was acquired at a discount; (iv) whether the holder has taken a bad debt deduction in the current or prior years; (v) whether the holder has previously included accrued but unpaid interest with respect to a Claim; (vi) the method of tax accounting of a holder; (vii) whether the holder will realize foreign currency exchange gain or loss with respect to a Claim; (viii) whether a Claim is an installment obligation for federal income tax purposes; and (ix) the type of consideration received or deemed received by the holder in exchange for its Claim. Therefore, holders of Claims should consult their tax advisor for information that may be relevant to their particular situation and circumstances and the particular tax consequence to such holders as a result thereof.

1. *Consequences to U.S. Holders*

U.S. Holders of Claims generally will realize gain (or loss) for federal income tax purposes to the extent the amount realized under the Plan in respect of their Claims (not including any amount attributable to accrued but unpaid interest) exceeds (or is exceeded by) their respective tax bases in their Claims (other than any Claim for such accrued interest). The amount realized for this purpose generally will equal the amount of cash and the fair market value, if any, of any other assets received or deemed received for federal income tax purposes under the Plan in respect of their respective Claims. A U.S. Holder of a Claim that receives or is deemed to receive for federal income tax purposes a non-cash asset under the Plan in respect of its Claim will generally have a tax basis in such asset in an amount equal to the fair market value of such asset on the date of receipt for federal income tax purposes.

As discussed below, the Liquidating Trust has been structured to qualify as a "grantor trust" for U.S. federal income tax purposes. Accordingly, each holder of an Allowed Claim will be treated for U.S. federal income tax purposes as directly receiving and as a direct owner of its allocable percentage of the Liquidating Trust Assets. *See* Section IX.D ("*Tax Treatment of Liquidating Trust and Beneficiaries*"), below. Pursuant to the Plan, the Liquidating Trustee will make a good faith valuation of the Liquidating Trust Assets, and all parties, including the Beneficiaries, must consistently use such valuation for all federal income tax purposes.

Due to the possibility that a Beneficiary may receive additional distributions subsequent to the Effective Date in respect of any subsequently disallowed Disputed Claims or unclaimed distributions, the imputed interest provisions of the Tax Code may apply to treat a portion of such later distributions to such holders as imputed interest. In addition, it is possible (although not believed likely) that any loss realized by a Beneficiary may be deferred until all subsequent distributions relating to Disputed Claims in such class are determinable, and that a portion of any gain realized may be deferred under the "installment method" of reporting. Holders that are

Beneficiaries are urged to consult their tax advisors regarding the possibility for deferral, and the ability to elect out of the installment method of reporting any gain realized in respect of their claims.

After the Effective Date, any amount a Beneficiary receives as a distribution from the Liquidating Trust in respect of its beneficial interests in the Liquidating Trust (other than as a result of the subsequent disallowance of Disputed Claims) should not be included, for federal income tax purposes, in the holder's amount realized in respect of its allowed claim but should be separately treated as a distribution received in respect of such holder's beneficial (ownership) interests in the Liquidating Trust.

To the extent that any Claim entitled to a distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, the Debtors intend to take the position that, for federal income tax purposes, such distribution shall be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest. No assurances can be made that such allocation will be respected. If, contrary to the Debtors' intended position, such a distribution were treated as being allocated first to accrued but unpaid interest, a U.S. Holder of such a Claim would realize ordinary income with respect to the distribution in an amount equal to the accrued but unpaid interest not already taken into income under the U.S. Holder's method of accounting. In addition, a portion of each deferred payment received more than six months after the Effective Date may be treated as imputed interest, and a U.S. Holder of a Claim may be required to include such interest as taxable ordinary income, under such U.S. Holder's method of accounting, regardless of whether the U.S. Holder otherwise realizes an overall loss as a result of the Plan.

As discussed above, the character of income or loss as ordinary or capital from the Plan will depend on a number of factors, including the origin and nature of such Claim. Generally, if the Claim is a capital asset in the hands of a U.S. Holder, the gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder's holding period with respect to its Claim is more than one year on the Effective Date.

However, the market discount provisions of the Tax Code may apply to U.S. Holders of certain Claims. In general, a debt obligation other than a debt obligation with a fixed maturity of one year or less that is acquired by a U.S. Holder in the secondary market (or, in certain circumstances, upon original issuance) is a "market discount bond" as to that U.S. Holder if its stated redemption price at maturity (or, in the case of a debt obligation having original issue discount, the revised issue price) exceeds the tax basis of the bond in the U.S. Holder's hands immediately after its acquisition. Gain recognized by a U.S. Holder with respect to a "market discount bond" will generally be treated as ordinary interest income to the extent of the market discount accrued on such bond during the creditor's period of ownership.

2. *Consequences to Non-U.S. Holders*

The United States federal income tax consequences of the Plan for a Non-U.S. Holder generally depend on the nature and origin of the holder's Claim. Except as discussed below, a Non-U.S. Holder that holds its Claim as a capital asset should generally not be subject to federal income tax with respect to the formation of the Liquidating Trust described below (*see* Section IX.D ("*Tax Treatment of the Liquidating Trust and Beneficiaries*")) unless, among other things, (a) such holder is engaged in a trade or business in the United States to which income, gain or loss from the exchange is "effectively connected" for federal income tax purposes, or (b) in the case of an individual, such holder is present in the United States for 183 days or more during the taxable year of the Effective Date, and certain other requirements are met. A Non-U.S. Holder that is a Beneficiary may, however, be subject to federal withholding tax and information reporting with respect to cash and the fair market value of any other property deemed received in respect of accrued interest, market discount or distributions from the Liquidating Trust otherwise treated as interest or other types of income.

D. Tax Treatment of the Liquidating Trust and Beneficiaries

Upon the Effective Date, the Liquidating Trust shall be established for the benefit of the Beneficiaries, whether allowed on or after the Effective Date.

1. *Classification of the Liquidating Trust*

The Liquidating Trust is intended to qualify as a liquidating trust for United States federal income tax purposes. In general, a liquidating trust is not a separate taxable entity but rather is treated for federal income tax purposes as a "grantor" trust (i.e., a pass-through entity). However, merely establishing a trust as a liquidating trust does not ensure that it will be treated as a grantor trust. The IRS, in Revenue Procedure 94-95, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. The Liquidating Trust has been structured with the intention of complying with such general criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-95, all parties (including the Debtors, the Liquidating Trustee and the Beneficiaries) are required to treat, for federal income tax purposes, the Liquidating Trust as a grantor trust of which the Beneficiaries are the owners and grantors, and the following discussion assumes that the Liquidating Trust will be so respected for United States federal income tax purposes. However, no ruling has been requested from the IRS and no opinion of counsel has been requested concerning the tax status of the Liquidating Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. If the IRS were to challenge successfully such classification, the federal income tax consequences to the Liquidating Trust and the Beneficiaries could vary from those discussed herein (including the potential for an entity level tax on any income of the Liquidating Trust).

2. *General Tax Reporting by the Liquidating Trust and Beneficiaries*

For all United States federal income tax purposes, all parties (including the Debtors, the Liquidating Trustee and the Beneficiaries) must treat the transfer of the Liquidating Trust Assets to the Liquidating Trust, in accordance with the terms of the Plan, as a transfer of the such Liquidating Trust Assets directly to the Beneficiaries, followed by the transfer of such Liquidating Trust Assets by the Beneficiaries, to the Liquidating Trust. Consistent therewith, all parties must treat the Liquidating Trust as a grantor trust of which such holders are the owners and grantors. Thus, the Beneficiaries (and any subsequent holders of interests in the Liquidating Trust) will be treated as the direct owners of an undivided interest in the assets of the Liquidating Trust for all United States federal income tax purposes (which assets will have a tax basis equal to their fair market value on the Effective Date). Pursuant to the Plan, the Liquidating Trustee will determine the fair market value of the Liquidating Trust Assets as of the Effective Date, and all parties, including the Beneficiaries, must consistently use such valuation for all federal income tax purposes.

Accordingly, except as discussed below (in connection with pending Disputed Claims), each Beneficiary will be required to report on its United States federal income tax return its allocable share of any income, gain, loss, deduction or credit recognized or incurred by the Liquidating Trust, in accordance with its relative beneficial interest. The character of items of income, deduction and credit to any holder and the ability of such holder to benefit from any deduction or losses may depend on the particular situation of such holder.

The United States federal income tax reporting obligations of a Beneficiary is not dependent upon the Liquidating Trust distributing any cash or other proceeds. Therefore, a Beneficiary may incur a federal income tax liability with respect to its allocable share of the income of the Liquidating Trust regardless of the fact that the trust has not made any concurrent distribution to the Beneficiary. In general, other than in respect of cash retained on account of the Disputed Claims and subsequently distributed, a distribution of cash by the Liquidating Trust to Beneficiaries will not be taxable since the Beneficiaries are already regarded for federal income tax purposes as owning the underlying assets.

The Liquidating Trustee will file with the IRS returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a). The Liquidating Trustee will also send to each Beneficiary a separate statement setting forth such Beneficiary's share of items of income, gain, loss, deduction or credit and will instruct the Beneficiary to report such items on its federal income tax return. The Liquidating Trustee will also file, or cause to be filed, all appropriate tax returns with respect to any Liquidating Trust Assets allocable to Disputed Claims, as discussed below.

3. *Tax Reporting for Liquidating Trust Assets Allocable to Disputed Claims*

Absent definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the issuance of applicable Treasury Regulations, the receipt by the Liquidating Trustee of a private letter ruling if the Liquidating Trustee so requests one, or the

receipt of an adverse determination by the IRS upon audit if not contested by the Liquidating Trustee), the Liquidating Trustee shall:

- (i) treat all Liquidating Trust Assets allocable to, or retained on account of, Disputed Claims, as a discrete trust for federal income tax purposes, consisting of separate and independent shares to be established in respect of each Disputed Claim, in accordance with the trust provisions of the Tax Code (section 641 *et seq.* of the Tax Code);
- (ii) treat as taxable income or loss of this separate trust with respect to any given taxable year the portion of the taxable income or loss of the Liquidating Trust that would have been allocated to the holders of such Disputed Claims had such claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such claims are unresolved);
- (iii) treat as a distribution from this separate trust any increased amounts distributed by the Liquidating Trust as a result of any Disputed Claim resolved earlier in the taxable year, to the extent such distribution relates to taxable income or loss of this separate trust determined in accordance with the provisions hereof, and
- (iv) to the extent permitted by applicable law, report consistently for state and local income tax purposes.

In addition, pursuant to the Plan, all Beneficiaries are required to report consistently with such treatment. Accordingly, subject to issuance of definitive guidance, the Liquidating Trustee will report on the basis that any amounts earned by this separate trust and any taxable income of the Liquidating Trust allocable to it are subject to a separate entity level tax, except to the extent such earnings are distributed during the same taxable year. Any amounts earned by or attributable to the separate trust and distributed to a Beneficiary during the same taxable year will be includible in such Beneficiary's gross income.

E. Information Reporting and Backup Withholding

All distributions by the Liquidating Trust are subject to applicable information reporting and withholding, including any backup withholding. Under the Tax Code's backup withholding rules, a holder of a Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan, unless the holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax but is merely an advance payment, which may be refunded to the extent it results in an overpayment of tax.

F. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

X. SOLICITATION, VOTING AND PLAN ACCEPTANCE

A. In General

On July __, 2003, the Bankruptcy Court entered the Disclosure Statement Approval Order, which, among other things, approved this Disclosure Statement, set voting procedures, scheduled the Confirmation Hearing, and approved the Confirmation Hearing Notice and certain related matters. A copy of the Confirmation Hearing Notice is enclosed with this Disclosure Statement. It sets forth in detail, among other things, procedures governing voting deadlines and objection deadlines. The Confirmation Hearing Notice and the instructions attached to the Ballot, if any, accompanying this Disclosure Statement should be read in connection with this section of this Disclosure Statement.

If you have any questions about the voting procedure for voting your Claim or the packet of material you received, or for all correspondence, please contact the Voting Agent:

DELIVERY BY MAIL OR HAND OR COURIER DELIVER

AlixPartners LLC
2100 McKinney
Suite 800
Dallas, Texas 75201
Attn: Latonya Callaway

If you wish to obtain an additional copy of the Plan, this Disclosure Statement, or any exhibits to such documents, at your own expense, unless otherwise specifically required by Fed. R. Bankr. P. 3017(d), please contact the Voting Agent.

B. Solicitation of Votes

Under the Bankruptcy Code, only Classes of Claims and Equity Interests that are “impaired” (as that term is defined in section 1124 of the Bankruptcy Code) under the Plan and receive or retain property under the Plan are entitled to vote to accept or reject the Plan. A Class

is impaired if the legal, equitable or contractual rights to which the holders of Claims or Equity Interests are entitled are modified, other than by curing defaults and reinstating the debt. Pursuant to sections 1126(f) and (g) of the Bankruptcy Code, Classes of Claims and Equity Interests that are not impaired conclusively are presumed to have accepted the Plan and are not entitled to vote on the Plan; Classes of Claims and Equity Interests whose holders will receive or retain no property under the Plan are deemed to have rejected the Plan and are not entitled to vote on the Plan. The classification of Claims and Equity Interests is summarized, together with notations as to whether each Class of Claims or Equity Interests is impaired or unimpaired, in Section III.C ("*Summary of Claims and Distributions*"). Additional information regarding voting is contained in the voting instructions accompanying the Ballots.

This Disclosure Statement and an appropriate Ballot are being distributed to all holders of Claims who are entitled to vote on the Plan. A separate Ballot is designated for each Class of claims in order to facilitate vote tabulation; however, all Ballots are substantially similar in form and substance, and the term "Ballot" is used without intended reference to the Ballot of any specific Class of Claims.

C. Beneficial Holders and Nominees

The record date established by the Disclosure Statement Approval Order for determining which holders of the Senior Notes are entitled to vote on the Plan is June 3, 2003. The Indenture Trustee will not vote on behalf of the holders of the Senior Notes. Holders of the Senior Notes must submit their own Ballots.

1. Beneficial Holders

- (A) Any Beneficial Holder holding the Senior Notes as record holder in its own name, rather than through a Nominee, should vote on the Plan by completing and signing the enclosed Ballot and returning it directly to the Voting Agent on or before the Voting Deadline using the enclosed self-addressed envelope.
- (B) Because of the complexity and difficulty associated with reaching beneficial owners of publicly traded securities, many of which hold their securities in "street name" through a brokerage firm, bank, trust company or other nominee (*i.e.*, a "nominee," as defined in the Plan) and through several layers of ownership, the Debtors are distributing a Ballot (i) to each holder of record of the Senior Notes as of the record date established by the Disclosure Statement Approval Order for voting on the Plan and (ii) to each Nominee known to the Debtors as an entity through which Beneficial Holders hold the Senior Notes. The Nominees shall forward to each Beneficial Holder of the Senior Notes a Ballot for voting, along with a return envelope provided by and addressed to the Nominee, so that the Beneficial Holder may return the completed Ballot to the Nominee. The Nominee shall compile the individual votes of its respective Beneficial

Holders from their individual Ballot on a Master Ballot and shall return such Master Ballot to the Debtors. This procedure will enable the Debtors to transmit solicitation materials to the holders of their publicly traded securities and affords Beneficial Holders of the Senior Notes a fair and reasonable opportunity to vote. Any Ballot returned to a Nominee by a Beneficial Holder will not be counted for purposes of acceptance or rejection of the Plan until such Nominee properly completes and delivers to the Voting Agent a Master Ballot that reflects the vote of such Beneficial Holder.

- (C) If any Beneficial Holder owns the Senior Notes through more than one Nominee, such Beneficial Holder may receive multiple mailings containing the Ballots. Each such Beneficial Holder should execute a separate Ballot for each block of Senior Notes that it holds through any particular Nominee and return each Ballot to the respective Nominee in the return envelope provided therewith. Beneficial Holders who execute multiple Ballots with respect to Senior Notes held through more than one Nominee must indicate on each Ballot the names of ALL such other Nominees and the additional amounts of such Senior Notes so held and voted. If a Beneficial Holder holds a portion of the Senior Notes through a Nominee and another portion as a record holder itself, such Beneficial Holder should follow the procedures described in subparagraph (1)(a) above to vote the portion that it holds of record itself and the procedures described in subparagraph (1)(b) above to vote the portion that it holds through a Nominee or Nominees.

2. *Nominees*

An entity (other than a Beneficial Holder) that is the registered holder of Senior Notes should vote on behalf of Beneficial Holders of such Senior Notes by (i) immediately distributing a copy of the Disclosure Statement and accompanying materials, all appropriate Ballots, and self-addressed return envelopes to all Beneficial Holders for whom it holds such Senior Notes, (ii) collecting completed Ballots from its Beneficial Holders, and (iii) completing a Master Ballot compiling the votes and other information from the Ballots so collected, and (iv) transmitting such Master Ballot to the Voting Agent on or before the Voting Deadline. Such entity may also pre-validate a Ballot by completing all information to be entered on the Ballot (the **“Pre-Validated Ballot”**) and forwarding the Pre-Validated Ballot to the Beneficial Holder for voting. A proxy intermediary acting on behalf of a Nominee may follow the procedures outlined in the preceding sentence to vote on behalf of such party.

D. Fiduciaries and Other Representatives

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or another person acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, unless otherwise determined by the

Debtors, must submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit separate Ballots for each beneficial owner for whom they are voting.

UNLESS THE BALLOT OR MASTER BALLOT BEING FURNISHED IS TIMELY SUBMITTED TO THE VOTING AGENT ON OR PRIOR TO THE VOTING DEADLINE, SUCH BALLOT WILL NOT BE COUNTED. TO BE COUNTED, ALL BALLOTS MUST BE ORIGINAL. PHOTOCOPIED OR FAXED BALLOTS WILL NOT BE COUNTED. IN ADDITION, THE SIGNATURE ON THE BALLOT MUST BE ORIGINAL FOR THE BALLOT TO BE COUNTED. BALLOTS THAT FAIL TO INDICATE AN ACCEPTANCE OR REJECTION OR WHICH INDICATE BOTH AN ACCEPTANCE AND REJECTION SHALL NOT BE COUNTED.

E. Creditors and Equity Interest Holders Entitled to Vote

Under section 1124 of the Bankruptcy Code, a Class of Claims or Equity Interests is deemed to be “impaired” under a plan unless (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such Claim or Equity Interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such Claim or Equity Interest, the Plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such Claim or Equity Interest as it existed before the default.

In general, a holder of a Claim or Equity Interest may vote to accept or reject a plan if (i) the Claim or Interest is “allowed,” which means, generally, that no party in interest has objected to such Claim or Equity Interest, and (ii) the Claim or Equity Interest is impaired by the Plan. If, however, the holder of an impaired Claim or Interest will not receive or retain any property under the plan in respect of such Claim or Equity Interest, the Bankruptcy Code deems such holder to have rejected the Plan, and, accordingly, holders of such Claims and Equity Interests are not entitled to vote on the Plan. If a Claim or Equity Interest is not impaired by the Plan, the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the Plan and, accordingly, holders of such Claims and Equity Interests are not entitled to vote on the Plan.

Any Claim as to which an objection has been timely filed and has not been withdrawn or dismissed is not entitled to vote, unless the Bankruptcy Court, pursuant to Bankruptcy Rule 3018(a), upon application of the holder of the Claim with respect to which there has been objection, temporarily allows the Claim in an amount that the Bankruptcy Court deems proper for the purpose of accepting or rejecting the Plan. The procedures for seeking such temporary allowance are set forth in the Disclosure Statement Approval Order.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

Each Impaired Class of Claims that will (or may) receive or retain property or any interest in property under the Plan is entitled to vote to accept or reject the Plan. AGCL Class 2

(Milligan-Whyte Secured Claim), AGCL Class 3 (General Unsecured Claims), AGCDC Class 2 (Legere Secured Claim) and AGCDC Class 3 (General Unsecured Claims) are Impaired Classes that will receive property under the Plan and, accordingly, are entitled to vote to accept or reject the Plan. AGCL Class 1 (Other Priority Claims) and AGCDC Class 1 (Other Priority Claims) are unimpaired, and holders of Claims in such Classes conclusively are presumed to have accepted the Plan. Holders of Claims or Equity Interests in AGCL Classes 4 (Section 510(b) Claims), 5 (Intercompany Claims), and 6 (Equity Interests) and AGCDC Classes 4 (Intercompany Claims) and 5 (Equity Interests), respectively, will not receive or retain any property on account of their Claims or Equity Interests and conclusively are presumed to have rejected the Plan, and the solicitation of acceptances with respect to such Classes is not required. Therefore, in accordance with sections 1126 and 1129 of the Bankruptcy Code, the Debtors are soliciting acceptances only from holders of Allowed Claims in AGCL Class 2 (Milligan-Whyte Secured Claim), AGCL Class 3 (General Unsecured Claims), AGCDC Class 2 (Legere Secured Claim) and AGCDC Class 3 (General Unsecured Claims), respectively.

F. Temporary Allowance of Claims

Pursuant to the Disclosure Statement Approval Order, solely for purposes of voting to accept or reject the Plan and not for the purpose of allowance of, or distribution on account of, a Claim and without prejudice to the rights of the Debtors or any other parties in interest in any other context, each Claim within a Class of Claims entitled to vote to accept or reject the Plan will be temporarily Allowed in an amount equal to the amount of such Claim as set forth in the Schedules. If a Claim for which a proof of claim has been timely Filed is not listed in the Debtors' Schedules, the Debtors propose that such Claim be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00. The foregoing general procedure will be subject to the following exceptions:

1. If a Claim is deemed Allowed in accordance with the Plan, such Claim is Allowed for voting purposes in the deemed Allowed amount set forth in the Plan but only for the purposes of the Plan;
2. If a Claim for which a proof of claim has been timely Filed is, by its terms, contingent, unliquidated or disputed, the Debtors propose that such Claim be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00;
3. If a Claim has been estimated or otherwise Allowed for voting purposes by order of the Bankruptcy Court, such Claim is temporarily Allowed in the amount so estimated or Allowed by the Bankruptcy Court for voting purposes only, and not for purposes of allowance or distribution;
4. If a Claim is listed in the Schedules as contingent, unliquidated or disputed and a proof of claim was not (i) Filed by the Bar Date or (ii) deemed timely Filed by an order of the Bankruptcy Court prior to the Voting Deadline established by the Disclosure Statement Approval Order, unless the Debtors have consented in writing, such Claim will be disallowed for voting purposes and for purposes of allowance and distribution pursuant to Bankruptcy Rule 3003(c); and

5. If the Debtors have served and Filed an objection to a Claim at least ten (10) days before the Voting Deadline, such Claim will be temporarily disallowed for voting purposes only and not for the purposes of allowance or distribution, except to the extent and in the manner as may be set forth in the objection.

If any Creditor seeks to challenge the allowance of its Claim for voting purposes in accordance with the above procedures, such Claimant is directed to serve on the Debtors and file with the Bankruptcy Court (with a copy to Chambers) a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such Claim in a different amount for purposes of voting to accept or reject the Plan on or before the tenth (10th) day after the later of (i) service of the Confirmation Hearing Notice, as defined in the Disclosure Statement Approval Order, and (ii) service of notice of an objection, if any, to such claim. Additionally, in accordance with Bankruptcy Rule 3018, as to any Creditor filing such a motion, such Creditor's Ballot should not be counted unless temporarily Allowed by the Bankruptcy Court for voting purposes, after notice and a hearing.

Whenever a Creditor casts more than one Ballot voting the same Claim before the Voting Deadline, the last Ballot received before the Voting Deadline is deemed to reflect the voter's intent and thus to supersede any prior Ballots. Creditors must vote all of their Claim(s) within a particular Class under the Plan either to accept or reject the Plan and may not split their vote(s), and thus a Ballot that partially rejects and partially accepts the Plan will not be counted.

The following Ballots will not be counted or considered for any purpose in determining whether the Plan has been accepted or rejected:

- (A) any Ballot that is properly completed, executed and timely returned to the Voting Agent, but (i) does not indicate an acceptance or rejection of the Plan or (ii) indicates both acceptance and rejection of the Plan;
- (B) any Ballot received after the Voting Deadline, unless the Debtors shall have granted in writing an extension of the Voting Deadline with respect to such Ballot;
- (C) any Ballot that is illegible or contains insufficient information to permit the identification of the claimant;
- (D) any Ballot cast by a person or entity that does not hold a Claim in a Class that is entitled to vote to accept or reject the Plan;
- (E) any Ballot cast for a Claim scheduled as unliquidated, contingent or disputed for which no proof of claim was timely Filed;
- (F) any unsigned Ballot;
- (G) any Ballot transmitted to the Voting Agent by facsimile or other electronic means; and

- (H) any form of Ballot other than the official form sent by the Debtors' voting agent or a copy thereof;

Please see the Disclosure Statement Approval Order for other provisions concerning solicitation and voting.

XI. PLAN CONFIRMATION

A. In General

The Bankruptcy Court may confirm the plan only if it determines that the Plan complies with the technical requirements of chapter 11, including, among other things, that (a) the Plan has properly classified Claims and Equity Interests, (b) the Plan complies with applicable provisions of the Bankruptcy Code, (c) the Debtors have proposed the Plan in good faith and not by any means forbidden by law, (e) disclosure of "adequate information" as required by section 1125 of the Bankruptcy Code has been made, (f) the Plan has been accepted by the requisite votes of all Classes of Creditors (except to the extent that "cramdown" is available under section 1129(b) of the Bankruptcy Code), (g) the Plan is in the "best interests" of all holders of Claims or Equity Interests in an Impaired Class and (h) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of such fees and expenses on the Consummation Date. The remainder of this Article discusses the steps that must be taken to confirm the Plan

B. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a plan of reorganization. The Confirmation Hearing in respect of the Plan has been scheduled for July ___, 2003, at 10:00 a.m., prevailing Eastern Time, before the Honorable Stuart M. Bernstein, Chief United States Bankruptcy Judge, Room 723, United States Bankruptcy Court for the Southern District of New York, 1 Bowling Green, New York, New York 10004. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan of reorganization. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of the Claims or Equity Interests held or asserted by the objector against the particular Debtor or Debtors, the basis for the objection and the specific grounds therefor, and must be Filed with the Bankruptcy Court, with a copy to Chambers, together with proof of service thereof, and served upon and received no later than 4:00 p.m., prevailing Eastern Time, on July ___, 2003 on (i) Kasowitz, Benson, Torres & Friedman LLP, Attorneys for the Debtors and Debtors in Possession, 1633 Broadway, New York, New York 10019, Attn: Richard F. Casher; (ii) The United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Lauren Landsbaum, (iii) Bingham

McCutchen LLP, Attorneys for the Committee, One State Street, Hartford, Connecticut 06103, Attn: Evan D. Flaschen and (iv) Allen & Overy, Attorneys for the JPLs, 1221 Avenue of the Americas, New York, New York 10020, Attn: Ken Coleman.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.

C. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Court will determine whether the confirmation requirements specified in Bankruptcy Code section 1129(a) have been satisfied, including:

1. The Plan complies with the applicable provisions of the Bankruptcy Code. The Debtors, as proponents of the Plan, have complied with applicable provisions of the Bankruptcy Code.
2. The Debtors have proposed the Plan in good faith and not by any means forbidden by law.
3. Any payment made or promised by the Debtors for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.
4. The Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Reorganized Debtors or a successor to either of the Debtors under the Plan, and (i) the appointment to, or continuance in, such office of such individual is consistent with the interests of Creditors and holders of Equity Interests and with public policy and (ii) the Debtors have disclosed the identity of any insider that will be employed or retained by the Debtors, and the nature of any compensation for such insider.
5. With respect to each Impaired Class of Claims or Equity Interests, each holder of a Claim or Equity Interest in such Class (i) has accepted the Plan or (ii) will receive or retain under the Plan, on account of the Claims or Equity Interests held by such entity, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such entity would receive or retain if the applicable Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code. See discussion of "Best Interests Test" below.
6. Except to the extent that the Plan meets the requirements of section 1129(b) of the Bankruptcy Code (discussed below), each Class of Claims or Equity Interests has either accepted the Plan or is not impaired under the Plan. AGCL Classes 4 (Intercompany Claims), 5 (Section 510(b) Claims) and 6 (Equity Interests), and AGCDC Classes 4 (Intercompany Claims) and 5 (Equity Interests) are deemed to have rejected the Plan, and, thus, the Plan can be confirmed only if the requirements

of section 1129(b) of the Bankruptcy Code are met.

7. Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that all Allowed Administrative Claims and Allowed Other Priority Claims will be paid in full, in Cash, on the Effective Date and that all Allowed Priority Tax Claims will receive on account of such Claims deferred cash payments, over a period not exceeding six (6) years after the date of assessment of such Claims, of a value, as of the Effective Date, equal to the allowed amount of such Claims.
8. If a Class of Claims is Impaired under the Plan, at least one Impaired Class has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in such Class.
9. Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. See discussion of “Feasibility” below.

The Debtors believe that, upon satisfaction of the conditions to the effectiveness of the Plan, the Plan will satisfy all applicable statutory requirements of Chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all applicable requirements of Chapter 11, and that the Plan is being proposed and submitted to the Bankruptcy Court in good faith.

D. Best Interests Test

As described above, the Bankruptcy Code requires that, with respect to each Impaired Class of Claims or Equity Interests, each holder of a Claim or Equity Interest in such Class either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the applicable Debtor were liquidated under chapter 7 of the Bankruptcy Code.

Substantially all of AGCL’s assets have already been liquidated in connection with the Asia Netcom Transaction. The unliquidated remainder of AGCL’s Estate consists of the Causes of Action. AGCDC’s Estate consists of Cash in the approximate amount of \$500,000; the Debtors are not aware of any Causes of Action of AGCDC that will result in any material enhancement of AGCDC’s Estate. Although the Plan’s proposed liquidation and a chapter 7 liquidation would have the same goal of liquidating the remainder of the Debtors’ Estates and distributing all of the proceeds to Creditors, the Debtors believe that the Plan provides a more efficient vehicle to accomplish this goal. Liquidating the Debtors’ Estates pursuant to a chapter 7 liquidation would require the appointment of a chapter 7 trustee. The appointment of the chapter 7 trustee, as well as the professional advisors likely to be retained by the chapter 7 trustee, would increase the administrative costs associated with the liquidation of the Debtors’ Estates. Under section 326(a) of the Bankruptcy Code, the chapter 7 trustee’s fees alone could

be as high as three percent (3%) of the Distributions made to Creditors. Further, like the Liquidating Trustee, a chapter 7 trustee would complete the liquidation of the Debtors' remaining assets, resolve Disputed Claims and make Distributions to creditors. A chapter 7 trustee, however, would not have the benefit of the historical knowledge of the Debtors to resolve the Disputed Claims efficiently. It is anticipated that the Liquidating Trustee will retain Professionals intimately familiar with the Chapter 11 Cases. Therefore, the Debtors believe that a chapter 7 trustee, on average, would settle Disputed Claims for higher amounts than the Liquidating Trustee, as a result of the Liquidating Trustees' superior knowledge of the Debtors' business and the Disputed Claims by virtue of the accumulated case-specific knowledge and experience of the Professionals retained by the Liquidating Trustee. The Debtors also believe that Distributions would occur in a shorter time period pursuant to the Plan than if the Debtors' Estates were liquidated pursuant to a chapter 7 liquidation. A conversion to chapter 7 would take additional time. In addition, the chapter 7 trustee, once appointed, and any professionals retained by the chapter 7 trustee, would need time to gain familiarity with the Debtors, their Creditors and Disputed Claims, thus delaying the initial Distribution to Creditors.

After considering the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to Creditors in the Chapter 11 Cases, the Debtors have determined that a chapter 7 liquidation would result in a material diminution in the value to be realized by the holders of AGCL Class 3 Claims and AGCDC Class 3 Claims, respectively, and a delay in making Distributions to all Classes of Claims entitled to a Distribution. In short, the Debtors believe that holders of AGCL Class 3 Claims and AGCDC Class 3 Claims would receive less in a chapter 7 liquidation than under the Plan. Finally, the Debtors believe that holders of Claims and Equity Interests in other Classes that will realized a recovery of either 100% or 0% under the Plan (*e.g.*, AGCL Class 1 (Other Priority Claims), AGCL Class 5 (Section 510(b) Litigation Claims)) would receive the same Distribution in a chapter 7 liquidation as under the Plan. Therefore, the Debtors believe that the Plan satisfies the requirements of section 1129(a)(7) of the Bankruptcy Code.

E. Plan Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successors to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. The Plan proposed by the Debtors provides for a liquidation of the Debtors' remaining assets and a distribution of the Cash proceeds to creditors in accordance with the priority scheme of the Bankruptcy Code and the terms of the Plan. The ability of the Liquidating Trustee to make the Distributions described in the Plan does not depend on future earnings or operations of the Debtors. The Debtors will not be conducting any business operations after the Effective Date. Accordingly, the Debtors believe that the Plan is feasible and meets the requirements of section 1129(a)(11) of the Bankruptcy Code.

F. Section 1129(b): Unfair Discrimination and the “Fair and Equitable” Test

The Debtors will request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code, and they have reserved the right to modify the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification. The Bankruptcy Court may confirm the Plan over the rejection or deemed rejection of the Plan by an Impaired Class of Claims or Equity Interests if the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to such Class.

1. *No Unfair Discrimination*

The “unfair discrimination” test applies to Impaired Classes of Claims or Equity Interests that are of equal priority and are receiving disparate treatment under the Plan. The test does not require that the treatment of such Classes be the same or equivalent, but only that the treatment be “fair.” The Plan does not classify separately Claims against AGCL or AGCDC, as the case may be, into two or more Impaired Classes of equal priority. Accordingly, there is no basis for any Claimant to assert that the Plan unfairly discriminates. Accordingly, the Plan does not discriminate (let alone unfairly) and satisfies the “unfair discrimination” test. Simply put, all Claims of equal rank are classified in the same Class and are treated equally.

2. *Fair and Equitable Test: “Cramdown”*

The Bankruptcy Code provides a non-exclusive definition of the phrase “fair and equitable.” The Bankruptcy Code establishes “cramdown” tests for dissenting classes of secured creditors, unsecured creditors and equity holders. As to each dissenting class, the test prescribes different standards, depending on the type of claims or equity interests in such class:

- *Secured Creditors.* With respect to each class of secured claims that rejects the plan, the plan must provide (a)(i) that each holder (the “**Secured Creditor**”) of a claim in the rejecting class retain the liens securing those claims, whether the property subject to those liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such secured claim and (ii) that the Secured Creditor receives on account of its secured claim deferred cash payments having a value, as of the effective date of the plan, of at least the value of the allowed amount of such secured claim; (b) for the sale, subject to the Secured Creditor’s credit bid rights, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of such liens, with such liens to attach to the proceeds of the sale, and the treatment of such liens on proceeds under clause (a) or (c) of this subparagraph; or (c) for the realization by the Secured Creditor of the “indubitable equivalent” of its secured claim.
- *Unsecured Creditors.* With respect to each Impaired Class of unsecured claims that rejects the plan, the plan must provide (a) that each holder of a

claim in the rejecting class will receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) that no holder of a claim or interest that is junior to the claims of such rejecting class will receive or retain under the Plan any property on account of such junior claim or interest.

- *Equity Interests.* With respect to each Impaired Class of equity interests that rejects the plan, the plan must provide (a) that each holder of an equity interest included in the rejecting class receive or retain on account of that equity interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such equity interest; or (b) that no holder of an equity interest that is junior to the equity interests of such rejecting class will receive or retain under the plan any property on account of such junior interest.

The holders of Claims and Equity Interests in Classes AGCL 4 (Intercompany Claims), 5 (Section 510(b) Claims) and 6 (Equity Interests) and AGCDC Classes 4 (Intercompany Claims) and 5 (Equity Interests) will not receive or retain property under the Plan on account of their respective Claims and Equity Interests in such Classes. Accordingly, under section 1126(g) of the Bankruptcy Code, such Classes are presumed to have rejected the Plan. The Debtors (a) intend to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code notwithstanding the deemed rejection of the Plan by AGCL Classes 4, 5 and 6 and AGCDC Classes 4 and 5 and (b) reserve the right to seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code notwithstanding the rejection of the Plan by other Classes of Claims.

The Debtors believe that the Plan may be confirmed pursuant to the above-described “cramdown” provisions, over the dissent of certain Classes of Claims and Equity Interests, in view of the treatment proposed for such Classes. The Debtors believe that the treatment under the Plan of the holders of Claims and Equity Interests in AGCL Classes 4, 5 and 6 and AGCDC Classes 4 and 5 will satisfy the “fair and equitable” test because, although no distribution will be made in respect of Claims and Equity Interests in such Classes and, as a result, such Classes will be deemed to have rejected the Plan, no Class junior to such non-accepting Classes will receive or retain any property under the Plan. Additionally, as noted above, the Debtors do not believe that the Plan unfairly discriminates against any dissenting Class because all dissenting Classes of equal rank are treated equally under the Plan.

XII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

Since the Debtors have no ongoing operations, the alternatives to the Plan are very limited and not likely to benefit Creditors. Though the Debtors theoretically could continue in chapter 11 as debtors in possession and file a new plan, the most likely result if the Plan is not confirmed and consummated is that the Chapter 11 Cases will be converted to cases under chapter 7 of the Bankruptcy Code. The Debtors believe that conversion of these Cases to chapter

7 would result in (i) significant delay in Distributions to all Creditors who would have received a Distribution under the Plan and (ii) diminished recoveries for holders of AGCL Class 3 Claims and AGCDC Class 3 Claims. The Debtors believe that the Plan affords holders of Claims the potential for the greatest realization on the Debtors' assets and, therefore, is in the best interests of such holders.

The Debtors' theoretical alternatives in the event that the Plan is not confirmed (*i.e.*, an alternative reorganization plan or a liquidation of the Debtors' Estates under chapter 7 of the Bankruptcy Code) are discussed below.

A. Alternative Plan of Reorganization

If the Plan is not confirmed, the Debtors (or if the Debtors' exclusive period in which to file a plan of reorganization has expired, any other party in interest) could attempt to formulate a different plan. The Debtors have explored various alternatives in connection with the formulation and development of the Plan. Because the Debtors ceased their business operations (AGCL having sold substantially all of its assets to Asia Netcom) effective upon the consummation of the Asia Netcom Transaction on March 10, 2003, a liquidating plan of reorganization that distributes the proceeds of the Debtors' assets in strict order of absolute priority is the only practical and confirmable plan that the Debtors can propose.

B. Liquidation under Chapter 7

Notwithstanding the fact that the Plan is a liquidating plan under chapter 11, if no Plan is confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code. In a Chapter 7 case, a trustee or trustees would be appointed to liquidate the assets of the Debtors for distribution in accordance with priorities established by chapter 7. Although it is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective holders of Claims, a discussion of the effects that chapter 7 liquidation would have on the recoveries of holders of Claims and Equity Interests is set forth below.

Although the Plan's proposed liquidation and a chapter 7 liquidation would have the same goal of liquidating the remainder of the Debtors' Estates and distributing all of the proceeds to Creditors, the Debtors believe that the Plan provides a more efficient vehicle to accomplish this goal. Liquidating the Debtors' Estates pursuant to a chapter 7 liquidation would require the appointment of a chapter 7 trustee. The appointment of the chapter 7 trustee, as well as the professional advisors likely to be retained by the chapter 7 trustee, would increase the administrative costs associated with the liquidation of the Debtors' Estates. Under section 326(a) of the Bankruptcy Code, the chapter 7 trustee's fees alone could be as high as three percent (3%) of the Distributions made to Creditors. Further, like the Liquidating Trustee, a chapter 7 trustee would complete the liquidation of the Debtors' remaining assets, resolve Disputed Claims and make Distributions to creditors. A chapter 7 trustee, however, would not have the benefit of the historical knowledge of the Debtors to resolve the Disputed Claims efficiently. It is anticipated that the Liquidating Trustee will retain Professionals intimately familiar with the Chapter 11

Cases. Therefore, the Debtors believe that a chapter 7 trustee, on average, would settle Disputed Claims for higher amounts than the Debtors, as a result of the trustee's inferior knowledge (or conversely, the Liquidating Trustee's superior knowledge by virtue of the accumulated case-specific knowledge and experience of the Professionals retained by the Liquidating Trustee) of the Debtors' business and the Disputed Claims. The Debtors also believe that Distributions would occur in a shorter time period pursuant to the Plan than if the Debtors' Estates were liquidated pursuant to a chapter 7 liquidation. A conversion to chapter 7 would take additional time. In addition, the chapter 7 trustee, once appointed, and any professionals retained by the chapter 7 trustee, would need time to gain familiarity with the Debtors, their Creditors and Disputed Claims, thus delaying the initial Distribution to Creditors.

After considering the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to Creditors in the Chapter 11 Cases, the Debtors have determined that a chapter 7 liquidation would result in a material diminution in the value to be realized by the holders of AGCL Class 3 Claims and AGCDC Class 3 Claims, respectively, and a delay in making Distributions to all Classes of Claims entitled to a Distribution. In short, the Debtors believe that holders of AGCL Class 3 Claims and AGCDC Class 3 Claims would receive less in a chapter 7 liquidation than under the Plan.

XIII. CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation and implementation of the Plan is preferable to any of the alternatives described above because it will result in the greatest and most expeditious recoveries to holders of Allowed Claims. Other alternatives could involve significant delay, uncertainty and additional administrative costs, as well as a concomitant reduction in the Distributions to holders of Claims in AGCL Class 3 (General Unsecured Claims) and AGCDC Class 3 (General Unsecured Claims). **FOR THESE REASONS, THE DEBTORS URGE YOU TO RETURN YOUR BALLOT AND VOTE TO ACCEPT THE PLAN.**

Dated: New York, New York
May 1, 2003

ASIA GLOBAL CROSSING LTD. AND ASIA
GLOBAL CROSSING DEVELOPMENT CO.
Debtors and Debtors-in-Possession

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Exhibit A

Joint Liquidating Chapter 11 Plan of Reorganization

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re : Chapter 11
: Case Nos. 02-15749
ASIA GLOBAL CROSSING LTD., et al. : through 02-15750 (SMB)
: :
Debtors. : (Jointly Administered)
: :
-----X

**JOINT LIQUIDATING CHAPTER 11 PLAN OF REORGANIZATION OF
ASIA GLOBAL CROSSING LTD. AND
ASIA GLOBAL CROSSING DEVELOPMENT CO.**

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Attorneys for Debtors and
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Dated: New York, New York
May 1, 2003

TABLE OF CONTENTS

	Page
ARTICLE I. DEFINED TERMS, RULES OF INTERPRETATION AND COMPUTATION OF TIME	1
A. Rules of Interpretation.	1
B. Computation of Time.....	2
C. Defined Terms.	2
ARTICLE II. PAYMENT OF ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS	13
A. Administrative Claims.	13
B. Professional Fees.	14
C. Priority Tax Claims.....	15
D. Bar Dates For Administrative Claims and Professional Fees.....	15
1. Administrative Claims.	15
2. Professional Fees and Committee Member Expenses.	15
ARTICLE III. CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS	16
A. Summary.	16
B. Classification and Treatment of Claims and Equity Interests.	16
1. Class Descriptions: AGCL.	16
2. Class Descriptions: AGCDC.	17
3. Treatment of Claims.	17
4. Identification of Impaired and Unimpaired Classes: AGCL.	20
5. Identification of Impaired and Unimpaired Classes: AGCDC.	20
ARTICLE IV. ACCEPTANCE OR REJECTION OF THE PLAN	21
A. Holders of Claims and Equity Interests Entitled to Vote.	21
B. Acceptance by Impaired Classes.	21
C. Presumed Acceptance of Plan	21
D. Elimination of Vacant Classes.	21
E. Confirmation by Cramdown.	22
ARTICLE V. MEANS FOR IMPLEMENTATION OF THE PLAN	22
A. Settlement of Certain Claims.	22
B. Transactions on the Effective Date.	22

TABLE OF CONTENTS
(continued)

	Page
C. Corporate Existence; Dissolution of Debtors.	22
1. Continued Existence.	22
2. Retention of Debtors' Records; Dissolution.	23
D. Effectuating Documents; Further Transactions.	23
E. The Liquidating Trust Agreement.	23
1. Execution of Liquidating Trust Agreement.	23
2. Purpose of Liquidating Trust.	23
3. Liquidating Trust Assets.	24
4. Governance of the Liquidating Trust.	24
5. Federal Income Tax Treatment of the Trust for the Liquidating Trust Assets.	24
F. The Liquidating Trustee.	26
1. Appointment.	26
2. Role of the Liquidating Trustee.	26
3. Rights, Powers and Duties of the Debtors and the Liquidating Trustee.	26
4. Compensation of the Liquidating Trustee.	29
5. Indemnification.	29
6. Insurance.	30
7. Authority To Object to Claims and Interests and To Settle Disputed Claims.	30
G. Committee and Plan Committee.	31
1. Dissolution of Committee.	31
2. Creation of Plan Committee; Procedures.	31
3. Standing of Plan Committee.	32
4. Plan Committee Function and Duration; Compensation and Expenses.	32
5. Liability; Indemnification.	32
H. Operations of the Debtors between Confirmation and the Effective Date.	33
I. Cancellation of Debt Securities.	33
J. Sources of Cash for Plan Distributions.	33

TABLE OF CONTENTS
(continued)

	Page
K. Exclusivity Period.....	33
L. Effectuating Documents; Further Transactions.	33
M. Distributions under the Plan; Reserves.	34
N. Disputed Claims Reserves.	34
O. Preservation of Rights of Action; Settlement of Causes of Action.	34
P. Issuance of New Securities; Execution of Related Documents.	34
Q. Corporate Action.	35
R. Scheme of Arrangement.	35
S. JPL Fee and Expense Claim.	35
1. JPL Fee and Expense Claim Reserve.	35
2. Post-Effective Date Fees and Expenses of the JPLs.	36
ARTICLE VI. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES.	36
A. Assumption and Rejection of Executory Contracts and Unexpired Leases.	36
B. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.	37
C. Bar Date for Claims Based on Rejection of Executory Contracts or Unexpired Leases.	37
D. Rejection of Indemnification Obligations.	37
ARTICLE VII. PROVISIONS GOVERNING DISTRIBUTIONS.	38
A. Manner of Payment under the Plan.	38
B. Timing of Distributions.	38
C. Interest on Allowed Claims.	38
D. Distributions by the Liquidating Trustee.	38
E. Delivery of Distributions and Undeliverable or Unclaimed Distributions.	39
1. Delivery of Distributions in General.	39
2. Undeliverable and Unclaimed Distributions.	39
F. Time Bar to Negotiate Checks.	40
G. Record Date for Distributions to Claimants Holding Debt Securities.	40
H. Indenture Trustee as Claim Holder.	40
I. Allocation of Plan Distributions between Principal and Interest.	40
J. Fractional Dollars; De Minimis Distributions.	41

TABLE OF CONTENTS
(continued)

	Page
K. No Distribution in Excess of Allowed Amount of Claim.....	41
L. Setoffs.	41
M. Compliance with Tax Requirements.	41
N. Release of Liens.....	42
ARTICLE VIII. PROCEDURES FOR RESOLVING DISPUTED CLAIMS.....	42
A. Prosecution of Objections to Claims on and after the Effective Date.	42
B. Claims Objection Bar Date.	42
C. Estimation of Claims.	42
D. Payments and Distributions on Disputed Claims; Disputed Claims Reserve.	43
E. Distribution When a Disputed Claim Becomes an Allowed Claim.	43
F. Accounts and Reserves.	43
1. Disputed Claims Reserve.....	43
2. Administrative Claims Reserve.	44
3. Operating Reserve.	45
G. Distributions after Allowance.	45
ARTICLE IX. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN	46
A. Condition Precedent to Confirmation.	46
B. Conditions Precedent to Consummation.	46
C. Waiver of Conditions.....	46
D. Effect of Non-Occurrence of Conditions to Consummation.	47
ARTICLE X. EFFECT OF PLAN CONFIRMATION.....	47
A. Subordination.	47
B. Release by the Debtors.	47
C. Injunction Related to Releases.....	48
D. Preservation of Causes of Action.	48
E. Exculpation.	48
F. Injunction.	49
G. Term of Injunctions or Stays.	50
H. Discharge.	50

TABLE OF CONTENTS
(continued)

	Page
ARTICLE XI. RETENTION OF JURISDICTION.....	50
A. Bankruptcy Court.....	50
B. No Limitation on Bermuda Court.....	52
ARTICLE XII. MODIFICATION AND REVOCATION OF THE PLAN.....	52
A. Modification of the Plan.	52
B. Revocation of the Plan.	53
ARTICLE XIII. MISCELLANEOUS PROVISIONS.....	53
A. Payment of Statutory Fees.	53
B. Governing Law.	53
C. Corporate Action.	54
D. Severability of Plan Provisions.....	54
E. Successors and Assigns.	54
F. Reservation of Rights.	54
G. Section 1146 Exemption.	55
H. Further Assurances.	55
I. Notice and Service of Documents.	55
J. Conflicts.....	56
K. Plan Supplement.	56
L. Indenture Trustee Fees and Expenses and Charging Lien.	56
1. Amount of Claim for Indenture Trustee Fees.....	56
2. Statement of Indenture Trustee Fees; Procedure for Resolution of Objections.	57
M. Determination of Tax Liability.....	57
N. Substantial Consummation.	57
O. Employment and Payment of Liquidating Trustee’s Professionals after Effective Date.	57
P. Retention of Debtors’ Books and Records.	58

INTRODUCTION

Pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, Asia Global Crossing Ltd., a Bermuda corporation, and Asia Global Crossing Development Co., a Delaware corporation, debtors and debtors-in-possession in the Chapter 11 Cases (as defined herein), joint “proponents of the plan” within the meaning of section 1129 of the Bankruptcy Code (as defined herein), hereby respectfully propose, pursuant to section 1121(a) of the Bankruptcy Code, the following joint liquidating plan of reorganization, which contemplates the liquidation of the Debtors (as defined herein) and the resolution of the outstanding claims against and equity interests in the Debtors. Reference is made to the Disclosure Statement (as defined herein), distributed contemporaneously herewith, for a discussion of the Debtors’ history, business, properties, and operations, a summary and analysis of the Plan (as defined herein), and certain related matters.

ARTICLE I.

DEFINED TERMS, RULES OF INTERPRETATION AND COMPUTATION OF TIME

A. Rules of Interpretation.

For purposes of the Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) any reference in the Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or exhibit Filed, or to be Filed, shall mean such document or exhibit, as it may have been or may be amended, modified, supplemented or restated; (d) unless otherwise specified, all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (e) the words “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**” and comparable terms refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) the words “**include**”, “**includes**” and “**including**” shall not be limiting and shall be deemed to be followed by “**without limitation**” whether or not they are, in fact, followed by such words or words of like import; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (h) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (i) any capitalized term used in the Plan that is not defined herein but that is defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (j) in the event of any inconsistency between the terms of the Plan and the terms of the Disclosure Statement, the terms of the Plan shall control; and (k) in the event of any inconsistency between the terms of the Plan and the terms of the Sale Agreement, the terms of the Sale Agreement shall control.

B. Computation of Time.

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

C. Defined Terms.

When used in capitalized form in the Plan, the following terms shall have the respective meanings assigned to such terms below:

“Accrued Professional Compensation” means, with respect to a particular point in time: (a) all accrued fees (including success fees) for services rendered by all Professionals in the Chapter 11 Cases that the Bankruptcy Court has not yet awarded as compensation, either pursuant to an interim order or a Final Order, but which have been earned under the respective terms of engagement of such Professionals; and (b) all expenses incurred by all Professionals in the Chapter 11 Cases that the Bankruptcy Court has not awarded as reimbursement, either pursuant to an interim order or a Final Order, but which have been earned under the respective terms of engagement of such Professionals.

“Ad Hoc Committee” means the informal committee of holders of the Senior Notes organized prior to the Petition Date.

“Administrative Claim” means a Claim for payment of an administrative expense of a kind specified in Bankruptcy Code section 503(b) and entitled to priority in payment under Bankruptcy Code sections 507(a)(1), 507(b) or 1114(e)(2), including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services and leased premises); (b) any indebtedness or obligations incurred or assumed by the Debtors in the ordinary course of business in connection with the conduct of its business; (c) any Professional Fees, whether fixed before or after the Effective Date; (d) all fees and charges assessed against the Estates under Chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-30; and (e) obligations designated as Allowed Administrative Claims pursuant to an order of the Bankruptcy Court.

“Administrative Claims Reserve” means the reserve maintained by Liquidating Trustee to pay Administrative Claims, Priority Tax Claims, Other Priority Claims and Secured Claims that become Allowed Claims after the Effective Date.

“AGCDC” means Asia Global Crossing Development Co., a Delaware corporation, and a debtor and debtor-in-possession in the Chapter 11 Cases.

“Allowed” means, with reference to any Claim, except as otherwise provided herein:

(a) a Claim that has been scheduled by a Debtor in its Schedules as other than disputed, contingent or unliquidated and as to which the Debtor, the Liquidating Trustee or any other party in interest has not Filed an objection on or before the Claims Objection Bar Date;

(b) a Claim that either is not a Disputed Claim or has been allowed by a Final Order;

(c) a Claim that is allowed (i) in any stipulation with a Debtor concerning the amount and nature of such Claim executed prior to the Confirmation Date and approved by the Bankruptcy Court upon proper notice to the Debtor and other parties in interest; (ii) in any stipulation with the Liquidating Trustee concerning the amount and nature of such Claim executed on or after the Confirmation Date and, to the extent necessary, approved by the Bankruptcy Court; or (iii) in any contract, instrument, indenture or other agreement entered into or assumed in connection with the Plan;

(d) a Claim relating to a rejected executory contract or unexpired lease that (i) is not a Disputed Claim or (ii) has been allowed by a Final Order, in either case only if a proof of Claim has been Filed by the Rejection Claims Bar Date or has otherwise been deemed timely Filed under applicable law; or

(e) a Claim that is allowed pursuant to the terms of the Plan; *provided, however*, unless otherwise specified herein or by order of the Bankruptcy Court, the term “Allowed Claim” shall not, for any purpose under the Plan, include interest, penalties, premium or late charges on such Claim from and after the Petition Date.

“Allowed . . . Claim” means an Allowed Claim in the particular Class described.

“Allowed Senior Note Claim” means the aggregate amount of the Senior Note Claims Allowed under Section III.B (AGCL Class 3 – General Unsecured Claims (Impaired)) of the Plan.

“Approval Order” means that certain order of the Court, dated January 29, 2003 and entered in the docket of the Chapter 11 Cases, authorizing and approving, among other things, AGCL’s execution of the Sale Agreement and the consummation of the transactions contemplated thereunder.

“Asia Global” or **“AGCL”** means Asia Global Crossing Ltd., a Bermuda corporation, a debtor and debtor-in-possession in the Chapter 11 Cases.

“Asia Netcom” means Asia Netcom Corporation Limited, a Bermuda corporation.

“Asia Netcom Transaction” means the transactions contemplated by the Sale Agreement.

“Available Cash” means (a) with respect to Distributions to be made on the Distribution Date, all Cash held by the Liquidating Trustee for the benefit of the Estate of AGCL or AGCDC, as the context requires, as of the date ten (10) Business Days prior to the date of the initial Distribution Date, other than Cash to be distributed on the Distribution Date to holders of Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Other Priority Claims and Allowed Secured Claims that became Allowed Claims on or before the Effective Date, and (b) with respect to Distributions to be made on any Quarterly Distribution Date, all Cash held by

the Liquidating Trustee as of the date ten (10) Business Days prior to the date of any Quarterly Distribution Date, other than, in each case, Restricted Cash.

“Avoidance Actions” means any and all actions that are Filed or that may be Filed pursuant to the provisions of Bankruptcy Code sections 502(d), 542, 544, 545, 547, 548, 549, 550, 551 and 553, any actions based on applicable nonbankruptcy law that may be incorporated or brought under the foregoing sections of the Bankruptcy Code, or any other similar actions or proceedings filed to recover property for or on behalf of the Estates or to avoid a lien or transfer.

“Ballots” mean ballots accompanying the Disclosure Statement upon which holders of Claims in an Impaired Class shall indicate their acceptance or rejection of the Plan in accordance with the Plan and the Voting Instructions.

“Bankruptcy Code” means title I of the Bankruptcy Reform Act of 1978, as amended from time to time, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101-1330 and applicable portions of titles 18 and 28 of the United States Code.

“Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of New York or such other court as may have jurisdiction over the Chapter 11 Cases.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended from time to time, as applicable to the Chapter 11 Cases, promulgated under 28 U.S.C. § 2075 and the General, Local and Chamber Rules of the Bankruptcy Court.

“Bar Date” means the last date for timely filing of proofs of Claim relating to any Claim, as established by this Plan or an order of the Bankruptcy Court, including the Bar Date Order and the Confirmation Order.

“Bar Date Order” means the order of the Bankruptcy Court setting procedures and a deadline of February 28, 2003 for filing proofs of Claim in the Chapter 11 Case.

“Beneficial Holder” or **“Beneficial Owner”** means the Person or Entity holding the beneficial interest in a Claim or Equity Interest.

“Beneficial Interest” means a beneficial interest in the Liquidating Trust.

“Beneficiaries” means the holders of Allowed Claims having an interest in the Liquidating Trust.

“Bermuda Court” means the Supreme Court of Bermuda.

“Bermuda Proceedings” means the winding up proceedings initiated by Asia Global in the Bermuda Court on November 18, 2002, as Case No. 464 of 2002.

“Business Day” means any day, other than a Saturday, Sunday or “legal holiday” (as defined in Bankruptcy Rule 9006(a)).

“Cases” or **“Chapter 11 Cases”** means the above-captioned chapter 11 cases commenced on the Petition Date, styled In re Asia Global Crossing, Ltd., et al., Case Nos. 02-15749 through 02-15750 (SMB) and currently pending before the Bankruptcy Court.

“Cash” means legal tender of the United States of America and equivalents thereof.

“Cash Investment Yield” means the net yield earned by the Liquidating Trust from the investment of Cash held pending distribution in accordance with the provisions of the Plan and the Liquidating Trust Agreement.

“Causes of Action” mean all of the Debtors’ actions, causes of action, choses in action, liabilities, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, third-party claims, counterclaims, and crossclaims, whether known or unknown, reduced to judgment or not reduced to judgment, liquidated or unliquidated, contingent or non-contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date, including the Avoidance Actions.

“Claim” means a “claim” against the Debtor, as defined in Bankruptcy Code section 101(5), whether or not asserted.

“Claim Holder” or **“Claimant”** means the holder of a Claim.

“Claims Objection Bar Date” means, for all Claims, other than Administrative Claims, the latest of: (a) 120 days after the Effective Date; (b) 90 days after the Filing of a proof of Claim for such Claim; (c) 60 days after the conclusion of an arbitration, mediation or other alternative dispute resolution process in respect of a Claim as to which no objection was Filed prior to the commencement of such process; and (d) such other period of limitation as may be specifically fixed by this Plan, the Confirmation Order, the Bankruptcy Rules or a Final Order for objecting to such Claim.

“Class” means a category of Claims or Equity Interests described in Article III of the Plan.

“Collateral” means any property or interest in property of the Debtor or its Estate subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable law.

“Committee” means the official committee of unsecured creditors appointed by the United States Trustee in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code, including its official members and its *ex officio* members, if any.

“Confirmation” means the entry of the Confirmation Order, subject to all conditions specified in Section IX.A. of the Plan having been (i) satisfied or (ii) waived pursuant to Section IX.C.

“Confirmation Date” means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021.

“Confirmation Hearing” means the hearing held by the Bankruptcy Court pursuant to Bankruptcy Code section 1128(a) to consider Confirmation of the Plan in accordance with Bankruptcy Code section 1129, as such hearing may be adjourned or continued from time to time.

“Confirmation Hearing Date” means the date on which the Confirmation Hearing first is commenced.

“Confirmation Order” means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

“Consummation” means the occurrence of the Effective Date.

“Creditor” means the holder of a Claim against any Debtor or any Estate.

“Cure” means the Distribution of Cash, or such other property as may be agreed upon by the parties and/or ordered by the Bankruptcy Court, with respect to the assumption of an executory contract or unexpired lease, pursuant to Bankruptcy Code section 365(b), in an amount equal to all accrued, due and unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties or ordered by the Bankruptcy Court, under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law.

“Debt Securities” means, collectively, the Senior Notes, the Senior Note Indenture and any other note, bond, indenture or other instrument, agreement or document evidencing or creating any indebtedness or obligation of a Debtor.

“Debtors” means, collectively, Asia Global and AGCDC, as debtors and debtors-in-possession in the Chapter 11 Case.

“Disallowed Claim” means (a) a Claim, or any portion thereof, that has been disallowed by a Final Order, (b) a Claim that is Scheduled at zero or as contingent, disputed, or unliquidated and as to which no proof of claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or other applicable bankruptcy law, or (c) a Claim that has not been Scheduled and as to which no proof of claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or other applicable bankruptcy law.

“Disclosure Statement” means the written disclosure statement (including all exhibits and schedules thereto) that relates to the Plan, as the same may be amended, supplemented, revised or modified from time to time, as approved by the Bankruptcy Court pursuant to the Disclosure Statement Approval Order.

“Disclosure Statement Approval Order” means the Final Order approving, among other things, the adequacy of the Disclosure Statement pursuant to Bankruptcy Code section 1125.

“Disputed . . . Claim” means a Claim, or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim, and in relation to a Class, a Disputed Claim in the particular Class described.

“Disputed Claim Amount” means the lesser of (a) the liquidated amount set forth in the proof of claim relating to a Disputed Claim, (b) the amount estimated by the Bankruptcy Court for purposes of Distributions in respect of such Disputed Claim in accordance with 502(c) of the Bankruptcy Code pursuant to Section VIII.C hereof, and (c) the amount of such Disputed Claim Allowed by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code, or zero, if such Disputed Claim is disallowed in its entirety by the Bankruptcy Court pursuant to such section, in either case, regardless of whether the order or judgment allowing or disallowing such Claim has become a Final Order; *provided, however*, that in the event that a Claim has been disallowed, but the order of disallowance has not yet become a Final Order, the Bankruptcy Court may require the Liquidating Trustee to reserve, and hold in trust for the benefit of each holder of such Claim, Cash in an amount equal to the Ratable Proportion of Distributions which the Bankruptcy Court, in its discretion, determines will protect the rights of such holder under all of the facts and circumstances relating to the order of disallowance and the appeal of such holder from such order.

“Disputed Claims Reserve” means the segregated, interest-bearing account established and maintained by the Liquidating Trustee pursuant to Section VIII.F.1 hereof for the payment of Disputed Claims that become Allowed Claims after the Effective Date, which reserve shall be held in trust for the benefit of the holders of Disputed Claims.

“Distribution” means the distributions to be made in accordance with the Plan of, as the case may be: (a) Cash or (b) any other consideration distributed to holders of Allowed Claims under the terms and provisions of the Plan.

“Distribution Date” means the date, occurring as soon as practicable after the Effective Date, on which the initial Distribution from the Liquidating Trust is made to holders of Allowed Claims.

“Distribution Record Date” means the record date for the purpose of determining holders of Allowed Claims entitled to receive Distributions under the Plan on account of Allowed Claims, which date shall be the Confirmation Date.

“Effective Date” means the date selected by the Plan Proponents that is on a Business Day after the Confirmation Date on which (a) all conditions specified in both Section IX.A and

IX.B of the Plan have been (i) satisfied or (ii) waived pursuant to Section IX.C of the Plan and (b) no stay of the Confirmation Order is in effect.

“Entity” means an “entity,” as defined in section 101(15) of the Bankruptcy Code.

“Equity Interest” means, with respect to each Debtor, as of the Petition Date, any capital stock or other ownership interest in the Debtor, whether or not transferable, and any option, call, warrant or right to purchase, sell or subscribe for an ownership interest or other equity security in the Debtor, and any redemption, conversion, exchange, voting, participation, dividend rights, and liquidation preferences relating to such capital stock or other ownership interest.

“Estate” means the estate of AGCL or AGCDC, as the case may be, created by section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

“File” or **“Filed”** means file or filed with the clerk of the Bankruptcy Court in the Chapter 11 Cases.

“Final Order” means an order of the Bankruptcy Court (x) as to which the time to appeal, petition for certiorari, or move for reargument, rehearing or new trial has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument, rehearing or new trial shall then be pending; (y) as to which any right to appeal, petition for certiorari, reargue, rehear or retry shall have been waived in writing; or (z) in the event that an appeal, writ of certiorari, reargument, rehearing or new trial has been sought, as to which (a) such order of the Bankruptcy Court shall have been affirmed by the highest court to which such order is appealed, (b) certiorari has been denied as to such order, or (c) reargument or rehearing or new trial from such order shall have been denied, and the time to take any further appeal, petition for certiorari or move for reargument, rehearing or new trial shall have expired without such actions having been taken.

“General Unsecured Claim” means any Claim, including any Senior Note Claim, Rejection Claim and Trade Claim that is not a Secured Claim, an Administrative Claim, an Intercompany Claim, an Other Priority Claim or a Priority Tax Claim.

“Impaired Class” means a Class that is impaired within the meaning of section 1124 of the Bankruptcy Code.

“Indemnified Plan Committee Parties” shall have the meaning assigned to such term in Section V.G.5 of the Plan.

“Indenture Trustee” means The Bank of New York, successor trustee under the Senior Note Indenture.

“Indenture Trustee Charging Lien” means any lien or other priority in payment arising prior to the Effective Date to which the Indenture Trustee is entitled pursuant to the Senior Note Indenture against distributions to be made to holders of Allowed Senior Note Claims for

payment of any Indenture Trustee Fees due the Indenture Trustee under the Senior Note Indenture.

“Indenture Trustee Fees” means the reasonable fees and expenses incurred by the Indenture Trustee from and after the Petition Date through the Effective Date in connection with the Chapter 11 Cases, including the reasonable fees and expenses of its counsel, in accordance with the terms of the Senior Note Indenture.

“Intercompany Claim” means any Claim against a Debtor by an Entity, other than PCL, that is an Affiliate of such Debtor as of the Effective Date.

“Internal Revenue Code” means title 26 of the United States Code, as amended from time to time.

“IRS” means the Internal Revenue Service.

“JPLs” means the persons from time to time serving as joint provisional liquidators in the Bermuda Proceedings, which persons currently are Jamie Smith of Deloitte & Touche in London and Mark W.R. Smith of Deloitte & Touche in Bermuda, and includes any person or persons who may serve as permanent liquidator in the Bermuda Proceedings prior to AGCL’s dissolution under Bermuda law.

“JPL Fee and Expense Claim” means the fees and expenses of the JPLs and the professionals retained by the JPLs that are incurred in the course of representing AGCL in the Bermuda Proceedings and in the Chapter 11 Cases, as approved by order of the Bermuda Court.

“JPL Fee and Expense Claim Reserve” means that certain escrow account established under Bermuda law and subject to the exclusive jurisdiction of the Bermuda Court to hold the funds reserved to satisfy the JPL Fee and Expense Claim in accordance with section V.S hereof.

“Legere Secured Claim” means the Secured Claim, if any, alleged by John J. Legere against AGCDC in a proof of claim Filed on February 28, 2003.

“Liquidating Trust” means the liquidating trust established under Section V.E of the Plan.

“Liquidating Trust Agreement” means the agreement governing the Liquidating Trust, dated as of the Effective Date, substantially in the form set forth in the Plan Supplement, specifying the rights, duties and responsibilities of and to be performed by the Liquidating Trustee under the Plan and the Liquidating Trust Agreement.

“Liquidating Trust Assets” means all Cash and any assets, including Causes of Action, held by the Estate of AGCL or AGCDC on the Effective Date.

“Liquidating Trustee” means the entity designated by the Committee prior to the Confirmation Date, which shall serve as the liquidating trustee of the Liquidating Trust pursuant to Section V.F of the Plan and the Liquidating Trust Agreement, and any successor thereto.

“Liquidating Trust Professionals” means the agents, financial advisors, attorneys, consultants, independent contractors, representatives and other professionals retained by the Liquidating Trustee to assist the Liquidating Trustee in the performance of his duties and responsibilities, and the exercise of his rights, under the Plan and the Liquidating Trust Agreement.

“Master Ballots” means the forms accompanying the Disclosure Statement upon which the Nominees of the Beneficial Holders of the Senior Notes shall indicate acceptances or rejections of the Plan by the Beneficial Holders in accordance with the Voting Instructions.

“Milligan-Whyte Secured Claim” means the Secured Claim of Milligan-Whyte & Smith, which, for purposes of this Plan, shall be deemed an Allowed Secured Claim against AGCL in the amount of \$51,928.92.

“Nominee” means any broker, dealer, commercial bank, trust company, savings and loan association or other nominee in whose name the Securities of a Beneficial Holder are registered or held of record.

“Official Bankruptcy Forms” means the Official Bankruptcy Forms, prescribed by the Judicial Conference of the United States, the observance and use of which is required pursuant to Bankruptcy Rule 9009, as such forms may be amended, revised or supplemented from time to time.

“Operating Reserve” means the reserve account to be established and maintained by the Liquidating Trustee into which the Liquidating Trustee shall from time to time deposit Cash (in such amounts and at such times as directed by the Plan Committee) to fund, among other things, the expenses of the Liquidating Trustee, as set forth more fully in the Liquidating Trust Agreement. Any excess Cash in the Operating Reserve shall be treated by the Liquidating Trustee as Available Cash.

“Other Priority Claim” means any Claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

“PCL” means, collectively, Pacific Crossing Ltd., PC Landing Corp., Pacific Crossing U.K. Ltd., SCS Bermuda Ltd. and PCL Japan Ltd.

“Person” means a “person,” as defined in section 101(41) of the Bankruptcy Code.

“Petition Date” means November 17, 2002.

“Plan” means this joint chapter 11 liquidating plan of reorganization, including all exhibits and schedules annexed hereto and the documents contained in the Plan Supplement, either in its present form or as it may be altered, amended, modified, revised or supplemented from time to time.

“Plan Committee” means the Committee, as reconstituted after the Effective Date for the purpose of consulting with the Liquidating Trustee with respect to actions and decisions affecting the Liquidating Trust, as set forth in Section V.G of the Plan.

“Plan Proponents” means the Debtors.

“Plan Supplement” means a separate volume containing the forms of documents specified in Section XIII.K of the Plan to be Filed with the Bankruptcy Court in accordance with the provisions of such Section, as such forms may be revised, amended, modified or supplemented from time to time.

“Precluded Claims” shall have the meaning ascribed to such term in Section X.E of this Plan.

“Priority Tax Claim” means a Claim of a government unit of the kind specified in, and entitled to priority under, sections 502(i) and 507(a)(8) of the Bankruptcy Code.

“Professional” means a Person or Entity (a) employed pursuant to a Final Order in accordance with sections 327, 328 or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date pursuant to sections 327, 328, 330 or 331 of the Bankruptcy Code, for whom or for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b) of the Bankruptcy Code or (b) for whom or for which compensation and reimbursement has been allowed by the Bankruptcy Court or is sought pursuant to section 503(b)(4) of the Bankruptcy Code.

“Professional Escrow Account” means an interest-bearing savings or money market account maintained by the Liquidating Trustee with funds deposited solely for the purpose of paying Professional Fees.

“Professional Fees” means the fees for professional services rendered and expenses incurred in connection with such services by Professionals on and after the Petition Date and prior to and including the Effective Date.

“Quarterly Distribution Date” means the first Business Day of each calendar quarter following the Effective Date on which there exists Available Cash for distribution under the Plan.

“Ratable Proportion” means, with reference to any Distribution on account of any Allowed Claim in any Class or the allocation of beneficial interests in the Liquidating Trust, the ratio (expressed as a percentage) that the amount of such Allowed Claim bears to the aggregate amount of Allowed Claims of the same Class plus all Disputed Claims in such Class.

“Rejection Claims” means any Claim arising from the rejection or deemed rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code.

“Rejection Claims Bar Date” means the date prescribed in Section VI.C of the Plan as the last day for Filing proofs of Claim with respect to Rejection Claims, if any.

“Reserve” means the Administrative Claims Reserve, the Operating Reserve, the Disputed Claims Reserve, the Unclaimed Distributions Reserve or any other reserve, account or escrow, as the case may be, which are to be established by the Liquidating Trustee pursuant to the provisions of Sections V.M, V.N and VIII.F of the Plan.

“Restricted Cash” means the Cash segregated (whether physically or merely on the books and records of AGCL or the Liquidating Trustee) by the Liquidating Trustee to fund the Reserves.

“Sale Agreement” means that certain Share and Asset Purchase Agreement, dated as of November 17, 2002, between AGCL and Asia Netcom.

“Schedules” mean the schedules of assets and liabilities, schedules of executory contracts, and the statements of financial affairs Filed by the Debtor pursuant to section 521 of the Bankruptcy Code, Bankruptcy Rule 1007 and the Official Bankruptcy Forms of the Bankruptcy Rules, as such schedules and statements have been or may be supplemented or amended from time to time through the Confirmation Date in accordance with Bankruptcy Rule 1009.

“Scheme of Arrangement” means the scheme of arrangement, if any, that may be implemented in connection with the Bermuda Proceedings for Asia Global, as amended from time to time.

“Section 510(b) Claims” means any and all Claims against any of the Debtors, whether or not the subject of an existing lawsuit, arising from rescission of a purchase or sale of a Security of any of the Debtors or an affiliate of any of the Debtors, for damages arising from the purchase or sale of any such Security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of any such Claim, which Claim is subject to subordination under section 510(b) of the Bankruptcy Code, including (i) Claims based on allegations that the Debtors made false and misleading statements and engaged in other deceptive acts in connection with the sale of Securities and (ii) the Claims asserted against AGCL in the Securities Litigation.

“Secured Claim” means: (a) a Claim (other than a Claim in any way arising from or relating to a Claim of a lessor for damages resulting from the termination of a lease of real property) that is secured by a Lien on property in which the Estate has an interest, which Lien is valid, perfected and enforceable under applicable law or by reason of a Final Order, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder’s interest in the Debtor’s or the Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) a Claim Allowed under the Plan as a Secured Claim.

“Securities Litigation” means those certain civil actions pending in the United States District Court for the Central District of California captioned, respectively, (i) *Martin Aircraft Tool Co., et al. v. Pacific Capital Group, Inc., et al.*, Civil No. 02-02470, (ii) *David W. Tucker et al. v. Pacific Capital Group Inc., et al.*, Civil No. 02-7910, (iii) *Jon L. Petit v. Gary Winnick, et al.*, Civil No. 02-7801, (iv) *Michael A. Bernstein Profit Sharing Plan v. Gary Winnick, et al.*,

Civil No. 02-8630 and (v) *Jakoub Kalim, etc. v. Pacific Capital Corp., Inc., et al.*, Civil No. 02-8914.

“**Security**” means a “security,” as defined in section 101(49) of the Bankruptcy Code.

“**Senior Note Claims**” means, collectively, all General Unsecured Claims arising from and based upon the Senior Notes.

“**Senior Note Indenture**” means the Indenture dated as of October 12, 2000, among Asia Global, certain guarantors party thereto, and United States Trust Company of New York, as trustee, as amended or supplemented from time to time.

“**Senior Notes**” means those certain 13.375% Senior Notes due 2010 in the original principal amount of \$408,000,000 issued by Asia Global pursuant to the Senior Note Indenture.

“**Tax**” or “**Taxes**” means all income, gross receipts, sales, use, transfer, payroll, employment, franchise, profits, property, excise or other similar taxes, estimated import duties, fees, stamp taxes and duties, value added taxes, assessments or charges of any kind whatsoever (whether payable directly or by withholding), together with any interest and any penalties, additions to tax or additional amounts imposed on any of the Debtors or the Liquidating Trust by any taxing authority with respect thereto.

“**Unclaimed Distributions Reserve**” means the segregated, interest-bearing account established and maintained by the Liquidating Trustee pursuant to Section VIII.E of this Plan.

“**Unimpaired Class**” means a Class that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

“**United States Trustee**” means the United States Trustee appointed under 28 U.S.C. § 591 to serve in the Southern District of New York.

“**Voting Instructions**” means the instructions for voting on the Plan contained in (a) Section II.C (“*Voting Procedures, Ballots and Voting Deadline*”) and Article X (“*Solicitation and Voting*”) of the Disclosure Statement, (b) the Ballots and the Master Ballots, and (c) the Disclosure Statement Approval Order.

ARTICLE II.

PAYMENT OF ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

A. Administrative Claims.

On, or as soon as reasonably practicable after (i) the Distribution Date, if such Administrative Claim is an Allowed Administrative Claim as of the Effective Date, or (ii) the first Quarterly Distribution Date after the date on which such Administrative Claim becomes an Allowed Administrative Claim, each holder (other than a Professional) of an Allowed Administrative Claim against any Debtor shall receive, at the sole option of the Liquidating

Trustee, in full settlement, satisfaction and release of, and in exchange for, such Allowed Administrative Claim, (a) Cash in an amount equal to the unpaid amount of such Allowed Administrative Claim or (b) such other less favorable treatment as may be agreed upon in writing by such holder and the Liquidating Trustee.

B. Professional Fees.

Notwithstanding any other provision of this Plan concerning Administrative Claims, any Professional seeking an award by the Bankruptcy Court of an Allowed Administrative Claim on account of Professional Fees incurred through and including the Effective Date under sections 328, 330, 331 or 503(b) of the Bankruptcy Code shall File a final application for allowance of compensation for services rendered and reimbursement of expenses incurred through and including the Effective Date no later than thirty (30) days after the Effective Date. To the extent that such an award is granted by the Bankruptcy Court, on, or as soon as reasonably practicable after (i) the Distribution Date, if such Administrative Claim is an Allowed Administrative Claim as of the Effective Date, or (ii) the date on which such Administrative Claim becomes an Allowed Administrative Claim, each holder of an Allowed Administrative Claim for Professional Fees shall receive, in full settlement, satisfaction and release of, and in exchange for, such Allowed Administrative Claim, Cash in an amount equal to the unpaid amount of such Allowed Administrative Claim. In consideration of the Debtors' need to consult with a creditor representative prior to the formation of the Committee, the reasonable fees and the actual, necessary expenses of counsel to the Ad Hoc Committee incurred on and after the Petition Date through and including the date immediately prior to the formation of the Committee shall be entitled to treatment on a "substantial contribution" basis within the meaning of sections 503(b)(3)(D) and 503(b)(4) of the Bankruptcy Code, subject to final allowance of the amount of such fees and expenses in accordance with the first sentence of this paragraph.

On the Effective Date, AGCL shall deposit in the Professional Escrow Account all Accrued Professional Compensation, estimated in good faith by AGCL and the Committee as of the Effective Date, pending entry of a Final Order on each such Professional's fee application. To facilitate the estimation of Accrued Professional Compensation contemplated by the immediately preceding sentence, each Professional who has accumulated Accrued Professional Compensation as of the Confirmation Date shall deliver to the Plan Proponents, within five (5) Business Days of the Confirmation Date, an estimate, prepared in good faith and with reasonable specificity, of its actual Accrued Professional Compensation as of the Confirmation Date and its projected Accrued Professional Compensation as of the Effective Date.

The Debtors (prior to the Effective Date) or the Liquidating Trustee (on and after the Effective Date) are authorized to pay compensation for services rendered and reimbursement of expenses incurred after the Confirmation Date and until the Effective Date by the Plan Proponents' professionals in accordance with the procedures approved by the Bankruptcy Court and in effect prior to the Confirmation Date in the ordinary course and without the need for further Bankruptcy Court approval.

The JPL Fee and Expense Claims for the period through and including the Effective Date shall be paid in accordance with Section V.S the Plan.

C. Priority Tax Claims.

On, or as soon as reasonably practicable after (i) the Distribution Date, if such Priority Tax Claim is an Allowed Priority Tax Claim as of the Effective Date, or (ii) the first Quarterly Distribution Date after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, each holder of an Allowed Priority Tax Claim against any Debtor shall receive, at the sole option of the Liquidating Trustee, in full settlement, satisfaction and release of, and in exchange for, such Allowed Priority Tax Claim, (a) Cash in an amount equal to the unpaid amount of such Allowed Priority Tax Claim or (b) such other less favorable treatment as may be agreed upon in writing by such holder and the relevant Debtor; *provided, however*, that no Claimant shall be entitled to any payments on account of any pre-Effective Date interest accrued on, or penalty arising on or after the Petition Date with respect to or in connection with, such Allowed Priority Tax Claim.

D. Bar Dates For Administrative Claims and Professional Fees.

1. Administrative Claims.

Except as otherwise provided in the Plan, unless previously Filed, requests for payment of Administrative Claims (except for Professional Fees) must be Filed no later than thirty (30) days after the Effective Date. Any holder of an Administrative Claim that is required to File a request for payment of such Administrative Claim and that does not File a request by the aforesaid bar date shall be forever barred from asserting such Administrative Claim against the Debtors or their respective property, and such Administrative Claim shall be deemed discharged and released as of the Effective Date. Objections to such a request must be Filed and served on the requesting party by the later of (i) sixty (60) days after the Effective Date or (ii) thirty (30) days after the Filing of the applicable request for payment of Administrative Claim. Unless the Liquidating Trustee or another party in interest objects to a request for payment of an Administrative Claim within such time period, such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Liquidating Trustee objects to a request for payment of an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be Filed with respect to an Administrative Claim that is paid or payable by the Debtor in the ordinary course of business.

2. Professional Fees and Committee Member Expenses.

Any Person or Entity seeking (i) a final allowance of Professional Fees in relation to the Chapter 11 Cases pursuant to sections 327, 328, 330, 331 or 503(b) of the Bankruptcy Code or (ii) reimbursement of expenses incurred as a member of the Committee shall File and serve an application for final allowance no later than thirty (30) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Any Professional, Person or Entity who fails to File such an application by such date forever shall be barred from seeking and obtaining an allowance of Professional Fees and/or expenses under the Bankruptcy Code. Objections to applications for Professional Fees and reimbursement of expenses incurred by a member of the Committee must be served on respective counsel for the Liquidating Trustee and the requesting Professional, Person or Entity no later than thirty (30) days after the date on which the applicable application

was Filed. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court, the Allowed amounts of such Professional Fees and reimbursement of expenses shall be determined by the Bankruptcy Court and paid in accordance with the provisions of this Section II.B.

ARTICLE III.

**CLASSIFICATION AND TREATMENT
OF CLASSIFIED CLAIMS AND EQUITY INTERESTS**

A. Summary.

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests that are required to be designated in classes pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. Classification of Claims and Equity Interests in this Plan is for all purposes, including voting, confirmation and distribution pursuant to the Plan.

A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class only to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class.

A Claim or Equity Interest is placed in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid, released or otherwise settled prior to the Effective Date. Notwithstanding any Distribution provided for in the Plan, no Distribution on account of any Claim or Equity Interest is required or permitted unless and until such Claim or Equity Interest becomes an Allowed Claim or Equity Interest, as the case may be, which may not occur for any Claim or Equity Interest, if at all, until after the Effective Date.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims of the kinds specified in sections 507(a)(1) and 507(a)(8) of the Bankruptcy Code have not been classified, and their treatment is set forth in Article II hereof.

B. Classification and Treatment of Claims and Equity Interests.

1. Class Descriptions: AGCL. The classification of Claims against and Equity Interests in AGCL is as follows:

AGCL Class 1 consists of all Other Priority Claims.

AGCL Class 2 consists of the Milligan-Whyte Secured Claim.

AGCL Class 3 consists of all General Unsecured Claims.

AGCL Class 4 consists of all Intercompany Claims.

AGCL Class 5 consists of all Section 510(b) Litigation Claims.

AGCL Class 6 consists of all Equity Interests.

2. **Class Descriptions: AGCDC.** The classification of Claims against and Equity Interests in AGCDC is as follows:

AGCDC Class 1 consists of all Other Priority Claims.

AGCDC Class 2 consists of the Legere Secured Claim.

AGCDC Class 3 consists of all General Unsecured Claims.

AGCDC Class 4 consists of all Intercompany Claims.

AGCDC Class 5 consists of all Equity Interests.

3. **Treatment of Claims.**

(a) **AGCL Class 1 and AGCDC Class 1 -- Other Priority Claims (Unimpaired).**

(i) **Treatment.** On the Distribution Date, each holder of an Allowed AGCL Class 1 Other Priority Claim or an Allowed AGCDC Class 1 Other Priority Claim, as the case may be, shall receive, in full satisfaction, settlement and release of, and in exchange for, such Allowed AGCL Class 1 Other Priority Claim or Allowed AGCDC Class 1 Other Priority Claim, (a) payment of Cash in an amount equal to the unpaid portion of such Allowed AGCL Class 1 Other Priority Claim or Allowed AGCDC Class 1 Other Priority Claim, or (b) such other less favorable treatment to which the Liquidating Trustee and such holder shall have agreed upon in writing.

(ii) **Impairment Status and Voting Rights.** AGCL Class 1 and AGCDC Class 1 are not impaired. The holders of AGCL Class 1 Other Priority Claims and AGCDC Class 1 Other Priority Claims conclusively are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the holders of Claims in AGCL Class 1 and AGCDC Class 1 are not entitled to vote to accept or reject the Plan.

(b) **AGCL Class 2 -- Milligan-Whyte Secured Claim (Impaired).**

(i) **Treatment.** On the Distribution Date, the holder of the Allowed AGCL Class 2 Secured Claim shall receive, in full settlement, satisfaction and release of, and in exchange for, such AGCL Class 2 Secured Claim, (x) Cash in the amount of such Allowed Class 2 Secured Claim, exclusive of interest or (z) such other treatment as the Liquidating Trustee and such holder shall have agreed upon in writing.

(ii) **Impairment Status and Voting Rights.** AGCL Class 2 is impaired. The holder of the AGCL Class 2 Secured Claim is entitled to vote to accept or reject the Plan.

(c) **AGCDC Class 2 -- Legere Secured Claim (Impaired).**

(i) **Treatment.** On, or as soon as reasonably practicable after, (i) the Distribution Date, if the AGCDC Class 2 Secured Claim is an Allowed Secured Claim as of the Effective Date, or (ii) the first Quarterly Distribution Date after the date on which the AGCDC Class 2 Secured Claim becomes an Allowed Secured Claim, the holder of the Allowed AGCDC Class 2 Secured Claim shall receive, in full settlement, satisfaction and release of, and in exchange for, such AGCDC Class 2 Secured Claim, the “indubitable equivalent” of such AGCDC Class 2 Secured Claim within the meaning of Section 1129(b)(2)(A)(iii) of the Bankruptcy Code. Disputes, if any, concerning whether the Distribution(s) made to the holder of the Allowed AGCDC Class 2 Secured Claim pursuant to the Plan constitute the “indubitable equivalent” of such Allowed AGCDC Class 2 Secured Claim shall be resolved by the Bankruptcy Court upon the motion of either the Liquidating Trustee or the holder of such Claim.

(ii) **Impairment Status and Voting Rights.** AGCDC Class 2 is impaired. The holder of the AGCDC Class 2 Secured Claim is entitled to vote to accept or reject the Plan.

(d) **AGCL Class 3 and AGCDC Class 3 -- General Unsecured Claims (Impaired).**

(i) **Treatment.** On, or as soon as reasonably practicable after, (i) the Distribution Date, if such General Unsecured Claim is an Allowed General Unsecured Claim as of the Effective Date, or (ii) the first Quarterly Distribution Date after the date on which such General Unsecured Claim becomes an Allowed General Unsecured Claim, each holder of an Allowed AGCL Class 3 General Unsecured Claim or an Allowed AGCDC Class 3 General Unsecured Claim, as the case may be, shall receive a Distribution equal to its Ratable Proportion of the applicable Estate’s Available Cash. On each ensuing Quarterly Distribution Date, each holder of an Allowed AGCDC Class 3 General Unsecured Claim or an Allowed AGCDC Class 3 General Unsecured Claim, as the case may be, shall receive a Distribution equal to its Ratable Proportion of the applicable Estate’s Available Cash.

(ii) **Distributions to Holders of Senior Note Claims.** Notwithstanding any provision contained in the Plan to the contrary, the distribution provisions contained in the Senior Note Indenture shall continue in effect to the extent necessary to authorize the Indenture Trustee to receive and distribute all Distributions to be made pursuant to this Plan to the holders of Senior Note Claims. Such provisions shall

terminate in their entirety upon completion of all such Distributions under the Plan. The Distributions to be made under the Plan to holders of the Senior Note Claims shall be made to the Indenture Trustee, which, subject to the right of the Indenture Trustee to assert its Indenture Trustee Charging Lien against such Distributions to the extent of its reasonable fees and expenses incurred in connection with receiving and distributing such Distributions, shall promptly transmit the Distributions to the holders of the Senior Note Claims in accordance with the Plan.

(iii) **Impairment Status and Voting Rights.** Each of AGCL Class 3 and AGCDC Class 3 is impaired. The holders of Class 3 General Unsecured Claims are entitled to vote to accept or reject the Plan.

(e) **AGCL Class 4 – Intercompany Claims (Impaired).**

(i) **Treatment.** Holders of Allowed AGCL Class 4 Intercompany Claims shall neither receive nor retain any property under the Plan.

(ii) **Impairment Status and Voting Rights.** AGCL Class 4 is impaired and conclusively is deemed to have rejected the Plan. Therefore, the holders of Allowed AGCL Class 4 Intercompany Claims are not entitled to vote to accept or reject the Plan.

(f) **AGCL Class 5 – Section 510(b) Claims (Impaired).**

(i) **Treatment.** Holders of Allowed AGCL Class 5 Section 510(b) Claims shall neither receive nor retain any property under the Plan.

(ii) **Impairment Status and Voting Rights.** AGCL Class 5 is impaired and conclusively is deemed to have rejected the Plan. Therefore, the holders of Allowed AGCL Class 5 Section 510(b) Claims are not entitled to vote to accept or reject the Plan.

(g) **AGCL Class 6 – Equity Interests (Impaired).**

(i) **Treatment.** Holders of Allowed AGCL Class 6 Equity Interests shall neither receive nor retain any property under the Plan. On the Effective Date, AGCL Class 6 Equity Interests shall be cancelled.

(ii) **Impairment Status and Voting Rights.** AGCL Class 5 is impaired and conclusively is deemed to have rejected the Plan. Therefore, the holders of Allowed AGCL Class 6 Equity Interests are not entitled to vote to accept or reject the Plan.

(h) **AGCDC Class 4 – Intercompany Claims (Impaired).**

(i) **Treatment.** Holders of Allowed AGCDC Class 4 Intercompany Claims shall neither receive nor retain any property under

the Plan; *provided, however*, notwithstanding the foregoing, in the event that Allowed AGCDC Class 3 Claims are satisfied in full in accordance with the provisions of this Plan, the remaining Available Cash of AGCDC's Estate shall be distributed to the holder of the Allowed AGCDC Class 4 Claim.

(ii) **Impairment Status and Voting Rights.** AGCDC Class 4 is impaired and conclusively is deemed to have rejected the Plan. Therefore, the holders of Allowed AGCDC Class 4 Intercompany Claims are not entitled to vote to accept or reject the Plan.

(i) **AGCDC Class 5 – Equity Interests (Impaired).**

(i) **Treatment.** Holders of Allowed AGCDC Class 5 Equity Interests shall neither receive nor retain any property under the Plan. On the Effective Date, AGCDC Class 5 Equity Interests shall be cancelled.

(ii) **Impairment Status and Voting Rights.** AGCDC Class 5 is impaired and conclusively is deemed to have rejected the Plan. Therefore, the holders of Allowed AGCDC Class 5 Equity Interests are not entitled to vote to accept or reject the Plan.

4. Identification of Impaired and Unimpaired Classes: AGCL.

AGCL Class 1 (Other Priority Claims) is an Unimpaired Class.

AGCL Class 2 (Secured Claims) is an Impaired Class.

AGCL Class 3 (General Unsecured Claims) is an Impaired Class.

AGCL Class 4 (Intercompany Claims) is an Impaired Class.

AGCL Class 5 (Section 510(b) Claims) is an Impaired Class.

AGCL Class 6 (Equity Interests) is an Impaired Class.

5. Identification of Impaired and Unimpaired Classes: AGCDC.

AGCDC Class 1 (Other Priority Claims) is an Unimpaired Class.

AGCDC Class 2 (Secured Claims) is an Impaired Class.

AGCDC Class 3 (General Unsecured Claims) is an Impaired Class.

AGCDC Class 4 (Intercompany Claims) is an Impaired Class.

AGCDC Class 5 (Equity Interests) is an Impaired Class.

ARTICLE IV.

ACCEPTANCE OR REJECTION OF THE PLAN

A. Holders of Claims and Equity Interests Entitled to Vote.

Except as provided herein, each holder of an Allowed Claim or Allowed Equity Interest, or the holder of a Claim or Equity Interest that has been temporarily Allowed for voting purposes only under Bankruptcy Rule 3018(a), in an Impaired Class that will (or may) receive or retain property or any interest in property under the Plan shall be entitled to vote to accept or reject the Plan. By operation of law, each Unimpaired Class of Claims shall be deemed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan. Any Class of Claims or Equity Interests that will not receive or retain any property on account of such Claims or Equity Interests under the Plan is deemed, by operation of law, to have rejected the Plan and, therefore, is not entitled to vote to accept or reject the Plan.

AGCL Classes 2, 3, 4, 5 and 6 are Impaired Classes hereunder. AGCDC Classes 2, 3, 4 and 5 are Impaired Classes hereunder. The holders of Allowed Claims in AGCL Classes 2 and 3 and AGCDC Classes 2 and 3, respectively, are entitled to vote to accept or reject this Plan. The holders of Allowed Claims in AGCL Classes 4 and 5, the holders of Allowed Equity Interests in AGCL Class 6, the holders of Allowed Claims in AGCDC Class 4 and the holders of Allowed Equity Interests in AGCDC Class 5 are not entitled to receive or retain any property under the Plan and conclusively are presumed to have rejected the Plan pursuant to Bankruptcy Code § 1126(g); as such, holders of such Allowed Claims or Allowed Interests are not entitled to vote to accept or reject this Plan.

B. Acceptance by Impaired Classes.

An Impaired Class of Claims shall have accepted the Plan if (a) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

C. Presumed Acceptance of Plan

Each of AGCL Class 1 and AGCDC Class 1 is an Unimpaired Class under the Plan, and, therefore, conclusively is presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code; as such, holders of Allowed AGCL Class 1 Claims and holders of Allowed AGCDC Class 1 Claims are not entitled to vote to accept or reject this Plan.

D. Elimination of Vacant Classes.

Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed deleted from the Plan for purposes of (i) voting on the acceptance or

rejection of the Plan and (ii) determining acceptance or rejection of the Plan by such Class under section 1129(a)(8) of the Bankruptcy Code.

E. Confirmation by Cramdown.

The Plan Proponents will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code with respect to AGCL Classes 4, 5 and 6, and AGCDC Classes 4 and 5, each of which is deemed to have rejected the Plan. In addition, in the event that any other Impaired Class of Claims entitled to vote shall not accept the Plan by the requisite majorities provided in section 1126(c) of the Bankruptcy Code, the Plan Proponents reserve the right to (i) modify the Plan in accordance with Section XII.A hereof and/or (ii) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code notwithstanding such lack of acceptance.

ARTICLE V.

MEANS FOR IMPLEMENTATION OF THE PLAN

A. Settlement of Certain Claims.

Pursuant to Bankruptcy Rule 9019, and in consideration of the classification, distribution, releases and other benefits provided under the Plan and the Scheme of Arrangement, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan.

B. Transactions on the Effective Date.

On the Effective Date, (a) the remaining officers and members of the boards of directors of AGCL and AGCDC, respectively, shall be deemed to have resigned, (b) the Liquidating Trustee shall be appointed in accordance with Section V.F.1 of the Plan, and (c) the Debtors will transfer the Liquidating Trust Assets to the Liquidating Trust on behalf of holders of Allowed Claims. Notwithstanding the foregoing, for the purposes of enabling and facilitating a smooth and orderly transition from the Debtors to the Liquidating Trustee and the orderly transfer of the Liquidating Trust assets by the Debtors to the Liquidating Trust, the designated Liquidating Trustee shall be authorized to engage Liquidating Trust Professionals, and incur fees and expenses in connection with such engagement, immediately upon the occurrence of the Confirmation Date.

C. Corporate Existence; Dissolution of Debtors.

1. Continued Existence.

AGCL shall continue to exist as a shell corporation after the Effective Date under the laws of Bermuda and pursuant to its certificate of incorporation and by-laws in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws are amended under the Plan (but without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise)), for the limited purpose of effecting, at the expense of the

Liquidating Trust, its dissolution under the laws of Bermuda and the dissolution of each of its direct and indirect subsidiaries under the laws of the jurisdiction of incorporation of such subsidiary.

2. Retention of Debtors' Records; Dissolution.

As soon as practicable after the Effective Date, and at the expense of the Liquidating Trust, the Liquidating Trustee shall (a) provide for the retention and storage of the books, records and files that are delivered to the Liquidating Trustee by the Debtors until the later of (i) the second anniversary of the final Distribution of Available Cash under the Plan or (ii) such time as the Liquidating Trustee determines in good faith, after taking into account applicable law governing the retention of such books, records and files and the Liquidating Trustee's need for such books, records and files in connection with the administration of the Liquidating Trust, that such retention no longer is necessary or required, (b) file a certificate informing the Bankruptcy Court of the location at which such books, records and files are being stored; (c) file a certification with the Bankruptcy Court stating that the assets of the Debtors' respective Estates have transferred to the Liquidating Trust; and (d) take any and all appropriate action to cause (x) AGCL to be dissolved under Bermuda law and (y) each direct and indirect subsidiary of AGCL, other than PCL, to be dissolved under the law of the jurisdiction of its incorporation. In accordance with Section 303 of the Delaware General Corporation Law, the Liquidating Trustee, on behalf of AGCDC, shall file a certificate of dissolution with the Secretary of State of Delaware and, subject to Section 103(d) of the Delaware General Corporation Law, such certificate shall become effective upon filing, and AGCDC shall be deemed dissolved for all purposes under Delaware law without the necessity for any other or further actions to be taken by or on behalf of AGCDC or payments to be made in connection therewith.

D. Effectuating Documents; Further Transactions.

The Liquidating Trustee shall be authorized to execute, deliver, file or record such documents, instruments, releases and other agreements and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

E. The Liquidating Trust Agreement.

1. Execution of Liquidating Trust Agreement.

On the Effective Date, the Liquidating Trust shall be executed, and all other necessary steps shall be taken to establish the Liquidating Trust and the Beneficial Interests, which shall be for the benefit of the holders of Allowed General Unsecured Claims. In the event of conflict between the terms of Sections V.E and V.F of the Plan and the terms of the Liquidating Trust Agreement, the terms of the Liquidating Trust Agreement shall govern.

2. Purpose of Liquidating Trust.

The Liquidating Trust shall be established for the sole purpose of liquidating its assets, in accordance with IRS Revenue Procedure 94-45 and Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business.

3. Liquidating Trust Assets.

The Liquidating Trust shall consist of the Liquidating Trust Assets. Any Cash or other property received from third parties from the prosecution, settlement, or compromise of the Causes of Action shall constitute Liquidating Trust Assets for purposes of distributions under the Liquidating Trust. On the Effective Date, the Debtors shall transfer all of the Liquidating Trust Assets to the Liquidating Trust free and clear of all liens, claims and encumbrances.

4. Governance of the Liquidating Trust.

The Liquidating trust shall be governed by the Liquidating Trustee.

5. Federal Income Tax Treatment of the Trust for the Liquidating Trust Assets.

(a) Liquidating Trust Assets Treated as Owned by Creditors.

For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee, and the Beneficiaries) shall treat the transfer of the Liquidating Trust Assets to the Liquidating Trust for the benefit of the Beneficiaries as (A) a transfer of the Liquidating Trust Assets directly to the Beneficiaries followed by (B) the transfer by the Beneficiaries to the Liquidating Trust of the Liquidating Trust Assets in exchange for Beneficial Interests. Accordingly, the Beneficiaries shall be treated for federal income tax purposes as the grantors and owners of their respective shares of the Liquidating Trust Assets.

(b) Tax Reporting.

(i) The Liquidating Trustee shall file returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with this Article IV. The Liquidating Trustee shall also annually send to each holder of a Beneficial Interest a separate statement setting forth the holder's share of items of income, gain, loss, deduction or credit and will instruct all such holders to report such items on their federal income tax returns. The Liquidating Trust's taxable income, gain, loss, deduction or credit will be allocated (subject to subsection (iii) hereof, relating to Disputed Claims) to the Beneficiaries in accordance with their relative Beneficial Interests.

(ii) As soon as possible after the Effective Date, the Liquidating Trustee shall make a good faith valuation of the Liquidating Trust Assets, and such valuation shall be used consistently by all parties (including, without limitation, the Debtors, the Liquidating Trustee, and the Beneficiaries) for all federal income tax purposes. The Liquidating Trustee shall also file (or cause to be filed) any other statements, returns or

disclosures relating to the Liquidating Trust that are required by any governmental unit.

(iii) Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Liquidating Trustee of a private letter ruling if the Liquidating Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Liquidating Trustee), the Liquidating Trustee shall (i) treat such Liquidating Trust Assets allocable to, or retained on account of, Disputed Claims as held by a discrete trust for federal income tax purposes, consisting of separate and independent shares to be established in respect of each Disputed Claim, in accordance with the trust provisions of the Internal Revenue Code (section 641 *et seq.*), (ii) treat as taxable income or loss of the Disputed Claims Reserve, with respect to any given taxable year, the portion of the taxable income or loss of the Liquidating Trust that would have been allocated to the holders of Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Disputed Claims are unresolved), (iii) treat as a distribution from the Disputed Claims Reserve any increased amounts distributed by the Liquidating Trust as a result of any Disputed Claims resolved earlier in the taxable year, to the extent such distributions relate to taxable income or loss of the Disputed Claims Reserve determined in accordance with the provisions hereof, and (iv) to the extent permitted by applicable law, shall report consistent with the foregoing for state and local income tax purposes. All Beneficiaries shall report, for tax purposes, consistent with the foregoing.

(iv) The Liquidating Trustee shall be responsible for payments, out of the Liquidating Trust Assets, of any taxes imposed on the Liquidating Trust or its assets, including the Disputed Claims Reserve or the other Reserves. In the event, and to the extent, that any Cash retained on account of Disputed Claims in the Disputed Claims Reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets allocable to, or retained on account of, Disputed Claims, such taxes paid by the Liquidating Trustee other than from the Disputed Claims Reserve shall be (i) reimbursed from any subsequent Cash amounts retained on account of Disputed Claims or (ii) to the extent such Disputed Claims have subsequently been resolved, deducted from any amounts distributable by the Liquidating Trustee as a result of the resolutions of such Disputed Claims.

(v) The Liquidating Trustee may request an expedited determination of Taxes of the Liquidating Trust, including the Disputed Claims Reserve or the other Reserves, under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Liquidating Trust for all taxable periods through the dissolution of the Liquidating Trust.

F. The Liquidating Trustee.

1. Appointment.

From and after the Effective Date, an entity to be designated jointly by the Debtors and the Committee prior to the Confirmation Date, shall serve as the Liquidating Trustee pursuant to the Liquidating Trust Agreement and the Plan, until death, resignation or discharge and the appointment of a successor Liquidating Trustee in accordance with the Liquidating Trust Agreement and the Plan.

2. Role of the Liquidating Trustee.

In furtherance of and consistent with the purpose of the Liquidating Trust, this Plan and the Scheme, the Liquidating Trustee shall (i) have the power and authority to hold, manage and distribute the Liquidating Trust Assets, (ii) hold the Liquidating Trust Assets for the benefit of the holders of Allowed General Unsecured Claims, and (iii) have the power and authority to hold, manage and distribute Cash and non-Cash Liquidating Trust Assets obtained through the exercise of its power and authority. In all circumstances, the Liquidating Trustee shall act in the best interests of all Beneficiaries and in furtherance of the purpose of the Liquidating Trust.

3. Rights, Powers and Duties of the Debtors and the Liquidating Trustee.

The Debtors shall retain and have all the rights, powers and duties necessary to carry out its responsibilities under the Plan. Subject to the consultation rights of the Plan Committee as set forth in Section V.G.4 of the Plan, such rights, powers and duties, which shall be exercisable by the Liquidating Trustee after the Effective Date pursuant to the Plan and the Liquidating Trust Agreement, shall include, among others:

- (a) hold legal title to any and all rights of the holders of the Beneficial Interests in or arising from the Liquidating Trust Assets, including collecting and receiving any and all money and other property belonging to the Liquidating Trust and the right to vote any claim or interest in a case under the Bankruptcy Code and receive any distribution thereon;
- (b) perform the duties, exercise the powers, and assert the rights of a trustee under Sections 704 and 1106 of the Bankruptcy Code, including commencing, prosecuting or settling causes of action, enforcing contracts, and asserting claims, defenses, offsets and privileges;
- (c) protect and enforce the rights to the Liquidating Trust Assets by any method deemed appropriate including by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;
- (d) borrow funds, incur or assume liabilities, and pledge Liquidating Trust Assets on behalf of the Liquidating Trust in furtherance of or in

connection with the Liquidating Trustee's or the Liquidating Trust's duties, powers, authority, and obligations under the Liquidating Trust Agreement and this Plan, and determine and satisfy any and all liabilities created, incurred or assumed by the Liquidating Trust;

(e) file, if necessary, any and all tax and information returns with respect to the Liquidating Trust and the Reserves and pay taxes, if any, properly payable by the Liquidating Trust or the Reserves;

(f) pay all expenses and make all other payments relating to the Liquidating Trust Assets;

(g) obtain reasonable insurance coverage with respect to its liabilities and obligations as Liquidating Trustee under the Liquidating Trust Agreement and this Plan (in the form of an errors and omissions policy or otherwise);

(h) obtain insurance coverage with respect to real and personal property that may become Liquidating Trust Assets, if any;

(i) retain and pay such Liquidating Trust Professionals as the Liquidating Trustee in its sole discretion may select to assist the Liquidating Trustee in its duties, on such terms as the Liquidating Trustee deems appropriate, without Bankruptcy Court approval. The Liquidating Trustee may commit the Liquidating Trust to and shall pay such Liquidating Trust Professionals reasonable compensation for services rendered and expenses incurred. A Liquidating Trust Professional shall not be disqualified from serving the Liquidating Trustee solely because of its current or prior retention as counsel or professional to a party in interest in the Chapter 11 Cases or the Bermuda Proceedings;

(j) retain and pay an independent public accounting firm to perform such reviews and/or audits of the financial books and records of the Liquidating Trust and the Reserves as may be appropriate in the Liquidating Trustee's sole discretion and to prepare and file any tax returns or informational returns for the Liquidating Trust and the Reserves as may be required. The Liquidating Trustee may commit the Liquidating Trust to pay and shall pay such independent public accounting firm reasonable compensation for services rendered and expenses incurred;

(k) retain and pay such third parties as the Liquidating Trustee, in its sole discretion, may deem necessary or appropriate to assist the Liquidating Trustee in carrying out its powers and duties under the Liquidating Trust Agreement and this Plan. The Liquidating Trustee may commit the Liquidating Trust to and shall pay all such persons or entities reasonable compensation for services rendered and expenses incurred, as well as commit the Liquidating Trust to indemnify any such parties in connection with the performance of services;

(l) employ such employees as the Liquidating Trustee, in its sole discretion and as consistent with the purposes of the Liquidating Trust, may deem necessary or appropriate to assist the Liquidating Trustee in carrying out its powers and duties under the Liquidating Trust Agreement and this Plan. The Liquidating Trustee may commit the Liquidating Trust to pay and shall pay all such employees reasonable salary in the amounts it shall determine to be appropriate and any employee benefits it may establish pursuant to Section V.F.2(m) below. If the Liquidating Trustee employs employees pursuant to this Section V.F.2(l), the Liquidating Trustee shall establish payroll procedures and pay any and all federal, state or local tax withholding required under applicable law with respect to any such employees, and it will take all other actions it deems necessary to effectuate the provisions of this Section V.F.2(l);

(m) establish and adopt or cease to provide such employee benefits for the benefit of any employees described in Section V.F.2(l) above as the Liquidating Trustee, in its sole discretion and as consistent with the purposes of the Liquidating Trust, may deem necessary or appropriate, including, without limitation, the adoption of any group health plan;

(n) assert or waive any privilege or defense on behalf of the Debtors or, with respect to the Liquidating Trust Assets, the Liquidating Trust;

(o) compromise, adjust, arbitrate, sue on, defend, pursue, prosecute, abandon or exercise any and all rights, powers, and privileges with respect to, or otherwise deal with and settle, in accordance with the terms set forth herein, all Causes of Action and any and all claims and causes of action against the Debtors or the Liquidating Trust as the Liquidating Trustee shall deem advisable;

(p) avoid and recover transfers of the Debtors' property as may be permitted by the Bankruptcy Code or applicable state law;

(q) execute offsets and assert counterclaims against Claims as provided for in the Plan;

(r) in its sole discretion (subject to this Section V.F of the Plan), take all appropriate action with respect to the Liquidating Trust Assets consistent with the purpose of the Liquidating Trust, including the avoidance of any transfer or obligation, and the filing, prosecution, settlement or other resolution of claims and causes of action, including the Avoidance Actions;

(s) invest any moneys held as part of the Liquidating Trust in accordance with the terms of the Liquidating Trust Agreement, limited, however, to such investments that are consistent with the Liquidating Trust's status as a liquidating trust within the meaning of Treasury Regulations Section 301.7701-4(d);

(t) request any appropriate tax determination with respect to the Liquidating Trust or the Disputed Claims Reserve, including a determination pursuant to Section 505 of the Bankruptcy Code;

(u) establish and maintain a website for the purpose of providing notice of Liquidating Trust activities in lieu of sending written notice to holders of Beneficial Interests, subject to providing notice of such website to such holders;

(v) take or refrain from taking any and all actions that the Liquidating Trustee reasonably deems necessary or convenient for the continuation, protection and maximization of the Liquidating Trust Assets or to carry out the purposes hereof; and

(w) seek the examination of any entity subject to the provisions of Bankruptcy Rule 2004.

The Liquidating Trustee may delegate such powers as the Liquidating Trustee deems necessary for the resolution and conversion to Cash of the Causes of Action.

4. Compensation of the Liquidating Trustee.

The Liquidating Trustee (and any Liquidating Trust Professionals retained by the Liquidating Trustee) shall be compensated first from the Operating Reserve and then out of the Liquidating Trust Assets pursuant to the terms of the Liquidating Trust Agreement. The Liquidating Trustee shall be entitled to reasonable compensation in an amount consistent with that of similar functionaries in similar types of reorganization proceedings. The payment of the fees and expenses of the Liquidating Trustee and the Liquidating Trust Professionals shall be made from the Operating Reserve in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court.

5. Indemnification.

The Liquidating Trustee, and the Liquidating Trustee's agents, representatives, designees, and professionals, and their respective employees shall not be liable for any actions taken or omitted in its capacity as, or on behalf of, the Liquidating Trustee, except those acts or omissions arising out of its or their own willful misconduct, fraud or gross negligence, and each shall be entitled to indemnification and reimbursement for fees and expenses in defending any and all of its actions or inactions in its capacity as, or on behalf of, the Liquidating Trustee, except for any actions or inactions involving willful misconduct, fraud or gross negligence. Any indemnification claim of the Liquidating Trustee (and the other parties entitled to indemnification under this Section V.F.5) shall be satisfied first from the Operating Reserve and then from the Liquidating Trust Assets. The Liquidating Trustee shall be entitled to rely, in good faith, on the advice of its retained Liquidating Trust Professionals. The Liquidating Trust shall indemnify and hold harmless the Liquidating Trustee and its designees and Liquidating Trust Professionals, and all duly designated agents and representatives thereof, from and against and in respect of all liabilities, losses, damages, claims, costs, and expenses, including without limitation attorneys' fees and costs arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Liquidating Trust or the

implementation or administration of the Trust Agreement and this Plan; provided, however, that no such indemnification will be made for such actions or omissions as a result of willful misconduct, fraud or gross negligence. The indemnification provisions of the Liquidating Trust Agreement shall remain available to and be binding upon any former Liquidating Trustee or the estate of any deceased Liquidating Trustee and shall survive the termination of the Liquidating Trust Agreement.

6. Insurance.

The Liquidating Trustee shall be authorized to obtain and pay for out of the Operating Reserve all reasonably necessary insurance coverage for itself, its agents, representatives, employees, independent contractors and the Liquidating Trust, including coverage with respect to (i) any property that is or may in the future become the property of the Liquidating Trust and (ii) the liabilities, duties and obligations of the Liquidating Trustee and its agents, representatives, employees or independent contractors under the Liquidating Trust Agreement (in the form of an errors and omissions policy or otherwise), the latter of which insurance coverage may, at the sole option of the Liquidating Trustee, remain in effect for a reasonable period (not to exceed six years) after the termination of the Liquidating Trust Agreement.

7. Authority To Object to Claims and Interests and To Settle Disputed Claims.

From and after the Effective Date, and subject to the consultation rights of the Plan Committee as set forth in Section V.G of the Plan, the Liquidating Trustee shall be authorized, with respect to those Claims or Equity Interests that are not Allowed hereunder or by Court order, (i) to object to any Claims Filed against any of the Debtors' Estates and (ii) pursuant to Bankruptcy Rule 9019(b) and section 105(a) of the Bankruptcy Code, to compromise and settle Disputed Claims in accordance with the following procedures, which shall constitute sufficient notice in accordance with the Bankruptcy Code and the Bankruptcy Rules for compromises and settlements of claims:

(a) If the proposed amount at which the Disputed Claim is to be Allowed is less than or equal to \$50,000, the Liquidating Trustee shall be authorized and empowered to settle the Disputed Claim and execute such documents and instruments as it determines, in its sole discretion, to be necessary or appropriate to effectuate or implement such settlement or compromise, without notice to any party, and the Liquidating Trustee shall have no liability to any party for the reasonableness of such settlement.

(b) If the proposed amount at which the Disputed Claim is to be allowed is greater than \$50,000 but less than or equal to \$5 million, the Liquidating Trustee shall be authorized and empowered to settle such Disputed Claim and execute such documents and instruments as it determines, in its sole discretion, to be necessary or appropriate to effectuate or implement such settlement or compromise, only upon receipt of written approval of the Plan Committee or the Bankruptcy Court of such settlement.

(c) If the proposed amount at which the Disputed Claim is to be allowed is greater than \$5 million, the Liquidating Trustee, with the written approval of the Plan Committee, shall be authorized and empowered to settle the Disputed Claim and execute such documents and instruments as it determines, in its sole discretion, to be necessary or appropriate to effectuate or implement such settlement or compromise, only upon receipt of Bankruptcy Court approval of such settlement or compromise.

G. Committee and Plan Committee.

1. Dissolution of Committee.

The Committee shall continue in existence until the Effective Date to exercise those powers and perform those duties specified in section 1103 of the Bankruptcy Code and shall perform such other duties as it may have been assigned by the Bankruptcy Court or in this Plan prior to the Effective Date. On the Effective Date, the Committee shall be deemed dissolved, and its members shall be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Cases or the Plan and its implementation, and the retention or employment of the Committee's Professionals shall terminate; *provided, however*, that the Committee shall continue to exist after the Effective Date for the limited purpose of (i) reviewing and objecting, if necessary, to final applications for Professional Fees and (ii) contesting any appeal of the Confirmation Order. Counsel to the Committee shall be entitled to reasonable compensation and reimbursement of actual, necessary and reasonable expenses for post-Effective Date activities authorized hereunder upon the submission of invoices to the Liquidating Trustee.

2. Creation of Plan Committee; Procedures.

On the Effective Date, the Plan Committee shall be formed and constituted. The Plan Committee shall consist of three (3) Committee members (other than the Indenture Trustee) who shall be appointed by the Committee and whose identities shall be disclosed to the Bankruptcy Court prior to the Confirmation Hearing Date; *provided, however*, that if fewer than three (3) Committee members express an interest in serving on the Plan Committee, then the Plan Committee shall consist of the two (2) or one (1) (as the case may be) Committee members willing to serve. Membership on the Plan Committee shall be on an institutional and not on an individual basis. In the event that a member of the Plan Committee resigns from its position on the Plan Committee, such member shall have the right to designate its successor (if any) on the Plan Committee. To the extent that a resigning member of the Plan Committee does not exercise its right to designate its successor on the Plan Committee within ten (10) days after such member's resignation from the Plan Committee, the non-resigning members of the Plan Committee shall have the right (but not the obligation) to designate a successor to the resigning member of the Plan Committee. In the event that there have been no Plan Committee members for a period of thirty (30) consecutive days, then the Liquidating Trustee may, during such vacancy and thereafter, in its sole discretion, ignore any reference in the Plan, the Liquidating Trust Agreement or the Confirmation Order to a Plan Committee, and all references to the Plan Committee's ongoing duties and rights in the Plan, the Liquidating Trust Agreement and the Confirmation Order shall be null and void.

3. Standing of Plan Committee.

The Plan Committee shall have independent standing to appear and be heard in the Bankruptcy Court with respect to any matter relating to the Plan, the Debtors, the Estates, the Liquidating Trustee, or the Liquidating Trust, including any matter as to which the Bankruptcy Court has retained jurisdiction pursuant to Article XI of the Plan. The Plan Committee shall be the successor-in-interest to, and the assignee of, the Committee with respect to any and all of the Committee's right, title and interest in and to causes of action, rights, claims or defenses, including objections to Claims and Equity Interests, or proceedings to subordinate or recharacterize Claims.

4. Plan Committee Function and Duration; Compensation and Expenses.

The Plan Committee shall have consultation rights with respect to the Liquidating Trustee. The Liquidating Trustee shall report to the Plan Committee, and the Plan Committee shall have the power to remove the Liquidating Trustee. The Plan Committee (i) shall be responsible for (A) consulting with the Liquidating Trustee with respect to the Liquidating Trustee's responsibilities under the Plan and the Liquidating Trust Agreement, (B) reviewing and consulting with respect to the prosecution of adversary proceedings, contested matters and other proceedings, if any, including proposed settlements thereof, (C) reviewing and consulting with respect to objections to and proposed settlements of Disputed Claims, (D) performing such other duties that may be necessary and proper to assist the Liquidating Trustee and its retained Liquidating Trust Professionals, and (ii) shall remain in existence until such time as the final Distributions under the Plan have been made by the Liquidating Trustee. The members of the Plan Committee shall serve without compensation for their performance of services as members of the Plan Committee, except that they shall be entitled to reimbursement by the Liquidating Trustee of the actual, necessary and reasonable expenses incurred by them in the performance of their duties hereunder.

5. Liability; Indemnification.

Neither the Plan Committee, nor any of its members or designees, nor any duly designated agent or representative of the Plan Committee, including counsel and other professionals retained by the Plan Committee, or their respective employees (collectively, the "**Indemnified Plan Committee Parties**"), shall be liable for the act or omission of any other Indemnified Plan Committee Party, nor shall any Plan Committee member be liable for any act or omission taken or omitted to be taken in its capacity as a member of the Plan Committee, other than acts or omissions resulting from such member's willful misconduct, bad faith or gross negligence. The Liquidating Trust shall indemnify and hold harmless the Indemnified Plan Committee Parties (in their capacity as such) from and against and with respect to any and all liabilities, losses, damages, claims, costs and expenses, including attorneys' fees, arising out of or due to their actions or omissions, or consequences of such actions or omissions, other than as a result of their willful misconduct, bad faith or gross negligence, with respect to the Debtors, the Estates, the Liquidating Trust or the implementation or administration of the Plan. To the extent that an Indemnified Plan Committee Party asserts a claim for indemnification hereunder, the

legal fees and related costs incurred by counsel to such Indemnified Plan Committee Party in monitoring and participating in the defense of such claims giving rise to the asserted right of indemnification shall be advanced to such Indemnified Plan Committee Party (and such Indemnified Plan Committee Party undertakes to repay such amounts if it ultimately shall be determined that such Indemnified Plan Committee Party is not entitled to be indemnified therefore) out of the Operating Reserve.

H. Operations of the Debtors between Confirmation and the Effective Date.

The Debtors shall continue to operate as debtors in possession during the period from the Confirmation Date and until the Effective Date.

I. Cancellation of Debt Securities.

On the Effective Date, except as otherwise provided for herein, the Debt Securities shall be deemed extinguished, cancelled and of no further force or effect, and the obligations of the Debtors thereunder shall be discharged, in each case without any further act or action under any applicable agreement, law, regulation, order or rule and without any further action on the part of the Bankruptcy Court or any Person; *provided, however*, that the Senior Note Indenture shall continue in effect solely for the purposes of allowing the Indenture Trustee to receive and make the Distributions to be made to the holders of Senior Note Claims under the Plan. The holders of such cancelled Debt Securities shall have no rights against the Debtors arising from or relating to such Debt Securities or the cancellation thereof, except the rights provided herein.

Except to the extent otherwise provided for herein, in agreements entered into in connection herewith, or the Confirmation Order, as a condition to participating in Distributions under the Plan, a Claimant holding a Debt Security shall be deemed to surrender such Debt Security to the Liquidating Trustee or the Indenture Trustee on the Effective Date. The Debt Securities shall be deemed cancelled and shall represent only the right to receive the Distributions to which the Claimant is entitled under the Plan.

J. Sources of Cash for Plan Distributions.

Except as otherwise provided in the Plan or the Confirmation Order, all Cash necessary for the Liquidating Trustee to make Distributions pursuant to the Plan shall be provided from the Liquidating Trust Assets transferred by the Debtors to the Liquidating Trust pursuant to this Plan and from the liquidation of the non-Cash Liquidating Trust Assets by the Liquidating Trustee.

K. Exclusivity Period.

Subject to further order of the Bankruptcy Court, the Plan Proponents shall retain the exclusive right to amend the Plan and solicit acceptances thereof until the Effective Date.

L. Effectuating Documents; Further Transactions.

Prior to the occurrence of the Effective Date, the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, General Counsel or any other appropriate officer of AGCDC or

AGCL, as the case may be, and, on and after the Effective Date, the Liquidating Trustee, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Prior to the Effective Date, the Secretary or Assistant Secretary of AGCDC or AGCL, as the case may be, shall be authorized to certify or attest to any of the foregoing actions, if necessary.

M. Distributions under the Plan; Reserves.

On the Distribution Date, or on such later date as Distributions are required to be made on account of Allowed Claims, the Liquidating Trustee shall make, or shall make adequate reserve for, the Distributions required to be made to all holders of Claims (including Disputed Claims but excluding Disallowed Claims) under the Plan. All Distributions reserved pursuant to this Section shall be held by the Liquidating Trustee in trust, for the benefit of the holders of Allowed Claims entitled to receive such Distributions. The Liquidating Trustee shall place Cash Distributions reserved under the Plan in a separate segregated account and may establish one or more interest-bearing Reserve accounts as it determines may be necessary or appropriate to effectuate the provisions of this Plan.

N. Disputed Claims Reserves.

On the Distribution Date, or as soon as practicable thereafter, the Liquidating Trustee shall create and fund the Disputed Claims Reserves in accordance with the provisions of Section VIII.F.1 of the Plan.

O. Preservation of Rights of Action; Settlement of Causes of Action.

On the Effective Date, except as otherwise provided in this Plan or the Confirmation Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b)(3) of the Bankruptcy Code, the Liquidating Trustee, on behalf of the applicable Debtor and its Estate, may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) (i) any and all defenses and counterclaims to all Claims asserted against the applicable Debtor and its Estate, including setoff, recoupment and any rights under Bankruptcy Code section and 502(d) and (ii) the Causes of Action that the applicable Debtor or its Estate may hold against any Person or Entity. The Liquidating Trustee may pursue such retained defenses, counterclaims and Causes of Action, as appropriate, in accordance with the best interests of the Liquidating Trust, as determined by the Liquidating Trustee. The Bankruptcy Court shall retain jurisdiction to adjudicate any and all such Causes of Action, whether commenced prior to or after Confirmation. At any time after the Confirmation Date and before the Effective Date, notwithstanding anything in the Plan to the contrary, the Plan Proponents may settle any or all of the Causes of Action with the approval of the Bankruptcy Court pursuant to Bankruptcy Rule 9019.

P. Issuance of New Securities; Execution of Related Documents.

On or as soon as reasonably practicable after the Effective Date, except as otherwise provided in the Plan, the Debtors shall execute, deliver and issue, as the case may be, in

accordance with the provisions of the Plan, all securities, notes, instruments, certificates, warrants, agreements and other documents required to be executed and delivered, or issued, as the case may be, pursuant to the Plan, including the Liquidating Trust Agreement.

Q. Corporate Action

On the Effective Date, the appointment of the Liquidating Trustee and all actions contemplated by the Plan shall be deemed authorized and approved in all respects (subject to the provisions of the Plan and the Confirmation Order). All matters provided for in the Plan involving the corporate structure of each Debtor, and any corporate action required by each Debtor in connection with the Plan or the Confirmation Order, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the holders of Equity Interests or the directors of such Debtor. On the Effective Date, the Liquidating Trustee shall be deemed authorized and directed to issue, execute and deliver the agreements, documents, Securities and instruments contemplated by the Plan in the name of and on behalf of the Liquidating Trust.

R. Scheme of Arrangement.

The Scheme of Arrangement, together with this Plan, shall facilitate and implement a common system of distribution to AGCL’s creditors in a manner designed to ensure that there are no double recoveries. Toward that end, the Scheme of Arrangement shall mirror and be consistent with the provisions of the Plan. The provisions of the Plan that govern, among other things, the treatment of Claims, the procedures for treating and resolving Disputed Claims and the means of implementation shall be incorporated or accounted for in the Scheme of Arrangement.

S. JPL Fee and Expense Claim.

1. JPL Fee and Expense Claim Reserve.

On the Effective Date, the JPL Fee and Expense Claim Reserve shall be created and funded by AGCL in an amount estimated by the Plan Proponents in good faith as of the Effective Date to be sufficient to fund all of the fees and expenses of the JPLs and their retained professionals incurred and unpaid prior to the Effective Date (excluding those fees and expenses, if any, that have been disallowed by the Bermuda Court pursuant to the applicable fee approval procedure and that are not subject to any ongoing dispute). To facilitate the estimation contemplated by the immediately preceding sentence, the JPLs and their retained professional advisors shall deliver to the Plan Proponents, within five (5) Business Days of the Confirmation Date, an estimate, prepared in good faith and with reasonable specificity, of (i) their actual fees and expenses incurred prior to, and remaining outstanding as of, the Confirmation Date and (ii) their fees and expenses projected to have been incurred and outstanding as of the Effective Date. The Liquidating Trustee shall administer the JPL Fee and Expense Claim Reserve and shall release funds to the JPLs immediately upon the delivery by the JPLs to the Liquidating Trustee of a copy (certified by the JPLs to be a true and correct copy) of an order of the Bermuda Court that provides that fees and expenses reserved in the JPL Fee and Expense Claim Reserve have been allowed under the applicable approval process established by the Bermuda Court. After the payment in full of the JPL Fee and Expense Claim incurred prior to the Effective Date, any sum

remaining in the JPL Fee and Expense Claim Reserve shall be distributed to the Liquidating Trustee, who shall treat such sum as Available Cash.

2. Post-Effective Date Fees and Expenses of the JPLs.

On the Effective Date, AGCL shall deposit an amount of funds acceptable to the Plan Committee in a bank account in Bermuda designated by and under the sole control of the JPLs, which account shall be subject to the exclusive jurisdiction of the Bermuda Court, for the payment of the fees and expenses of the JPLs and their retained professionals incurred on and after the Effective Date in the Bermuda Proceedings in accordance with the procedures established by the Bermuda court. In the event that the aggregate post-Effective Date fees and expenses of the JPLs and their retained professionals that finally are approved by the Bermuda Court are less than the amount of such deposit any balance in such bank account shall be returned to the Liquidating Trustee promptly following the Bermuda Court's final determination in respect of such fees and expenses, and, thereafter, such balance shall be treated by the Liquidating Trustee as Available Cash. In the event that such post-Effective Date fees and expenses of the JPLs and their retained professionals that finally are approved by the Bermuda Court are greater than the amount of such deposit the Liquidating Trustee shall deposit in such bank account, promptly following the Bermuda Court's final determination in respect of such fees and expenses, funds in an amount sufficient to facilitate payment in full of such approved fees and expenses.

ARTICLE VI.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases.

Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, each of the prepetition executory contracts and unexpired leases to which any Debtor is a party, to the extent such contracts or leases are executory contracts or unexpired leases, is rejected by the applicable Debtor effective on and subject to the occurrence of the Effective Date, unless such contract or lease (a) previously shall have been assumed or rejected by a Debtor (including those executory contracts and unexpired leases assumed by AGCL and assigned to Asia Netcom) or shall have been deemed rejected pursuant to section 365(d)(4) of the Bankruptcy Code, (b) previously shall have expired or terminated pursuant to its own terms, (c) is identified in the Plan Supplement as a contract or lease to be assumed or (d) is the subject of a pending motion to assume, or assume and assign, Filed on or before the Confirmation Date; *provided, however*, that neither the inclusion by the Plan Proponents of a contract or lease in the Plan Supplement nor anything contained in this Article VI shall constitute an admission by any Debtor that such contract or lease is an executory contract or unexpired lease or that any Debtor or its successors and assigns has any liability thereunder. The Plan Proponents reserve the right, at any time on or before the earlier to occur of (i) the Effective Date or (ii) sixty (60) days after the Confirmation Date, to amend the Plan Supplement to delete any executory contract or unexpired lease therefrom or add any executory

contract or unexpired lease thereto, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be rejected or assumed, as the case may be, by the applicable Debtor. The Plan Proponents shall provide notice of any such amendments to the Plan Supplement to the non-Debtor parties to the executory contracts and unexpired leases affected thereby.

For purposes of sections 365(a) and (b) of the Bankruptcy Code, this Plan shall constitute a motion seeking rejection of all executory contracts and unexpired leases to which any Debtor is a party and which are not excepted from rejection pursuant to the first sentence of this Section VI.A. Entry of the Confirmation Order shall, subject to and effective upon the occurrence of the Effective Date, constitute approval of the rejections described in this Article VI pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

B. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by Cure payable by Liquidating Trustee within thirty (30) days after the Effective Date. In the event of a dispute regarding: (1) the nature or amount of any Cure, (2) the ability of the Liquidating Trust to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (3) any other matter pertaining to assumption, the Cure shall occur within thirty (30) days following the entry of a Final Order resolving the dispute and approving the assumption and, as the case may be, assignment.

C. Bar Date for Claims Based on Rejection of Executory Contracts or Unexpired Leases.

If the rejection by a Debtor, pursuant to the Plan or otherwise, results in damages to the other party or parties to such contract or lease, a claim for such damages shall be forever barred and shall not be enforceable against the applicable Debtor or its Estate, the Liquidating Trust, the Liquidating Trustee or their respective successors or properties unless a proof of claim is Filed and served upon the Liquidating Trustee within thirty (30) days after service of a notice of entry of the Confirmation Order. Unless otherwise ordered by the Bankruptcy Court or provided in this Plan, all Rejection Claims for which proofs of claim are required to be Filed and which timely are Filed in accordance with the provisions of this Section VI.C will constitute, and will be treated as, AGCL Class 3 General Unsecured Claims or AGCDC Class 3 General Unsecured Claims, as the case may be, but only to the extent that such Rejected Claims are Allowed Claims.

D. Rejection of Indemnification Obligations.

The obligations of any Debtor, if any, to indemnify any Person or Entity serving at any time on or prior to the Effective Date as one of its directors, officers, or employees by reason of such Person’s or Entity’s service in such capacity, or as a director, officer, or employee of any other corporation or legal entity, to the extent provided in the Debtor’s constituent documents, by a written agreement with such Debtor or the applicable law of such Debtor’s jurisdiction of incorporation or organization, shall be deemed and treated as an executory contract that is

rejected by the Debtor pursuant to the Plan and section 365 of the Bankruptcy Code as of the Effective Date, except as otherwise provided herein.

ARTICLE VII.

PROVISIONS GOVERNING DISTRIBUTIONS

A. Manner of Payment under the Plan.

Distributions of Cash made pursuant to the Plan shall be in U.S. dollars and shall be made, at the option and in the sole discretion of the Liquidating Trustee, by check drawn on, or by wire transfer from, a domestic bank selected by the Liquidating Trustee. If so requested in a writing received by the Liquidating Trustee no later than five (5) Business Days after the Confirmation Date, Cash Distributions of \$200,000 or more to be made pursuant to the Plan shall be made by wire transfer from a domestic bank, with any associated wire transfer fees to be assessed against the Creditor requesting such wire transfer. Cash payments to foreign Creditors may be made, at the option and in the sole discretion of the Liquidating Trustee, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

B. Timing of Distributions.

Except as otherwise provided herein or as may be ordered by the Bankruptcy Court, Distributions to be made on account of Claims that are Allowed Claims as of the Effective Date and that are entitled to receive Distributions under the Plan shall be made on the Distribution Date. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. Distributions on account of Claims that become Allowed after the Effective Date shall be made pursuant to Article VIII.G of the Plan.

C. Interest on Allowed Claims.

Unless otherwise specifically provided for in the Plan or in the Confirmation Order or required by the Bankruptcy Code, interest, fees, costs and other charges accruing on a Claim or incurred by the holder of such Claim in respect of its Claim on or after the Petition Date shall not be paid, and no Claimant shall be entitled to interest, fees, costs or other charges accruing on its Claim or incurred by it in respect of its Claim on or after the Petition Date on any Claim. In the event that a Disputed Claim becomes an Allowed Claim, interest shall not accrue or be paid upon any such Disputed Claim in respect of the period from the Petition Date to the date on which the final Distribution is made in respect of such Disputed Claim.

D. Distributions by the Liquidating Trustee.

The Liquidating Trustee shall serve as disbursing agent under the Plan and shall make all Distributions required under the Plan.

E. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

1. Delivery of Distributions in General.

Except as provided herein, Distributions to Claimants who, as of the Distribution Record Date, hold Allowed Claims shall be made, as the case may be, (a) at the addresses set forth on the proofs of Claim Filed by Claimants, (b) at the addresses set forth in any written notices of address changes delivered by Claimants to the Liquidating Trustee or the applicable Debtor after the date of any related proof of claim, (c) at the Claimants' respective addresses reflected in the Schedules, if no proof of claim has been Filed and the Liquidating Trustee has not received a written notice of a change of address, or (d) in the case of Debt Securities administered by the Indenture Trustee, in accordance with the provisions of the Senior Note Indenture.

2. Undeliverable and Unclaimed Distributions.

(a) **Holding of Undeliverable Distributions.** If any Distribution to a Claimant is returned to the Liquidating Trustee as undeliverable or is otherwise unclaimed, no further Distributions shall be made to such Claimant unless and until the Liquidating Trustee is notified in writing of such Claimant's then-current address. The Liquidating Trustee shall deposit undeliverable or unclaimed Distributions in a segregated, interest-bearing account, designated as the **"Unclaimed Distribution Reserve,"** for the benefit of all such similarly situated Claimants until such time as a Distribution becomes deliverable or is claimed. The Claimant on account of which a Distribution is undeliverable or unclaimed shall be entitled to any interest, dividends or other accruals of any kind in respect of such Distribution.

(b) **After Distribution Becomes Deliverable.** On each Quarterly Distribution Date, the Liquidating Trustee shall make all Distributions that have become deliverable or have been claimed since the Distribution Date or the immediately preceding Quarterly Distribution Date, as the case may be.

(c) **Failure to Claim Undeliverable Distributions.** In an effort to ensure that all holders of Allowed Claims receive their allocated Distributions, the Liquidating Trustee shall File a listing of holders of undeliverable or unclaimed Distributions. Such list shall be maintained for as long as the Chapter 11 Cases remain open. Any holder of an Allowed Claim that does not assert a Claim pursuant to the Plan for an undeliverable or unclaimed Distribution within one (1) year after the Effective Date shall be deemed to have forfeited its claim for such undeliverable or unclaimed Distribution and shall be forever barred from asserting any such claim for an undeliverable or unclaimed Distribution against the Debtors or their property, the Liquidating Trustee or the Liquidating Trust. In such cases, any Cash held in the Unclaimed Distribution Reserve for distribution on account of such claims for undeliverable or unclaimed Distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall be deemed a Liquidating Trust Asset free of any restrictions thereon and

notwithstanding any federal or state escheat laws to the contrary, and any entitlement of any Claimant to such Distributions shall be extinguished and forever barred. Such Cash shall be treated by the Liquidating Trustee as Available Cash. Nothing contained in the Plan or the Liquidating Trust Agreement shall require the Liquidating Trustee to attempt to locate any holder of an Allowed Claim.

F. Time Bar to Negotiate Checks.

Checks issued by the Liquidating Trustee on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days from and after the date of issuance thereof. Requests for re-issuance of any check shall be made in writing directly to the Liquidating Trustee by the holder of the Allowed Claim with respect to which the check was originally issued. Any claim in respect of such a void check shall be made on or before one hundred twenty (120) days after the date of issuance of such check. After such date, all claims in respect of such void checks shall be forever barred, and the proceeds of such checks shall revert in and become the property of the Liquidating Trust for the benefit of holders of Allowed Claims against the applicable Debtor.

G. Record Date for Distributions to Claimants Holding Debt Securities.

As of the close of business on the Distribution Record Date, the transfer register for any Debt Securities canceled pursuant to the Plan (including the Senior Notes) shall be closed, and there shall be no further changes in the record holders of any such Debt Securities. Each of the Debtors, the Liquidating Trustee and the Indenture Trustee shall have no duty to recognize the transfer of, or the sale of any interest in, any Allowed Claim or any Debt Security occurring after the close of business on the Distribution Record Date and shall be entitled for all purposes relating to this Plan to recognize, distribute to and deal with only those record holders of Claims stated on the official claims register maintained by the clerk of the Bankruptcy Court or the transfer books and records as maintained by the Indenture Trustee or its agent, as the case may be, as of the close of business on the Distribution Record Date.

H. Indenture Trustee as Claim Holder.

Consistent with Bankruptcy Rule 3003(c), the Debtors and the Liquidating Trustee, as the case may be, shall recognize a proof of claim filed by the Indenture Trustee in respect of the Senior Note Claims. Accordingly, any Senior Note Claim, proof of which is Filed by the registered or beneficial holder thereof, shall be deemed disallowed as duplicative of the Senior Note Claims of the Indenture Trustee without need for any further action or order of the Bankruptcy Court.

I. Allocation of Plan Distributions between Principal and Interest.

To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for federal income tax purposes, be allocated to the principal amount of the Claim first and then, to

the extent the Distribution exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

J. Fractional Dollars; De Minimis Distributions.

Notwithstanding any other provision of the Plan or the Liquidating Trust Agreement to the contrary, (a) the Liquidating Trustee shall not be required to make Distributions or payments of fractions of dollars, and whenever any Distribution of a fraction of a dollar under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down, and (b) the Liquidating Trustee shall not have a duty to make a Distribution on account of an Allowed Claim from any Reserve or account (i) to any holder of an Allowed Claim if the aggregate amount of all Distributions authorized to be made from all such Reserves or accounts on the Quarterly Distribution Date in question is less than \$10,000, in which case such Distributions shall be deferred to the next Quarterly Distribution Date, or (ii) to a specific holder of an Allowed Claim if the amount to be distributed to that holder on the particular Distribution Date or Quarterly Distribution Date, as the case may be, is less than \$50.00, unless such Distribution constitutes the final Distribution to such holder.

K. No Distribution in Excess of Allowed Amount of Claim.

Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall receive in respect of such Claim any Distribution in excess of the Allowed Amount of such Claim.

L. Setoffs.

Except as otherwise provided in the Plan, the Liquidating Trustee may, pursuant to sections 502(d) or 553 of the Bankruptcy Code or applicable non-bankruptcy law, offset against any Allowed Claim, and the Distributions to be made pursuant to the Plan on account of such Claim (before any Distribution is made on account of such Claim), the claims, rights, and Causes of Action of any nature that the applicable Debtor may hold against the holder of such Allowed Claim; *provided, however*, that (1) neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the applicable Debtor of any such claims, rights, and Causes of Action that such Debtor may possess against such holder.

M. Compliance with Tax Requirements.

In connection with the Plan and all Distributions hereunder, to the extent applicable, the Liquidating Trustee is authorized to take any and all actions that may be necessary or appropriate to comply with all tax withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all Distributions pursuant to the Plan shall be subject to any such withholding and reporting requirements.

N. Release of Liens.

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created or assumed in connection with the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article VII, all mortgages, deeds of trust, liens, pledges or other security interests against the property of any Debtor's Estate shall be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens, pledges or other security interests shall revert to the Debtors' Respective Estates and shall be deemed Liquidating Trust Assets that are transferred to the Liquidating Trust pursuant to Section V.B of the Plan.

ARTICLE VIII.

PROCEDURES FOR RESOLVING DISPUTED CLAIMS

A. Prosecution of Objections to Claims on and after the Effective Date.

Subject to the limitations set forth in the Liquidating Trust Agreement and Section V.F.7 of the Plan, on and after the Effective Date, the Liquidating Trustee shall have the exclusive authority to, and shall, File, settle, compromise, withdraw or litigate to judgment all objections to Claims, except applications for allowance of Professional Fees (as to which any party in interest may File an objection). Nothing contained herein shall limit the right of the Liquidating Trustee to object to Claims, if any, Filed or amended after the Claims Objection Bar Date.

B. Claims Objection Bar Date.

No later than the Claims Objection Bar Date (unless extended by order of the Bankruptcy Court), the Liquidating Trustee shall File with the Bankruptcy Court objections to Claims and objections to requests for payment of Administrative Claims and serve such objections upon the Claimants who Filed such Claims or requests. If an objection has not been Filed to a proof of Claim, a scheduled Claim or a request for payment of Administrative Claim by the Claims Objection Bar Date, the Claim to which the proof of Claim, the scheduled Claim or the request for payment of Administrative Claim relates, as the case may be, will be treated as an Allowed Claim if such Claim or request for payment has not been Allowed earlier.

C. Estimation of Claims.

The Liquidating Trustee may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, such estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Liquidating Trustee may elect to pursue any supplemental proceedings to object to any ultimate

allowance of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

D. Payments and Distributions on Disputed Claims; Disputed Claims Reserve.

Notwithstanding any provision in the Plan to the contrary, no payments or Distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim. Until such time, the Liquidating Trustee shall withhold from the property to be distributed under the Plan the portion of such property allocable to such Disputed Claim and shall place and hold such property in trust in the Disputed Claims Reserve for the benefit of the holder of such Disputed Claim.

E. Distribution When a Disputed Claim Becomes an Allowed Claim.

Distributions to each holder of a Disputed Claim, to the extent that such Claim ultimately becomes an Allowed Claim (and to the extent that the holder of such Claim has not received prior Distributions on account of such Claim), shall be made in accordance with the provisions of the Plan governing the Class of Claims in which such Claim is classified.

F. Accounts and Reserves.

The Liquidating Trustee shall, subject to and in accordance with the provisions of this Plan and the Liquidating Trust Agreement, (a) establish one or more general accounts into which shall be deposited all funds not required to be deposited into a Reserve and (b) create, fund and withdraw funds from, as appropriate, the Operating Reserve, the Administrative Claims Reserve, the Disputed Claims Reserve, the Unclaimed Distributions Reserve and such other reserves, accounts and escrows as the Liquidating Trustee deems appropriate. The Liquidating Trustee shall sell non-Cash assets of the Liquidating Trust, if any, in accordance with the provisions of the Plan and the Liquidating Trust Agreement. The net proceeds of any such sales shall be deposited in an account or Reserve pursuant to the terms of the Liquidating Trust Agreement.

1. Disputed Claims Reserve.

(a) On the Effective Date (or as soon thereafter as is practicable), the Liquidating Trustee shall create and fund, and on each Quarterly Distribution Date, the Liquidating Trustee shall fund, a Disputed Claims Reserve for Disputed General Unsecured Claims. The Liquidating Trustee shall fund the Disputed Claims Reserve with an amount of Cash equal to one hundred percent (100%) of the Distributions to which holders of Disputed General Unsecured Claims would be entitled under the Plan as of such date if such Disputed Claims were Allowed Claims in their Disputed Claim Amount, or such other amount as may be agreed by the holder of such Disputed Claim and the Liquidating Trustee, or such other amount as otherwise may be determined by order of the Bankruptcy Court;

provided, however, that the Liquidating Trustee may, at any time, File motion(s) pursuant to section 502(c) of the Bankruptcy Code for order(s) estimating and limiting the amount of the Cash which shall be deposited in the Disputed Claims Reserve in respect of any Disputed General Unsecured Claims, with notice and an opportunity to be heard to the affected holders of such Disputed Claims. The Disputed Claims Reserve shall be closed and extinguished by the Liquidating Trustee upon its determination that all Distributions required to be made under the Plan have been made in accordance with the terms of the Plan. Upon closure of the Disputed Claims Reserve, all Cash (including any Cash Investment Yield and any Cash dividends and other Distributions held in such Disputed Claims Reserve) shall be subject to redistribution, as appropriate, in accordance with the provisions of Article VII of the Plan.

(b) Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Liquidating Trustee of a private letter ruling if the Liquidating Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Liquidating Trustee), the Liquidating Trustee shall (i) treat the Disputed Claims Reserve established with respect to Disputed Claims as a discrete trust fund for federal income tax purposes, consisting of separate and independent shares to be established in respect of each Disputed Claim, in accordance with the trust provisions of the Internal Revenue Code (sections 641 *et seq.*), and (ii) to the extent permitted by applicable law, shall report consistent with the foregoing for state and local income tax purposes. All holders of Disputed Claims shall report, for tax purposes, consistent with the foregoing. Any amounts relating to Liquidating Trust Assets that are allocable to or retained by the Liquidating Trustee on account of Disputed Claims shall be treated for tax purposes in accordance with Section V.E.5.

2. Administrative Claims Reserve.

On the Effective Date (or as soon thereafter as is practicable), the Liquidating Trustee shall create and fund, and on each Quarterly Distribution Date, the Liquidating Trustee shall fund, the Administrative Claims Reserve with an amount of Cash equal to the aggregate Disputed Claims Amount of all Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims and Disputed Secured Claims. The Liquidating Trustee shall fund the Administrative Claims Reserve with an amount of Cash equal to one hundred percent (100%) of the Distributions to which holders of Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims and Disputed Secured Claims would be entitled under the Plan as of such date if such Disputed Claims were Allowed Claims in their Disputed Claim Amount, or such other amount as may be agreed by the holder of such Disputed Claim and the Liquidating Trustee, or such other amount as otherwise may be determined by order of the Bankruptcy Court; *provided, however*, that the Liquidating Trustee may, at any time, File motion(s) pursuant to section 502(c) of the Bankruptcy Code for order(s) estimating and limiting the amount of the Cash which shall be deposited in the Administrative Claims Reserve in respect of any Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims and Disputed Secured Claims, with notice and an opportunity to be heard to the

affected holders of such Disputed Claims. Each Administrative Claims Reserve shall be closed and extinguished by the Liquidating Trustee upon its determination that all Distributions in respect of Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Other Priority Claims and Allowed Secured Claims required to be made under the Plan have been made in accordance with the terms of the Plan. Upon closure of an Administrative Claims Reserve, all Cash (including any Cash Investment Yield and any Cash dividends and other Distributions held in such Administrative Claims Reserve) shall be subject to redistribution, as appropriate, in accordance with the provisions of Article VII of the Plan.

3. Operating Reserve.

On the Effective Date or as soon thereafter as practicable, the Liquidating Trustee shall establish the Operating Reserve and deposit Cash (in such amounts as directed by the Plan Committee) sufficient to fund the Debtors' obligations under the Plan (other than Claims whose treatment is prescribed in Article III of the Plan) and to fund the compensation of the Liquidating Trustee and the expenses of the Liquidating Trust, the Liquidating Trustee, the Plan Committee and the Debtors. On each Quarterly Distribution Date, the Liquidating Trustee shall deposit Cash (in such amounts, if any, as directed by the Plan Committee) to maintain the Operating Reserve on and after such date. If, and to the extent that, after making and giving effect to the determination referred to in the immediately preceding sentence, the Liquidating Trustee, in consultation with the Plan Committee, determines that the Operating Reserve (i) contains Cash in excess of the amount required to adequately maintain the Operating Reserve, then the Liquidating Trustee shall transfer such surplus Cash, first, to any underfunded Reserves (but only to the extent of any underfunding) and, next, to any general accounts established pursuant to Section VIII.F, or (ii) does not contain Cash in an amount sufficient to adequately maintain the Operating Reserve, then the Liquidating Trustee shall transfer Cash from any overfunded Reserve or account until the deficit in the Operating Reserve is eliminated.

G. Distributions after Allowance.

On the first Quarterly Distribution Date following the date on which a Disputed Administrative Claim, Disputed Priority Tax Claim, Disputed Non-Tax Priority Claim, Disputed Secured Claim or Disputed General Unsecured Claim, as the case may be, becomes an Allowed Claim, the Liquidating Trustee shall make payments and Distributions from the appropriate Reserves to the holder of such Disputed Claim. Such Distributions shall be made in accordance with the Plan and the Liquidating Trust Agreement. With respect to each Disputed General Unsecured Claim, the amount of such Distributions shall be based upon the cumulative Distributions that would have been made to such holder under the Plan if the Disputed General Unsecured Claim had been Allowed on the Effective Date, shall not be limited by the Disputed Claim Amounts previously reserved with respect to such Disputed General Unsecured Claim and shall be paid to such holder to the extent that additional amounts are available therefor from the Disputed Claims Reserve.

ARTICLE IX.

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Condition Precedent to Confirmation.

It shall be a condition precedent to Confirmation that the following condition shall have been satisfied or waived in accordance with the provisions of Section IX.C of the Plan:

- (i) the Confirmation Order shall be reasonably acceptable in form and substance to the Debtors and the Committee and shall have been signed by the Bankruptcy Court.

B. Conditions Precedent to Consummation.

It shall be a condition precedent to Consummation that the following conditions shall have been satisfied or waived in accordance with the provisions of Section IX.C of the Plan:

- (i) the Confirmation Order, in form and substance reasonably acceptable to the Debtors and the Committee, shall have been signed by the Bankruptcy Court and duly entered on the docket for the Chapter 11 Cases by the clerk of the Bankruptcy Court;
- (ii) the Confirmation Order, in form and substance reasonably acceptable to the Debtors and the Committee, shall be a Final Order;
- (iii) the Liquidating Trust Agreement, in form and substance reasonably acceptable to the Debtors and the Committee, shall have been executed by the parties thereto;
- (iv) all actions, documents and agreements necessary, in the judgment of the Debtors, to be taken and effected, or executed and delivered, as the case may be, to implement and consummate the provisions of the Plan to be effectuated on or prior to the Effective Date shall be reasonably satisfactory to the Debtors, and such actions, documents and agreements shall have been taken, effected, executed and delivered to the satisfaction of the Debtors; and
- (v) the conditions in the Scheme of Arrangement (except for the effectiveness of the Plan) shall have been satisfied or waived in accordance with the provisions of the Scheme of Arrangement.

C. Waiver of Conditions.

The Debtors, with the written approval of the Committee, which approval shall not unreasonably be withheld, may waive any of the conditions to Confirmation of the Plan and/or to Consummation of the Plan set forth in Sections IX.A and IX.B hereof, respectively, at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than the Debtors proceeding to seek Confirmation or Consummation, as the case may be. The failure to satisfy any condition to Confirmation or to the Effective Date may be asserted by

the Debtors, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors). The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

D. Effect of Non-Occurrence of Conditions to Consummation.

In the event that one or more of the conditions specified in Section IX.B of the Plan have not occurred (or been waived) on or before 120 days after the Confirmation Date, upon notification submitted by the Debtors to the Bankruptcy Court and counsel to the Committee, (a) the Confirmation Order shall be vacated, (b) the Plan shall be null and void in all respects, (c) no Distributions under the Plan shall be made, (d) the Debtors and all holders of Claims and Equity Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date never had occurred, (e) the Debtors' obligations with respect to the Claims and Equity Interests shall remain unchanged as though the Confirmation Date never had occurred, and (f) nothing contained herein or in the Disclosure Statement shall (i) constitute or be deemed a waiver or release of any Claims by or against, or Equity Interests in, the Debtors or any other Person or Entity, (ii) prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors, or (iii) constitute an admission, acknowledgment, offer or undertaking by the Debtors in any respect.

ARTICLE X.

EFFECT OF PLAN CONFIRMATION

A. Subordination.

The classification and manner of satisfying all Claims and Equity Interests and the respective Distributions and treatment under the Plan take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant to the Plan. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons and Entities from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled pursuant to this Section X.A.

B. Release by the Debtors.

On the Effective Date, each of the Debtors, on behalf of itself and its Estate, shall be deemed unconditionally and irrevocably to release (i) the Ad Hoc Committee and, solely in their capacity as members of the Ad Hoc Committee (and not as individual Creditors of the Debtors), each member of the Ad Hoc Committee, (ii) the Committee and, solely in their capacity as members of the Committee (and not as individual Creditors of the Debtors), each member of the Committee; (iii) the JPLs, (iv) each of the respective agents, advisors, accountants, investment bankers, consultants, attorneys and other representatives of any of the Persons or Entities

described in clauses (i), (ii) and (iii) of this Section X.B or of the Debtors, solely in their respective capacities as such, and only with respect to their activities and conduct relating to the Debtors (whether before or after the Petition Date) and the Chapter 11 Cases, and (v) in consideration of their service to the Debtors, the directors, officers and employees of the Debtors who were employed by, or who served, the Debtors during the pendency of the Chapter 11 Cases from any and all claims, obligations, rights, suits, judgments, damages, causes of action, remedies and liabilities whatsoever (other than the right to enforce the performance of their respective obligations, if any, to the Debtors under the Plan, the Liquidating Trust Agreement and any other contract, instrument, release or other agreement executed in connection with the Plan), whether known or unknown, foreseen or unforeseen, whether fixed or contingent, whether liquidated or unliquidated, then existing or thereafter arising, in law, equity or otherwise, that the Debtors or their Estates would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date (whether before or after the Petition Date) in any way relating or pertaining to (v) the Debtors, (w) the respective business operations of the Debtors, (x) the Chapter 11 Cases, (y) the negotiation, formulation, dissemination, solicitation, preparation, implementation, administration, Confirmation or Consummation of the Plan, the Scheme of Arrangement or any related agreements, instruments or other documents or (z) the Disclosure Statement.

C. Injunction Related to Releases.

The Confirmation Order shall constitute an injunction permanently enjoining the commencement or prosecution by any Entity, whether directly, derivatively, or otherwise, of any claim, demand, suit, liability, obligation, debt, damage, right, cause of action, interest, or remedy released or to be released pursuant to the Plan.

D. Preservation of Causes of Action.

On the Effective Date, except as otherwise provided in the Plan or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Causes of Action that the Debtors or the Estates may hold against any Person or Entity shall be Liquidating Trust Assets, and the Liquidating Trustee shall have and may exclusively enforce, as the authorized representative of the Liquidating Trust, any and all claims, rights and Causes of Action that the Debtors or the Estates may hold against any Person or Entity. The Liquidating Trustee may pursue the Causes of Action in accordance with the best interests of the Liquidating Trust and shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such claims, rights and Causes of Action without the consent or approval of any third party and without any further order of the Bankruptcy Court.

E. Exculpation.

As of the Effective Date, none of (i) the Debtors and their respective present and former officers, directors and employees, (ii) the Committee, (iii) the JPLs, (iv) the Liquidating Trustee, (v) the accountants, financial advisors, investment bankers and attorneys for the Debtors, solely in their capacities as such and (vi) the directors, officers, partners, members, employees, agents,

representatives, accountants, financial advisors, investment bankers or attorneys of any of the Persons or Entities described in clauses (ii) through (iv) of this Section X.E, solely in their capacities as such, shall have or incur any liability to any Person or Entity by reason of any claim, cause of action or other assertion of liability for any act taken or omitted to be taken on or after the Petition Date in connection with, arising out of, or related to (i) the Chapter 11 Cases, (ii) the Bermuda Proceedings, (iii) the negotiation, formulation, preparation, dissemination, solicitation, implementation, administration, Confirmation or Consummation of the Plan or the Scheme of Arrangement, (iv) the Disclosure Statement, (v) any contract, instrument, release, agreement or document created or entered into in connection with the Plan (except for any obligations arising in the ordinary course of business), (vi) any action or act taken or omitted to be taken in connection with the Chapter 11 Cases or (vii) any of the settlements and compromises reflected in the Plan (collectively, the “**Precluded Claims**”), and in all respects shall be entitled reasonably to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and the Scheme of Arrangement; *provided, however*, that the foregoing provisions of this Section X.E shall have no effect on the liability of any Person or Entity that results from any such act or omission that is determined by a Final Order to have constituted gross negligence, bad faith, fraud or willful misconduct.

F. Injunction.

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons and Entities that have held, currently hold or may hold a Claim against or an Equity Interest in one or both of the Debtors, and all other parties in interest in the Chapter 11 Cases, together with their respective present or former employees, agents, officers, directors or principals, are permanently enjoined from, directly or indirectly, taking any of the following actions against the Debtors, the Estates, the Liquidating Trustee, the Liquidating Trust, the Committee, the JPLs or any property of such Persons or Entities, on account of any such Claim, Equity Interest or Precluded Claim: (a) commencing or continuing in any manner any action or other proceeding of any kind to collect or recover any property on account of any such Claim, Equity Interest or Precluded Claim; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order to collect or recover any property on account of any such Claim, Equity Interest or Precluded Claim; (c) creating, perfecting or enforcing any lien or encumbrance on account of any such Claim, Equity Interest or Precluded Claim; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors, the Estates or their respective property; (e) commencing or continuing any action, in any manner and in any forum, that does not comply with or is inconsistent with the provisions of the Plan; and (f) taking any action to interfere with the implementation or consummation of the Plan or the Scheme of Arrangement; *provided, however*, that nothing herein shall prohibit any Claimant from prosecuting a proof of claim in the Chapter 11 Cases.

By accepting Distributions pursuant to the Plan, each holder of an Allowed Claim shall be deemed to have consented to the release, exculpation and injunctions set forth in this Article X.

G. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under Bankruptcy Code sections 105 or 362 or otherwise, and extant on the Confirmation Date, shall remain in full force and effect until the Effective Date. To the extent that any injunction or stay is provided under the Plan or the Confirmation Order, it shall remain in full force and effect until all property of the Estates of the Debtors has been distributed and the Debtors have been dissolved.

H. Discharge.

Pursuant to section 1141(d)(3) of the Bankruptcy Code, Confirmation will not discharge Claims against the Debtors; *provided, however*, that no holder of a Claim against any Debtor, may, on account of such Claim, seek or receive any payment or other distribution from, or seek recourse against, any Debtor or any of their affiliates, each of their respective successors or their respective property, except as expressly provided herein.

ARTICLE XI.

RETENTION OF JURISDICTION

A. Bankruptcy Court.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under or related to the Chapter 11 Cases for, among other things, the following purposes:

(a) To hear and determine any dispute arising under the Sale Agreement and all matters arising in connection with the interpretation, implementation or enforcement of the Approval Order;

(b) To allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims;

(c) To grant or deny any applications for allowance of Professional Fees and reimbursement of expenses of members of the Committee authorized under sections 330, 331 or 503(b) of the Bankruptcy Code or the Plan for periods ending on or before the Effective Date; *provided, however*, that, from and after the Effective Date, the payment of fees and expenses (including attorneys' fees) of the Liquidating Trustee shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(d) To consider and adjudicate the compromise and settlement of any and all Claims or causes of action, including the Causes of Action, asserted by or against the Debtors or the Liquidating Trustee, as the case may be;

- (e) To resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which a Debtor is a party or with respect to which a Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;
- (f) To ensure that Distributions to holders of Allowed Claims are accomplished in accordance with the provisions of the Plan;
- (g) To decide or resolve any motions, adversary proceedings, contested or litigated matters and grant or deny any applications involving any Debtor that may be pending on the Effective Date;
- (h) To enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan or the Disclosure Statement;
- (i) To resolve any cases, controversies, suits or disputes that may arise in connection with Consummation, interpretation or enforcement of the Plan or any contract, instrument, release or other agreement or document that is executed or created pursuant to the Plan or any Person's or Entity's rights arising from and obligations incurred in connection with the Plan or such documents;
- (j) To consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in the Plan, including any exhibit thereto, or in any order of the Bankruptcy Court, including the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan and to implement and effectuate the Plan;
- (k) To issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with Consummation, implementation or enforcement of the Plan, except as otherwise provided herein;
- (l) To resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article X and enter such orders as may be necessary or appropriate to implement such releases, injunction and other provisions;
- (m) To enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;
- (n) To determine any other matters that may arise in connection with the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement;
- (o) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation

Order, any transactions or Distributions contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;

(p) To hear and resolve any cases, controversies, objections, contested matters and adversary proceedings commenced by or on behalf of the Debtors or relating to the Causes of Action;

(q) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including matters with respect to any taxes payable by a reserve established in furtherance of the Plan);

(r) To take any action and issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan or to maintain the integrity of the Plan following consummation;

(s) To issue such orders as may be necessary or appropriate in aid of execution of the Plan, in accordance with Bankruptcy Code section 1142, Confirmation and to facilitate Consummation of the Plan;

(t) To hear and determine all matters related to (i) the property of the Estates from and after the Confirmation Date, (ii) the winding up of the Debtors' affairs and (iii) the activities of the Liquidating Trustee, including (A) challenges to or approvals of the Liquidating Trustee's activities, (B) resignation, incapacity or removal of the Liquidating Trustee and selection of a successor Liquidating Trustee, (C) reporting by, termination of and accounting by the Liquidating Trustee; (D) release of the Liquidating Trustee from its duties; and (E) any other matters that may arise under or in connection with the Liquidating Trust Agreement.

(u) To resolve any Disputed Claims;

(v) To hear and determine such other matters as maybe provided in the Confirmation Order or as may be authorized under the Bankruptcy Code;

(w) To enter an order closing the Chapter 11 Cases.

B. No Limitation on Bermuda Court.

Notwithstanding the foregoing, nothing in this Article XI shall be construed as a limitation on the jurisdiction of the Bermuda Court in the Bermuda Proceedings or in respect of the Scheme of Arrangement.

ARTICLE XII.

MODIFICATION AND REVOCATION OF THE PLAN

A. Modification of the Plan.

The Plan Proponents reserve the right to amend or modify the Plan or any exhibits or schedules thereto under Bankruptcy Code section 1127(a) at any time before the Confirmation

Date. After the Confirmation Date and before “substantial consummation” of the Plan (as defined in Bankruptcy Code section 1101(2)), the Plan Proponents may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan or the Confirmation Order in such manner as may be necessary to carry out the purposes and intent of the Plan.

B. Revocation of the Plan.

The Plan Proponents reserve the right to revoke or withdraw this Plan prior to the Confirmation Date. If the Plan Proponents revoke or withdraw this Plan prior to the Confirmation Date, or if Confirmation or Consummation of the Plan as to any or all of the Debtors does not occur, then, with respect to such Debtor(s), (a) the Plan shall be deemed null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (c) nothing contained in the Plan shall (i) constitute or be deemed a waiver or release of any Claims by or against, or any Equity Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person, or (iii) constitute an admission, acknowledgment, offer or commitment of any sort by the Debtors or any other Person. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

ARTICLE XIII.

MISCELLANEOUS PROVISIONS

A. Payment of Statutory Fees.

All fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date. After the Effective Date, the Liquidating Trustee shall pay, prior to the closing of the Chapter 11 Cases, in accordance with the Bankruptcy Code and the Bankruptcy Rules, all fees payable pursuant to 28 U.S.C. § 1930 which accrue after the Effective Date through and including the closing of the Chapter 11 Cases.

B. Governing Law.

Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent a schedule or exhibit hereto or instrument, agreement or other document executed under the Plan provides otherwise, this Plan, the rights, duties and obligations arising under this Plan, and any claim or controversy directly or indirectly based upon or arising out of this Plan or the transactions contemplated by this Plan (whether based on contract, tort, or any other theory), including all matters of construction, validity and performance, shall be governed by and interpreted, construed and determined in accordance

with, the internal laws of the State of New York (without regard to any conflicts of law provision that would require the application of the law of any other jurisdiction).

C. Corporate Action.

Prior to, on and after the Effective Date, all matters provided for under the Plan that otherwise would require approval of the shareholders or directors of one or more of the Debtors shall be deemed to have occurred and shall be in effect prior to, on and after the Effective Date pursuant to the applicable general corporation law of the jurisdiction in which the Debtors are incorporated without any requirement of further action by the shareholders or directors of the Debtors.

D. Severability of Plan Provisions.

If, prior to Confirmation, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision then will be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

E. Successors and Assigns.

The Plan shall be binding on, and shall inure to the benefit of the Debtors, and their respective successors and assigns, including the Liquidating Trustee. The rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Person or Entity.

F. Reservation of Rights.

Except as expressly set forth herein, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order and the Effective Date shall have occurred. Neither the filing of this Plan, any nor statement or provision contained herein, nor the taking of any action by the Debtors with respect to this Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors prior to the Effective Date. If the Plan is not confirmed by a Final Order, or if the Plan is confirmed and does not become effective, the rights of all parties in interest in the Chapter 11 Cases are and shall be reserved in full. Any concessions or settlements reflected herein, if any, are made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Chapter 11 Cases shall be bound or deemed prejudiced by any such concession or settlement.

G. Section 1146 Exemption.

Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of any Security under the Plan, or the making or delivery of an instrument of transfer under, in furtherance of, or in connection with, this Plan, including any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, and transfers of tangible property shall not be taxed under any law imposing a stamp tax, recording tax, personal property tax, real estate transfer tax, sales or use tax or other similar tax. Unless the Bankruptcy Court orders otherwise, all sales, transfers and assignments of owned and leased property approved by the Bankruptcy Court on or prior to the Effective Date shall be deemed to have been in furtherance of, or in connection with, the Plan. It is the intent of this Plan that the benefits and effects of section 1146(c) of the Bankruptcy Code shall apply to the transactions described in and contemplated by the Plan, including the Asia Netcom Transaction, to the fullest extent permitted by law.

H. Further Assurances.

Each of the Debtors and the Liquidating Trustee (on and after the Effective Date) is authorized to execute, deliver, file or record such contracts, agreements, instruments, releases and other documents and take or cause to be taken such action as may be necessary or appropriate to effectuate, implement and further evidence the terms, provisions and intent of this Plan and to consummate the transactions and transfers contemplated by the Plan.

I. Notice and Service of Documents.

All notices, requests and demands required or permitted to be provided to the Debtors, the Committee or the Liquidating Trustee under the Plan shall be in writing and shall be deemed to have been duly given or made (a) when actually delivered (i) by certified mail, return receipt requested, (ii) by hand delivery or (iii) by U.S. mail, postage prepaid or, (b) in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors(prior to the Effective Date)

Asia Global Crossing Ltd
11150 Santa Monica Boulevard, Suite 420
Los Angeles, California 90025
Attn: Charlie Carroll
General Counsel

With a copy to:

Richard F. Casher, Esq.
Kasowitz, Benson, Torres & Friedman LLP
1633 Broadway
New York, New York 10019

If to the Committee:

Evan D. Flaschen, Esq.
Christopher S. Snow, Esq.
Bingham McCutchen LLP
One State Street
Hartford, Connecticut 06103

If to the Liquidating Trustee:

[To Be Provided]

J. Conflicts.

To the extent any provision of the Disclosure Statement or any instrument, document or agreement executed in connection with the Plan or the Confirmation Order (or any exhibits, schedules, appendices, supplements or amendments to the foregoing) conflicts with or is in any way inconsistent with the terms of the Plan, the terms and provisions of the Plan shall govern and control.

K. Plan Supplement.

Not later than ten (10) days prior to the Confirmation Hearing Date, the Plan Proponents shall File with the Bankruptcy Court in the Plan Supplement such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, including draft forms of the Liquidating Trust Agreement. Upon its Filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours. Holders of Claims or Equity Interests may obtain a copy of the Plan Supplement upon written request to Debtors' counsel in accordance with Section XIII.I of the Plan. The forms of agreements and other documents Filed in the Plan Supplement are drafts and are subject to revision from time to time to reflect the evolving deal points negotiated by the parties thereto.

L. Indenture Trustee Fees and Expenses and Charging Lien.

1. Amount of Claim for Indenture Trustee Fees.

Notwithstanding any other provisions of this Plan, in full and complete settlement, satisfaction and release of (i) the Indenture Trustee's Claim under the Senior Note Indenture for Indenture Trustee Fees, whether incurred before or after the Petition Date, and (ii) the Indenture Trustee's entitlement, if any, to the Indenture Trustee Charging Lien under the Senior Note Indenture, subject to the provisions of this Section XIII.L, the Indenture Trustee shall be paid a sum, in Cash, equal to the least of (x) the amount of such Claim, as set forth in the statement to be Filed by the Indenture Trustee pursuant to the provisions of this Section XIII.L, (y) \$200,000, or (z) the amount of such Claim for Indenture Trustee Fees approved by the Bankruptcy Court following the Filing of an objection to such Claim in the manner set forth in this Section XIII.L,

and any Indenture Trustee Charging Lien held, or claimed to be held, by the Indenture Trustee shall be deemed released and discharged on the Effective Date.

2. Statement of Indenture Trustee Fees; Procedure for Resolution of Objections.

On the Confirmation Hearing Date, the Indenture Trustee shall File a statement setting forth the aggregate amount of Indenture Trustee Fees incurred to date and reasonably projected by it, in good faith, to be incurred through the Effective Date. On or before the second Business Day following entry of the Confirmation Order, the Indenture Trustee shall submit to respective counsel for the Debtors and the Committee, and any party in interest submitting to the Indenture Trustee and its counsel a written request therefor, reasonable documentation in support of such Indenture Trustee Fees, whether incurred before or after the Petition Date. In the event that the Debtors, the Committee or any party in interest shall File an objection to such Indenture Trustee Fees within fifteen (15) days after submission by the Indenture Trustee of such documentation, the Indenture Trustee Fees shall be subject to approval of the Bankruptcy Court, which shall, after notice and a hearing, evaluate such Indenture Trustee Fees for reasonableness. The Indenture Trustee's Claim for Indenture Trustee Fees shall not be subject to the additional standards set forth in section 503(b) of the Bankruptcy Code. Upon entry of an order by the Bankruptcy Court Allowing all or a portion of the Indenture Trustee Fees, the Allowed Indenture Trustee Fees shall be treated as an Allowed Administrative Claim and shall be paid in full, in Cash, by the Liquidating Trustee on the Distribution Date. In the event that neither the Debtors nor any party in interest shall File an objection to the Indenture Trustee Fees within such fifteen (15) day period, such Indenture Trustee Fees shall be treated as an Allowed Administrative Claim and shall be paid, in full, in Cash, as soon as practicable after the later of (i) the Effective Date or (ii) the expiration of such fifteen-day period.

M. Determination of Tax Liability.

The Debtors or the Liquidating Trustee, as the case may be, are authorized to request an expedited determination under section 505(b) of the Bankruptcy Code of the tax liability of the Debtors for all taxable periods ending after the Petition Date through and including the Effective Date.

N. Substantial Consummation.

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

O. Employment and Payment of Liquidating Trustee's Professionals after Effective Date.

The Liquidating Trustee may employ and pay professional advisors, including any Professionals retained in the Chapter 11 Cases, with respect to services to be rendered after the Effective Date (and after the Confirmation Date to the extent provided in Section V.D), including services in connection with the implementation and consummation of the Plan, without further order of the Bankruptcy Court.

Exhibit B

Scheme of Arrangement

**IN THE SUPREME COURT OF BERMUDA
COMPANIES (WINDING-UP)
2002: NO. 464**

**IN THE MATTER OF ASIA GLOBAL CROSSING LTD.-IN PROVISIONAL LIQUIDATION
AND IN THE MATTER OF THE COMPANIES ACT 1981**

**SCHEME OF ARRANGEMENT
(under Section 99 of the
Companies Act 1981)**

between

ASIA GLOBAL CROSSING LTD.-IN PROVISIONAL LIQUIDATION

and its

**SCHEME CREDITORS
(as defined in the Scheme)**

CONTENTS

Clause	Page
Part I: INTRODUCTION.....	1
1. DEFINITIONS AND INTERPRETATION.....	1
2. THE BERMUDA DEBTOR	1
3. THE CHAPTER 11 PLAN AND THE SCHEME.....	1
4. COORDINATION OF PLAN AND SCHEME	2
Part II: CLASSES AND TREATMENT OF CLAIMS	3
5. ONE CLASS OF SCHEME CLAIM	3
Part III: SCHEME CLAIM PROVISIONS	3
6. APPLICATION OF THE SCHEME.....	3
7. ASSETS AND DISTRIBUTIONS.....	3
7.1 Assets for Distribution.....	3
7.2 Allowed Scheme Claims	3
7.3 Mechanism for Distribution	3
8. EFFECT OF THE SCHEME.....	3
9. ESTABLISHMENT OF CLAIMS.....	4
9.1 Allowed Claims.....	4
9.2 Intercompany Claims	4
9.3 Preferential Claims	5
9.4 Currency of Payment.....	5
9.5 Set-off	5
9.6 Rights to Interest.....	5
10. PROCEDURES FOR TREATING AND RESOLVING DISPUTED CLAIMS	5
11. CONDITIONS TO EFFECTIVE DATE FOR the SCHEME.....	5
12. MODIFICATIONS TO THE SCHEME.....	5
13. POWERS, DUTIES AND OBLIGATIONS OF THE JOINT PROVISIONAL LIQUIDATORS	6
14. MISCELLANEOUS.....	6
14.1 Assignments	6
14.2 Limitation of Liability	6
14.3 Personal liability of the Joint Provisional Liquidators and Liability of the Liquidating Trustee	6
14.4 Severability.....	7
14.5 Notices	7
15. GOVERNING LAW AND JURISDICTION.....	7
16. DISSOLUTION OF BERMUDA DEBTOR.....	7
Annexure	
1. DEFINITIONS.....	9

PART I: INTRODUCTION

1. DEFINITIONS AND INTERPRETATION

- 1.1 In the Scheme, unless the context otherwise requires, the expressions defined in the Annexure shall have the meanings specified therein.
- 1.2 Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of the Scheme.
- 1.3 In the Scheme, unless the context otherwise requires:
 - (a) references to parts and clauses are to be construed as references to the parts and clauses of the Scheme and references to the Annexure is to be construed as references to the Annexure to the Scheme unless otherwise stated;
 - (b) references to (or to any provision of) the Scheme shall be construed as references to the Scheme or that provision as in force for the time being and as amended in accordance with its terms;
 - (c) words importing the plural shall include the singular and vice versa and the masculine, feminine or neuter gender shall each include the other genders;
 - (d) references to a person shall be construed as including references to an individual, firm, company, corporation, unincorporated body of persons or any State or any agency thereof; and
 - (e) references to any enactment or statutory instrument shall be to such enactment or statutory instrument as amended and in force on the date of this document.
- 1.4 In the event of a conflict or inconsistency between the terms of the Scheme and the terms of the Plan, the terms of the Plan shall prevail.

2. THE BERMUDA DEBTOR

Asia Global Crossing Ltd. The Bermuda Debtor was incorporated on 24th September 1999 as an Exempted Company in Bermuda pursuant to the Companies Act 1981. The authorized share capital of the Petitioner is \$25,200,000.00 divided into 1,200,000,000 Class A Shares of US\$0.01 each, 1,200,000,000 Class B Shares of par value US\$0.01 each, and 120,000,000 Preferred Shares. All of the Class A and Class B Shares are issued and outstanding. None of the Preferred Shares have been issued. Global Crossing Ltd., a Bermuda exempted company now in provisional liquidation, is the registered holder of approximately 59% of the Petitioner's shares. Microsoft Corporation and Softbank Corp. is each the registered holder of approximately 15% of the Petitioner's shares, with the remaining approximately 11% of the Petitioner's shares being publicly held. The Bermuda Debtor was formed to carry on the business of developing and operating a global telecommunications system.

3. THE CHAPTER 11 PLAN AND THE SCHEME

- 3.1 The Bermuda Debtor filed a voluntary petition for reorganisation in the US under chapter 11 of the US Bankruptcy Code on 17 November 2002 (such date in respect of the Bermuda Debtor

referred to as the **US Filing Date**). The non-Bermuda affiliate of the Bermuda Debtor, Asia Global Crossing Development Co. (together with the Bermuda Debtor, the **Debtors**), also filed a voluntary petition for reorganisation in the US under chapter 11 of the US Bankruptcy Code on the same date.

- 3.2 The Bermuda Debtor presented a winding up petition in respect of itself in the Bermuda Court on 18 November 2002 (such date in respect of the Bermuda Debtor referred to as the **Bermuda Filing Date**). The Bermuda Court made a Provisional Liquidation Order on 21 November 2002 appointing Mr. Mark W.R. Smith of Deloitte & Touche in Bermuda and Mr. Jamie Smith of Deloitte & Touche in England as Joint Provisional Liquidators in respect of the Bermuda Debtor on terms that allowed the directors to continue in office, subject to the oversight of the Joint Provisional Liquidators in accordance with the terms of the Provisional Liquidation Order.
- 3.3 The Debtors have decided, after taking advice from their professional advisers, that, to facilitate a reorganisation of the Debtors, there should be a joint liquidating plan of reorganisation in the US. The Plan proposed by the Debtors aims to transfer their assets to a Liquidating Trust to be administered by the Liquidating Trustee. The Liquidating Trustee will administer the Debtors' liquidation after the Effective Date of the Plan, in accordance with the Plan and the provisions of a Liquidating Trust Agreement. The Liquidating Trustee will also be charged with distributing the net proceeds received by the Debtors from the Sale and Purchase Agreement, together with such other assets which may be available for distribution. On the Effective Date (as defined in the Plan), or as soon thereafter as is practicable, the Liquidating Trustee shall effect the liquidation and dissolution of the Debtors under Bermuda and Delaware law respectively, subject to the Scheme and the Plan. Under chapter 11 of the US Bankruptcy Code, if the Plan satisfies certain legal requirements, is approved by the US Court and all conditions precedent to the effectiveness of the Plan are met or waived, it will become binding on the Creditors and each of the Debtors.
- 3.4 The Joint Provisional Liquidators have formed the view after taking advice from their professional advisers, and in conjunction with the Bermuda Debtors and their professional advisers, that the best course of action in Bermuda is further to facilitate the liquidation of the Bermuda Debtor under chapter 11 of the US Bankruptcy Code by promoting a scheme of arrangement under Section 99 of the Companies Act. The purpose of the Scheme is to facilitate the liquidation of the Bermuda Debtor in accordance with the Plan and its dissolution in accordance with Bermuda law. Accordingly, the Joint Provisional Liquidators propose this Scheme in respect of the Bermuda Debtor.

4. COORDINATION OF PLAN AND SCHEME

- 4.1 Coordination between the Scheme and the Plan is essential to minimise any discrepancies between the two reorganisation processes. The terms of the Plan, insofar as they are relevant to the Bermuda Debtor, are hereby incorporated *mutatis mutandis* into the Scheme and upon the Scheme becoming effective all Scheme Creditors will be bound by the provisions of the Plan, as a matter of Bermuda law.
- 4.2 Scheme Creditors who have claimed in the Plan in accordance with the procedure put in place by the US Court will be deemed also to have claimed in the Scheme of the Bermuda Debtor against which their Claim in the Plan was made. Such Scheme Creditors are not required to submit a separate Bermuda Proof of Claim to the Joint Provisional Liquidators to register their claim in such Scheme. Scheme Creditors who have claimed only in a Scheme will not, by claiming in a

Scheme, be deemed to have claimed in the Plan. Full details about the submission of claims in the Scheme can be found in the Bermuda Notices to Creditors and the explanatory letters.

4.3 Scheme Creditors who have claimed or who are deemed to have claimed in both the Scheme and the Plan may vote in both the Scheme and the Plan. Each such Scheme Creditor will have a vote in the Plan and a separate vote in the Scheme. Scheme Creditors who have claimed or are deemed to have claimed in relation to the same Claim in the Scheme and in the Plan will only receive a single Distribution in respect of such Claim, if such Claim is Allowed. Scheme Creditors who have claimed only in the Scheme, but not in the Plan, will not be prejudiced as a result and will receive a single Distribution in the same way as all other such Claims made in the Plan, if their Claim is Allowed.

4.4 The Scheme is conditional on the Effective Date of the Plan being reached.

PART II: CLASSES AND TREATMENT OF CLAIMS

5. ONE CLASS OF SCHEME CLAIM

Designation of Class. Scheme Creditors all belong to the class of General Unsecured Claims which includes Bondholder Claims.

PART III: SCHEME CLAIM PROVISIONS

6. APPLICATION OF THE SCHEME

The Scheme applies to the Scheme Liabilities of the Bermuda Debtor.

7. ASSETS AND DISTRIBUTIONS

7.1 Assets for Distribution

The assets to be distributed to the creditors holding Claims that are Allowed against the Bermuda Debtor are those assets which are to be distributed under the Plan and are described in Clause 14.2 of the Explanatory Statement.

7.2 Allowed Scheme Claims

The holder of an Allowed Scheme Claim shall be the holder of an Allowed Claim under the Plan and shall be entitled to receive a Distribution in accordance with the terms of the Plan.

7.3 Mechanism for Distribution

Distributions in respect of Allowed Claims shall be made in accordance with the Plan.

8. EFFECT OF THE SCHEME

Moratorium and Release. Except as provided for in the Scheme or the Plan:

8.1 no Scheme Creditor shall be entitled to take or continue any action, step or proceeding against any of the Bermuda Debtors or any Assets (whether by way of demand, legal proceedings,

execution of judgment or otherwise howsoever without limitation) in any jurisdiction whatsoever except in the US Court for the purpose of obtaining a Distribution or otherwise as permitted by the US Court; and

- 8.2 payment to a Scheme Creditor of his Distribution under the Scheme or the Plan shall discharge the corresponding Scheme Liability in full and thereupon none of the Bermuda Debtors shall have any further liability in respect thereof.

9. ESTABLISHMENT OF CLAIMS

9.1 Allowed Claims.

Claims will rank for Distribution purposes to the extent that they are **Allowed**

- (a) A Claim which is not also a Scheme Claim will be Allowed if allowed under the terms of the Plan.
- (b) A Scheme Claim will be Allowed where:
- (i) a Bermuda Proof of Claim signed by the Creditor or by a person authorised on his behalf, has been lodged with the Joint Provisional Liquidators:
- (A) on or before the Claims Date; or
- (B) after the Claims Date, but in any event on or before the Effective Date, if, the Joint Provisional Liquidators or the Bermuda Court determine that his failure to do so on or before the Claims Date did not result from wilful default or lack of reasonable diligence; and
- (ii) no objection to allowance has been served and filed by the Liquidating Trust on or before the later of (i) 120 days after the Effective Date, or (ii) such later date as may be fixed by the US Court; or
- (iii) any objection has been determined by a Final Order in the US Court to the extent such objection is determined in favour of the respective holder; or
- (iv) upon the lifting of the automatic stay pursuant to Section 362 of the US Bankruptcy Code, the liability of the Bermuda Debtor, allowance and the amount thereof are determined by final order of a court of competent jurisdiction other than the US Court.

9.2 Intercompany Claims

The Bermuda Debtor shall procure that the Intercompany Claims will be treated in accordance with the Plan.

9.3 Preferential Claims

Any liabilities of the Bermuda Debtors which are Preferential Claims will be paid in full by the Debtors in accordance with the terms of the Plan and therefore will not be covered by the Scheme.

9.4 Currency of Payment

All Scheme Claims submitted in a currency other than US dollars will be converted into US dollars at the rate prevailing in New York on the US Filing Date as published by The Wall Street Journal.

9.5 Set-off

The rights of set-off under Section 553 of the US Bankruptcy Code shall apply to the Scheme with effect from the US Filing Date.

9.6 Rights to Interest

The amount of each Scheme Liability shall not include interest accruing after the US Filing Date.

10. PROCEDURES FOR TREATING AND RESOLVING DISPUTED CLAIMS

Subject to Clause 9 above all Claims which are disputed will be dealt with by the Liquidating Trustee in accordance with Article VIII of the Plan.

11. CONDITIONS TO EFFECTIVE DATE FOR THE SCHEME

Subject to Clause 4.4, the Scheme shall become effective as soon as:

- 11.1 a copy of the Order of the Bermuda Court sanctioning the Scheme shall have been delivered for registration to the Registrar of Companies in Bermuda as required by Section 99(3) of the Companies Act; and
- 11.2 all conditions to the effectiveness of the Plan have been satisfied or waived.

12. MODIFICATIONS TO THE SCHEME

- 12.1 Subject to the provisions of the Scheme, the Bermuda Debtor acting by the Joint Provisional Liquidators may, at any hearing of the Bermuda Court to sanction the Scheme, consent on behalf of all of its Scheme Creditors to any modification of the Scheme or any terms or conditions which the Bermuda Court may think fit to approve or impose, in either case which does not materially alter the effect of such Scheme.
- 12.2 If they consider it is expedient to do so and it is in the best interests of the Scheme Creditors, the Joint Provisional Liquidators may at any time prior to the Effective Date and the Liquidating Trustee may at any time on or after the Effective Date, and without reference to the Scheme Creditors, apply to the Bermuda Court for the purpose of modifying the provisions of the Scheme (provided such modifications do not materially alter the effect of the Scheme) or obtaining directions on how to deal with any matters or disputes arising in respect of the Scheme. If such

modifications are approved or such directions are given by the Bermuda Court, they shall be binding on the Scheme Creditors and the Scheme shall be modified accordingly.

13. POWERS, DUTIES AND OBLIGATIONS OF THE JOINT PROVISIONAL LIQUIDATORS

Until discharged from office by the Bermuda Court, the Joint Provisional Liquidators shall have the powers, duties and functions conferred upon them by the Provisional Liquidation Order appointing them subject the Scheme and the Plan.

14. MISCELLANEOUS

14.1 Assignments

The rights of the Scheme Creditors under the Scheme shall be assignable, but (i) the assignment shall be subject to any existing rights of set-off, and (ii) the Bermuda Debtor shall not be bound by any assignment unless and until notice in writing is given to such Bermuda Debtor.

14.2 Limitation of Liability

Notwithstanding anything herein to the contrary, as of the Effective Date, none of (i) except with respect to Liquidating Trust Claims, the Debtors and the Debtors' present and former officers, directors and employees, (ii) the Committee and any subcommittee thereof, (iii) the Joint Provisional Liquidators, (iv) the Liquidating Trustee, or (v) the accountants, financial advisors, investment bankers, and attorneys for the Debtors, and (vi) the directors, officers, partners, members, agents, representatives, accountants, financial advisors, investment bankers, attorneys, or employees for any of the persons or entities described in (ii) through (iv) of this Clause 14.2 shall have or incur any liability for any claim, cause of action or other assertion of liability for any act taken or omitted to be taken since the Debtors' respective Petition Dates in connection with, or arising out of, the Chapter 11 Proceedings, the provisional liquidation of the Bermuda Debtor, the confirmation, consummation, or administration of the Plan or the Scheme, or property to be distributed under the Plan or the Scheme, except for wilful misconduct or gross negligence.

14.3 Personal liability of the Joint Provisional Liquidators and Liability of the Liquidating Trustee

(a) Without prejudice to the generality of Clause 14.2, the Bermuda Debtor and the Scheme Creditors hereby covenant separately not to sue, or otherwise bring any action against the Joint Provisional Liquidators for any matter arising out of or in connection with the preparation, adoption, implementation or conduct of the Scheme save in the event of wilful misconduct or gross negligence on the part of the Joint Provisional Liquidators. The benefit of this promise is held on trust by the Bermuda Debtor for the Joint Provisional Liquidators.

(b) Without prejudice to the generality of Clause 14.2, the Bermuda Debtor and the Scheme Creditors hereby covenant separately not to sue, or otherwise bring any action against the Liquidating Trustee for any matter arising out of or in connection with the preparation, adoption, implementation or conduct of the Scheme save in the event of wilful misconduct or gross negligence on the part of the Liquidating Trust. The benefit of this promise is held on trust by the Bermuda Debtors for the Liquidating Trustee.

- (c) Without prejudice to the generality of Clause 14.2 herein, the provisions of the Plan set forth in Section V.F.4 thereof relating to indemnification of the Liquidating Trustee, and the provisions of the Plan set forth in Section X.B thereof relating to the release by the Bermuda Debtor of various entities and representatives are expressly incorporated into the Scheme.

14.4 Severability

If any provision of the Scheme is held to be invalid or unenforceable, then such provision shall (so far as invalid or unenforceable) be given no effect and shall be deemed not to be included in the Scheme but without invalidating any of the remaining provisions of the Scheme; except that if the provision of the Scheme which is found to be invalid or unenforceable is material to the performance of the obligations under that Scheme or the Plan then the consent of the Committee and the Bermuda Debtor must be obtained in order for this clause to have effect.

14.5 Notices

All notices and other communications provided for herein shall be in writing and posted, faxed or delivered to the applicable party at its address, or if so directed by the Bermuda Court, by advertisement.

15. GOVERNING LAW AND JURISDICTION

Except as otherwise provided herein and in the Plan, the Scheme shall be governed by and construed in accordance with the laws of Bermuda and the Scheme Creditors hereby agree that the Bermuda Court shall have exclusive jurisdiction to hear and determine any suit, action, or proceeding and to settle any dispute which may arise out of any provision of the Scheme or any related documents, or out of any action taken or omitted to be taken under the Scheme or in connection with the administration of the Scheme.

16. DISSOLUTION OF BERMUDA DEBTOR

- 16.1 As soon as reasonably practicable after the Effective Date, the Liquidating Trustee shall cause the Bermuda Debtor to seek a winding-up order on its petition before the Bermuda Court.
- 16.2 The Joint Provisional Liquidators shall, as soon as reasonably practicable after Bermuda Court has made a winding-up order in respect of the Bermuda Debtor and without the need to convene a further meeting of creditors to ascertain the wishes of Scheme Creditors in this regard, apply to the Bermuda Court for their appointment as permanent liquidators serving without a committee of inspection.
- 16.3 Unless otherwise directed by a majority in number representing three-quarters in value of the Bermuda Debtor's shareholders, the Joint Provisional Liquidators shall convene and hold a meeting of the Bermuda Debtor's shareholders pursuant to the Companies Act 1981 and the related provisions of the Companies (Winding-Up) Rules 1982 to determine the shareholders' wishes as to the identity of the permanent liquidator(s) and the need for a committee of inspection.
- 16.4 In the event of any difference between the wishes of the creditors and the shareholders in respect of the matters set out in paragraphs 16.2 and 16.3 hereof, the Joint Provisional Liquidators shall

use their best endeavours to ensure that the Bermuda Court gives effect to the wishes of Scheme Creditors as set out in this paragraph 16.

- 16.5 The Joint Provisional Liquidators shall prepare an application for the dissolution of the Bermuda Debtor under section 200 of the Companies Act 1981 and for their own release under section 178 of the Companies Act 1981, using their best endeavours to ensure that the applications referred to in this paragraph 16.5 are listed for hearing before the Bermuda Court immediately following the application described in paragraph 16.2.
- 16.6 The Joint Provisional Liquidators shall not be required to furnish to Scheme Creditors any of the statutory accounts, information or notices ordinarily prescribed for applications under section 178 and 200 of the Companies Act 1981.

Dated May 1, 2003

ANNEX

DEFINITIONS

In the Scheme, unless the context otherwise requires, the following expressions shall bear the following meanings:

Administrative Claim has the same meaning as in the Plan;

Agent has the same meaning as in the Plan;

Allowed has the meaning given to it in Clause 7.1 in respect of Scheme Claims and the meaning given to it in the Plan in respect of Claims which are not Scheme Claims;

Allowed Administrative Claim means an Administrative Claim which is Allowed;

Allowed Claim means any Claim that is Allowed;

Allowed Other Priority Claim means an Other Priority Claim which is Allowed;

Allowed Priority Tax Claim means a Priority Tax Claim which is Allowed;

Allowed Scheme Claim means any Scheme Claim that is Allowed;

Assets means all of the assets of each Bermuda Debtor in any part of the world, whether tangible or intangible and whether present or future, specifically including any choses of action whatsoever;

Bermuda Court has the same meaning as in the Plan;

Bermuda Debtor means Asia Global Crossing Ltd.;

Bermuda Filing Date has the meaning given to it in Clause 3.2;

Bermuda Proof of Claim means a claim in writing submitted to the Joint Provisional Liquidators;

Business Day means any day which (a) is not a Saturday or Sunday or designated by the laws of Bermuda to be a public holiday and (b) is a business day under the terms of the Plan;

Bye-Laws has the same meaning as in the Plan;

Cash has the same meaning as in the Plan;

Chapter 11 Proceedings means the cases filed by each of the Debtors on the US Filing Date under chapter 11 of the US Bankruptcy Code;

Claim means a claim by a person in respect of a liability of any the Bermuda Debtor;

Claims Date means 28 February 2002;

Class means any Claim or group of Claims designated in the Scheme to form a class for the purposes of Section 99 of the Companies Act;

Committee has the same meaning as in the Plan;

Companies Act means the Companies Act 1981 of Bermuda;

Confirmation Order has the same meaning as in the Plan;

Creditors means one or more creditors of the Bermuda Debtor;

Disclosure Statement means the Disclosure Statement with Respect to the Joint Liquidating Chapter 11 Plan of Reorganization of Asia Global Crossing Ltd. and Asia Global Crossing Development Co. dated May 1, 2003, as it may be amended, modified or supplemented from time to time;

Debtors has the meaning given to it in Clause 3.1;

Distribution means any distribution of shares or other property under the Scheme and/or under the Plan;

Effective Date means, in respect of the Scheme, the first Business Day on which all of the conditions to the effectiveness of the Scheme as set forth in Clause 11 have been fulfilled, and in respect of the Plan has the same meaning as in the Plan;

Explanatory Statement means the explanatory memorandum prepared in connection with and relating to the Scheme;

General Unsecured Claim means any Claim (other than a Claim which is the Milligan-Whyte Secured Claim, an Administrative Claim, an Intercompany Claim, an Other Priority Claim or a Priority Tax Claim under the Plan) held by a Creditor against the Bermuda Debtor which would be provable as an unsecured claim against the Bermuda Debtor if it had been placed in compulsory liquidation on the Bermuda Filing Date and comprises a Claim which fall within AGCL Class 3 in the Plan;

Intercompany Claims has the same meaning as in the Plan;

Joint Provisional Liquidators means the persons from time to time serving as Joint Provisional Liquidators in the Provisional Liquidation of the Bermuda Debtor, who are currently Mr. Mark W.R. Smith of Deloitte & Touche in Bermuda and Mr. Jamie Smith of Deloitte & Touche in England, and includes any person or persons who may serve as permanent liquidator prior to the Bermuda Debtor's dissolution pursuant to the Scheme;

JPL Fee and Expense Claim Reserve has the same meaning as in the Plan;

Liquidating Trust has the same meaning as in the Plan;

Liquidating Trust Agreement has the same meaning as in the Plan;

Liquidating Trustee has the same meaning as in the Plan;

Milligan-Whyte Secured Claim has the same meaning as in the Plan;

Other Priority Claim has the same meaning as in the Plan;

Plan means the Joint Liquidating Chapter 11 Plan of Reorganization of Asia Global Crossing Ltd. and Asia Global Crossing Development Co., dated May 1, 2003, as it may be amended, modified or supplemented from time to time, annexed as an exhibit to the Disclosure Statement.

Preferential Claims means claims which would have been preferential under Section 236 of the Companies Act and/or Section 33 of the Employment Act 2000, had each of the Bermuda Debtors been in liquidation from the Bermuda Filing Date;

Priority Claim has the same meaning as in the Plan;

Priority Tax Claim has the same meaning as in the Plan;

Provisional Liquidation means the Provisional Liquidation of the Bermuda Debtor under the Provisional Liquidation Order;

Provisional Liquidation Order means the order of the Bermuda Court dated 21 November 2002, as amended by any subsequent order of the Bermuda Court, under which the Joint Provisional Liquidators were appointed Joint Provisional Liquidators of the Bermuda Debtor;

Sale and Purchase Agreement means the agreement entered into between the Bermuda Debtor and Asia Netcom Corporation Limited on 17 November 2002 and approved by order of the US Court dated January 29, 2003;

Scheme means the scheme of arrangement between the Bermuda Debtor and its Scheme Creditors with such modifications as the Bermuda Court may approve or impose;

Scheme Claim means any Claim which has been submitted in the Scheme only, and which has not been filed or has not been deemed by order of the US Court dated January 6, 2003 to have been filed in the Plan;

Scheme Creditor means a person to whom a Scheme Liability is due;

Scheme Liability means any liability of the Bermuda Debtor which is a General Unsecured Claim;

US means the United States of America;

US Bankruptcy Code means title 11 of the United States Code, 11 U.S.C. Sections 101 et seq., as in force as at the Effective Date, to the extent applicable in the Chapter 11 Proceedings;

US Court means the United States Bankruptcy Court for the Southern District of New York (or such other court with authority over the Chapter 11 Proceedings) and, with respect to any particular proceeding within the Chapter 11 Proceedings, any other United States court which may be exercising jurisdiction over such proceeding; and

US Filing Date has the meaning given to it in Clause 3.1.

Exhibit C

Explanatory Statement

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO ANY ASPECT OF THESE PROPOSALS OR AS TO THE ACTION YOU SHOULD TAKE YOU SHOULD CONSULT YOUR LEGAL OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

EXPLANATORY STATEMENT

**IN THE MATTER OF ASIA GLOBAL CROSSING LTD.
(in Provisional Liquidation)**

DATED MAY 1, 2003

Proposal for

CREDITORS SCHEME OF ARRANGEMENT

(under section 99 of the Companies Act 1981 of Bermuda)

A NOTICE OF MEETING OF THE CREDITORS OF THE COMPANY TO CONSIDER THE CREDITORS SCHEME OF ARRANGEMENT IS ENCLOSED HEREWITH. THIS DOCUMENT HAS BEEN PREPARED IN CONNECTION WITH VOTING ON THE CREDITORS SCHEME OF ARRANGEMENT. NOTHING IN THE EXPLANATORY STATEMENT SHOULD BE RELIED ON FOR ANY OTHER PURPOSE INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH TRADING IN ANY DEBT OF ASIA GLOBAL CROSSING LTD., OR ITS SUBSIDIARIES OR IN CONNECTION WITH THE PURCHASE OF ANY ASSET OR BUSINESS OF ASIA GLOBAL CROSSING LTD., OR ITS SUBSIDIARIES. CREDITORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DOCUMENT AS LEGAL, TAX OR FINANCIAL ADVICE. EACH CREDITOR SHOULD CONSULT HIS OWN PROFESSIONAL ADVISERS AS TO THE LEGAL, TAX, FINANCIAL OR OTHER MATTERS RELEVANT TO THE ACTION HE SHOULD TAKE IN CONNECTION WITH THE SCHEME.

CONTENTS

Clause	Page
Part I. INTRODUCTION.....	1
1 Definitions and Interpretation.....	1
2 Important Notice to Scheme Creditors.....	1
3 Executive Summary.....	1
4 The Joint Provisional Liquidators and their Advisers.....	3
4.1 The Joint Provisional Liquidators.....	3
4.2 Advisers to the Joint Provisional Liquidators.....	3
4.3 Key Dates and Expected Timetable.....	3
Part II: BACKGROUND TO THE SCHEME OF ARRANGEMENT.....	4
5 What is a Scheme of Arrangement and Plan of Reorganization?.....	4
6 What is Proposed?.....	4
7 Which Creditors are Affected?.....	4
7.1 Creditors of Bermuda Debtor.....	4
7.2 Excluded Claims.....	5
7.3 Treatment of Claims.....	5
7.4 Voting on the Scheme.....	5
7.5 Eligibility.....	5
7.6 Assessment of Claim for Voting Purposes.....	5
7.7 Security and Set-off Rights.....	6
7.8 Voting Assessment Non-Binding.....	6
7.9 Notice of Creditors Meeting.....	6
7.10 Ballot/Proxy Form.....	6
7.11 Proxy Return.....	6
7.12 Special procedure for Senior Note Claims.....	7
7.13 Attending Creditors Meeting in Person.....	8
7.14 Record Date for Creditors.....	8
7.15 Corporate Representatives.....	8
7.16 Court approval and filing with the Registrar of Companies of Bermuda.....	9
7.17 Conditions Precedent to Scheme.....	9
7.18 Timing.....	9
7.19 Documents Available for Inspection.....	9
Part III. BACKGROUND TO THE BERMUDA DEBTOR AND EVENTS SINCE THE PROVISIONAL LIQUIDATION ORDER.....	10
8 Background to the Bermuda Debtor.....	10
9 The Bermuda Debtor Overview.....	10
9.1 The Asia Global Crossing Group.....	10
9.2 The Business of the Asia Global Crossing Group.....	10
9.3 The Asia Global Crossing Network.....	10
9.4 Disclosure Statement.....	11
9.5 Financial information on the Bermuda Debtor.....	11
9.6 Steps taken by the Joint Provisional Liquidators.....	11
9.7 Co-ordination of Bermudian and US Proceedings.....	11
9.8 Oversight Role.....	11

9.9	Significant developments since appointment of the Joint Provisional Liquidators.....	12
10	Bar Date	12
11	The Joint Provisional Liquidators' Recommendation	12
Part IV:SUMMARY OF THE MAIN PROVISIONS OF THE SCHEME AND THE PLAN.....		12
12	Scheme of Arrangement.....	12
12.1	Purpose of the Scheme.....	12
12.2	Establishment of Scheme Claims for Distribution Purposes.....	13
12.3	Single Distribution.	14
12.4	Disputed Claims.....	14
12.5	Venue.....	14
12.6	Scheme Claims.....	14
12.7	Costs.	14
12.8	Preferential Claims.	14
12.9	Secured Creditors.	14
12.10	Set off.....	14
12.11	Interest.	15
12.12	Release.....	15
12.13	Distributions Mechanism.	15
12.14	Modifications to the Scheme.....	15
13	Plan of Reorganization.....	15
13.1	Summary.	15
13.2	Classification and Treatment of Claims and Interests.....	15
13.3	Means of Implementation.....	17
13.4	Settlement of Claims.	17
14	The Liquidating Trust	17
14.1	Summary.	17
14.2	Making Distributions.	18
14.3	Resolving Disputed Prepetition Claims and Other Actions.	18
14.4	Prosecution of Causes of Action.	18
14.5	Mechanics.....	18
14.6	Conditions to the Effective Date.....	18
14.7	Modification of the Plan; Revocation or Withdrawal of the Plan.....	18
14.8	Retention of Jurisdiction.	18
Part V: COMPARISON OF THE SCHEME PROPOSALS WITH BERMUDIAN AND US INSOLVENCY PROCEDURES.....		19
15	Principles of the Scheme and Plan.....	19
15.1	The Basic Principles.....	19
15.2	Timing Differences.....	19
15.3	Barring of Creditors' Claims.	20
15.4	Effective Date injunction.	20
15.5	Dissolution of Bermuda Debtor and release of the Joint Provisional Liquidators.....	20

Annexures

1.	DEFINITIONS.....	21
2.	NOTICE CONVENING CREDITORS MEETING	24

PART I. INTRODUCTION

1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Explanatory Statement, unless the context otherwise requires, the expressions defined in Annexure 1 to this Explanatory Statement have the meanings defined therein. Capitalised terms which do not appear in Annexure 1 are defined in the Scheme, the Plan or the Disclosure Statement.

2 IMPORTANT NOTICE TO SCHEME CREDITORS

- 2.1 This Explanatory Statement has been prepared in connection with proposed Scheme of Arrangement pursuant to Section 99 of the Companies Act between the Bermuda Debtor and its Creditors.
- 2.2 The information contained in this Explanatory Statement has been prepared by Mark W.R. Smith and Jamie Smith in their capacity as Joint Provisional Liquidators of the Bermuda Debtor. In preparing the Scheme, the Joint Provisional Liquidators have relied upon information obtained from the Bermuda Debtor's records and although the Joint Provisional Liquidators have no reason to doubt the accuracy of that information, they are unable to warrant and represent that it, or any information prepared by a third party, is accurate.
- 2.3 Unless otherwise indicated, the statements contained in the Explanatory Statement are made as at 1 May 2003 and reflect the circumstances existing and the information of which the Joint Provisional Liquidators were aware at that time.
- 2.4 Nothing in the Explanatory Statement shall constitute any admission of fact or liability on the part of the Bermuda Debtor with respect to any asset to which it may be entitled or any claim against it. The Joint Provisional Liquidators have not authorised any person to make any representations concerning the Scheme which are inconsistent with the statements contained herein, and if such representations are made, they may not be relied upon as having been so authorised.
- 2.5 The Joint Provisional Liquidators are not responsible for any statement of opinion or fact contained in this document.
- 2.6 None of the contents of the Scheme or the Explanatory Statement is intended to constitute advice given to Creditors. Creditors should take their own advice from professional advisers before taking any action in connection with the Scheme.

3 EXECUTIVE SUMMARY

- 3.1 The Bermuda Debtor is insolvent, taking into account its actual and contingent liabilities. The Bermuda Debtor has filed a voluntary petition in the US Court for relief under chapter 11 of the US Bankruptcy Code.
- 3.2 The Bermuda Debtor has also presented a winding up petition in Bermuda, and Mark W.R. Smith and Jamie Smith have been appointed as Joint Provisional Liquidators of the Bermuda Debtor. The Bermuda Debtor is accordingly the subject of formal insolvency proceedings both in Bermuda and in the United States.

- 3.3 The US Proceedings were commenced for the purpose of reorganising and restructuring the affairs of the Bermuda Debtor through the negotiation and approval of a plan of reorganisation pursuant to chapter 11 of the US Bankruptcy Code while at the same time protecting the assets of the Bermuda Debtor.
- 3.4 The Bermuda Proceedings were commenced because Bermuda is the country of incorporation of the Bermuda Debtor and to facilitate a co-ordinated reorganisation of the Bermuda Debtor. It was believed that, pursuant to applicable principles of private international law, for any reorganisation of the Bermuda Debtor to be successful, both the Bermuda Proceedings and the Chapter 11 Proceedings would need to be implemented.
- 3.5 The Joint Provisional Liquidators, the Bermuda Debtor, as seller, and Asia Netcom Corporation Limited, as buyer, entered into a Sale and Asset Purchase Agreement, dated as of 17 November 2002, which provided for the sale, free and clear of liens, claims and encumbrances and subject to higher or better offer, of substantially all of the Bermuda Debtor's assets. The sale was approved by order of the US Court dated 29 January 2003, and it now remains for the proceeds of sale (as well as the proceeds of the remaining non-cash assets of the Bermuda Debtor) to be distributed to the creditors of the Bermuda Debtor entitled to priority under the US Bankruptcy Code and for the remainder of such proceeds to be distributed on a pari passu, or rateable, basis to the creditors of the Bermuda Debtor.
- 3.6 Co-ordination of the Scheme with the Plan is crucial in order to ensure that there are minimal differences between the Bermuda Proceedings and the Chapter 11 Proceedings. Without co-ordination, there would be no assurance that comparable creditors would be treated in a similar manner. Failure to co-ordinate the Bermuda Proceedings and the Chapter 11 Proceedings would increase the complexity and cost of any reorganisation, and delay and reduce distributions to Creditors under the Plan and the Scheme.
- 3.7 The purpose of the Explanatory Statement is:
- (a) to provide background information in relation to the Bermuda Debtor and its recent history;
 - (b) to explain the advantages and disadvantages of the proposed Scheme, the relationship between the Scheme and the Plan, and the consequences of the other courses of action which are available to the Bermuda Debtor; and
 - (c) summarise the more significant provisions of the Scheme and the Plan;
- in order to allow Creditors to reach an informed decision on whether to vote in favour of the Scheme at the forthcoming Creditors Meeting.
- 3.8 Points (a) and (b) are dealt with in the General Background section at Parts II and III.
- 3.9 Point (c) is dealt with in the Summary of Main Provisions of the Scheme at Part IV. This summary is a guide, and should not be relied on in place of reading the provisions of the Scheme and the Plan themselves.

Accompanying this document is the Plan and, also a Disclosure Statement that has been approved by the US Court. The Disclosure Statement explains in detail how the Scheme and the Plan will work and provides a great deal of information about the Bermuda Debtor and its business. They

should be read in conjunction with this Explanatory Statement. In the event of any inconsistency between the terms of the Plan, the Disclosure Statement, the Scheme and the Explanatory Statement, the terms of the Plan will prevail. All Distributions shall be made under the Plan.

4 THE JOINT PROVISIONAL LIQUIDATORS AND THEIR ADVISERS

4.1 The Joint Provisional Liquidators

Mr. Mark Smith
 Deloitte & Touche
 Corner House
 Church and Parliament Streets
 Hamilton, HM12 Bermuda

Mr. Jamie Smith
 Deloitte & Touche
 180 Strand
 London WC2 1WL
 United Kingdom

4.2 Advisers to the Joint Provisional Liquidators

Juris Law Chambers
 15 Parliament Street
 Hamilton HM12, Bermuda

Allen & Overy
 1221 Avenue of the Americas
 New York, NY 10020
 USA

Herbert Smith
 Exchange House
 2 Primrose Street
 London EC2A 5HS
 United Kingdom

4.3 Key Dates and Expected Timetable

Forms of Proxy for use at the Court Meeting of Creditors to be returned by	July 21, 2003, by 4:00 p.m., prevailing Eastern time
Court Meeting of Creditors	[DATE] 2003
Court hearing of the Petition to sanction the Scheme *	25 July 2003
Earliest Effective Date of the Scheme #	31 July 2003

*The date of the Court hearing of the Petitions to sanction the Scheme has not yet been settled, though it is expected to take place on the date indicated or one business day after the Confirmation Hearing. If this date changes, the Effective Date and other dates following the Effective Date set out above will be affected.

#It is expected that the Effective Date of the Scheme will be on or after 31 July 2003 but no later than 29 August 2003.

Except for the first date, the dates indicated above are provisional and subject to revision.

Part II: BACKGROUND TO THE SCHEME OF ARRANGEMENT

5 WHAT IS A SCHEME OF ARRANGEMENT AND PLAN OF REORGANIZATION?

5.1 A scheme of arrangement is a compromise or arrangement between a company and some or all of its creditors governed by Section 99 of the Companies Act. A scheme becomes binding on creditors when:

- (a) a majority in number of those creditors voting, representing three-quarters in value of those voting in each class of creditors, vote in person or by proxy in favour of the scheme at a specially convened meeting; and
- (b) the Bermuda Court subsequently makes an order sanctioning the scheme; and
- (c) a copy of that order is delivered to the Registrar for registration.

5.2 A plan of reorganization is a procedure under chapter 11 of the US Bankruptcy Code enabling a Bermuda Debtor company, in certain circumstances, to reach a legally binding compromise with its creditors, and which is filed with the US Court. If it satisfies certain legal requirements, is accepted by a majority in number and at least two-thirds in amount of the creditors who vote, and is approved by the US Court, it will become binding on the company and the creditors.

6 WHAT IS PROPOSED?

It is proposed to distribute the net proceeds of sale received by the Bermuda Debtor under the Sale Agreement (as well as the net proceeds of the remaining non-cash assets of the Bermuda Debtor) to the Bermuda Debtor’s creditors on a rateable basis, following distribution of such proceeds to the Bermuda Debtor’s creditors who are entitled to priority under the US Bankruptcy Code. The distribution will be effected by the Liquidating Trustee on behalf of the Liquidating Trust to which the Bermuda Debtor’s assets will be transferred on the Effective Date of the Plan. As there will no longer any rationale for the Bermuda Debtor’s continued existence after the Effective Date of the Plan, the Bermuda Debtor will be wound up and dissolved under Bermuda law as soon as is practicable after the Effective Date.

7 WHICH CREDITORS ARE AFFECTED?

7.1 Creditors of Bermuda Debtor.

The Scheme will apply to certain Creditors of the Bermuda Debtor. Essentially, these are General Unsecured Claims (including the holders of Senior Note Claims) who would be entitled

to claim in a liquidation of the Bermuda Debtor in Bermuda or who are entitled to claim under the Chapter 11 Proceedings.

7.2 Excluded Claims.

The Scheme will not affect or apply to the claims of those Creditors who have Priority Tax Claims, Administrative Claims, or Other Priority Claims. It will also not affect the Milligan-Whyte Secured Claim in the US or, to the extent that they have a security interest, certain rights of set-off or Preferential Claims in Bermuda. Nor will the Scheme affect Creditors' post-petition claims in the Provisional Liquidation or under the Chapter 11 Proceedings. All such claims will be paid in accordance with the Plan and the holders of such claims will not be entitled to vote on the Scheme in respect thereof.

7.3 Treatment of Claims.

Creditors who have an Allowed Claim in the Chapter 11 Proceedings will be deemed to have claimed in the Scheme also, and therefore will not be required to submit a separate claim in the Scheme. Creditors who have claimed only in the Scheme will not be deemed to have claimed in the Chapter 11 Proceedings. Creditors who have claimed or are deemed to have claimed in both the Scheme and the Chapter 11 Proceedings will be asked to vote in both the Scheme and on the Plan. Creditors with a Claim that is dealt with under the Scheme and in the Chapter 11 Proceedings will, however, receive only a single distribution in respect of such Claim. Creditors who claim only in the Scheme will not be prejudiced as a result.

7.4 Voting on the Scheme.

If you are a Scheme Creditor who is deemed to have claimed in the Scheme or who has in fact claimed in the Scheme, you will be entitled to attend and (provided your claim is allowed for voting purposes) vote at the Creditors Meeting to consider and, if thought fit, approve that Scheme provided your Scheme Claim has been allowed for voting purposes.

7.5 Eligibility.

A Scheme Claim can become allowed for voting purposes in any of the following ways:

- (a) If it is listed by the Bermuda Debtor in the schedules (as amended from time to time) of assets and liabilities required to be filed with the US Court in connection with the Chapter 11 Proceedings and it is neither contingent, unliquidated nor disputed.
- (b) If a Creditor has filed a Proof of Claim with on or before 28 February 2003 in accordance with the US Court order dated 6 January 2003 in respect of the Bermuda Debtor.
- (c) If a Creditor has lodged a Notice of Claim with the Joint Provisional Liquidators on or before 28 February 2003 in accordance with the Notice to creditors published in accordance with the Bermuda Court Order dated 23 January, 2003 for the Bermuda Debtor.

7.6 Assessment of Claim for Voting Purposes.

The Chairman of the Creditors Meeting may, for voting purposes only, reject a claim in whole or in part, if he considers that it does not constitute a fair and reasonable assessment of the sums

owed to the relevant Creditor by the Bermuda Debtor. The Chairman's decision is final and binding. He will, however, advise the creditor of his decision prior to the meeting, where possible, and, in any event, afterwards.

7.7 Security and Set-off Rights.

The value of a claim for voting purposes in a Scheme will be taken net of any applicable security or set-off rights. The value attributed to the Claim appears on the ballot/proxy form accompanying the document. If you do not agree with the value so stated, or if you wish to give a general proxy or vote only in a Scheme, you will need to contact the Joint Provisional Liquidators.

7.8 Voting Assessment Non-Binding.

The amount of a claim admitted for voting purposes by the Chairman of the Creditors Meeting does not constitute an admission of the existence or amount of any liability of the Bermuda Debtor and will not bind the Bermuda Debtor, the Joint Provisional Liquidators or Scheme Creditors.

7.9 Notice of Creditors Meeting.

A notice convening the Creditors Meeting is set out in Annexure 2 to this document. The meetings are scheduled to take place on [INSERT DATE] 2003 at Deloitte & Touche, Corner House, Church and Parliament Streets, Hamilton HM12, Bermuda, at the times set out in the Notice convening the Creditors Meeting. You may either attend a meeting in person or you may vote by proxy. The Joint Provisional Liquidators recommend that you vote in favour of the Scheme.

7.10 Ballot/Proxy Form.

As discussed above, enclosed with this document you will find a ballot/proxy form. By ticking one of the boxes either for or against the Scheme and the Plan, you will be voting in respect of the Plan and also appointing the Chairman of the meeting of the Scheme to vote on your behalf in respect of the Scheme. If your claim falls into:

- (a) the class of General Unsecured Claims, but is not also a Senior Note Claim, you should complete the "Ballot for Joint Liquidating Chapter 11 Plan of Reorganization and Scheme of Arrangement, and Proxy for Voting on Scheme of Arrangement - Ballot for: AGCL Class 3 (General Unsecured Claims) - Trade Claims";
- (b) the class of General Unsecured Claims, and is a Senior Note Claim, Clause 7.12 below applies.

7.11 Proxy Return.

You should complete the appropriate ballot/proxy form in accordance with the instructions given in the form and return it by mail, hand delivery or overnight courier to the Voting Agent at the following address if you do not intend to attend the Creditors Meeting: AlixPartners LLC, 2100 McKinney Avenue, Suite 800, Dallas, Texas 75201 (Attn: Ms. Latonya Callaway), telephone (214) 647-7650 as soon as possible and, in any event, by **July 21, 2003 at 4:00 p.m., prevailing Eastern time** . Forms of ballot/proxy will not be accepted by facsimile or telecopier

transmission. If you wish to attend the Creditors Meeting by proxy, you should also complete the appropriate form of general proxy and return it together with a completed ballot form by mail, hand delivery or overnight courier to the Joint Provisional Liquidators at the following address: Deloitte & Touche, Corner House, Church & Parliament Streets, Hamilton HM12, Bermuda, Attn: Mr. Mark W.R. Smith, telephone (441) 295-1500 as soon as possible and, in any event, by **July 21, 2003 at 4:00 p.m., prevailing Eastern time**. If for some reason this cannot be done, the Chairman of the meeting may in his discretion accept proxies received after this deadline at the meeting.

7.12 Special procedure for Senior Note Claims.

If your claims are Senior Note Claims that fall within the class of General Unsecured Claims, a different procedure has been adopted. In summary, the procedure is as follows:

- (a) The ballots/proxies will be sent to the registered holders of the Senior Notes (the “**Master Ballot Agent**”) along with a package of other documents including the Scheme, the Explanatory Statement, the Plan and Disclosure Statement (the “**Solicitation Packages**”). Each Master Ballot Agent will receive sufficient copies of the Solicitation Packages to distribute to the beneficial owner of the Senior Notes for which it is the registered owner.
- (b) The Master Ballot Agent then has two options. Either:
 - (i) it will send the Solicitation Packages to each beneficial owner of the Senior Notes for which it is the registered owner, with an envelope addressed to the Master Ballot Agent so that the beneficial owner may return the completed form of ballot/proxy to the Master Ballot Agent. The Master Ballot Agent will then summarise the results of the ballots/proxies on a form of master ballot/proxy which it will return to the Voting Agent at the following address: AlixPartners LLC, 2100 McKinney Avenue, Suite 800, Dallas, Texas 75201 (Attn: Ms. Latonya Callaway), telephone (214) 647-7650 as soon as possible and, in any event, by **July 21, 2003 at 4:00 p.m., prevailing Eastern time**; or
 - (ii) it will "pre-validate" the forms of ballot/proxy by executing them (but will not complete Items 2 and 3 of such ballot), indicating the name of the registered holder, the amount of Senior Notes held by the Master Ballot Agent and the account numbers for the accounts in which the relevant notes are held. The Master Ballot Agent will forward the Solicitation Packages, including the “pre-validated” forms of ballot/proxy to the beneficial owners. The beneficial owners will complete Items 2 and 3 of the ballot and shall return the pre-validated ballot directly to the Voting Agent at the following address: AlixPartners LLC, 2100 McKinney Avenue, Suite 800, Dallas, Texas 75201 (Attn: Ms. Latonya Callaway), telephone (214) 647-7650 as soon as possible and, in any event, by **July 21, 2003 at 4:00 p.m., prevailing Eastern time**.
- (c) Therefore, if you are the holder of a Senior Note Claim (i.e., the beneficial owner of Senior Notes) you should complete the "Ballot for Joint Liquidating Chapter 11 Plan of Reorganization and Scheme of Arrangement, and Proxy for Voting on Scheme of Arrangement - Ballot for: AGCL Class 3 (General Unsecured Claims) - Senior Note Claims " and;
- (d) if the form of ballot/proxy has not been "pre-validated" you should complete the ballot/proxy and return it to the Master Ballot Agent who sent you the form as soon as possible but in any event to allow enough time for the Master Ballot Agent to complete the form of master ballot/proxy and

return it to the Voting Agent at the following address: AlixPartners LLC, 2100 McKinney Avenue, Suite 800, Dallas, Texas 75201 (Attn: Ms. Latonya Callaway), telephone (214) 647-7650 as soon as possible, but in any event, by **July 21, 2003 at 4:00 p.m., prevailing Eastern time**; or

- (e) if the form of ballot/proxy sent to you has been "pre-validated" you should complete Items 2 and 3 of the ballot and return it to the Voting Agent at the following address: AlixPartners LLC, 2100 McKinney Avenue, Suite 800, Dallas, Texas 75201 (Attn: Ms. Latonya Callaway), telephone (214) 647-7650 as soon as possible and, in any event, by **July 21, 2003 at 4:00 p.m., prevailing Eastern time** .
- (f) if you wish to vote or appoint a proxy in a manner not contemplated by the ballot/proxy you will be unable to utilise the master voting procedures which allow your proxy to become effective through the master ballot/proxy form. In that event you should contact the Joint Provisional Liquidators to request a form of special proxy;
- (g) if you wish to attend the Creditors Meeting and vote by general proxy, you should also complete the appropriate form of general proxy and return it together with a completed ballot form by mail, hand delivery or overnight courier to the Joint Provisional Liquidators at the following address: Deloitte & Touche, Corner House, Church & Parliament Streets, Hamilton HM12, Bermuda, Attn: Mr. Mark W.R. Smith, telephone (441) 295-1500 as soon as possible and, in any event, by **July 21, 2003 at 4:00 p.m., prevailing Eastern time** . If for some reason this cannot be done, the Chairman of the Creditors Meeting may in his discretion accept proxies received after this deadline at the meeting.

7.13 Attending Creditors Meeting in Person.

Appointing a proxy will not prevent you from attending and voting in person at the Creditors Meeting should you wish to do so. However, your ballot/proxy form will not be entitled to vote if you vote in person. It is not necessary to submit a ballot/proxy form if you intend to attend the meeting in person. Instructions for completing the ballot/proxy form are set out on it. **Please read the instructions carefully before completing the ballot/proxy form. Failure to complete the ballot/proxy form properly may result in your vote being disallowed.**

7.14 Record Date for Creditors.

The "Record Date" for establishing those creditors who will be entitled to vote in the Scheme and the Plan will be the date fixed by the US Court for filing objections to the Disclosure Statement (anticipated to be on or about June 3, 2003). The Joint Provisional Liquidators believe that it is in the best interests of all Creditors for the Scheme and the Plan to be as closely co-ordinated as possible. The Joint Provisional Liquidators are also satisfied that no Scheme Creditors will be prejudiced as a result. Only Creditors whose Scheme Claims have been allowed for voting purposes will be entitled to vote on the Scheme.

7.15 Corporate Representatives.

Creditors who are entitled to vote may, if they wish, attend and vote at the Creditors Meeting in person instead of appointing a proxy to attend and vote on their behalf. In the case of a corporation, it must appoint an individual to attend the Creditors Meeting as its representative. To vote at the Creditors Meeting, the representative must produce a form of appointment

evidencing that he or she is authorised to act as the corporation's representative at the Creditors Meeting.

7.16 Court approval and filing with the Registrar of Companies of Bermuda.

In order for the Scheme to become effective, the Bermuda Court must sanction the Scheme after it has been approved by the requisite majorities. The Bermuda Court may impose such conditions as it thinks fit to the Scheme but cannot impose any material changes. A copy of the order sanctioning that Scheme must then be delivered to the Registrar. Details of the steps which need to be taken in order to implement the Plan in the US are set out in Article VI of the Disclosure Statement.

7.17 Conditions Precedent to Scheme.

The Scheme is conditional on the occurrence of the Effective Date of the Plan. Upon the Effective Date the Scheme will be effective and binding on all Scheme Creditors, including those who may have voted against the Scheme or the Plan, as appropriate, or who did not vote.

7.18 Timing.

It is expected that, if the Scheme is sanctioned by the Bermuda Court and the Sanction Order is delivered to the Registrar of Companies for Registration and once the Plan is approved by the US Court, the Scheme will become effective on or about July 31, 2003 or shortly thereafter.

7.19 Documents Available for Inspection.

The documents listed in the exhibits to the Plan and the Scheme are available for inspection between the hours of 10:00 am and 4:00 pm on any day which is a business day in the appropriate location, until [Date] at 4:00 p.m., prevailing Eastern Time at the following locations:

Kasowitz Benson Torres & Friedman LLP
1633 Broadway
New York, NY 10019
USA [Ref: RC]

Milligan-Whyte & Smith
Mintflower Place
8 Par-la-Ville Road
Hamilton HM08,
Bermuda [Ref: LB]

Juris Law Chambers
15 Parliament Street
Hamilton HM12,
Bermuda [Ref: IK]

Allen & Overy
1221 Avenue of the Americas
New York, NY 10020
USA [Ref: KC]

Herbert Smith
Exchange House
2 Primrose Street
London EC2A 5HS,
United Kingdom [Ref: LE]

Part III. BACKGROUND TO THE BERMUDA DEBTOR AND EVENTS SINCE THE PROVISIONAL LIQUIDATION ORDER

8 BACKGROUND TO THE BERMUDA DEBTOR

The Bermuda Debtor was incorporated on 24th September 1999 as an Exempted Company in Bermuda pursuant to the Companies Act 1981. The authorized share capital of the Petitioner is \$25,200,000.00 divided into 1,200,000,000 Class A Shares of US\$0.01 each, 1,200,000,000 Class B Shares of par value US\$0.01 each, and 120,000,000 Preferred Shares. All of the Class A and Class B Shares are issued and outstanding. None of the Preferred Shares have been issued. Global Crossing Ltd., a Bermuda exempted company now in provisional liquidation, is the registered holder of approximately 59% of the Petitioner's shares. Microsoft Corporation and Softbank Corp. is each the registered holder of approximately 15% of the Petitioner's shares, with the remaining approximately 11% of the Petitioner's shares being publicly held. The Bermuda Debtor was formed to carry on the business of developing and operating a global telecommunications system.

9 THE BERMUDA DEBTOR OVERVIEW

9.1 The Asia Global Crossing Group.

Prior to the consummation of the Asia Netcom Transaction, the Bermuda Debtor was the ultimate holding company of a group of approximately forty (40) companies operating principally in Asia that carry on an international communications business (the "Asia Global Crossing Group"). The Asia Global Crossing Group's network, operations and services in Asia and the Pacific were provided through the Bermuda Debtor's operating subsidiaries, as well as through a number of in-country joint ventures between those subsidiaries and various local partners. The Asia Global Crossing Group established regional offices in various countries, including the United States of America, Bermuda and other countries, principally in Asia.

9.2 The Business of the Asia Global Crossing Group.

Prior to the consummation of the Asia Netcom Transaction, the Asia Global Crossing Group was a pan-Asian telecommunications carrier, and, in concert with its subsidiaries and affiliates, provided bandwidth and value-added data services to pan-Asian and multinational enterprises, internet service providers ("ISPs") and carriers.

9.3 The Asia Global Crossing Network.

Prior to the consummation of the Asia Netcom Transaction, the Asia Global Crossing Group had designed and substantially constructed a pan-Asian fiber-optic telecommunications network (the "Network") with significant geographic coverage through a combination of subsea cables and terrestrial networks with connections to various landing sites for those cables. The Network

connected Japan, Hong Kong, Taiwan, South Korea, the Philippines and Singapore to each other and to the United States. Asia Global Crossing was able to provide its customers with connectivity to Australia, New Zealand and China via commercial arrangements between the Company and network operators in those countries. In addition, Asia Global Crossing's Network interconnected with the global fiber-optic telecommunications network owned by its parent, Global Crossing Ltd., which allowed the Asia Global Crossing Group to provide its customers with connectivity to many cities in North America, South America and Europe.

9.4 Disclosure Statement.

The Disclosure Statement provides a great deal of additional information about the businesses of the Asia Global Crossing Group at Sections IV.A-E and should be read in conjunction with this Explanatory Statement.

9.5 Financial information on the Bermuda Debtor.

The Disclosure Statement contains certain information about the historical financial situation of the Asia Global Crossing Group, and the projected Distribution to Scheme Creditors. The Disclosure Statement should be read in conjunction with this Explanatory Statement.

9.6 Steps taken by the Joint Provisional Liquidators.

The rationale behind the Bermuda Debtor's commencement of the Chapter 11 Proceedings was that the Bermuda Debtor should retain control of its affairs as "debtor in possession" while it sought to sell all or substantially all of its assets as a going concern in order to maximize the value of its estate for the benefit of its creditors. Upon the commencement of the Chapter 11 Proceedings, as a matter of US law, the Bermuda Debtor received the benefit, under the US Bankruptcy Code, of an automatic stay of proceedings against it, intended to provide it with breathing space to enable it to, principally, sell substantially all of its assets pursuant to the Sale Agreement, subject to soliciting higher and better offers pursuant to sale process approved by the US Court. The appointment of the Joint Provisional Liquidators in Bermuda also created a "moratorium" against claims by Creditors.

9.7 Co-ordination of Bermudian and US Proceedings.

The initial aim was not for the Joint Provisional Liquidators to take control of the Bermuda Debtor (or for that matter the other companies in the Asia Global Crossing Group) with a view to effecting an immediate liquidation. Rather, it was envisaged that the management of the Bermuda Debtor should retain their power to manage the Bermuda Debtor's affairs under the aegis of the Chapter 11 Proceedings, subject to the oversight of the Joint Provisional Liquidators. The Bermuda Court sanctioned this approach at the time the application was made for the appointment of the Joint Provisional Liquidators. If the Bermuda Court sanctions the Scheme, the assets of the Bermuda Debtor will be transferred to the Liquidating Trust for the benefit of Creditors under the Plan, and the Scheme will also be approved by the Bermuda Court.

9.8 Oversight Role.

The Joint Provisional Liquidators perform their oversight role mainly through being consulted on all decisions proposed to be made by the Liquidating Trust.

9.9 Significant developments since appointment of the Joint Provisional Liquidators.

Significant events in respect of the Bermuda Debtor since the Joint Provisional Liquidators were appointed are set out in detail in Section V of the Disclosure Statement and should be read in conjunction with this Explanatory Statement.

10 BAR DATE

The bar date is 28 February 2003 and applies to all claims against the Bermuda Debtor. Claims lodged with the Joint Provisional Liquidators after the said bar date will only be accepted with the agreement of the Joint Provisional Liquidators or the Bermuda Court.

11 THE JOINT PROVISIONAL LIQUIDATORS' RECOMMENDATION

- 11.1 The Joint Provisional Liquidators have considered carefully the options available to Creditors, and the advantages and disadvantages to Creditors of the implementation of the Scheme. They believe the proposed Distributions in accordance with the Liquidating Trust regime provided for in the Plan represents the most efficient and expeditious method for distributing to Creditors the cash proceeds of the Bermuda Debtor's Estate. The liquidation analysis, which is set out in Section XI.D of the Disclosure Statement, explains why the dividend that the Creditors might expect to receive if the Bermuda Debtor were to be liquidated in a manner other than that proposed in the Plan would be contrary to the best interests of Creditors. Based on this analysis, the Joint Provisional Liquidators believe that the general body of Creditors will achieve a better return by implementing the Scheme.
- 11.2 If the Scheme and the Plan are approved, however, Creditors will receive Distributions in accordance with the terms of the Scheme and the Plan. In the circumstances, the Scheme and the Plan appear to be in the best interests of Creditors and the Joint Provisional Liquidators recommend that Creditors vote in favour of the Scheme.
- 11.3 Furthermore the Creditors Committee, considering the proposals from the point of view of their creditor constituencies as a whole, believe that the Plan is in the best interests of their creditor constituencies and have recommended that they vote for the Plan.

Part IV: SUMMARY OF THE MAIN PROVISIONS OF THE SCHEME AND THE PLAN

The text of the Scheme is contained in the accompanying document. This Part IV of the Explanatory Statement contains a brief summary of the main provisions of the Scheme, but to the extent of any inconsistency, between the terms of the Explanatory Statement and the Scheme, the text of the Scheme will prevail.

12 SCHEME OF ARRANGEMENT

12.1 Purpose of the Scheme.

The purpose of the Scheme is to facilitate the distribution to Scheme Creditors of the Bermuda Debtor's remaining assets and to facilitate the ultimate liquidation and dissolution of the Bermuda Debtor in conjunction with the Plan. The Plan provides that on or as soon as practicable after the Effective Date the following steps shall take place:

- (a) On the Effective Date, the Debtors will transfer to the Liquidating Trust Assets to the Liquidating Trust free and clear of all liens, claims and encumbrances;
- (b) As soon as practicable after the Effective Date, the Liquidating Trustee shall take any and all appropriate action to cause the Bermuda Debtor to be dissolved under Bermuda law;
- (c) On the Effective Date, the Liquidating Trust Agreement shall be executed;
- (d) On the Effective Date, the Plan Committee shall be formed and constituted to, among other things, consult with the Liquidating Trustee with respect to the Liquidating Trustee's responsibilities under the Plan and the Liquidating Trust Agreement;
- (e) On the Effective Date, the Bermuda Debtor shall fund the Professional Escrow Account in an amount estimated to be sufficient to pay accrued and unpaid fees and expenses of Professionals in the Chapter 11 Proceedings;
- (f) On the Effective Date, the JPL Fee and Expense Claim Reserve shall be created and funded by the Bermuda Debtor in accordance with the Plan;
- (g) On the Effective Date, or as soon thereafter as is practicable, the Liquidating Trustee shall create and fund the Disputed Claims Reserve, the Administrative Claims Reserve and the Operating Reserve;

12.2 Establishment of Scheme Claims for Distribution Purposes.

Claims will rank for Distribution purposes to the extent that they are "Allowed". A Claim which is not also a Scheme Claim will be Allowed if allowed under the terms of the Plan. A Scheme Claim will be Allowed where:

- (a) a Bermuda Proof of Claim signed by the Creditor or by a person authorised on his behalf, has been lodged with the Joint Provisional Liquidators:
 - (i) on or before the Claims Date; or
 - (ii) after the Claims Date, but in any event on or before the Effective Date, if the Joint Provisional Liquidators or the Bermuda Court determine that his failure to do so on or before the Claims Date did not result from wilful default or lack of reasonable diligence; and
- (b) no objection to allowance has been served and filed by the Liquidating Trust on or before the later of (i) 120 days after the Effective Date, or (ii) such later date as may be fixed by the US Court; or
- (c) any objection has been determined by a Final Order in the US Court to the extent such objection is determined in favour of the respective holder; or
- (d) upon the lifting of the automatic stay pursuant to Section 362 of the US Bankruptcy Code, the liability of the Bermuda Debtor, allowance and the amount thereof are determined by final order of a court of competent jurisdiction other than the US Court.

12.3 Single Distribution.

All Creditors whose Claims are allowed in the Chapter 11 Proceedings will be treated as having also claimed in the Scheme in respect of that Claim but will only be entitled to a single Distribution in respect of that Claim, if allowed, under both the Plan and the Scheme.

12.4 Disputed Claims.

All Disputed Claims which are submitted, or are deemed to have been submitted in both the Scheme and the Plan will be dealt with in accordance with the provisions of the Plan.

12.5 Venue.

Claims which have been submitted in the Scheme only, and not in the Plan, and are disputed, will be dealt with in accordance with the provisions of the Scheme. Any court hearings relating to such claim will be before the US Court except where Clause 12.2(d) above is applicable.

12.6 Scheme Claims.

Distributions will only be made in respect of Scheme Claims which are “Allowed”, as defined in the Scheme. Rights of Creditors with Allowed Claims under the Scheme will be equivalent to the rights of Creditors with Allowed Claims under the Plan.

12.7 Costs.

The costs and other liabilities of the Provisional Liquidation and the Chapter 11 Proceedings, and of implementing the Scheme and the Plan, will be payable in full as soon as practicable after the Effective Date of the Scheme in accordance with the Plan.

12.8 Preferential Claims.

Those liabilities of the Bermuda Debtor which would have been preferential in a Bermudian liquidation on the Bermuda Filing Date will, if not paid prior to the Effective Date, be paid on the Effective Date by the Bermuda Debtor.

12.9 Secured Creditors.

The Scheme will not affect the claims of those Creditors who have Other Priority Claims, Priority Tax Claims or Administrative Claims. It will also not affect the Milligan-Whyte Secured Claim or Intercompany Claims in the US save to the extent provided in the Plan or, in the case of the Milligan-Whyte Secured Claim, to the extent that they have a security interest, certain rights of set-off.

12.10 Set off.

The Scheme provides for the rights of set off of cross claims between the Bermuda Debtor and a creditor in accordance with Section 553 of the US Bankruptcy Code with effect from the US Filing Date.

12.11 Interest.

Under the Scheme the amount of each Scheme Liability shall not include interest after the US Filing Date.

12.12 Release.

Without prejudice to the generality of Section V.F.4 of the Plan, the provisions of the Plan relating to indemnification of the Liquidating Trustee, and the provisions of the Plan set forth in Section X.B thereof relating to the release by the Bermuda Debtor of various entities and representatives, are expressly incorporated into the Scheme.

12.13 Distributions Mechanism.

Distributions in respect of Allowed Claims shall be made in accordance with the Plan.

12.14 Modifications to the Scheme.

The Joint Provisional Liquidators may, at any hearing of the Bermuda Court to sanction the Scheme, consent on behalf of all interested parties to any modification of the Scheme or any terms or conditions which the Bermuda Court may think fit to approve or impose, in either case which does not materially affect the Scheme. In addition, the Joint Provisional Liquidators will have the power before or after the Effective Date, and the Liquidating Trustee will have the power on or after the Effective Date, if they consider it expedient to do so and if it is in the best interests of the Scheme Creditors, to apply to the Bermuda Court for the purpose of modifying the Scheme or for the purpose of obtaining directions on how to deal with any matters or disputes arising in respect of the Scheme.

13 PLAN OF REORGANIZATION

13.1 Summary.

This is a brief summary only of the main provisions of the Plan. In the event of any inconsistency between this text and the provisions of the Plan, the Plan will prevail. Defined terms in this summary section which are not listed in Annexure 1 to the Explanatory Statement are the terms as defined either in the Disclosure Statement or the Plan. In the event of any discrepancy between the Explanatory Statement and the Plan, the provisions of the Plan will prevail.

13.2 Classification and Treatment of Claims and Interests.

The claims against and equity interests in the Bermuda Debtor are listed below. In Class 1 will receive payments in full and final settlement, while Classes 4 and 5 will receive no payment and are deemed to have rejected the Plan. Only Classes 2 and 3 will vote on and be bound by the Plan.

Under the Plan, Claims against and Equity Interests in each of the Debtors are divided into Classes. Certain unclassified Claims, including Administrative Claims and Priority Tax Claims will be paid in full in Cash to the extent such Claims are Allowed Claims. All other Claims and Equity Interests will be divided into Classes and will receive the Distributions and recoveries (if any) described in the table below.

The following table briefly summarizes the classification and treatment of Claims and Equity Interests under the Plan. With respect to AGCL Class 3, the amount shown in the following table as “Estimated Recovery” is the quotient of the estimate of the Cash to be distributed to all holders of Allowed Claims in the applicable Class, if any, divided by the estimated aggregate amount of Allowed Claims in such Class, exclusive of any accrual of postpetition interest.

The estimated recovery to the holders of Allowed AGCL Class 3 General Unsecured Claims is based on the following assumptions:

- The aggregate amount of (i) accrued and unpaid Allowed Administrative Claims and (ii) Allowed Administrative Claims anticipated to be incurred hereafter through the Effective Date, is estimated to be approximately \$7,500,000.¹
- The aggregate amount of unpaid Allowed Priority Tax Claims is estimated to be approximately \$ 0.00.
- The aggregate amount of unpaid Allowed Other Priority Claims is estimated to be approximately \$ 0.00.
- The Allowed amount of the Milligan-Whyte Secured Claim under the plan is \$51,928.92.
- The aggregate amount of Allowed AGCL Class 3 General Unsecured Claims, based upon the Bermuda Debtor’s review of proofs of claim filed with the Bankruptcy Court and General Unsecured Claims listed in AGCL’s Schedules, is estimated to be approximately \$541,000,000.² The PCL Claims are the subject of contested proceedings pending in the Bankruptcy Court and are not included in the claim pool for purposes of the estimate of Allowed AGCL Class 3 General Unsecured Claims.
- The Cash available for distribution to AGCL’s Creditors is estimated to be approximately \$86,700,000, without taking into account any Cash that may be realized through successful prosecution of AGCL’s Causes of Action.

ALTHOUGH THE BERMUDA DEBTOR BELIEVES THAT THE ESTIMATED RECOVERIES ARE REASONABLE, THERE IS NO ASSURANCE THAT THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN EACH CLASS WILL NOT MATERIALLY EXCEED THE ESTIMATED AGGREGATE AMOUNTS SHOWN HEREIN. The actual recoveries under the Plan by the Bermuda Debtor’s Creditors will be dependent upon a variety of factors including, but not limited to, whether, and in what amount, contingent Claims against the Bermuda Debtor become non-contingent and fixed and whether, and to what extent Disputed Claims are resolved in favor of the Bermuda Debtor rather than the Claimants. Accordingly, no representation can be or is being made with respect to whether each Estimated Recovery shown in the table below will be realized by the holder of an Allowed Claim in any particular Class.

¹ The approximate amount set forth for unpaid Allowed Administrative Claims (primarily Professionals’ fees) represents a gross estimate that is not informed by any input of the Professionals retained by the Committee and the JPLs.

² 360networks Corp. filed a proof of claim alleging a General Unsecured Claim (AGCL Class 3) in the liquidated amount of \$100 million against AGCL, as guarantor of a Global Crossing Ltd. subsidiary’s obligations to provide Asia-region telecommunications capacity under a capacity contract. Assuming that the Global Crossing Ltd. subsidiary continues to perform under such capacity contract, 360networks Corp.’s proof of claim may be estimated and allowed by the US Court in an amount less than \$100 million. For the purposes of the estimated recoveries set forth in this Disclosure Statement, the claim of 360networks Corp. is estimated at \$100 million.

Class	Description	Treatment	Entitled to Vote	Estimated Recovery (%)
AGCL 1	Other Priority Claims	Payment in full, in cash, of the allowed amount of such claim (or as otherwise agreed).	No	100%
AGCL 2	Milligan-Whyte Secured Claim	Payment in full, in cash, of the allowed amount of such claim, without interest.	Yes	100%
AGCL 3	General Unsecured Claims	Pro rata payments of Available Cash commencing on the Distribution Date, and, thereafter, on each Quarterly Distribution Date.	Yes	14.6%
AGCL 4	Intercompany Claims	No distribution.	No	None
AGCL 5	Section 510(b) Claims	No distribution.	No	None
AGCL 6	Equity Interests	No distribution.	No	None

13.3 Means of Implementation.

Following the Effective Date a number of steps will be taken to implement the Plan. A summary of the steps to be taken is set out below.

13.4 Settlement of Claims.

Pursuant to the Bankruptcy Code, and in consideration of the classification, distribution, releases and other benefits provided under the Plan and the Scheme, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan, including, but not limited to, controversies relating to the distributions under the Plan.

14 THE LIQUIDATING TRUST

14.1 Summary.

The Plan provides for the transfer of the Bermuda Debtor's assets to the Liquidating Trust on the Effective Date. On the Effective Date, the members of the board of directors of the Bermuda

Debtor shall be deemed to have resigned. The functions of the Liquidating Trustee are described below.

14.2 Making Distributions.

As described in the Plan, on the Effective Date, the Bermuda Debtor will transfer to the Liquidating Trust, administered by the Liquidating Trustee, all of the Bermuda Debtor's assets. Thereafter, the Liquidating Trustee will be for distributing the proceeds of such assets to the holders of Allowed Claims

14.3 Resolving Disputed Prepetition Claims and Other Actions.

From and after the Effective Date, the Liquidating Trustee will have authority to object to and resolve Claims that in accordance with procedures prescribed by the Plan.

14.4 Prosecution of Causes of Action.

Under the Plan, the Liquidating Trustee will be responsible for directing the prosecution and settlement of the causes of action of the Bermuda Debtor that are transferred by the Bermuda Debtor to the Liquidating Trust, including the Avoidance Actions.

14.5 Mechanics.

The Liquidating Trustee will have the authority to retain and compensate professionals to enable it to perform its functions.

14.6 Conditions to the Effective Date.

The Effective Date of the Plan will not occur until the conditions precedent set out in the Plan are satisfied.

14.7 Modification of the Plan; Revocation or Withdrawal of the Plan.

The Bermuda Debtor may alter, amend, or modify the Plan under Section 1127(a) of the US Bankruptcy Code at any time prior to the Confirmation Date so long as the Plan, as modified, meets the requirements of sections 1122 and 1123 of the US Bankruptcy Code. After the Confirmation Date and prior to the Effective Date, the Bermuda Debtor may alter, amend, or modify the Plan in accordance with section 1127(b) of the US Bankruptcy Code. The Bermuda Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Plan is revoked or withdrawn prior to the Confirmation Date, then the Plan shall be deemed null and void.

14.8 Retention of Jurisdiction.

Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, the US Court retains jurisdiction over all matters arising out of or relating to the Chapter 11 Proceedings.

Part V: COMPARISON OF THE SCHEME PROPOSALS WITH BERMUDIAN AND US INSOLVENCY PROCEDURES

15 PRINCIPLES OF THE SCHEME AND PLAN

15.1 The Basic Principles.

The basic principles of the Scheme and the Plan are consistent with the general goals of Bermuda and US insolvency law. It is to make distributions to the Bermuda Debtor's similarly situated creditors, taking account of the interests of creditors who are given priority by law or agreement, secured creditors and those creditors with rights of set-off. Accordingly, the Scheme provides for creditors who would be given priority either in Bermuda or in the US to be paid in full and protects the interests of secured creditors and creditors with rights of set-off under the Scheme. Two principal differences between Bermudian and US insolvency procedures relate to timing differences and the barring of creditors' claims.

15.2 Timing Differences.

In the US, the US Filing Date is significant because it (a) serves as the cut-off date for establishing claims that are generally to be treated equally, (b) establishes creditors' priority rights, (c) fixes creditors' rights of set-off, (d) establishes a general principle preventing interest from continuing to accrue on unsecured claims and accelerating the principal amount of claims of the Bermuda Debtor and (e) serves as the value date for conversion of foreign currency claims into claims in US currency. A similar principle would apply in Bermuda if a winding up order were made against the Bermuda Debtor, but does not apply as the result of the making of a provisional liquidation order. The Bermuda Debtor went into provisional liquidation but did not go into liquidation and hence there has been no winding up order. Accordingly, the position under Bermudian law is that an event has not yet occurred which would give rise to the crystallisation of creditors' rights of proof, preferential claims and rights of set-off, which would prevent interest from continuing to accrue and which would require the conversion of foreign currency claims. The way in which the Scheme deals with these matters is set out below:

- (a) **Proof:** The proposals enable a creditor to claim under a Scheme if he has a right to claim under the Chapter 11 Proceedings or if he would have a right to claim in a liquidation in Bermuda as if the Bermuda Debtor were in liquidation from the US Filing Date.
- (b) **Preferential Claims:** Under the Scheme and the Plan, claims will be paid in full if they have priority under the Chapter 11 Proceedings or if they would have been given priority in a Bermudian compulsory liquidation as if the Bermuda Debtor were in liquidation from Bermuda Filing Date.
- (c) **Set-off:** The rights of set-off under section 553 of the US Bankruptcy Code are to apply to the Scheme as described in Section 12.10 above.
- (d) **Rights to interest:** In a Bermuda liquidation, if a claim is interest bearing, interest continues to accrue at the applicable rate up to the date of winding-up. Under US procedures, interest ceases to accrue from the Petition Date. The Scheme provides that the amount of each Scheme Liability will not include interest after the Petition Date. This enables Creditors in the Plan and the Scheme to be treated on an equal footing.

- (e) **Currency of payment:** US law provides that claims will be converted into US dollars at the exchange rate ruling on the US Filing Date. The Scheme also provides for all claims to be paid in US dollars at the applicable exchange rate on the US Filing Date.

15.3 Barring of Creditors' Claims.

The other principal difference between the Bermuda and US insolvency systems is that, in the US, a “bar date” (defined in the Scheme as the Claims Date) is established early in the insolvency proceedings. If a creditor fails to make his claim before the bar date, he will generally have no right to distributions from the insolvent estate unless he can show that his failure to do so was the result of “excusable neglect”. Under Bermuda procedures in a winding up, a creditor who has not proved his claim in time to benefit from a distribution is not able to upset that distribution but, if he subsequently makes a claim, he is entitled to participate in future distributions and to “catch up” by receiving payment of past dividends. The proposals recognise that Creditors in the two jurisdictions should be treated as similarly as possible. Accordingly the US Court and the Bermuda Court have provided for bar dates of 28 February 2003, but also allow a Creditor to lodge a Bermuda Proof of Claim after the bar date but no later than the Effective Date (which is expected to be on or about July 2003) and to rank for distribution, subject to paragraph 15.4 below, if the Joint Provisional Liquidators or the Bermuda Court determine that his failure to lodge his Notice of Claim on or before the Claims Date did not result from wilful default or lack of reasonable diligence.

15.4 Effective Date injunction.

The Joint Provisional Liquidators will consider seeking, to the extent possible at the Sanction Hearing for the Scheme, an injunction in terms similar to the injunction which is set out in the Plan and which shall come into effect on the Effective Date.

15.5 Dissolution of Bermuda Debtor and release of the Joint Provisional Liquidators.

As soon as reasonably practicable after the Effective Date when the Bermuda Debtor has transferred all its remaining assets to the Liquidating Trust, the Liquidating Trustee shall cause the Bermuda Debtor to apply for a winding-up order from the Bermuda Court and the Joint Provisional Liquidators will apply to the Bermuda Court to be appointed as permanent liquidators without a committee of inspection (creditors), for the dissolution of the Bermuda Debtor and for their own release. Scheme Creditors will, under the Scheme, waive their statutory right to attend a further meeting of creditors to vote on the identity of the permanent liquidators and to indicate that they do not wish a Bermudian committee of inspection to be appointed. They will also waive the right to receive the usual notices in regard to these applications. In a traditional liquidation, a meeting of creditors would have to be held after the making of a winding-up order and the liquidators would not be able to proceed to dissolve the Bermuda Debtor in such a timely and cost-effective manner. This accelerated winding-up and dissolution will benefit Scheme Creditors in that they will have no need to enforce their claims against the Bermuda Debtor after the Effective Date. Instead, their claims will be adjudicated and paid by the Liquidating Trustee.

ANNEX 1

DEFINITIONS

Administrative Claims Reserve has the same meaning as in the Plan;

Administrative Claim has the same meaning as in the Plan;

Available Cash has the same meaning as in the Plan;

Avoidance Actions has the same meaning as in the Plan;

Asia Netcom Transaction has the same meaning as in the Plan;

Bermuda Debtor has the same meaning as in the Plan;

Bermudian Court means the Supreme Court of Bermuda;

Bermudian Proceedings means the winding-up proceedings commenced by the Bermuda Debtor under the Companies Act 1981 in the Bermudian Court;

Chapter 11 Proceedings means the cases filed by the Bermuda Debtor under chapter 11 of the US Bankruptcy Code;

Claim has the same meaning as in the Scheme;

Class has the same meaning as in the Scheme;

Companies Act means the Companies Act 1981 of Bermuda;

Creditor has the same meaning as in the Plan;

Creditors' Committee has the same meaning as in the Plan;

Creditors Meeting means the meeting of Scheme Creditors which will take place on __ July, 2003 for the purpose of considering and voting on the Scheme;

Disclosure Statement has the same meaning as in the Plan;

Disputed Claim has the same meaning as in the Plan;

Disputed Claims Reserve has the same meaning as in the Plan;

Distribution Date has the same meaning as in the Plan;

Distributions has the same meaning as in the Plan;

Effective Date has the same meaning as in the Plan;

Estate has the same meaning as in the Plan;

General Unsecured Claims has the same meaning as in the Plan;

Joint Provisional Liquidators means the persons from time to time serving as Joint Provisional Liquidators in the Provisional Liquidation of the Bermuda Debtor, who are currently Mr. Mark W.R. Smith of Deloitte & Touche, Corner House, Parliament Street, Hamilton HM12, Bermuda and Mr. Jamie Smith, Deloitte & Touche, 180 Strand, London WC2 1SL, United Kingdom, and includes any person or persons who may serve as permanent liquidator prior to the Bermuda Debtor's dissolution pursuant to the Scheme;

JPL Fee and Expense Claim Reserve has the same meaning as in the Plan;

Liquidating Trust has the same meaning as in the Plan;

Liquidating Trustee has the same meaning as in the Plan;

Milligan-Whyte Secured Claim has the same meaning as in the Plan;

Operating Reserve has the same meaning as in the Plan;

Other Priority Claims has the same meaning as in the Plan;

Plan has the same meaning as in the Scheme;

Plan Committee has the same meaning as in the Plan;

Preferential Claim has the same meaning as in the Scheme;

Priority Tax Claims has the same meaning as in the Plan;

Professional has the same meaning as in the Plan;

Quarterly Distribution Date has the same meaning as in the Plan;

Registrar means the Registrar of Companies of Bermuda;

Sale Agreement has the same meaning as in the Plan;

Scheme Liability has the same meaning as in the Scheme;

Scheme means the scheme of arrangement between the Bermuda Debtor and its Scheme Creditors with such modifications as the Bermuda Court may approve or impose;

Senior Note Claims has the same meaning as in the Plan;

Subsidiary has the same meaning as in the Plan;

US means the United States of America;

US Debtor means Asia Global Development Corporation, the Delaware affiliate of the Bermuda Debtor jointly administered in the Chapter 11 Proceedings

US Bankruptcy Code means title 11 of the United States Code, 11 U.S.C. sections 101 et seq., as amended from time to time, to the extent applicable in the Chapter 11 Proceedings;

US Court means the United States Bankruptcy Court for the Southern District of New York (or such other court with authority over the Chapter 11 Proceedings) and, with respect to any particular proceeding within the Chapter 11 Proceedings, any other United States court which may be exercising jurisdiction over such proceeding;

Voting Agent has the same meaning as in the Plan.

ANNEX 2

**NOTICE CONVENING CREDITORS MEETING
IN THE SUPREME COURT OF BERMUDA
COMPANIES (WINDING UP)**

NO: 464 OF 2002

**IN THE MATTER OF ASIA GLOBAL CROSSING LTD.-IN PROVISIONAL LIQUIDATION
AND IN THE MATTER OF THE COMPANIES ACT 1981**

NOTICE OF MEETING OF SCHEME CREDITORS

(Sections 99-100 of the Companies Act 1981)

TAKE NOTICE that by Order dated the [] day of [], 2003, the Supreme Court of Bermuda has directed that a meeting of the Scheme Creditors of Asia Global Crossing Ltd.-in Provisional Liquidation("the Company") be held to consider, and if thought fit, approve a scheme of arrangement proposed to be entered into between the Company and its Scheme Creditors pursuant to section 99 of the Companies Act 1981 ("the Scheme"). Unless otherwise provided capitalized terms herein shall bear the same meanings assigned to them by the Scheme.

The meeting of Scheme Creditors is to be held on [INSERT DATE] 2003 at Deloitte & Touche, Corner House, Church and Parliament Streets, Hamilton HM12, Bermuda.

The following class will be required to vote on the Scheme: General Unsecured Creditors, including Senior Note Claims.

The Chairman of the meeting will address Scheme Creditors generally on the Scheme and issues relevant to voting at the commencement of the meeting.

Scheme Creditors may attend and vote at the meeting either in person or by proxy. A Scheme Creditor which is a corporation and which wishes to attend and vote must nominate an individual to attend the meeting as its authorized representative. To be able to vote at the meeting, the relevant representative will have to produce a form of general proxy evidencing that they are authorized to act as the corporation's authorized representative.

If you wish to provide a proxy for voting at the meeting, you should follow the procedure applicable to you set out at paragraphs 7.11-7.12 of the Explanatory Statement.

Each Scheme Creditor or his proxy will be required to register his attendance at the meeting prior to its commencement. Registration will commence at 9.00 a.m.

The Scheme is proposed between the Company and its Scheme Creditors. A copy of the Scheme document and a copy of the Explanatory Statement to the Scheme are included in the package of which this notice forms a part.

By the Order, the Supreme Court of Bermuda has appointed one of the Joint Provisional Liquidators or their nominee to act as Chairman of the meeting and has directed the Chairman to report the results thereof to the Court.

The Scheme will be subject to the sanction of the Supreme Court of Bermuda and Scheme Creditors should take note that a hearing of the application for sanction of the Scheme has been fixed for [], 2003 at 9.30 a.m. or so soon thereafter as counsel may be heard by the Court.

Dated this [] the day of ,2003 _____

JURIS LAW CHAMBERS

15 Parliament Street

Hamilton HM12

Bermuda

Attorneys for

MARK W.R. SMITH & JAMIE SMITH

Joint Provisional Liquidators