INFONET SERVICES CORP
Form PREM14A
December 15, 2004
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Under Rule 14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

INFONET SERVICES CORPORATION

(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

Infonet Services Corporation Class A Common Stock, par value $.01 per share, and Class B Common Stock, par value $.01 per share (together, Common Stock)

(2) Aggregate number of securities to which transaction applies:

468,229,904 shares of issued and outstanding Common Stock and options to purchase 9,879,675 shares of Common Stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The proposed maximum aggregate value of the transaction for purposes of calculating the filing fee is $984,905,733. The total consideration for the filing fee was calculated by multiplying (i) the 478,109,579 shares of Common Stock (assuming the exercise of options to purchase 9,879,675 shares of Common Stock) that are proposed to be exchanged for cash in the merger, by (ii) the merger consideration of $2.06 to be paid with respect to each share of Common Stock outstanding immediately prior to the merger (the Total Consideration). The filing fee equals the product of 0.0001177 multiplied by the Total Consideration.

(4) Proposed maximum aggregate value of transaction:

$984,905,733

(5) Total fee paid:

$115,923

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing party:

(4) Date Filed:

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Merger Proposal

Dear Stockholder:

Together with the other members of the Infonet board of directors, I cordially invite you to attend our special meeting of stockholders to be held at on , 2005 at a.m.

On November 8, 2004, we entered into an Agreement and Plan of Merger with British Telecommunications plc (BT), a wholly-owned subsidiary of BT Group plc, and Blue Acquisition Corp., a wholly-owned subsidiary of BT, providing for our merger with Blue Acquisition Corp. If the merger is completed, you will be entitled to receive $2.06 in cash for each share of our common stock that you hold. At our special meeting of stockholders, we will ask you to, among other things, consider and vote on the approval and adoption of the merger agreement.

A special committee of our board of directors, comprised entirely of directors independent of Infonet and independent of the six holders of our Class A common stock, carefully reviewed and considered the terms and conditions of the merger agreement and proposed merger. Based on this review, on November 7, 2004, the independent special committee unanimously determined that the merger agreement and the merger are fair to and in the best interests of Infonet and its stockholders and declared the merger agreement to be advisable. The independent special committee recommended that our board of directors approve the merger agreement and that our stockholders adopt and approve the merger agreement.

Our board of directors also carefully reviewed and considered the terms and conditions of the merger agreement and proposed merger. Based on this review, on November 7, 2004, our board of directors, by unanimous vote of all directors voting, determined that the merger agreement and the merger are fair to and in the best interests of Infonet and its stockholders, approved the merger agreement and declared its advisability.

Accordingly, our board of directors has approved the merger agreement and **our board of directors and the independent special committee recommend that you vote FOR the approval and adoption of the merger agreement.**

We cannot complete the merger without the approval of the holders of two-thirds of the voting power of the outstanding shares of our Class A and Class B common stock, voting together as a single class, and the approval of the holders of 95% of our outstanding Class A common stock. Stockholders holding shares of our common stock representing approximately % of the voting power of our outstanding common stock and all of our outstanding Class A common stock have entered into stockholder agreements with BT, under which each stockholder has agreed, among other things, to vote for the approval and adoption of the merger agreement. The affirmative vote of these stockholders is sufficient for the approval and adoption of the merger agreement. The completion of the merger is also subject to the satisfaction or waiver of several conditions, including receiving clearance from applicable regulatory agencies. We encourage you to read the accompanying proxy statement, including the annexes, in its entirety because it explains the proposed merger, the documents related to the merger and other related matters.

Whether or not you plan to attend the special meeting, please take the time to submit a proxy by following the instructions on your proxy card as soon as possible. If your shares are held in an account at a brokerage firm, bank or other nominee, you should instruct your broker, bank or nominee how to vote in accordance with the voting instruction form furnished by your broker, bank or nominee. **If you do not vote or do not instruct your broker, bank or nominee how to vote, it will have the same effect as voting against the approval and adoption of the merger agreement.**

If you sign, date and send your proxy and do not indicate how you want to vote, your proxy will be voted FOR the approval and adoption of the merger agreement.

I enthusiastically support this transaction and join the other members of our board of directors in recommending that you vote for the approval and adoption of the merger agreement.

Sincerely,

José A. Collazo

Chief Executive Officer, President and Chairman

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on , 2005

To the Stockholders of Infonet Services Corporation:

We will hold our special meeting of the stockholders of Infonet Services Corporation at , on , 2005 at a.m. to consider and vote on the following proposals:

1. To approve and adopt the Agreement and Plan of Merger, dated as of November 8, 2004, by and among Infonet Services Corporation, a Delaware corporation, British Telecommunications plc, a company incorporated in England and Wales, and Blue Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of British Telecommunications plc; and

2. To transact any other business as may properly come before the special meeting.

Only stockholders of record at the close of business on , the record date for the special meeting, may vote at the special meeting. Each share of our Class B common stock is entitled to one vote on each matter to be voted upon at the special meeting, and each share of our Class A common stock is entitled to ten votes on each matter to be voted upon at the special meeting. A complete list of our stockholders of record entitled to vote at the special meeting will be available for the ten days before the special meeting at our executive offices and principal place of business for inspection by stockholders during ordinary business hours for any purpose germane to the special meeting and will also be available at the special meeting. **Your vote is very important**. Please submit your proxy as soon as possible to make sure that your shares are represented and voted at the special meeting, whether or not you plan to attend the special meeting.

Whether you attend the special meeting or not, you may revoke a proxy at any time before it is voted by submitting to our secretary a duly executed revocation of proxy or a duly executed proxy bearing a later date or by appearing at the special meeting and voting in person. You may revoke a proxy by any of these methods, regardless of the method used to deliver your previous proxy. Attendance at the special meeting without voting will not itself revoke a proxy. If your shares are held in an account at a brokerage firm, bank or other nominee, you must contact your broker, bank or nominee and follow their instructions to revoke your proxy.

For more information about the merger described above and the other transactions contemplated by the merger agreement, please review the accompanying proxy statement and the merger agreement attached to it as Annex A.

By Order of the Board of Directors,

Paul A. Galleberg

Senior Vice President, General Counsel and Secretary

El Segundo, California

,

This proxy statement is dated and is first being mailed to stockholders on or about .

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SOURCES OF ADDITIONAL INFORMATION

Except where we indicate otherwise, we use the name BT in this proxy statement to refer to British Telecommunications plc, and references to us , we , our , ours and similar expressions used in this proxy statement refer to Infonet Services Corporation. We briefly describe BT and the other parties to the merger agreement under The Merger The Companies on page 21. All information contained in this proxy statement with respect to the parties to the merger agreement other than Infonet has been supplied by and is the responsibility of those other parties.

Infonet Services Corporation and BT are each subject to the informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Each company files reports and other information with the Securities and Exchange Commission, or the SEC.

You may read and copy these reports, proxy statements and other information (including the documents described in Incorporation of Information by Reference on page 75) at the SEC s Public Reference Section at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website, located at http://www.sec.gov, that contains reports, proxy statements and other information regarding registrants that file electronically with the SEC.

You may also read reports, proxy statements and other information relating to Infonet and BT at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

If you have questions about the special meeting or the merger with BT after reading this proxy, or if you would like additional copies of this proxy statement or the proxy card, please contact:

Infonet Services Corporation

Investor Relations

2160 East Grand Avenue, El Segundo, California 90245

Tel. (310) 335-2600

Email: irideas@infonet.com

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SUMMARY TERM SHEET

This summary term sheet, together with the section of this proxy statement entitled Questions and Answers About the Merger , highlights selected information from this proxy statement and may not contain all the information about the merger that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this proxy statement in its entirety, including the annexes, and the other documents to which we have referred you.

The Companies

Infonet Services Corporation

We provide cross-border managed voice and data communications services to multinational entities worldwide. We are a Delaware corporation and we were incorporated in March 1988. Our principal executive offices are located at 2160 East Grand Avenue, El Segundo, California 90245, and our telephone number there is (310) 335-2600.

British Telecommunications plc (BT)

BT, a company incorporated in England and Wales, is a wholly-owned subsidiary of BT Group plc and holds substantially all businesses and assets of the BT Group. The BT Group is an integrated group of businesses providing global voice and data services, particularly in the United Kingdom and Europe, but also in the Americas and the Asia Pacific region. BT was incorporated in April 1984. Its principal executive offices are located at the BT Centre, 81 Newgate Street, London EC1A 7AJ, England, and its telephone number there is +44 20 7356 5000.

Blue Acquisition Corp.

Blue Acquisition Corp. is a Delaware corporation and a wholly-owned subsidiary of BT Telecommunications plc. Blue Acquisition Corp. was organized solely for the purpose of entering into the merger agreement with Infonet and completing the merger and has not conducted any business operations other than those incident to its formation. Blue Acquisition Corp. s principal executive offices are located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, and its telephone number there is (800) 677-3394. If the merger is completed, Blue Acquisition Corp. will cease to exist following its merger with and into Infonet.

The Merger

Infonet has agreed to be acquired by BT pursuant to the terms of the merger agreement that is described in this proxy statement and attached as Annex A. We encourage you to read the merger agreement carefully and in its entirety. It is the principal document governing the merger.

Under the terms of the merger agreement, Blue Acquisition Corp. will merge with and into Infonet, with Infonet surviving as a wholly-owned subsidiary of BT. Pursuant to the merger, each share of our Class A and Class B common stock, par value $0.01 per share, other than shares owned by Infonet, BT or Blue Acquisition Corp. and shares for which appraisal rights have been validly exercised under Delaware law, will be converted into the right to receive $2.06 in cash, without interest.

All outstanding options to purchase shares of our Class B common stock, whether vested or unvested, will be canceled and converted into the right to receive a cash payment, without interest, equal to the excess, if any, of $2.06 over the per share exercise price of the option, multiplied by the number of shares of our Class B common stock subject to the option, less any applicable withholding taxes.

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After the merger is effected, each share of our Class A and Class B common stock outstanding immediately prior to the merger will be automatically canceled and will cease to exist, and each holder of a certificate or certificates which immediately prior to the merger represented shares of our Class A and Class B common stock will cease to have any rights with respect to such shares of our common stock. Each certificate representing shares of our Class A and Class B common stock will thereafter represent only the right to receive $2.06 in cash, without interest. After the merger is effected, each dissenting stockholder will no longer have any rights as a stockholder of Infonet with respect to his or her shares, except for the right to receive payment of the judicially-determined fair value of his or her shares under Delaware law if the stockholder has validly perfected and not withdrawn this right. Dissenting stockholders will only receive the judicially-determined fair value of their shares if one or more dissenting stockholders files suit in the Delaware Court of Chancery and litigates the resulting appraisal case to a decision. For additional information about appraisal rights, see The Merger Appraisal Rights on page 51.

Recommendation of Our Independent Special Committee and Board of Directors

An independent special committee of our board of directors has unanimously determined that the merger is fair to and in the best interests of the holders of our Class B common stock and recommended that our board of directors approve the merger agreement and that our board recommend that our stockholders adopt the merger agreement and approve the merger.

After receiving and considering the recommendation of the independent special committee, on November 7, 2004, our board of directors, by unanimous vote of all directors voting:

- approved the merger agreement and other transactions contemplated by the merger agreement, and declared the merger to be advisable to our stockholders;
- determined that it was in the best interests of our stockholders to enter into the merger agreement and consummate the merger on the terms and conditions set forth in the merger agreement; and
- declared that the consideration to be paid to the holders of our Class B common stock in the merger was fair.

Our board of directors recommends that our stockholders vote **FOR** the approval and adoption of the merger agreement. To review the background and reasons for the merger in greater detail, see pages through .

The Special Meeting

The special meeting of our stockholders will be held at , on , 2005 at a.m. At the special meeting, you will be asked to vote to approve and adopt the merger agreement.

Stockholders Entitled to Vote; Vote Required

You may vote at the special meeting if you owned our Class A or Class B common stock at the close of business on , the record date for the special meeting. On that date, there were 161,403,358 shares of our Class A common stock and shares of our Class B common stock outstanding and entitled to vote. You may cast one vote for each share of our Class B common stock that you owned on the record date and ten votes for each share of our Class A common stock that you owned on the record date. Approval and adoption of the merger agreement requires the affirmative vote of the holders of two-thirds of the voting power of the outstanding shares of our Class A and Class B common stock, voting together as a single class, and the approval by the holders of 95% of our outstanding Class A common stock.

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The Stockholder Agreements

As a condition to its entering into the merger agreement, BT required each of José Collazo, our Chief Executive Officer, President and Chairman, Akbar Firdosy, our Vice President and Chief Financial Officer, Paul Galleberg, our Senior Vice President, General Counsel and Secretary, and the six holders of our Class A common stock, consisting of KDDI Corporation, KPN Telecom B.V., Swisscom AG, Telefonica International Holding B.V., TeliaSonera AB and Telstra Corporation Limited, to enter into a stockholder agreement under which each stockholder has agreed to vote its shares of our common stock in favor of the approval and adoption of the merger agreement. The stockholder agreements terminate upon the earliest of the effective time of the merger, the termination of the merger agreement or an amendment or other modification to the merger agreement that provides for a reduction in the merger consideration or for a payment other than in cash. A form of the stockholder agreement signed by each of Messrs. Collazo, Firdosy and Galleberg is attached to this proxy statement as Annex D, and a form of the stockholder agreement signed by each of the holders of our Class A common stock is attached to this proxy statement as Annex E. We encourage you to read the stockholder agreements carefully in their entirety.

In the event that the merger agreement is terminated under circumstances where BT is or may become entitled to receive the $35 million termination fee described in The Merger Agreement Termination Fees and Other Expenses, each stockholder signing a stockholder agreement has agreed to pay BT 50% of the profit it or he receives from the consummation of any other alternative transaction we enter into within one year of the termination of the merger agreement until the aggregate profit retained by all stockholders entering stockholder agreements is equal to $35 million, and 100% of the profit received by such stockholder thereafter. In the event the merger with BT is completed following the announcement of a competing takeover proposal and BT has increased the amount payable to each holder of our common stock in the merger, each stockholder that is party to a stockholder agreement has also agreed to pay BT 100% of the difference between the fair market value of the consideration received by such stockholder in the merger and $2.06 per share.

As of the record date, the parties to these stockholder agreements held an aggregate of 161,403,358 shares of our Class A common stock and shares of our Class B common stock, representing all of our outstanding Class A common stock and approximately % of the voting power of our outstanding common stock. Under the terms of our certificate of incorporation and bylaws, the affirmative vote of the parties to the stockholder agreements is sufficient for the approval and adoption of the merger agreement.

Opinions of Financial Advisors

Opinion of Our Independent Special Committee s Financial Advisor

In connection with the merger, the independent special committee of our board of directors received a written opinion from Banc of America Securities LLC, the independent special committee s financial advisor, as to the fairness of the merger consideration, from a financial point of view, to the holders of shares of our Class B common stock. The full text of the written opinion of Banc of America Securities, dated November 7, 2004, is attached to this proxy statement as Annex B. Holders of our Class B common stock are encouraged to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. Banc of America Securities opinion is directed to the independent special committee, does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how to vote or act with respect to the merger agreement. See The Merger Opinion of Our Independent Special Committee s Financial Advisor on page 38.

Opinion of Our Financial Advisor

In connection with the merger, our board of directors received a written opinion from UBS Securities LLC, our financial advisor, as to the fairness, from a financial point of view, of the merger consideration to be

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received by holders of our Class B common stock (other than our affiliates). The full text of UBS s written opinion, dated November 7, 2004, is attached to this proxy statement as Annex C. Holders of our Class B common stock are encouraged to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. UBS s opinion was provided to our board in its evaluation of the merger consideration, does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how to vote or act with respect to any matters relating to the proposed merger. See The Merger Opinion of Our Financial Advisor on page 42.

Interests of Our Directors and Executive Officers in the Merger

When considering our board of directors recommendation that you vote in favor of the approval and adoption of the merger agreement, you should be aware that members of our board of directors and our executive officers may have interests in the merger that differ from, or are in addition to, those of other stockholders. For example:

- all outstanding options to purchase shares of our Class B common stock (including options held by our directors and executive officers), whether vested or unvested, will be canceled and converted into the right to receive a cash payment, without interest, equal to the excess, if any, of $2.06 over the per share exercise price of the option, multiplied by the number of shares of our Class B common stock subject to the option, less any applicable withholding taxes;

- each outstanding share of our restricted Class B common stock (including shares of restricted stock held by certain of our executive officers) will fully vest and be converted at the effective time of the merger into the right to receive a cash payment equal to the number of shares of our Class B common stock subject to the award multiplied by $2.06;

- in connection with the signing of the merger agreement, Messrs. Collazo, Firdosy and Galleberg entered into binding preliminary employment agreements with BT, effective upon completion of the merger, that provide for their continued employment during a specified period. Under these new employment agreements, which will replace the executives existing employment agreements with Infonet and our CEO Incentive Bonus Plan, each executive will receive an incentive payment and significant benefits as well as be eligible for a gross-up payment for any golden parachute excise taxes incurred;

- our other officers are expected to be retained as employees of BT following the merger; and

- our directors and officers will continue to be indemnified for acts or omissions occurring at or prior to the effective time of the merger and will have the benefit of liability insurance for six years after completion of the merger.

Delisting and Deregistration of Our Class B Common Stock

If the merger is completed, our Class B common stock will no longer be listed on the New York Stock Exchange and will be deregistered under the Exchange Act, and Infonet will no longer file periodic reports with the SEC.

Litigation Relating to the Merger

Between November 8, 2004 and November 18, 2004, three purported class action lawsuits were filed in the California Superior Court, County of Los Angeles, titled *Depras v. Infonet Services Corporation et al.*, Case No. BC324238, *Kurt v. Infonet Services Corporation et al.,* Case No. BC324239, and *Peel v. Infonet Services Corporation et al.,* Case No. BC324809, against us, our board of directors members John Allerton, Per-Eric Fylking, Yuzo Mori, Hanspeter Quadri, Timothy P. Hartman, Peter G. Hanelt, Bruce A. Beda, José Manuel Santero, Matthew J. O Rourke and Eric M. de Jong, and our Chief Executive Officer, President and Chairman,

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José A. Collazo. Each complaint is filed on behalf of a purported class of holders of our Class B common stock and alleges that the defendants breached their fiduciary duties to our stockholders by approving the merger agreement with BT. The complaints seek relief including an injunction preventing the completion of the merger, rescission of the proposed transaction to the extent already implemented and reasonable costs, and attorneys fees.

The time for the defendants to respond to the complaints has not yet expired and, to date, no motions have been filed by any of the parties to these lawsuits.

The Merger Agreement

Conditions to the Completion of the Merger (page 66)

Our and BT s obligations to effect the merger are subject to the satisfaction of the following conditions:

- the approval and adoption of the merger agreement by the holders of two-thirds of the voting power of the outstanding shares of our Class A and Class B common stock, voting together as a single class;
- the approval and adoption of the merger agreement by the holders of 95% of the outstanding shares of our Class A common stock; and
- there shall not be any law or order of a governmental entity existing that prevents or prohibits the consummation of the merger.

BT s and Blue Acquisition Corp. s obligations to complete the merger are subject to the satisfaction by us or waiver by them of the following conditions:

- the accuracy of our representations and warranties, except where such inaccuracy would not reasonably be expected to result in a material adverse effect;
- the material compliance with our obligations under the merger agreement;
- the expiration or termination of the applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, without the imposition of a materially burdensome condition or restriction;
- to the extent Council Regulation No. 139/2004 of the European Community, as amended (which we refer to as Council Regulation No. 139/2004) applies to the merger, the indication of the European Commission, without the imposition of any materially burdensome condition, that the concentration is compatible with the common market pursuant to its terms and, if the European Commission has referred the concentration to the European Economic Area Member State(s), the approval of the merger by the European Economic Area Member State(s) without the imposition of any materially burdensome condition or restriction;

if BT is of the opinion that there is any reasonable doubt as to whether Council Regulation No. 139/2004 applies to the merger, the indication of the European Commission that Council Regulation No. 139/2004 does not apply;

the granting by the relevant authority of any other required antitrust or merger control clearances, consents or approvals required for the merger without the imposition of a materially burdensome condition or restriction;

the receipt of any required approvals from the U.S. Federal Communications Commission, or the FCC, without the imposition of any materially burdensome restriction;

the receipt of all legally required governmental consents, and any other governmental consents the failure of which to be obtained could reasonably be expected to result in the requirement of a material divestiture;

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the receipt of all other third party consents required in connection with the merger except for those the failure of which to be obtained would not reasonably be expected to be materially burdensome;

the absence of any law or order that restrains, enjoins, prevents or otherwise prohibits or makes illegal the completion of the merger;

no governmental entity (1) having imposed any statute, rule, regulation, executive order, decree, judgment, injunction or other order (whether temporary, preliminary or permanent) or instituted or threatened any action or (2) based upon any applicable non-competition, antitrust or pre-merger notification laws, having instituted or threatened to institute any action, which seeks to:

- prohibit or limit the ownership or operations by us, BT or any of our respective affiliates or subsidiaries, or compel the disposition, of any material part of our, BT s or any of our respective affiliates or subsidiaries businesses or assets;

- impose limitations on the ability of BT or any of its affiliates to hold any shares of our stock following the merger; or

- prohibit BT or any of its affiliates from controlling in any material respect our or our subsidiaries businesses or operations;

the absence of certain governmental actions or threats based upon applicable non-competition, antitrust or pre-merger notification laws, which, in addition to the above seek to restrain or prohibit the merger or that are reasonably likely to be materially burdensome;

the absence of any material adverse effect on our business; and

the absence of any notice that a governmental entity has imposed or threatened to impose material fines or penalties on us or any of our subsidiaries for failure to comply with regulatory laws.

Our obligations to complete the merger are subject to the satisfaction by BT and/or Blue Acquisition Corp. or waiver by us of the following conditions:

the accuracy of BT s and Blue Acquisition Corp. s representations and warranties, except where such inaccuracy would not reasonably be expected to prevent or materially delay the consummation of the merger, and BT s and Blue Acquisition Corp. s material compliance with their obligations; and

receipt by us, BT or our applicable subsidiaries of all legally required approvals or orders from governmental entities and all third party consents that are reasonably required in connection with the merger, to the extent the failure to obtain any such consents, approvals or orders would reasonably be expected to subject our directors and officers to criminal or material civil liability or give rise to any judgment, injunction or other order which could prevent or prohibit consummation of the merger.

Where legally permissible, a party may waive a condition to its obligation to complete the merger even though that condition has not been satisfied.

No Solicitation Covenant (page 66)

The merger agreement contains restrictions on our ability to solicit, initiate, participate in discussions or negotiations with, provide any non-public information to, or enter into an agreement with, a third party with respect to a proposal to acquire all of, or any significant interest in, Infonet. The merger agreement does not, however, prohibit us or our board of directors from considering and potentially approving and recommending an unsolicited superior proposal from a third party, if we and our board of directors comply with the appropriate provisions of the merger agreement.

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Termination of the Merger Agreement (page 68)

The merger agreement may be terminated at any time before the completion of the merger, whether before or after the approval and adoption of the merger agreement by our stockholders:

by our and BT s mutual written consent;

by either BT or us, if the merger is not completed by November 8, 2005;

by either BT or us, if any statute, rule, regulation, executive order, decree, judgment, ruling, injunction, other order or other action taken by a governmental entity which prevents or prohibits the completion of the merger becomes final and nonappealable;

by either BT or us, if our stockholders fail to approve and adopt the merger agreement;

by either BT or us, if the other party breaches its representations and agreements so that the related closing conditions cannot be satisfied by November 8, 2005 and such breach cannot be cured within 20 business days after receipt of written notice from the non-breaching party;

by BT if:

- our board of directors withdraws, proposes publicly to withdraw (or modifies or proposes publicly to modify in any manner adverse to BT), or fails to recommend that our stockholders vote or approve the merger agreement, or we otherwise fail to meet our obligation to duly call and give notice of a special meeting of our stockholders in accordance with the terms of the merger agreement to approve the merger agreement, if this breach cannot be cured or is not cured within eight days after receiving notice of such breach;

- in connection with any required filing or submission, we or BT are required to accept a materially burdensome condition and we and BT are unable to cause such condition to be removed; or

- any legal restraint is in effect, and has become final and nonappealable, under any antitrust law that would:

  prohibit or limit the ownership or operations by us, BT or any of our respective affiliates or subsidiaries, or compel us, BT or any of our respective affiliates or subsidiaries, to dispose of, or hold separate, of any material part of our, BT s or any of our respective affiliates or subsidiaries businesses or assets;

  impose limitations on the ability of BT or any of its affiliates to hold any shares of our stock after the merger; or

  prohibit BT or any of its affiliates from effectively controlling in any material respect our or our subsidiaries businesses or operations;

by us, prior to our stockholders approval of the merger agreement, if we receive a superior proposal from a third party, and the independent special committee of our board of directors has determined in good faith that failure to accept the superior proposal would reasonably be expected to be inconsistent with the fulfillment of its fiduciary duties, subject to certain conditions and payment of the termination fees described below.

Termination Fees and Other Expenses (page 69)

We will be required to pay a termination fee of $35 million to BT if:

following the receipt of a takeover proposal:

- BT terminates the merger agreement because we (i) breach our covenants contained in the merger agreement, or (ii) breach our representations and warranties contained in the merger agreement and within 12 months after the termination we enter into an acquisition agreement to consummate any takeover proposal; or

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- either BT or we terminate the merger agreement because we fail to obtain stockholder approval of the merger agreement;

we terminate the merger agreement because we received a superior proposal; or

BT terminates the merger agreement because our board of directors withdraws or fails to recommend that our stockholders vote to approve the merger agreement, or we fail to duly call and give notice of a meeting of our stockholders for the purpose of obtaining stockholder approval of the merger agreement and this breach cannot be cured or is not cured within eight days after receiving notice of the breach.

Each party will pay its own fees and expenses in connection with the merger, whether or not the merger is consummated.

Effect on Outstanding Stock Options, Restricted Stock and Employee Stock Purchase Plan (page 58)

At the effective time of the merger, each outstanding option to purchase shares of our Class B common stock, whether vested or unvested, will be canceled and converted into the right to receive a cash payment, without interest, equal to the excess, if any, of $2.06 over the per share exercise price of the option, multiplied by the number of shares of our Class B common stock subject to the option, less any applicable withholding taxes.

At the effective time of the merger, each outstanding share of our restricted Class B common stock will fully vest and be converted into the right to receive a cash payment, without interest, equal to the number of shares of our Class B common stock subject to the award multiplied by $2.06.

We will terminate our employee stock purchase plan before the merger is completed, and any offering period then in effect will be shortened by setting the last business day prior to the effective time of the merger as the last day of the offering period. Pursuant to the terms of our employee stock purchase plan, the employees accumulated payroll deductions will be used to purchase shares of our Class B common stock on the last business day prior to the effective time of the merger.

Material U.S. Federal Income Tax Consequences

The receipt of cash in exchange for shares of our common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. For U.S. federal income tax purposes, generally you will recognize gain or loss as a result of the merger measured by the difference, if any, between the amount of cash received in exchange for shares of our common stock pursuant to the merger and your adjusted tax basis in such shares.

You should read The Merger Material U.S. Federal Income Tax Consequences beginning on page 55 for a more complete discussion of the federal income tax consequences of the merger. Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. We urge you to consult your tax advisor on the tax consequences of the merger to you.

Regulatory Matters

Under the HSR Act, we cannot complete the merger until we and BT have notified the Antitrust Division of the U.S. Department of Justice, or the Antitrust Division, and the U.S. Federal Trade Commission, or FTC, of the merger, furnished them with certain information and materials and allowed the applicable waiting period to terminate or expire. We and BT filed notification and report forms under the HSR Act with the Antitrust Division and the FTC on November 22, 2004. The initial waiting period under the HSR Act will expire at 11:59 p.m. on December 22, 2004, the 30th day following the filing, unless the Antitrust Division or the FTC requests additional information before that time.

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In addition, we must make, if required, any filings with the European Commission as required by Council Regulation No. 139/2004. Under Council Regulation No. 139/2004, we may not complete the merger unless the required filing has been submitted to, and the transaction cleared by, the European Commission. Council Regulation No. 139/2004 provides for an initial Phase I waiting period of 25 working days following the filing of a complete notification to the European Commission, which can be extended to 35 working days, in particular if the parties offer remedies. On December 10, 2004, BT filed the required notification with the European Commission on Form CO. The European Commission s review will end at the expiration of the Phase I waiting period, unless the European Commission launches an in-depth investigation into the merger, referred to as a Phase II investigation.

A filing must also be made to the Brazilian merger control authority, under that country s Law nº 8884/94. However, completion of the merger is permitted pending a decision from the authority.

In order to complete the merger, we must also obtain approvals from the FCC. We filed the required applications with the FCC on November 19, 2004, seeking approval to transfer control to BT of the FCC licenses and authorizations held by us other than our private land mobile radio license, for which we expect to file an application for approval of transfer of control prior to the completion of the merger.

The Committee on Foreign Investment in the United States, or CFIUS, may review and investigate the merger under the Exon-Florio Amendment to the Defense Production Act of 1950, as amended, commonly known as the Exon-Florio provision. The Exon-Florio provision empowers the President of the United States or his designee to take certain actions in relation to mergers, acquisitions and takeovers by foreign persons that could result in foreign control of persons engaged in interstate commerce in the United States. In particular, the Exon-Florio provision enables the President to suspend or prohibit any acquisition, merger or takeover by a foreign person that threatens to impair the national security of the United States. We and BT will consider whether to file a joint voluntary notice with CFIUS seeking a determination that there are no issues of national security sufficient to warrant an investigation under the Exon-Florio provision.

We or BT may also be required to obtain additional regulatory approvals from or make additional regulatory notifications to various state and foreign competition authorities and governmental authorities regulating telecommunications businesses.

We cannot assure you that an antitrust or other regulatory challenge to the merger will not be made. If a challenge is made, we cannot predict the result. We and BT have agreed to use commercially reasonable efforts to obtain as promptly as reasonably practicable all consents and waivers of any governmental entity or any other person required in connection with the merger. These commitments are subject to limitations as set forth in the merger agreement.

Paying Agent

will act as the paying agent for the payment of the merger consideration.

Appraisal Rights

Under Delaware law, stockholders who do not wish to accept the $2.06 per share cash consideration payable pursuant to the merger may seek, under Section 262 of the General Corporation Law of the State of Delaware, judicial appraisal of the fair value of their shares by the Delaware Court of Chancery. This value could be more than, less than or equal to the merger consideration of $2.06 per share. This right to appraisal is subject to a number of restrictions and technical requirements. Generally, in order to properly demand appraisal, among other things:

- you must not vote in favor of the proposal to approve and adopt the merger agreement;

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you must deliver a written demand to us for appraisal in compliance with the General Corporation Law of the State of Delaware before the vote on the proposal to approve and adopt the merger agreement occurs at the special meeting; and

you must hold your shares of record continuously from the time of making a written demand for appraisal through the effective time of the merger. A stockholder who is the record holder of shares of our common stock on the date the written demand for appraisal is made, but who thereafter transfers those shares prior to the effective time of the merger, will lose any right to appraisal in respect of those shares.

Merely voting against the merger agreement will not preserve your right to appraisal under Delaware law. Also, because a submitted proxy not marked against or abstain will be voted **FOR** the proposal to approve and adopt the merger agreement, the submission of a proxy not marked against or abstain will result in the waiver of appraisal rights. If you hold shares in the name of a broker, bank or other nominee, you must instruct your nominee to take the steps necessary to enable you to demand appraisal for your shares. If you or your nominee fails to follow all of the steps required by Section 262 of the General Corporation Law of the State of Delaware, you will lose your right of appraisal. See The Merger Appraisal Rights on page 51 for a description of the procedures that you must follow in order to exercise your appraisal rights.

Dissenting stockholders who properly perfect their appraisal rights will only receive the judicially-determined fair value of their shares if one or more dissenting stockholders files suit in the Delaware Court of Chancery and litigates the resulting appraisal case to a decision.

Annex F to this proxy statement contains the full text of Section 262 of the General Corporation Law of the State of Delaware, which relates to your right of appraisal. We encourage you to read these provisions carefully and in their entirety.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why am I receiving this proxy statement?

A: We have entered into a merger agreement with British Telecommunications plc, or BT, a company incorporated in England and Wales. Under the merger agreement, Infonet will become a wholly-owned subsidiary of BT and holders of our Class A or Class B common stock will be entitled to receive $2.06 in cash per share, without interest. A copy of the merger agreement is attached to this proxy statement as Annex A.

In order to complete the merger, our stockholders must vote to approve and adopt the merger agreement. This proxy statement contains important information about the merger and the merger agreement. You should read this proxy statement and the annexes carefully. The enclosed proxy card allows you, as an Infonet stockholder, to vote your shares without attending the special meeting.

Q: When and where is the special meeting?

A: The special meeting of stockholders will take place at on , 2005, at a.m.

Q: What matters will be voted on at the special meeting?

A: You will vote on a proposal to approve and adopt the merger agreement.

Q: As a stockholder, what will I be entitled to receive in the merger?

A: You will be entitled to receive $2.06 in cash, without interest, for each share of our Class A or Class B common stock that you own immediately prior to the completion of the merger, unless you perfect your appraisal rights under Delaware law.

Q: If I also hold options to purchase shares of Infonet Class B common stock, how will my options be treated in the merger?

A: All outstanding options to purchase shares of our Class B common stock, whether vested or unvested, will be canceled and converted into the right to receive a cash payment, without interest, equal to the excess, if any, of $2.06 over the per share exercise price of the option, multiplied by the number of shares of our Class B common stock subject to the option, less any applicable withholding taxes.

Q: Who can vote and attend the special meeting?

A: All stockholders as of the close of business on , the record date for the special meeting, are entitled to receive notice of and to attend and vote at the special meeting. If you want to attend the special meeting and your shares are held in an account at a brokerage firm, bank or other nominee, you will need to bring a copy of your voting instruction card or brokerage statement reflecting your stock ownership as of the record date.

Q: Is the merger contingent upon BT obtaining financing?

A: No. The completion of the merger is not contingent upon BT obtaining financing. BT has represented to us that it has access to, and will have at closing, sufficient funds available to complete the merger.

Q: How does our board of directors and the independent special committee of our board of directors recommend that I vote?

A: Both our board of directors and the independent special committee of our board of directors recommend that you vote **FOR** the proposal to approve and adopt the merger agreement.

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Q: Why is our board of directors and the independent special committee of our board of directors recommending that I vote FOR the proposal to approve and adopt the merger agreement?

A: Our board of directors and the independent special committee of our board of directors carefully reviewed and considered the terms and conditions of the merger agreement and proposed merger. Based on this review, our board of directors and the independent special committee determined that the merger is fair to and in the best interests of Infonet and our stockholders and declared the merger to be advisable to our stockholders. In reaching their decisions to approve the merger agreement and the merger and to recommend the approval and adoption of the merger agreement by our stockholders, our board of directors and the independent special committee of our board of directors consulted with our management, as well as our legal and financial advisors, and considered the terms of the merger agreement and the transactions contemplated by the merger agreement. Our board of directors and the independent special committee of our board of directors also considered each of the items set forth on pages 35 through 37 under The Merger Recommendation of Our Independent Special Committee and Board of Directors; Our Reasons for the Merger Reasons for the Merger.

Q: What function did the independent special committee serve with respect to the merger and who are its members?

A: The principal function of the special committee of independent directors with respect to the merger was to protect your interests from potential conflicts of interest of our executive officers, directors and principal stockholders in evaluating and negotiating the merger agreement and considering other strategic alternatives available to us. The special committee is composed of directors who are independent of Infonet and independent of the six holders of our Class A common stock: Bruce A. Beda, Timothy P. Hartman, Peter G. Hanelt and Matthew J. O Rourke. The special committee independently selected and retained legal and financial advisors to assist it in considering the terms and conditions of the merger. For additional information about the independent special committee and its evaluation and review of the merger, see The Merger Background of the Merger on page 22.

Q: What vote of our stockholders is required to approve and adopt the merger agreement?

A: We cannot complete the merger without the approval of the holders of two-thirds of the voting power of the outstanding shares of our Class A and Class B common stock, voting together as a single class, and the approval of the holders of 95% of our outstanding Class A common stock. This proxy statement contains important information about the merger and the special meeting, and you should read it carefully. Because the vote is based on the voting power of the total number of shares outstanding rather than the number of votes actually cast, failure to vote your shares and broker non-votes will have the same effect as voting against the merger agreement.

Q: Have any executive officers or directors of Infonet agreed to vote in favor of the approval and adoption of the merger agreement as stockholders?

A: Yes. José Collazo, our Chief Executive Officer, President and Chairman, Akbar Firdosy, our Vice President and Chief Financial Officer, and Paul Galleberg, our Senior Vice President, General Counsel and Secretary, have entered into stockholder agreements with BT under which they have agreed to vote their shares of our Class B common stock, representing in the aggregate approximately % of the voting power of our outstanding common stock, in favor of the approval and adoption of the merger agreement. For additional information about the stockholder agreements, see The Merger Description of the Stockholder Agreements on page 45. A form of the stockholder agreement signed by each of Messrs. Collazo, Firdosy and Galleberg is attached to this proxy statement as Annex D.

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Q: Have any other stockholders of Infonet agreed to vote in favor of the approval and adoption of the merger agreement?

A: Yes. Each of the six holders of our Class A common stock, consisting of KDDI Corporation, KPN Telecom B.V., Swisscom AG, Telefonica International Holding B.V., TeliaSonera AB and Telstra Corporation Limited have also entered into stockholder agreements with BT under which they have agreed to vote their shares of our common stock in favor of the approval and adoption of the merger agreement. As of the record date, these six stockholders held an aggregate of 161,403,358 shares of our Class A common stock and shares of our Class B common stock, representing all of our outstanding Class A common stock and approximately % (and, together with Messrs. Collazo, Firdosy and Galleberg, approximately %) of the voting power of our outstanding common stock. The affirmative vote of these stockholders is sufficient for the approval and adoption of the merger agreement. For additional information about the stockholder agreements, see The Merger Description of the Stockholder Agreements on page 45. A form of the stockholder agreement signed by each of the holders of our Class A common stock is attached to this proxy statement as Annex E.

Q: Is the approval of the BT stockholders required to effectuate the merger?

A: No. BT may complete the merger without obtaining the approval of its stockholders.

Q: How many votes am I entitled to cast for each share of Infonet common stock I own?

A: For each share of our Class B common stock you own on , the record date for the special meeting, you may cast one vote on each matter voted upon at the special meeting. For each share of our Class A common stock that you own on the record date, you may cast ten votes on each matter voted upon at the special meeting.

Q: How do I cast my vote?

A: If you were a holder of record on , you may vote in person at the special meeting or by submitting a proxy for the special meeting. You can submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed, postage paid envelope.

If you sign, date and send your proxy and do not indicate how you want to vote, your proxy will be voted FOR the approval and adoption of the merger agreement.

Q: How do I cast my vote if my Infonet shares are held in street name by my bank, broker or another nominee?

A: If you hold your shares in street name, which means your shares are held of record by a broker, bank or nominee, you must provide the record holder of your shares with instructions on how to vote your shares in accordance with the voting directions provided by your broker, bank or nominee. **If you do not provide your broker, bank or nominee with instructions on how to vote your shares, it will not be permitted to vote your shares. This will have the same effect as voting against the approval and adoption of the merger agreement.** Please refer to the voting instruction card provided by your broker, bank or nominee to see if you may submit voting instructions using the Internet or telephone.

Q: What will happen if I abstain from voting or fail to vote?

A: If you abstain from voting, fail to cast your vote in person or by proxy or fail to give voting instructions to your broker, bank or nominee, it will have the same effect as a vote against the approval and adoption of the merger agreement.

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Q: Can I change my vote after I have delivered my proxy?

A: Yes. If you are a record holder, you can change your vote at any time before your proxy is voted at the special meeting by delivering a later-dated, signed proxy card to our corporate secretary or attending the special meeting in person and voting. You also may revoke your proxy by delivering a notice of revocation to our corporate secretary prior to the vote at the special meeting. If your shares are held in street name, you must contact your broker, bank or nominee to revoke your proxy.

Q: What should I do if I receive more than one set of voting materials?

A. You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q: What rights do I have if I oppose the merger?

A: Under the General Corporation Law of the State of Delaware, holders of our common stock who do not vote in favor of the approval and adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they deliver a written demand for an appraisal to us prior to the vote on the approval and adoption of the merger agreement and they comply with the Delaware law procedures explained in this proxy statement. Dissenting stockholders who properly perfect their appraisal rights will only receive the judicially-determined fair value of their shares if one or more dissenting stockholders files suit in the Delaware Court of Chancery and litigates the resulting appraisal case to a decision. For additional information about appraisal rights, see The Merger Appraisal Rights on page 51.

Q: Is the merger expected to be taxable to me?

A: Generally, yes. The receipt of $2.06 in cash for each share of our common stock pursuant to the merger will be a taxable transaction for United States federal income tax purposes. For United States federal income tax purposes, generally you will recognize gain or loss as a result of the merger measured by the difference, if any, between $2.06 per share and your adjusted tax basis in that share.

You should read The Merger Material U.S. Federal Income Tax Consequences on page 55 for a more complete discussion of the United States federal income tax consequences of the merger. Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. **We urge you to consult your tax advisor on the tax consequences of the merger to you.**

Q: Should I send in my share certificates now?

A: No. Promptly after the merger is completed, you will be sent written instructions for exchanging your share certificates for your cash consideration. These instructions will tell you how and where to send in your certificates for your cash consideration. You will receive your cash payment after the paying agent receives your stock certificates and any other documents requested in the instructions.

Q: When do you expect the merger to be completed?

A:

We are working to complete the merger as quickly as possible. We currently expect to complete the merger in the first half of 2005. However, we cannot predict the exact timing of the completion of the merger

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because the merger is subject to various approvals, including clearance by the Antitrust Division and the FTC, the required approval by the FCC and, if required, any approvals under Council Regulation No. 139/2004. We have also made and will continue to make or obtain certain reports, filings, registrations, consents, approvals, permits, authorizations and notices with, to or from state or foreign governmental entities regulating telecommunications businesses.

Q: Who can help answer my questions?

A: If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact:

Infonet Services Corporation

Investor Relations

2160 East Grand Avenue, El Segundo, California 90245

Tel: (310) 335-2600

E-mail: irideas@infonet.com

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as estimate, project, intend, anticipate, believe, will, may, should, would, and similar expressio to identify forward-looking statements. These statements are based on the current expectations and beliefs of our management and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These forward-looking statements are based on current expectations and projections about future events and are subject to risk, uncertainties, and assumptions about our company, economic and market factors and the industry in which we do business and are based upon assumptions as to future events that may not prove accurate. Therefore, actual outcomes and results may differ materially from what is expressed in the forward-looking statements.

In any forward-looking statements in which we express an expectation or belief as to future results, that expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement or expectation or belief will result or be achieved or accomplished. Risks and uncertainties pertaining to the following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements:

- our ability to obtain the stockholder and regulatory approvals required for the merger;
- the occurrence or non-occurrence of the other conditions to the closing of the merger;
- the timing of the closing of the merger and receipt by stockholders of the merger consideration;
- uncertainty concerning the effects of our pending transaction with BT;
- the effects of vigorous competition in the markets in which we operate and competition for more valuable customers;
- uncertainty concerning the growth rate for the telecommunications industry in general;
- our ability to enter into agreements to provide services throughout the world and the cost of entering new markets necessary to provide these services;
- our ability to effectively develop and implement new services, offers, and business models and the possible impact of those services and offers on our business;
- the ongoing global and U.S. trend towards consolidation in the telecommunications industry, which may have the effect of making our competitors larger and better financed and give these competitors more extensive resources, improved buying power, and greater geographic reach, allowing them to compete more effectively;
- the requirements imposed on us or latitude allowed to competitors by the FCC or state regulatory commissions under the Telecommunications Act of 1996 or other applicable laws and regulations, both in the United States and abroad;

our ability to establish a significant market presence in new geographic and service markets;

the availability and cost of capital and the consequences of increased leverage;

the risks and uncertainties associated with the acquisition and integration of businesses and operations;

the risk of insolvency of customers, and others with whom we do business;

the risk of equipment failure, natural disasters, terrorist acts, or other breaches of network or IT security; and

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the additional risks and uncertainties not presently known to us or that we currently deem immaterial.

You should consider the cautionary statements contained or referred to in this section in connection with any subsequent written or oral forward-looking statements that may be issued by us or persons acting on our behalf. We do not undertake any obligation to release publicly any revisions to any forward-looking statements contained herein to reflect events or circumstances that occur after the date of this proxy statement or to reflect the occurrence of unanticipated events, except as we are required to do by law.

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THE INFONET SPECIAL MEETING

We are furnishing this proxy statement to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting.

Date, Time and Place

We will hold the special meeting at on , 2005, at a.m.

Purpose of the Special Meeting

At the special meeting, we are asking holders of record of our common stock on , to consider and vote on the following proposals:

1. To approve and adopt the Agreement and Plan of Merger, dated as of November 8, 2004, by and among Infonet Services Corporation, a Delaware corporation, British Telecommunications plc, a company incorporated in England and Wales, and Blue Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of British Telecommunications plc; and

2. To transact any other business as may properly come before the special meeting.

Recommendation of Our Independent Special Committee and Board of Directors

The independent special committee of our board of directors and our board of directors have determined that the terms of the merger agreement are fair to and in the best interests of Infonet and our stockholders and have declared the merger to be advisable to our stockholders.

Both the independent special committee of our board of directors and our board of directors recommend that our stockholders vote FOR the approval and adoption of the merger agreement. See The Merger Recommendation of Our Independent Special Committee and Board of Directors; Our Reasons for the Merger Reasons for the Merger.

Record Date; Stockholders Entitled to Vote

Only holders of record of our Class A or Class B common stock at the close of business on , the record date, are entitled to notice of and to vote at the special meeting. On that date, there were 161,403,358 shares of our Class A common stock, held by six holders of record, and shares of our Class B common stock, held by approximately holders of record, outstanding and entitled to vote. Holders of record of our Class B common stock on the record date are entitled to one vote per share at the special meeting on each proposal, and holders of record of our Class A common stock on the record date are entitled to ten votes per share at the special meeting on each proposal. A list of our stockholders will be available for review for any purpose germane to the special meeting at our executive offices and principal place of business during regular business hours for a period of ten days before the special meeting and will also be available at the special meeting.

Quorum and Vote Required

A quorum of stockholders is necessary to hold the special meeting. The required quorum for the transaction of business at the special meeting is the presence, either in person or represented by proxy, of the holders of a majority of the voting power of our outstanding Class A and Class B common stock entitled to vote, voting together as a single class. Abstentions and broker non-votes , discussed below, count as present for establishing a quorum.

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We cannot complete the merger without the approval of the holders of two-thirds of the voting power of the outstanding shares of our Class A and Class B common stock, voting together as a single class, and the approval of the holders of 95% of our outstanding Class A common stock. Because the vote is based on the voting power of the total number of shares outstanding, rather than the number of actual votes cast, failure to vote your shares and broker non-votes will have the same effect as voting against the merger agreement.

Voting by Our Directors and Executive Officers

At the close of business on the record date, our directors and executive officers owned and were entitled to vote approximately % of the voting power of our common stock outstanding on that date. José Collazo, our Chief Executive Officer, President and Chairman, Akbar Firdosy, our Vice President and Chief Financial Officer, and Paul Galleberg, our Senior Vice President, General Counsel and Secretary, have entered into stockholder agreements with BT under which each stockholder has agreed to vote his shares of our Class B common stock, representing approximately % of the voting power of our outstanding common stock, in favor of the approval and adoption of the merger agreement. See The Merger Description of the Stockholder Agreements on page 45.

Voting by Our Stockholders

At the close of business on the record date, the six holders of our Class A common stock, consisting of KDDI Corporation, KPN Telecom B.V., Swisscom AG, Telefonica International Holding B.V., TeliaSonera AB and Telstra Corporation Limited owned and were entitled to vote approximately % of the voting power of our common stock outstanding on that date. Each of them has entered into a stockholder agreement with BT under which each has agreed to vote its shares of our common stock in favor of the approval and adoption of the merger agreement. As of the record date, these stockholders held an aggregate of 161,403,358 shares of our Class A common stock and shares of our Class B common stock, representing all of our outstanding Class A common stock and approximately % of the total voting power of our outstanding common stock. The affirmative vote of these stockholders is sufficient for the approval and adoption of the merger agreement. See The Merger Description of the Stockholder Agreements on page 45.

Voting; Proxies

You may vote by proxy or in person at the special meeting.

Voting in Person

If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, and you wish to vote at the special meeting, you must bring to the special meeting a proxy from the record holder of the shares (your broker, bank or nominee) authorizing you to vote at the special meeting.

Voting by Proxy

All shares represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in the manner specified by the stockholders giving those proxies. Properly executed proxies that do not contain voting instructions will be voted **FOR** the approval and adoption of the merger agreement.

Only shares affirmatively voted for the approval and adoption of the merger agreement, and properly executed proxies that do not contain voting instructions, will be counted as favorable vote for the proposal. Shares of our common stock held by persons attending the special meeting but abstaining from voting, and shares of our common stock for which we received proxies directing an abstention, will have the same effect as votes against the approval and adoption of the merger agreement. Shares represented by proxies that reflect a broker non-vote will be counted for purposes of determining whether a quorum exists, but those proxies will have the

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same effect as votes against the approval and adoption of the merger agreement. A broker non-vote occurs when a nominee holding shares for a beneficial owner has not received instructions from the beneficial owner and does not have discretionary authority to vote the shares. Under the terms of our certificate of incorporation and bylaws, the affirmative vote of the parties to the stockholder agreements is sufficient for the approval and adoption of the merger agreement.

Other Business

We do not expect that any matter other than the proposal to approve and adopt the merger agreement will be brought before the special meeting. If, however, other matters are properly presented at the special meeting, the persons named as proxies will vote in accordance with their best judgment with respect to those matters.

Revocation of Proxies

Submitting a proxy on the enclosed form does not preclude a stockholder from voting in person at the special meeting. A stockholder of record may revoke a proxy at any time before it is voted by filing with our secretary a duly executed revocation of proxy, by submitting a duly executed proxy to our secretary with a later date or by appearing at the special meeting and voting in person. A stockholder of record may revoke a proxy by any of these methods, regardless of the method used to deliver the stockholder s previous proxy. Attendance at the special meeting without voting will not itself revoke a proxy. If your shares are held in street name, you must contact your broker, bank or nominee to revoke your proxy.

Solicitation of Proxies

We are soliciting proxies for the special meeting from our stockholders. We will bear the entire cost of soliciting proxies from our stockholders. In addition to the solicitation of proxies by mail, we will request that banks, brokers and other record holders send proxies and proxy materials to the beneficial owners of our common stock held by them and secure their voting instructions, if necessary. We will reimburse those record holders for their reasonable expenses in so doing. We may use several of our regular employees, who will not be specially compensated, to solicit proxies from our stockholders, either personally or by telephone, Internet, telegram, facsimile or special delivery letter.

Appraisal Rights

Under the General Corporation Law of the State of Delaware, holders of our common stock who do not vote in favor of approving and adopting the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for an appraisal prior to the vote on the approval and adoption of the merger agreement and they comply with the provisions of Section 262 of the General Corporation Law of the State of Delaware set forth in full at Annex F to this proxy statement. Dissenting stockholders who properly perfect their appraisal rights will only receive the judicially-determined fair value of their shares if one or more dissenting stockholders files suit in the Delaware Court of Chancery and litigates the resulting appraisal case to a decision. For more information on appraisal rights see below under The Merger Appraisal Rights .

Assistance

If you need assistance in completing your proxy card or have questions regarding the Infonet special meeting, please contact:

Infonet Services Corporation

Investor Relations

2160 East Grand Avenue, El Segundo, California 90245

Tel: (310) 335-2600

E-mail: irideas@infonet.com

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APPROVAL OF THE MERGER AGREEMENT

THE MERGER

Introduction

We are asking our stockholders to approve and adopt the merger agreement. If we complete the merger, we will become a wholly-owned subsidiary of British Telecommunications plc, and our stockholders will have the right to receive $2.06 in cash, without interest, for each share of our Class A or Class B common stock that is outstanding at the effective time of the merger.

The Companies

Infonet Services Corporation

We provide cross-border managed voice and data communications services to over 2,600 multinational enterprises. Of these enterprises, over 2,000 are our clients, including 33% of Fortune s Global 500 for 2004, and we service the remainder indirectly through our alternate channels, which consist of major international telecommunications carriers and value-added resellers. Our network, which we refer to as The World Network, can be accessed from over 180 countries and territories, making it one of the world s largest secure data communications networks in terms of geographic coverage.

We use The World Network to provide managed global data and communications services to our clients, an advantage over service providers that do not control and operate an extensive global network. Our country representatives actively provide our services in over 70 countries and territories and have strong working relationships with leading local telecommunications providers in these locations. Our diverse client base is comprised of multinational enterprises that require cross-border managed data and communications services.

We are a Delaware corporation and we were incorporated in March 1988. Our principal executive offices are located at 2160 East Grand Avenue, El Segundo, California 90245, and our telephone number there is (310) 335-2600.

British Telecommunications plc (BT)

BT, a company incorporated in England and Wales, is a wholly-owned subsidiary of BT Group plc and holds substantially all businesses and assets of the BT Group.

The BT Group is an integrated group of businesses providing global voice and data services, particularly in the United Kingdom and Europe, but also in the Americas and the Asia Pacific region. The BT Group is the United Kingdom s largest communications services provider to the residential and business markets and is one of the world s leading providers of communications solutions. Its principal activities include Information and Communications Technology (ICT) solutions, local, national and international communications services, higher-value broadband and Internet products and services and IT solutions.

BT was incorporated in April 1984, its principal executive offices are located at the BT Centre, 81 Newgate Street, London EC1A 7AJ, England, and its telephone number there is +44 20 7356 5000.

Blue Acquisition Corp.

Blue Acquisition Corp. is a Delaware corporation and a wholly-owned subsidiary of BT Telecommunications plc. Blue Acquisition Corp. was organized solely for the purpose of entering into the merger agreement with Infonet and completing the merger and has not conducted any business operations other than those incident to its formation.

Blue Acquisition Corp. s principal executive offices are located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, and its telephone number there is (800) 677-3394. If the merger is completed, Blue Acquisition Corp. will cease to exist following its merger with and into Infonet.

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Background of the Merger

Beginning in 2000, our board of directors and management engaged in an ongoing strategic review of our market position and business prospects. As part of this review, our board has evaluated a variety of potential strategic alternatives to maximize stockholder value, including pursuing internal growth strategies and evaluating potential acquisitions. In late 2000, our board determined that we should also consider the effect that a strategic transaction might have on stockholder value.

In early 2001, our board continued its review of strategic alternatives that might provide stockholder value and retained UBS Warburg LLC (now known as UBS Securities) and Merrill Lynch Pierce Fenner & Smith as our financial advisors to assist in this process. Our board directed UBS and Merrill Lynch, in coordination with our senior management, to solicit expressions of interest from third parties regarding a possible business combination with us. In March 2001, we issued a press release announcing that we were exploring strategic alternatives with a view toward assisting our stockholders to monetize their equity holdings in Infonet and our engagement of UBS and Merrill Lynch.

On April 24, 2001, our board of directors formed a special committee composed of independent directors Timothy P. Hartman and Matthew J. O Rourke to evaluate and review any proposals received from third parties regarding potential strategic transactions.

Over the next several months, we entered into confidentiality agreements with approximately 15 companies. Several of these companies provided us with preliminary indications of interest that ultimately did not result in offers. At a meeting on August 20, 2001, Jose A. Collazo, our Chief Executive Officer, informed our board that we had not received any offers. At this meeting, our board determined to discontinue its exploration of potential strategic transactions. In August 2001, we issued a press release announcing that we had not received any offers and that we were terminating the active process of exploring a potential strategic transaction. Our board disbanded the special committee that had been formed in connection with this process, but instructed management to keep the board apprised of any further indications of interest we might receive.

During the fall of 2001, our management identified selected financial investors that might be interested in a possible transaction with Infonet. In late 2001, at our board s direction, UBS and our management approached approximately 13 potential financial investors, approximately 11 of which entered into confidentiality agreements with us. One of the potential financial investors provided a preliminary indication of interest in February 2002, but our board did not believe that the preliminary indication of interest suggested a value that was worth pursuing.

At a meeting on February 26, 2003, our board discussed a wide range of potential strategic alternatives to maximize stockholder value, including internal growth strategies, acquisitions of other companies and businesses and potential strategic transactions, including but not limited to the sale of Infonet. Our board established a special strategic committee to assist it in exploring and evaluating strategic alternatives in the coming fiscal year. The special strategic committee engaged a management consulting firm to assist the committee in its evaluation of our strategic planning activities and requested that the management consulting firm prepare a report on our strategic alternatives, with a primary focus on internal growth strategies and potential acquisition candidates.

At a meeting on August 19 and 20, 2003, our board received a presentation by the management consulting firm regarding potential internal growth strategies and the pursuit of growth through strategic acquisitions. Based on this presentation, our board concluded that our prospects for internal growth were limited primarily by our scale relative to our major competitors and by market forces. Our board also concluded that, while our best option for growth would be through a strategic transaction, it would need to consider carefully the operating performance of any acquisition candidate and the size of any potential acquisition. Our board further concluded that, based upon the facts available, known acquisition candidates would not provide a transaction that would be acceptable for our business and that we should give significant

consideration to a transaction in which we would be acquired by a larger company in order to maximize stockholder value. Following the presentation, the members of the special strategic committee expressed their view that it was premature to make any specific

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proposals to companies that might be interested in being acquired by us. The board also authorized management to again engage in general preliminary dialogue with companies that might be interested in acquiring us. Following this meeting, management undertook an internal review to determine our optimal size and presented the results of this review to our board of directors in September 2003, concluding that no reasonably likely potential acquisition by us would allow us to achieve desirable economies of scale.

On November 20, 2003, we again engaged UBS to serve as our financial advisor to assist us in exploring potential strategic alternatives. Our senior management instructed UBS to contact a broad range of parties that might be interested in exploring an acquisition of us. UBS and our management contacted 25 strategic and financial parties. These parties were selected because of their strategic fit, their financial capacity or the preliminary interest they had previously expressed in completing a transaction with Infonet. Of that group, 11 parties expressed interest in performing preliminary diligence and executed confidentiality agreements with us. We subsequently provided each of these parties with a package of information regarding Infonet and its business. After reviewing the confidential information provided by us, four parties expressed preliminary interest in pursuing a strategic transaction.

On January 9, 2004, Mr. Collazo sent a letter to Ben Verwaayen, Chief Executive Officer of BT Group plc, informing BT that our board of directors and Class A stockholders were exploring strategic alternatives with a view to achieving flexibility for our business and liquidity for our stockholders. Mr. Collazo observed that a combination of BT s businesses with ours might be a good fit. In response to this letter, on January 25, 2004, Andy Green, Chief Executive Officer of BT Global Services, met with Mr. Collazo in San Francisco to discuss a potential strategic transaction between us and BT. On February 20, 2004, Mr. Green expressed BT s interest in exploring a transaction with us.

At a meeting on February 25, 2004, our senior management updated our board on the status of discussions with potential strategic partners that senior management had undertaken at the direction of the board in its August 2003 meeting.[1] Mr. Collazo advised our board that preliminary discussions were occurring with four parties and that each of these parties had signed confidentiality agreements. Mr. Collazo reported that he had also engaged in preliminary discussions with BT and that he expected BT to execute a confidentiality agreement and begin more formal diligence very shortly. Mr. Collazo also reported that each of the interested parties, including BT, had raised Infonet s dual class capital structure (including the rights granted under an existing stockholder agreement among Infonet and the holders of our Class A common stock, giving each holder of our Class A common stock the right to block the sale of Infonet to a third party) as a substantial issue that would need to be overcome in any strategic transaction with Infonet. Our board authorized Mr. Collazo to continue to engage in dialogue with companies interested in exploring strategic activities with us and, where appropriate, to enter into additional confidentiality agreements. The board also authorized Mr. Collazo to discuss with the holders of our Class A common stock their respective interests in our pursuing a strategic business combination.

To facilitate continuing discussions, on February 27, 2004, we and BT executed a confidentiality agreement pursuant to which we each agreed to keep confidential any information received in the course of conducting diligence investigations and negotiating a possible strategic transaction.

During the first five months of 2004, we also continued discussions with the four parties other than BT that had indicated an interest in exploring a strategic transaction with us. Each of these companies met with our management and engaged in preliminary diligence reviews of our business during this time. However, following these discussions and investigations, none of these other parties provided a proposal for a transaction with us.

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[1] Eric de Jong, a member of our board of directors, has been unable to participate in board meetings due to illness since the beginning of 2004 and did not participate in any discussions relating to the merger agreement with BT or its negotiations.

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On March 15, 2004, executives from BT, including Mr. Green and Peter Cross, BT s Director of Corporate Finance, met with Mr. Collazo, John Hoffman, our Executive Vice President, Communications Sales and Services, and Paul Hibbert, our Chief Technology Officer, by video conference to discuss our business operations. Following that discussion, BT indicated that it was interested in continuing to explore an acquisition of us.

On April 14, 2004, representatives from BT met with Infonet representatives in New York to discuss various aspects of our business, including sales and distribution, network technology, products and finance.

On April 15, 2004, Paul Galleberg, our Senior Vice President, General Counsel and Secretary, together with representatives from UBS, met in London with representatives from KPN Telecom B.V., Swisscom AG, Telefonica International Holding B.V., and TeliaSonera AB, each a holder of our Class A common stock, to discuss the role that holders of our Class A common stock might have in the potential transaction.

In April 2004, Bruce A. Beda, Timothy P. Hartman, Peter G. Hanelt and Matthew J. O Rourke, members of our board that are independent of Infonet and our Class A stockholders, suggested that a special committee composed of these directors be formed for the purpose of evaluating proposals received from third parties with respect to strategic alternatives, including any merger or business combination with Infonet. These four directors sought the advice of independent legal counsel, Cadwalader, Wickersham & Taft LLP, as to whether a special committee of the Infonet board was warranted. These directors subsequently retained Cadwalader, Wickersham & Taft LLP to advise them on issues related to a possible strategic transaction.

From May 2004 through mid-June 2004, representatives from BT and Infonet met several times in El Segundo, California, and London to discuss our business operations. Beginning on May 8, 2004, we also provided BT with access to data rooms in London, El Segundo and New York containing diligence materials regarding our legal and business operations. As part of BT s initial diligence review, between May 12 and May 14, 2004, a team from BT visited our network operations center in El Segundo, California to discuss how those operations would complement BT s operations. Between May 18 and 20, 2004, a team from BT conducted an initial commercial and legal diligence review of our business at the offices of our outside legal counsel, Latham & Watkins LLP, in London. As part of these meetings, Mr. Collazo met with Mr. Verwaayen on May 19, 2004 to confirm BT s interest in potentially acquiring Infonet.

BT retained N M Rothschild & Sons Limited and Rothschild Inc. to act as its financial advisor and Allen & Overy LLP as its external legal advisor in connection with the possible acquisition of Infonet.

On June 2, 2004, Mr. Cross indicated in a telephone conversation with representatives of UBS that BT might be in a position in advance of our board meeting scheduled for June 23, 2004 to make a non-binding proposal to acquire us, subject to further diligence and our entering into an exclusivity and opportunity fee agreement with BT.

At a regular telephonic meeting of our board on June 14, 2004, Mr. Collazo reported the results of management s continuing discussions with BT. Mr. Collazo also reported that no other companies continued to express interest in engaging in discussions regarding an acquisition of us.

On June 15, 2004, representatives of BT and Rothschild discussed our fiscal year 2004 financial results with Akbar Firdosy, our Vice President and Chief Financial Officer. Also on June 15, 2004, Mr. Collazo communicated to Mr. Green that in connection with the offer that Mr. Green indicated might be forthcoming from BT, Mr. Collazo believed that our Class A stockholders would agree to approve a transaction with BT so

long as BT was willing to pay maximum value for Infonet s shares.

On June 16, 2004, BT submitted a non-binding written proposal for BT to acquire Infonet that valued us at $580 million on a debt-free, cash-free basis, or approximately $2.06 per share assuming that we would have a

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$375 million cash balance at the time of the transaction. BT indicated that its offer was subject to, among other things, BT s completion of further diligence, BT s reaching satisfactory arrangements with holders of our Class A common stock regarding appropriate trading and partnership arrangements in their respective territories, BT s obtaining comfort from our largest customers regarding their ongoing commercial arrangements with us and BT s agreeing upon satisfactory employment contracts with key Infonet personnel. BT indicated that it would be unwilling to dedicate the time and resources necessary to complete its diligence and to continue discussions with us if we were to continue to negotiate with other parties, and proposed that we grant BT the exclusive right to negotiate a transaction with us for a period of 90 days from the date of the written proposal. BT also expressed its view that our dual class capital structure (which would permit any one of our Class A stockholders to veto a transaction) made it too risky to devote further time and resources to the transaction without an indication of our and each Class A stockholder s interest in pursuing a transaction with BT. BT accordingly stated that, in order for discussions to proceed, we had to agree to use our best efforts to facilitate reasonable diligence requests from BT, to use our best efforts to cause holders of our Class A common stock to execute agreements to vote in favor of the proposed transaction and, subject to certain exceptions, not to disclose that negotiations with BT were occurring. For the same reason, BT also conditioned its willingness to proceed with a transaction upon receipt of an agreement by us to pay BT an opportunity fee equal to $14.0 million in the event that (i) our management or our representatives breached their exclusivity, confidentiality or best efforts obligations or (ii) by September 30, 2004, BT made an offer to acquire us on customary terms at a transaction value at least equal to the value indicated in BT s June 16, 2004 letter to us and either (x) we subsequently failed or refused to accept BT s offer or (y) any of our Class A stockholders refused to enter into an agreement to vote its shares in favor of BT s offer or refused to enter into an agreement for appropriate trading and partnership arrangements in the Class A stockholder s territory.

Following receipt of BT s proposal, Mr. Collazo sent a letter to Mr. Green on June 16, 2004, indicating our interest in pursuing a transaction with BT and that our management would present BT s non-binding offer to our board. Our management subsequently informed our board and the holders of our Class A common stock of BT s proposal.

On June 18, 2004, Latham & Watkins LLP provided Allen & Overy LLP with our revisions to the proposed exclusivity and opportunity fee agreement, including that (i) the exclusive negotiating period be 65 days, (ii) any opportunity fee payable by Infonet be limited to a reimbursement of BT s internal and external costs incurred during the exclusive negotiating period, not to exceed a mutually agreeable cap and (iii) each holder of our Class A common stock be responsible for paying the opportunity fee, but only if (x) such Class A stockholder breached the exclusivity provisions or failed to approve a qualifying offer made by BT prior to August 31, 2004 or (y) our board failed to approve a transaction with BT that had been approved by an independent special committee. Mr. Collazo also asked Mr. Green separately to clarify various provisions in BT s proposal, including the type of trading arrangements with our Class A stockholders that BT would seek and the identity of key Infonet personnel that BT would seek to retain through employment contracts. On June 21, 2004, Mr. Green responded that BT would not be in a position to provide greater clarification until it had completed its diligence review.

On June 20, 2004, Allen & Overy LLP responded on behalf of BT that reducing the exclusivity period to 65 days would be acceptable but that the remainder of our proposals would not be acceptable to BT. Thereafter, members of our board and management met with representatives of the six holders of our Class A common stock to discuss the proposed exclusivity and opportunity fee agreement. Significant discussions ensued between representatives of Infonet, representatives of the holders of our Class A common stock, Morris, Nichols, Arsht and Tunnell LLP, our outside Delaware counsel, and Cadwalader, Wickersham & Taft LLP, counsel to the independent members of our board. Following these discussions, Messrs. Galleberg and Collazo engaged in discussions with Mr. Cross and other representatives from BT regarding the terms of the proposed exclusivity and opportunity fee agreement.

Our board considered BT s proposal on June 22, 2004. During the course of the board s deliberations, a representative of Latham & Watkins LLP discussed the board s fiduciary duties under Delaware law with respect to the various courses of action under consideration by the board. UBS discussed preliminary valuation

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parameters that our board might consider in evaluating Infonet and reviewed with our board the process conducted to solicit indications of interest from third parties and the results of that process. At the conclusion of these discussions, our board determined that it was in our and our stockholders best interests to permit management to continue providing BT with additional diligence information regarding our business and to engage in exclusive discussions with BT for a limited period.

On June 23, 2004, our board formally established an independent special committee comprising Messrs. Beda, Hartman, Hanelt and O Rourke to represent the interests of all Infonet stockholders. Our board authorized the independent special committee to oversee management s evaluation and review of the identities of and proposals received from third parties with respect to strategic alternatives, including any merger or business combination involving Infonet, and our management s negotiation of the terms of any such proposal and recommendation of action to our full board with respect to any such proposal. The independent special committee thereafter formally retained Cadwalader, Wickersham & Taft LLP as its independent legal counsel.

On June 30, 2004, Allen & Overy LLP delivered a revised draft of the exclusivity and opportunity fee agreement on behalf of BT. Our management consulted with members of our board and with representatives of our Class A stockholders on the revised draft. The revised draft continued to provide for an opportunity fee of $14 million but provided, as requested by us, that it would be payable by the Class A stockholders instead of us under conditions similar to those set forth in the initial draft of the proposed exclusivity and opportunity fee agreement. Following evaluation of BT s revised draft, our Class A stockholders agreed with our management that the proposed opportunity fee was too high and should be limited to BT s actual expenses incurred during the exclusivity period in the event a formal agreement with Infonet could not be reached. Our Class A stockholders also indicated their view that the opportunity fee should be payable by Infonet, not by the Class A stockholders, as a transaction with BT would benefit all of our stockholders equally. One of our Class A stockholders, KDDI Corporation, indicated that it was still considering whether it was willing to sell its shares or whether it would prefer to maintain an ownership interest in us. On July 2, 2004, Mr. Galleberg conveyed to BT and Allen & Overy LLP the position of our management and Class A stockholders, as well as KDDI s hesitation to support a transaction with BT.

On July 7, 2004, at a meeting of the independent special committee, Mr. Collazo updated the independent special committee on the status of negotiations with BT. The independent special committee also discussed the advisability of retaining an independent financial advisor to advise the committee on, among other things, the fairness from a financial point of view of the potential transaction with BT to the holders of our Class B common stock.

During this time, each of our Class A stockholders other than KDDI had informally indicated its support for a transaction with BT and the draft exclusivity and opportunity fee agreement. However, the parties did not want to move forward without a formal indication from KDDI that it would support the transaction. On July 7, 2004, representatives of BT met with KDDI in London to discuss the commercial arrangements that the parties might be willing to enter into if BT were to acquire us, including distribution arrangements that would be more favorable to Infonet than those currently in place. In addition, BT and KDDI discussed their desire to enter into a global outsourcing joint venture with KDDI to allow them to better address the global outsourcing needs of Japanese multinational corporations. Further negotiations of BT s proposed exclusivity and opportunity fee agreement were deferred pending a formal indication from KDDI that it would support a transaction with BT on the terms proposed.

On July 9, 2004, Mr. Collazo sent a letter to Mr. Green indicating that each Class A stockholder other than KDDI had indicated its support of a transaction with BT but that the Class A stockholders and Infonet could not accept an opportunity fee of $14 million. Mr. Collazo also indicated that the Class A stockholders generally wanted KDDI to express its support for the transaction before engaging in further discussions on the exclusivity and opportunity fee agreement.

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Representatives of BT again met with KDDI on July 12, 2004 in Tokyo to further discuss the commercial arrangements that the parties might be willing to enter into if BT were to acquire us.

On July 13, 2004, following another update by Mr. Collazo on the progress of negotiations between us and BT and between BT and KDDI, the independent special committee of our board interviewed representatives from three financial advisors and selected Banc of America Securities LLC as its independent financial advisor. On July 20, 2004, Mr. Collazo again updated the independent special committee on negotiations with BT regarding the exclusivity and opportunity fee agreement.

On July 29, 2004, Mr. Collazo informed Mr. Cross that, in order to induce BT to proceed with its diligence investigation, we would agree to provide BT with an exclusive negotiating period through September 30, 2004 and that we would be willing to enter into an agreement that provided for the payment of an opportunity fee in the amount of $6.0 million under the circumstances proposed by BT. Mr. Cross replied on July 30, 2004 that BT would be willing to accept an agreement that provided for an opportunity fee of $7.0 million payable by us under the previously discussed conditions. Mr. Cross also indicated BT s view that the exclusivity and opportunity fee agreement should take effect on a mutually acceptable outside date unless KDDI had indicated by then that it would not provide support for the transaction. Because BT did not wish to begin its diligence investigation until it had KDDI s support, from July 30, 2004 to August 16, 2004, the parties discussed how the exclusivity and opportunity fee agreement should be constructed to take into consideration that KDDI had not yet indicated its support for the transaction.

From July 16, 2004 to August 16, 2004, Mr. Collazo and Mr. Galleberg regularly updated our board (including the members of our board composing the independent special committee) on the status of discussions with BT, KDDI and each of the other Class A stockholders.

On August 5, 2004, Mr. Collazo again provided an update to the independent special committee on the status of negotiations with BT regarding the exclusivity and opportunity fee agreement, and informed the independent special committee that each Class A stockholder other than KDDI had indicated that it was in favor of pursuing a transaction with BT.

On August 7 and again on August 18, 2004, BT met with KDDI to discuss further the commercial arrangements the parties might enter into if BT were to acquire us.

On August 12, 2004, Cadwalader, Wickersham & Taft LLP updated the independent special committee on the terms of the exclusivity and opportunity fee agreement then proposed by us and the fiduciary duties of the members of our board, including the independent special committee, in determining whether to approve the exclusivity and opportunity fee agreement.

At a special telephonic meeting of our board held on August 16, 2004, our board discussed the terms and conditions of a revised exclusivity and opportunity fee agreement with our management and with representatives of Latham & Watkins LLP, Cadwalader, Wickersham & Taft LLP and UBS. The board again reviewed the matters discussed in its June 22, 2004 meeting, including the process conducted to contact potentially interested companies, the results of that process and preliminary valuation parameters with respect to our business. UBS indicated that, while it had not been asked to opine as of that date as to the fairness from a financial point of view of a particular price, it expected that it would be able to provide such an opinion in the event that BT ultimately made an offer to purchase Infonet at a price of $2.06 per share in cash. Following this discussion, our board approved our entering into an exclusivity and opportunity fee agreement providing for an exclusive negotiating period through October 29, 2004, the ability of our board to engage in discussions with an unsolicited bidder during the exclusivity period to the extent required by law and the payment of a $7.0 million opportunity fee under the circumstances described above, provided that the parties designate in advance a list of characteristics that would constitute a qualifying offer by BT for purposes of determining whether BT would be eligible to

receive the opportunity fee. The board also required that the proposed exclusivity and opportunity fee agreement provide that a qualifying offer would indicate a price of $2.06 per share regardless of our cash or debt levels existing upon the completion of the transaction.

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Following communication of our position to BT, Mr. Cross responded later that day that allowing our board to engage in discussions with unsolicited bidders during the exclusivity period was not acceptable to BT and that BT was not in a position to negotiate each term of a qualifying offer in advance; in BT s view, this would be more appropriately addressed in the definitive agreements that remained to be negotiated between the parties. The following day, Mr. Cross indicated BT s agreement that, in order to trigger the payment of the opportunity fee, a qualifying offer would be an offer at $2.06 per share regardless of our cash or debt levels existing upon the completion of the transaction. On August 18, 2004, Mr. Collazo, Mr. Galleberg and representatives from Latham & Watkins LLP met in London with representatives from BT and Allen & Overy LLP to finalize the terms of the exclusivity and opportunity fee agreement. On August 19, 2004, our board of directors approved the final exclusivity and opportunity fee agreement and the agreement was signed. This agreement provided BT the exclusive right to negotiate a business combination with us until October 29, 2004. The final exclusivity and opportunity fee agreement also provided that we would pay BT an opportunity fee of $7.0 million in the event that (i) our management or representatives breached the exclusivity or confidentiality obligations contained in the exclusivity and opportunity fee agreement or (ii) by October 29, 2004 (x) BT made an offer to acquire us on qualifying terms, including a price per share equal to $2.06 per share (but without restrictions on the cash or debt amounts that we would be required to have available at the completion of the transaction) and (y) we subsequently refused to accept BT s offer or any holder of our Class A common stock refused to enter into an agreement to vote its shares in favor of the transaction with BT. The final exclusivity and opportunity fee agreement also provided that the exclusivity period would terminate if either KDDI or BT indicated that it had terminated its discussions with the other. BT indicated that it would not commence its diligence investigation until KDDI confirmed its support for a transaction between us and BT.

Following execution of the final exclusivity and opportunity fee agreement, representatives of BT continued to engage in discussions with representatives from KDDI regarding KDDI s willingness to support BT s proposed acquisition of us. From August 31 to September 1, 2004, representatives of BT and KDDI met in Tokyo to again discuss potential commercial arrangements the parties might enter into if BT were to acquire us. These discussions were resolved on or about September 9, 2004, when KDDI indicated its support for the proposed transaction with BT.

In September 2004, BT and Allen & Overy LLP commenced a diligence review of our business and our commercial arrangements with our stockholders. On September 2, 2004, BT retained PricewaterhouseCoopers LLP to assist BT in connection with its financial review of our business.

On September 8 and 9, 2004, Messrs. Collazo, Firdosy and Galleberg, together with other members of our management and representatives from Latham & Watkins LLP, met in London with representatives of BT, including Messrs. Green and Cross, Rothschild and Pricewaterhouse Coopers LLP, to discuss the diligence process and our financial performance.

During September and October 2004, representatives of BT and BT s financial and accounting advisors conducted further diligence at our headquarters in El Segundo, California.

At a meeting of the independent special committee of our board held on September 13, 2004, Mr. Collazo provided an update on the status of BT s diligence efforts. The independent special committee also discussed with representatives of Banc of America Securities the scope of its representation as independent financial advisor to the special committee and the scope of the fairness opinion that the independent special committee would seek.

On September 28, 2004, BT began meetings with holders of our Class A common stock, meeting with representatives of TeliaSonera to discuss commercial arrangements the parties might be willing to enter into if BT were to acquire us, including distribution arrangements that would be more favorable to Infonet than those currently in place. On September 30, 2004, BT met with representatives of KPN for the same purpose.

On October 5, 2004, Mr. Collazo joined a meeting of the independent special committee to inform it that BT s diligence investigation was proceeding according to schedule and that he expected to receive preliminary

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drafts of a merger agreement and related documents by the end of that week or early the following week. The independent special committee also discussed with Banc of America Securities the diligence review of our business that Banc of America Securities had conducted to date.

On October 6, 2004, BT met with representatives of Telefonica to discuss the commercial arrangements the parties might be willing to enter into if BT were to acquire us, including distribution arrangements that would be more favorable to Infonet than those currently in place.

On October 10, 2004, Allen & Overy LLP provided Latham & Watkins LLP with an initial draft of a proposed merger agreement between us and BT and an initial draft of a proposed stockholder agreement to be executed by our Class A stockholders, members of our board of directors and members of our senior management, pursuant to which the parties would agree, among other things, to vote in favor of the merger. The initial draft of the merger agreement did not propose a price at which BT would be willing to acquire us.

From October 10 through October 14, 2004, our senior management, Latham & Watkins LLP, the independent special committee and Cadwalader, Wickersham & Taft LLP reviewed the draft merger agreement and stockholder agreements. These representatives prepared detailed comments to the merger agreement that communicated, among other things, the following positions to BT with respect to the terms of the proposed transaction:

- any proposed merger consideration would accrue interest if the transaction took longer than six months to complete;
- our board of directors would retain the right to change its recommendation of the merger at any time if failure to do so could result in a breach of its fiduciary duties;
- no termination fee would be payable by us in the event that our stockholders voted against the merger unless a competing transaction had been announced or offered at the time of the stockholder vote;
- no termination fee would be payable by us unless we entered into a competing transaction within 12 months following a termination of the merger agreement;
- if we were to receive a superior proposal, that BT would have the right to revise its agreement with us for a period of 48 hours, rather than five business days as proposed by BT, so that the proposal would no longer be superior;
- the closing condition regarding the accuracy of our representations and warranties at closing would be qualified by a material adverse effect standard;
- the stockholder agreements would terminate immediately upon termination of the merger agreement for any reason; and
- the break-up fee would equal 3% of our enterprise value (rather than the $40 million requested by BT).

On October 12, 2004, Mr. Collazo met with Mr. Green and other BT representatives in London to discuss key issues raised by the draft stockholder agreement. In particular, Mr. Collazo communicated the independent special committee s and Class A stockholders objection to the requirement in the draft stockholder agreement that the Class A stockholders pay BT any profit (over and above the merger consideration to be

received from BT) they might receive in connection with any third party acquisition of us or any increase by BT of the merger consideration. Mr. Collazo also conveyed the Class A stockholders objection to the suggestion that specific covenants with respect to our business following the completion of the merger might be added to the stockholder agreement.

At a meeting of the independent special committee on October 13, 2004, Mr. Collazo discussed the draft merger agreement and related documents with the members of the independent special committee and updated them on the status of the negotiations with BT. A representative of Banc of America Securities updated the independent special committee as to the status of its diligence investigation of us.

On October 14, 2004, BT met with representatives of Swisscom to discuss the commercial arrangements the parties might be willing to enter into if BT were to acquire us, including distribution arrangements that would be more favorable to Infonet than those currently in place.

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On October 19, 2004, Allen & Overy LLP provided a revised draft of the merger agreement in response to our comments on the initial draft. On October 21, 2004, representatives from Latham & Watkins LLP called representatives from Allen & Overy LLP to express our strong objection that the revised merger agreement proposed by BT would permit our board of directors to withdraw its support of the merger only if we received a superior offer, require us to pay a termination fee if our stockholders did not vote in favor of the merger, regardless of whether a competing transaction had been announced, and permit BT to terminate the merger agreement if it was not satisfied with any condition imposed by regulatory agencies that would need to approve the transaction. The parties also fully discussed the additional provisions of the merger agreement.

On October 20, 2004, the independent special committee convened a meeting at which Mr. Collazo provided an update on the status of the negotiations with BT. The independent special committee also discussed the new draft of the merger agreement and the committee s concerns that (i) the no solicitation provision was too restrictive, (ii) the fiduciary out clause needed to provide our board with greater flexibility to consider alternative proposals, (iii) the closing condition regarding the accuracy of our representations and warranties at closing should be qualified by a material adverse effect standard and (iv) the termination fee then proposed by BT was too high.

On October 20, 2004, Mr. Galleberg forwarded written comments to the stockholder agreement to Allen & Overy LLP, reflecting comments received from each of our Class A stockholders, our senior management and members of the independent special committee, together with their counsel. In particular, we and our Class A stockholders objected to BT s proposal that (i) in the event the merger agreement was terminated under circumstances in which we would be obligated to pay BT a termination fee, the stockholders executing the agreement would be required to pay to BT any amount in excess of the proposed merger consideration that they received as a result of our completing a transaction with a third party within two years of such termination or (ii) if BT increased the merger consideration in response to a third party offer to acquire us, each stockholder executing a stockholder agreement would be required to pay to BT the amount of such increase to be received by such stockholder.

At a meeting on October 21, 2004, Mr. Collazo updated our board on the status of negotiations with BT and BT s discussions and negotiations with our Class A stockholders. Mr. Collazo also confirmed to the board that while BT had indicated that it wanted to retain our employees (including our senior officers) following completion of the merger, no members of our management team had any agreement with BT regarding their employment or the terms of their employment following the merger.

Later that day, Latham & Watkins LLP provided proposed revisions to the merger agreement to Allen & Overy LLP.

On October 25, 2004, discussions were again held between representatives of BT and KDDI with respect to potential commercial arrangements the parties might enter into if BT were to acquire us.

In a letter dated October 25, 2004, Mr. Collazo expressed to Mr. Verwaayen that BT needed to provide a price of at least $2.06 per share or discussions with us and our Class A stockholders could not be continued. Mr. Collazo further indicated that the independent special committee was very focused on achieving a transaction in which our Class A stockholders did not receive greater value than Class B stockholders.

On October 26, 2004, Allen & Overy LLP provided a revised draft of the merger agreement to Latham & Watkins LLP. Latham & Watkins LLP discussed the revised draft with our management, Cadwalader, Wickersham & Taft LLP and UBS. Our management also updated our board on the terms of the revised draft, including that BT had rejected our requirement that the merger consideration accrue interest in the event the transaction was not able to be completed within six months following execution of the merger agreement, BT s desire to be able to terminate the merger agreement in its sole discretion if it determined that any conditions imposed by regulatory authorities on the completion of the transaction were unduly burdensome, that BT was

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seeking to significantly restrict the operation of our business between execution of the merger agreement and completion of the transaction and BT s rejection of proposed revisions to the fiduciary out and deal protection provisions of the merger agreement.

On October 29, 2004, Allen & Overy LLP provided us and Latham & Watkins LLP with a revised draft of the stockholder agreement. The revised agreement proposed that each of our Class A stockholders undertake specific commercial covenants regarding the Class A stockholders support of our business and network arrangements following the merger.

BT had not completed its diligence review of our business prior to October 29, 2004, the deadline for it to make a qualifying offer under the exclusivity and opportunity fee agreement that, if not accepted by us, would trigger our obligation to pay the opportunity fee. BT agreed with us that no opportunity fee would be payable under the exclusivity and opportunity fee agreement because it had not made a qualifying offer by that date. Because diligence and negotiations were continuing, however, we entered into a new exclusivity agreement with BT, giving BT the exclusive right to negotiate a business combination with us until November 8, 2004.

On October 31, 2004, Allen & Overy LLP provided a revised draft of the merger agreement to us and Latham & Watkins LLP.

From November 2, 2004 to November 5, 2004, our representatives, including Messrs. Collazo and Galleberg, and our legal and financial advisors, met in New York with representatives of BT, including Mr. Cross, and BT s legal and financial advisors to negotiate the final terms of the definitive merger agreement, stockholder agreement and related documentation.

On November 3, 2004, our board convened a meeting to discuss the negotiations of and progress made on the merger agreement and the stockholder agreements. Our board determined that the negotiations now warranted the board s involvement on a daily basis. Accordingly, from November 3 through November 7, 2004, our board met via teleconference at least once daily, with the final meeting each day being adjourned to a specific time the following day.

During this same period, representatives of our Class A stockholders participated by telephone in negotiations with BT regarding the terms of the stockholder agreements, particularly BT s request to have specified representations, warranties and covenants survive the closing of the merger and to have the Class A stockholders agree to pay BT any profit (over and above the merger consideration to be received from BT) they might receive in connection with any third party acquisition of us or any increase by BT of the merger consideration. Between November 5 and November 7, 2004, BT and the Class A stockholders suspended discussions with each other because they could not reach agreement regarding the scope of the post-closing commercial cooperation covenants proposed by BT.

On November 5, 2004, the financial press reported that rumors had been circulating that BT was in negotiations to acquire us for an undisclosed amount. Following this publication, our stock price increased approximately 16.5% from the closing price of our Class B common stock at the end of the week preceding the publication.

On November 5, 2004, BT entered into a framework agreement with KDDI providing that BT and KDDI would enter into good faith negotiations to establish a global outsourcing joint venture following the merger and establishing the nature of our distribution arrangements with KDDI following the merger.

On November 6, 2004, our senior management and legal and financial advisors traveled to London to continue discussions on the merger agreement and to attempt to revive discussions regarding the stockholder agreement with representatives from BT and its legal and financial advisors.

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In the evening of November 6, 2004, our board reconvened its meeting to discuss the status of negotiations on all agreements. Following adjournment of the meeting, the independent special committee held a meeting to discuss the arrangements under discussion for Messrs. Collazo s, Firdosy s and Galleberg s continued employment following the merger, and to review drafts of preliminary employment agreements prepared by BT. Mr. Collazo confirmed, and the independent special committee noted, that negotiations regarding such employment agreements had not been permitted to begin until after the material terms of the merger agreement had been negotiated and agreed to by us and BT.

On November 7, 2004, the independent special committee held a meeting to discuss the status of negotiations between us and BT on the proposed merger agreement and to review the updated draft of the merger agreement that had been circulated by Allen & Overy LLP that morning. Representatives of Latham & Watkins LLP and Cadwalader, Wickersham & Taft LLP updated the independent special committee on the status of the merger agreement and the stockholder agreements, stating that the documents had not been finalized but that Allen & Overy LLP would be distributing a revised draft addressing several open issues later that day. Other representatives of Latham & Watkins LLP and Cadwalader, Wickersham & Taft LLP updated the independent special committee on the status of negotiations with Infonet senior management relating to the preliminary employment agreements with Messrs. Collazo, Firdosy and Galleberg. A representative of Banc of America Securities informed the independent special committee that, based upon the financial analyses Banc of America Securities had undertaken, Banc of America Securities was prepared to render an opinion that the merger consideration to be received by the holders of our Class B common stock is fair from a financial point of view to such holders. The independent special committee then adjourned its meeting until later that day.

Late in the afternoon on November 7, 2004, Allen & Overy LLP delivered a proposed merger agreement that provided that:

- BT would pay $2.06 per share of our common stock but that the merger consideration would not accrue interest;
- our board of directors would retain the right to change its recommendation of the merger at any time if failure to do so would reasonably be expected to be inconsistent with fulfilling its fiduciary duties;
- no termination fee would be payable by us in the event that our stockholders voted against the merger unless a competing transaction had been announced or offered prior to the time of the stockholder vote;
- no termination fee would be payable by us following termination of the merger agreement as a result of a breach of our representations and warranties that would cause the failure of a closing condition unless a competing offer had been announced or offered prior to such time and we entered into a competing transaction or an agreement for a competing transaction within 12 months following a termination of the merger agreement;
- no termination fee would be payable by us following termination of the merger agreement as a result of a breach of our covenants that would cause the failure of a closing condition unless a competing transaction had been announced or offered prior to such time;
- if we were to receive a superior proposal, that BT s right to revise its agreement with us so that the proposal would no longer be superior would be limited to three business days;
- the closing condition regarding the accuracy of our representations and warranties at closing would be qualified by a material adverse effect standard;
- we would be provided sufficient flexibility to operate our business in the ordinary course pending completion of the merger;

BT s right to terminate the merger agreement based on conditions imposed by regulatory authorities on the completion of the transaction would be limited to conditions that were materially burdensome; and

the break-up fee would equal $35 million, or approximately 3.6% of our equity value.

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Allen & Overy LLP also delivered a proposed form of stockholder agreement that provided that:

- in the event that the merger agreement were terminated under circumstances where BT is or may become entitled to receive the termination fee, each stockholder signing a stockholder agreement would pay BT 50% of the profit it or he receives from the consummation of any other alternative transaction we enter into within one year of the termination of the merger agreement until the aggregate profit retained by all stockholders entering stockholder agreements is equal to $35 million, and 100% of the profit received by such stockholder thereafter;

- in the event the merger with BT were completed following the announcement of a competing transaction and BT has increased the amount payable to each holder of our common stock in the merger, each stockholder that is party to a stockholder agreement would pay BT 100% of the difference between the fair market value of the consideration received by such stockholder in the merger and $2.06 per share;

- until the effective time of the merger, holders of our Class A common stock would, in lieu of the specific covenant previously requested, negotiate in good faith with BT with respect to their commercial relationship with us, including the interconnection between our network and BT s network and the physical migration of our core bandwidth, customer access circuits and customers to BT s network; and

- the stockholder agreements would terminate upon the earliest to occur of (i) the effective time of the merger, (ii) the termination of the merger agreement, or (iii) an amendment or other modification to the merger agreement that provides for a reduction in the merger consideration or for payment of the merger consideration other than in cash.

Upon reconvening the independent special committee meeting in the evening of November 7, 2004, as a joint meeting of the independent special committee and our compensation committee, members of the independent special committee and compensation committee discussed Mr. Collazo s current employment agreement and the fact that some disagreement existed as to the amount of severance benefits payable to Messrs. Collazo, Firdosy and Galleberg under their employment agreements upon a change of control. After a series of discussions, the independent special committee and our compensation committee agreed that we would enter into an agreement with Mr. Collazo providing that we would pay $4.5 million to Mr. Collazo in exchange for Mr. Collazo s agreement that the severance benefits payable under his existing employment agreement would be capped at $8 million. In the event that Mr. Collazo became eligible for such severance payments and benefits, the $4.5 million payment would be deducted from the $8 million cap or any lesser amount that we could successfully establish was due under the employment agreement. Following this discussion, the meeting was temporarily adjourned so that the members of the independent special committee and compensation committee could join the reconvening meeting of our board.

Our board then reconvened its meeting to discuss the status and terms of the proposed merger with BT. Our senior management and our legal and financial advisors also attended the meeting. Mr. Collazo began the meeting by updating the board on the status of the negotiation of the merger agreement, the stockholder agreements and Mr. Collazo s, Mr. Firdosy s and Mr. Galleberg s binding preliminary agreements for employment following the merger. The board discussed the fact that discussions between BT and each of Mr. Collazo, Mr. Firdosy and Mr. Galleberg regarding their preliminary employment agreements with BT had not been permitted to begin until after the material terms of the merger agreement had been negotiated and agreed to by us and BT. A representative of Latham & Watkins LLP then provided a summary of the terms of the proposed merger agreement and the stockholder agreements and discussed the board s fiduciary duties in connection with the board s review of the proposed merger. Our board again discussed the process that had been conducted during the past three years to solicit indications of interest from third parties and the results of that process. Also at this meeting, UBS reviewed with our board UBS financial analysis of the merger consideration and rendered to our board an oral opinion, which opinion was confirmed by delivery of a written opinion dated November 7, 2004, to the effect that, as of that date and based on and subject to the matters stated in its written opinion, the merger consideration of $2.06 per share in cash was fair, from a financial point of view, to holders of our Class B common stock (other than our affiliates). See Opinion of Our Financial Advisor .

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Banc of America Securities delivered an oral opinion to the independent special committee, confirmed by delivery of a written opinion, dated November 7, 2004, that, based on and subject to the various considerations set forth in the opinion, including the various assumptions and limitations set forth therein, the consideration of $2.06 per share in cash to be received in the proposed merger by holders of our Class B common stock is fair from a financial point of view to such stockholders. See Opinion of Our Independent Special Committee s Financial Advisor .

Our board of directors and the independent special committee next discussed the proposed payment agreement between us and Mr. Collazo. Following this discussion, our board and the independent special committee agreed, with Mr. Collazo recusing himself, that the terms of this proposal were reasonable, pending finalization of the merger documentation. The board and the independent special committee also discussed the terms of the preliminary employment agreements between BT and each of Messrs. Collazo, Firdosy and Galleberg and considered those terms in light of the merger and the negotiation of the merger agreement. Our board and the independent special committee then extensively discussed the terms of the merger agreement and the stockholder agreements.

Following all of these discussions, the independent special committee:

- determined that the terms of the merger agreement and the transactions contemplated thereby were advisable and fair to, and in the best interests of, Infonet and its stockholders, including the holders of our Class B common stock;
- recommended that our board approve and adopt the merger agreement and the transactions contemplated thereby; and
- recommended that our stockholders approve and adopt the merger agreement and the transactions contemplated thereby.

The board then determined that it was advisable, fair to and in the best interests of Infonet and its stockholders for our board to adopt the merger agreement and approve the merger and the related transactions. By unanimous approval of those attending, the board then approved and adopted the merger agreement, the merger and the related agreements and transactions, and resolved to recommend that our stockholders vote in favor of the approval of the merger and the adoption of the merger agreement and the related transactions, all subject to finalization of the stockholder agreements and the approval of the stockholder agreements by the independent special committee. The meeting of the board and independent special committee was then adjourned.

Later that evening the joint meeting of the independent special committee and compensation committee of our board was reconvened. The independent special committee and compensation committee again discussed the terms of the proposed employment arrangements with BT for each of Messrs. Collazo, Firdosy and Galleberg and our proposed severance arrangement with Mr. Collazo. The independent special committee and the compensation committee then approved the $4.5 million payment to Mr. Collazo. The independent special committee then reviewed the principal terms of the final stockholder agreements to be entered into between BT and each of Messrs. Collazo, Firdosy and Galleberg and the holders of our Class A common stock. After discussion, the independent special committee determined that approving the stockholder agreements was advisable and in the best interests of Infonet and its stockholders, and approved the stockholder agreements.

Prior to the opening of the financial markets on November 8, 2004, we and BT entered into the merger agreement. Each of our Class A stockholders and Messrs. Collazo, Firdosy and Galleberg executed a stockholder agreement with BT committing itself or himself, as applicable, to support the transaction. At the same time, each of Messrs. Collazo, Firdosy and Galleberg signed a binding preliminary agreement with BT relating to his continued employment by us following completion of the merger. We also entered into the payment agreement with Mr. Collazo. Following the execution of each of these agreements, BT and we each issued press releases announcing the signing of the merger agreement and the related agreements.

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Recommendation of Our Independent Special Committee and Board of Directors; Our Reasons for the Merger

Recommendation of Our Independent Special Committee and Board of Directors

The independent special committee of our board of directors and our board of directors have determined that the terms of the merger agreement are fair to and in the best interests of Infonet and its stockholders and have approved the merger agreement and declared its advisability.

ACCORDINGLY, THE INDEPENDENT SPECIAL COMMITTEE AND OUR BOARD OF DIRECTORS RECOMMEND THAT YOU VOTE **FOR** THE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT.

Reasons for the Merger

In reaching their decisions to approve the merger agreement and to recommend that you vote to approve the merger agreement, the independent special committee and our board of directors considered a number of factors, including the following material factors:

- the independent special committee and our board s familiarity with, and presentations by our management and input from our financial advisors regarding, our business, financial condition, business prospects (as well as the risks involved in achieving those prospects), strategic alternatives, the nature of the business in which we compete, and general industry, economic and market conditions;

- our prior discussions with respect to possible business combinations, described under Background of the Merger, the process undertaken by our management and legal and financial advisors to explore strategic alternatives as our board of directors directed, and the price and terms offered by BT compared to other indications of value resulting from that process;

- the fact that we had conducted a search for potential strategic partners and that, aside from BT, we were unable to identify a viable strategic or financial buyer interested in pursuing a business combination transaction with us;

- the potential stockholder value that the independent special committee and our board of directors believed might result from other alternatives available to us, including the alternative of remaining a stand-alone, independent company, as well as the risks and uncertainties associated with those alternatives;

- the independent special committee and our board of directors belief that, after extensive negotiations with BT and its representatives, they have obtained the highest price per share that BT is willing to pay and the highest price obtainable on the date of signing;

- the fact that there were no contracts, agreements or special arrangements entered into between BT and our Class A stockholders providing any economic value to our Class A stockholders as a result of the proposed transaction, other than a continuation of the current commercial relationships with us on substantially identical terms;

the financial presentation of UBS, including its opinion, dated November 7, 2004, delivered to our board of directors, as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of our Class B common stock (other than our affiliates). See Opinion of Our Financial Advisor ;

the financial presentation of Banc of America Securities, including its opinion, dated November 7, 2004, delivered to the independent special committee of our board of directors, as to the fairness from a financial point of view of the consideration to be received by the holders of our Class B common stock. See Opinion of Our Independent Special Committee s Financial Advisor ;

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the current and historical market prices of our Class B common stock, including relative to those of other industry participants and general market indices, and the fact that the cash merger price of $2.06 per share represented:

- a 28.8% premium over the closing price of our Class B common stock on August 18, 2004, the last trading day prior to our entering into an exclusivity arrangement with BT giving BT the sole right to negotiate with us regarding a strategic transaction;

- 30.6% and 7.5% premiums over the average closing price of our Class B common stock during the one-month and one-year periods, respectively, preceding August 19, 2004;

- a 26.4% premium over the closing price of our Class B common stock on June 15, 2004, the last trading day prior to BT submitting its indication of interest to us in connection with the potential acquisition of us;

- 20.2% and 7.2% premiums over the average closing price of our Class B common stock during the one-month and one-year periods, respectively, preceding June 16, 2004;

- 13.8% and 12.6% premiums over the average closing price of our Class B common stock during the one-month and one-year periods, respectively, preceding November 7, 2004, the date when the independent special committee and our board of directors approved the merger; and

- a 5.6% premium over the closing price of our Class B common stock on November 4, 2004, the last trading day prior to the circulation of rumors of a possible transaction between us and BT;

the fact that the merger consideration is all cash, which provides certainty of value to holders of our common stock;

the terms of the merger agreement, as reviewed by the independent special committee and our board of directors with their respective legal advisors, including:

- covenants that provide sufficient operating flexibility for us to conduct our business in the ordinary course between the signing of the merger agreement and completion of the merger;

- the representation of BT that it has and at the closing will have sufficient funds available to pay the merger consideration;

- the absence of a financing condition; and

- our ability, prior to the approval and adoption of the merger agreement by our stockholders, to furnish information to and conduct negotiations with a third party under the conditions set forth in the merger agreement, and to terminate the merger agreement if a third party makes a superior proposal for a business combination, as more fully described below under The Merger Agreement Covenants No Solicitation of Takeover Proposals ;

management s assessment, after discussion with our financial advisor, among others, that BT has the financial capability to complete the merger;

the level of efforts that the parties must use under the merger agreement to obtain governmental and regulatory approvals, and the view of our board of directors, after review with our management and legal advisors, that the regulatory approvals necessary to complete the merger are likely to be obtained. See Regulatory Matters and The Merger Agreement Efforts to Complete the Merger; Regulatory Matters ; and

the availability of appraisal rights under Delaware law for our stockholders who properly exercise their statutory rights.

After considering these and other factors, the independent special committee and our board of directors concluded that the $2.06 per share cash merger price was the best price currently available to us, and that it was

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an attractive price for our Class A and Class B stockholders in comparison to the values that we might reasonably achieve in the foreseeable future as a stand-alone, independent company. Our board believed that this was particularly true in light of the risks and uncertainties involved in connection with the results that we could expect to achieve on our own.

The independent special committee and our board of directors also considered potential drawbacks or risks relating to the merger, including the following material risks and factors:

- the fact that the all-cash price would not allow our stockholders to participate in any of the synergies created by the merger or in any future growth of the combined entity;
- the possibility that the Antitrust Division, FTC, FCC or other federal or foreign regulatory authority might seek to impose conditions on or enjoin or otherwise prevent or delay the merger, and that if these conditions are materially burdensome on BT, BT would not be required to complete the merger even if the merger agreement is approved and adopted by our stockholders;
- the fact that, in the event that any of the other conditions to the completion of the merger are not satisfied, BT would not be required to complete the merger;
- the fact that gains from an all-cash transaction would be taxable to our stockholders for United States federal income tax purposes;
- the risks and costs to us if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;
- the restrictions on the conduct of our business prior to the completion of the merger, requiring us to conduct our business in the ordinary course, subject to specific limitations, which may delay or prevent us from undertaking business opportunities that may arise pending completion of the merger;
- the requirement that unless the merger agreement is terminated, we must submit the merger agreement to our stockholders even if our board of directors withdraws its recommendation, which could delay or prevent our ability to pursue a superior proposal if one were to become available; and
- that, under the merger agreement, we are not permitted to solicit any alternative takeover proposals and would be required to pay BT a $35 million termination fee if the merger agreement is terminated under specified circumstances, which may discourage a competing proposal to acquire us that may be more advantageous to our stockholders.

During its consideration of the transaction with BT, the independent special committee and our board of directors also discussed that certain of our directors and executive officers may have interests that are, or may be, different from, or in addition to, those of the stockholders generally, as described under Interests of Our Directors and Executive Officers in the Merger.

The independent special committee and our board of directors concluded, however, that these potential drawbacks and risks did not outweigh the benefits of the merger to us and our stockholders.

The foregoing discussion of the factors considered by our board of directors and the independent special committee is not intended to be exhaustive, but does address the material information and factors that the independent special committee and our board of directors reviewed in its consideration of the merger. In view of the variety of factors and the amount of information considered, the independent special committee and our board did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. The independent special committee and our board each made its determination after considering all of the factors as a whole. In addition, individual members of the independent special committee or our board may have given different weights to different factors.

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Opinion of Our Independent Special Committee s Financial Advisor

On September 10, 2004, the independent special committee of our board of directors engaged Banc of America Securities LLC to act as financial advisor to the independent special committee in connection with the proposed merger. Banc of America Securities is an internationally recognized investment banking firm that regularly engages in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. The independent special committee selected Banc of America Securities on the basis of, among other things:

- Banc of America Securities experience and expertise in transactions similar to the proposed merger;
- its reputation in the international telecommunications services industry, in which Infonet is an active participant; and
- Banc of America Securities familiarity with Infonet.

In connection with the recommendation by the independent special committee to our board of directors to approve the merger agreement and the subsequent approval and adoption of the merger agreement by our board of directors discussed in this proxy statement, Banc of America Securities delivered an oral opinion to the independent special committee, confirmed by delivery of a written opinion, dated November 7, 2004, that, based on and subject to the various considerations set forth in the opinion, including the various assumptions and limitations set forth therein, the consideration to be received in the proposed merger by our Class B stockholders is fair from a financial point of view to such stockholders. Banc of America Securities opinion and presentation to the independent special committee were among many factors taken into consideration by the independent special committee in making its determination to recommend the merger agreement and the transactions contemplated thereby. Consequently, the analyses described below should not be viewed as determinative of the opinion of the independent special committee, our board of directors or management with respect to our value or whether the independent special committee or our board of directors would have been willing to agree to a different merger consideration. The independent special committee did not limit the investigations made or procedures followed by Banc of America Securities in rendering its opinion. The independent special committee did not request that Banc of America Securities solicit any third parties in connection with the merger, and Banc of America Securities did not contact any third parties with respect thereto.

We have attached the full text of Banc of America Securities written opinion to the independent special committee as Annex B. You should read this opinion carefully and in its entirety in connection with this proxy statement. In addition, we have included the following summary of Banc of America Securities opinion, which is qualified in its entirety by reference to the full text of the opinion.

Banc of America Securities opinion is directed to the independent special committee. It does not constitute a recommendation to you on how to vote or act with respect to the merger agreement. The opinion addresses only the fairness from a financial point of view of the consideration proposed to be received by our Class B stockholders, excluding any consideration that any Class B stockholder may receive as a result of such holder s ownership of any shares of our Class A Common Stock. The opinion does not address the relative merits of the merger or any alternatives to the merger, the underlying decision of the independent special committee to proceed with or effect the merger or any other aspect of the merger.

In arriving at its opinion, Banc of America Securities:

reviewed certain publicly available financial statements and other business and financial information of Infonet;

reviewed certain internal financial statements and other financial and operating data concerning Infonet;

analyzed certain financial forecasts prepared by our management;

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- discussed the past and current operations, financial condition and prospects with our senior executives;
- reviewed the reported prices and trading activity for our Class B common stock;
- compared our financial performance and the prices and trading activity of our Class B common stock with that of certain other publicly traded companies deemed relevant;
- compared certain financial terms of the merger to financial terms, to the extent publicly available, of certain other business combination transactions deemed relevant;
- reviewed the results of Infonet s efforts to solicit indications of interest and definitive proposals from third parties with respect to an acquisition of Infonet;
- reviewed the November 5, 2004 draft of the merger agreement, and certain related documents; and
- performed such other analyses and considered such other factors as Banc of America Securities deemed appropriate.

Banc of America Securities assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information reviewed by it for the purposes of its opinion. Banc of America Securities also made the following assumptions with the consent of the independent special committee:

- with respect to the financial forecasts, Banc of America Securities assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of our future financial performance; and
- Banc of America Securities assumed that the final executed merger agreement would not differ in any material respects from the November 5, 2004 draft of the merger agreement reviewed by Banc of America Securities, and that the merger would be consummated as provided in such draft merger agreement, with full satisfaction of all covenants and conditions set forth in such draft agreement and without any waivers thereof.

In addition, for purposes of its opinion, Banc of America Securities did not make any independent valuation or appraisal of our assets or liabilities, nor was Banc of America Securities furnished with any such appraisals. Banc of America Securities did not participate in negotiations with respect to the terms of the merger agreement or the transactions contemplated thereby. Consequently, Banc of America Securities assumed that those terms were the most beneficial terms from the perspective of our Class B stockholders that could, under the circumstances, be negotiated among the parties to the merger agreement and the transactions contemplated thereby, and Banc of America Securities expressed no opinion as to whether any alternative transaction might have produced consideration for our Class B stockholders in an amount in excess of that contemplated in the merger. Its opinion also did not address our underlying business decision to proceed with or effect the merger.

Banc of America Securities opinion was based on economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Accordingly, although subsequent developments may affect its opinion, Banc of America Securities did not assume any obligation to update, revise or reaffirm its opinion. Banc of America Securities opinion does not address our underlying business decision to proceed with or effect the merger.

The following represents a brief summary of the material financial analyses performed by Banc of America Securities in connection with providing its opinion to the independent special committee.

In performing its analyses, Banc of America Securities considered industry performance, regulatory, general business, economic, market and financial conditions and other matters, many of which are beyond our control. No company, transaction or business used in Banc of America Securities analyses as a comparison is identical to our business or the sale of our business. Accordingly, an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning differences in

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financial and operating characteristics and other factors that could affect the transaction, public trading or other values of the companies, business segments or transactions being analyzed. The estimates contained in Banc of America Securities analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. The analyses were prepared solely as part of Banc of America Securities analysis of the fairness from a financial point of view of the consideration to be received by our Class B stockholders and were provided to the independent special committee, in connection with the delivery of Banc of America Securities opinion. The analyses relating to the value of companies, businesses or securities do not purport to be appraisals or to reflect the prices at which companies or businesses might actually be sold or the prices at which any securities may trade at any time in the future. Accordingly, Banc of America Securities analyses and estimates are inherently subject to substantial uncertainty.

Summary of Analyses Performed

Banc of America Securities believes that the valuation analyses it chose to perform are widely accepted standard methodologies for valuing a business in connection with the preparation of a fairness opinion, and that the analyses it conducted are the most appropriate for a transaction of this type. The discounted cash flow analysis is used to calculate a range of theoretical values for us based on the net present value of our implied annual cash flows and a terminal value for our business at its fiscal year-end in 2007, calculated based upon our management s estimates. The analysis of selected publicly traded companies is used to provide an indication of how publicly traded companies with operating characteristics similar to ours are valued by investors.

Discounted Cash Flow Analysis

Banc of America Securities used financial cash flow forecasts for our three fiscal years ending March 31, 2005 through March 31, 2007, as estimated by our management, to perform a discounted cash flow analysis. Banc of America Securities performed a discounted cash flow analysis in order to estimate the present value of the sum of our estimated future stand-alone, unlevered, after-tax cash flows plus its terminal value. Banc of America calculated our terminal value by multiplying estimated fiscal year 2007 earnings before interest, taxes, depreciation and amortization, referred to as EBITDA, by a multiple from 4.0x to 6.0x, and comparing such result to the perpetual growth rate implied by such terminal value. Cash flows and terminal value were discounted to present value at estimated weighted average cost of capital rates ranging from 15.0% to 19.0% using both levered and unlevered capital structures. Banc of America Securities derived its estimate for this range of weighted average cost of capital rates by assuming a cost of debt of approximately 8.0% (based on a 10-year debt rate for a BB-minus credit) and by assuming debt-to-total capitalization ratios of 0.0% to 20.0%, since we currently have no debt. Banc of America Securities further assumed a levered equity beta of 1.36 and an unlevered equity beta of 1.79, based on our historic equity betas, 7.2% equity risk premium and an additional 1.6% premium for a small capitalization stock. Banc of America Securities also assumed, based on our management s estimates, revenue growth, improvements in EBITDA margins and increases in capital investment requirements as a percent of sales in each of the three fiscal years, and further assumed, based on our management s estimates of the expected realization of deferred tax assets until 2015, a value for our net operating losses.

Based on this analysis, Banc of America Securities derived an implied range of equity values for our Class B common stock of approximately $1.72 to $2.20 per share.

Analysis of Selected Publicly Traded Companies

Banc of America Securities considered a universe of publicly traded companies in the domestic and international telecommunications industries, including fully integrated service providers, based on its belief that we are a leading provider of value-added telecommunications services, with analogies to and distinguishing characteristics from each.

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Banc of America Securities selected the following publicly traded companies for its analysis of selected publicly traded telecommunications companies: AT&T Corp., BellSouth Corporation, BT Group plc, Cable and Wireless plc, Equant N.V., Level 3 Communications, Inc., MCI, Inc., SBC Communications Inc., Sprint Corporation and Verizon Communications Inc.

Based on publicly available information for each company, Banc of America Securities calculated Enterprise Value (which Banc of America Securities defined as equity market capitalization (defined as the price per share as of November 4, 2004, multiplied by the diluted number of shares outstanding, calculated pursuant to the treasury stock method), plus total outstanding debt, minority interest and preferred stock, minus cash and equivalents), as a multiple of estimated EBITDA, for the calendar years ending December 31, 2004 and 2005, and compared these multiples to our multiples of Enterprise Value to EBITDA for the same periods, both with regard to our current trading data and for the pricing in the proposed transaction. Based on this analysis, Banc of America Securities determined that the range of multiples of Enterprise Value to estimated EBITDA for the above companies was from 2.1x to 12.0x for calendar year 2004 and from 1.8x to 10.9x for calendar year 2005. The corresponding multiples of Enterprise Value to our estimated EBITDA based on the per share price of $2.06 offered in the merger was 17.1x for calendar year 2004 and 7.8x for calendar year 2005. Accordingly, the Enterprise Value based on the offering price resulted in a multiple that was greater than the multiples for all ten comparable companies for 2004 and greater than the multiples for nine of the ten comparable companies for calendar year 2005.

Terms of Engagement, Relationships and Other Information

Banc of America Securities opinion and the financial analyses described above were among the many factors considered by the independent special committee in its evaluation of the merger and should not be viewed as determinative of the views of the independent special committee or our board of directors or management with respect to the merger or the consideration to be received by our stockholders.

Under an engagement letter dated September 10, 2004, we have agreed to pay Banc of America Securities for its financial advisory services in connection with the transaction a fee of $500,000, of which $75,000 was paid as a non-refundable retainer, and the balance of which became payable upon the rendering of its opinion. The independent special committee and our board of directors were aware of this fee structure and took it into account in considering Banc of America Securities opinion and in approving the merger. The engagement letter also calls for us to reimburse Banc of America Securities for its reasonable out-of-pocket expenses, including reasonable fees and expenses of Banc of America Securities legal counsel, and to indemnify Banc of America Securities and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Banc of America Securities and its affiliates have in the past performed financial advisory and financing services for us and have received fees for those services. In addition, Bank of America, N.A., an affiliate of Banc of America Securities, was a lender under our credit facility and has received fees in that capacity. During 2002 and 2003, we paid Banc of America Securities and its affiliates, including Bank of America, N.A., aggregate fees of approximately $263,000 for all services described above, other than fees in connection with the merger. In the ordinary course of business, Banc of America Securities and its affiliates may actively trade our debt and equity securities or those of BT or its affiliates for their own accounts and for the accounts of customers and, accordingly, may at any time hold long or short positions in those securities. In addition, Fleet Specialist, an affiliate of Banc of America Securities, is a specialist for our Class B Common Stock.

The discussion above is merely a summary of the analyses and examinations that Banc of America Securities considered to be material to its opinion. It is not a comprehensive description of all analyses and examinations actually conducted by Banc of America Securities. The preparation of a fairness opinion is not susceptible to partial analysis or summary description. Banc of America Securities believes that its analyses and the summary above must be considered as a whole. Banc of America Securities further believes that selecting

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portions of its analyses and the factors considered, without considering all analyses and factors, would create an incomplete view of the process underlying the analyses set forth in its presentation to the independent special committee and our board of directors. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that that analysis was given greater weight than any other analysis. Accordingly, the ranges of valuations resulting from any particular analysis described above should not be taken to be Banc of America Securities view of the actual value of Infonet.

Opinion of Our Financial Advisor

On November 7, 2004, at a meeting of our board of directors held to approve the proposed merger, UBS Securities LLC delivered to our board of directors an oral opinion, confirmed by delivery of a written opinion dated November 7, 2004, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in its opinion, the merger consideration was fair, from a financial point of view, to holders of our Class B common stock (other than our affiliates).

The full text of UBS s opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached to this proxy statement as Annex C. **UBS s opinion is directed only to the fairness, from a financial point of view, of the merger consideration to be received by holders of our Class B common stock (other than our affiliates) and does not address any other aspect of the merger. The opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to us or our underlying business decision to effect the merger. The opinion does not constitute a recommendation to any stockholder as to how to vote or act with respect to any matters relating to the proposed merger. Holders of our Class B common stock are encouraged to read this opinion carefully in its entirety.** The summary of UBS s opinion described below is qualified in its entirety by reference to the full text of its opinion.

In arriving at its opinion, UBS:

- reviewed publicly available business and financial information relating to us;
- reviewed internal financial information and other data relating to our business and financial prospects that were provided to UBS by our management and not publicly available, including financial forecasts and estimates prepared by our management;
- conducted discussions with members of our senior management and senior management of BT concerning our business and financial prospects;
- reviewed current and historical market prices of our Class B common stock;
- analyzed the estimated present value of our unlevered, after-tax free cash flows based on financial forecasts, including estimates and assumptions contained in such forecasts, for fiscal years 2005 through 2007 prepared by our management;
- reviewed publicly available financial and stock market data with respect to companies in lines of business which UBS believed to be generally comparable to ours;

reviewed execution forms distributed on November 7, 2004 of the merger agreement and certain related documents; and

conducted other financial studies, analyses and investigations, and considered other information, as UBS deemed necessary or appropriate.

In connection with its review, with our consent, UBS did not assume any responsibility for independent verification of any of the information that UBS was provided or reviewed for the purpose of its opinion and, with our consent, UBS relied on that information being complete and accurate in all material respects. In addition, at our direction, UBS did not make any independent evaluation or appraisal of any of our assets or liabilities,

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contingent or otherwise, and was not furnished with any evaluation or appraisal. UBS was instructed by our management to utilize in its analyses our financial forecasts and estimates for fiscal years 2005 through 2007 prepared by our management and reviewed by our board of directors. UBS assumed, at our direction, that our financial forecasts and estimates for fiscal years 2005 through 2007 utilized in its analyses were reasonably prepared on a basis reflecting the best currently available estimates and judgments of our management as to our future financial performance. UBS s opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and information made available to UBS as of, the date of its opinion.

At our direction and in connection with its engagement, UBS contacted selected third parties to solicit indications of interest in a possible acquisition of Infonet and held discussions with certain of these parties prior to the date of UBS s opinion. UBS was not asked to, and it did not, offer any opinion as to the terms of the merger agreement or the form of the merger. UBS assumed, with our consent, that each of Infonet, BT and Blue Acquisition Corp. would comply with all material terms of the merger agreement and that the merger would be consummated in accordance with its terms without waiver, modification or amendment of any material term, condition or agreement. In addition, UBS assumed, with our consent, that the final executed forms of the merger agreement and related documents would not differ in any material respect from the execution forms that UBS reviewed. UBS further assumed, with our consent, that all governmental, regulatory or other consents and approvals necessary for the completion of the merger would be obtained without any adverse effect on Infonet or the merger. Except as described above, we imposed no other instructions or limitations on UBS with respect to the investigations made or the procedures followed by UBS in rendering its opinion.

In connection with rendering its opinion to our board of directors, UBS performed a variety of financial and comparative analyses which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the analysis of selected public companies summarized below, no company used as a comparison is either identical or directly comparable to us. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analyses and the summary below must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying UBS s analyses and opinion. None of the analyses performed by UBS was assigned greater significance or reliance by UBS than any other. UBS arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole. UBS did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion.

The estimates of our future performance provided by our management in or underlying UBS s analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which are beyond our control. Estimates of the financial value of companies do not necessarily purport to be appraisals or reflect the prices at which companies actually may be sold.

The merger consideration was determined through negotiation between us and BT and the decision to enter into the merger was solely that of our board of directors. UBS s opinion and financial analyses were only one of many factors considered by our board in its evaluation of the merger and should not be viewed as determinative of the views of our board of directors or management with respect to the merger or the merger consideration.

The following is a brief summary of the material financial analyses performed by UBS and reviewed with our board of directors in connection with its opinion relating to the proposed merger. **The financial analyses summarized below include information presented in tabular format. In order to fully understand UBS s financial analyses, the tables must be read together with the text of each summary. The tables alone do not**

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constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS s financial analyses.

Analysis of Selected Publicly Traded Companies

UBS compared selected financial information for us with corresponding financial information of Equant N.V., a publicly traded company in the telecommunications industry. UBS deemed Equant relevant in evaluating us given that a significant portion of Equant s revenues are generated from Equant s network services business, which operates in the same line of business as we do, and according to our public filings, we have identified Equant as our chief global competitor. UBS reviewed, among other things, enterprise values, calculated as equity value, plus debt and minority interests, less cash as a multiple of calendar years 2004, 2005 and 2006 estimated earnings before interest, taxes, depreciation and amortization, commonly known as EBITDA. For purposes of this analysis, Equant s EBITDA was adjusted to reflect estimated cash proceeds to be received by Equant from the sale of its 49% interest in Radianz. UBS then compared these EBITDA multiples derived for Equant with corresponding multiples for us based on the closing price of our Class B common stock on November 4, 2004 (the trading day before rumors surfaced regarding our potential acquisition by BT) as well as corresponding multiples implied for us based on the merger consideration of $2.06 per share. Multiples for Equant were based on the closing price of Equant common stock on November 4, 2004. For purposes of this analysis, our financial data was calendarized for a December year-end to correspond with Equant s fiscal year-end. Estimated financial data for Equant were based on publicly available research analysts estimates, and estimated financial data for us were based on internal estimates of our management. This analysis indicated the following implied multiples for Equant, as compared to corresponding multiples implied for us based both on the closing price of our Class B common stock on November 4, 2004 and the merger consideration:

Enterprise Value as Multiple of:	Implied Multiples for Equant Based on Closing Stock Price on 11/4/04	Implied Multiples for Infonet Based on Closing Stock Price on 11/4/04	Implied Multiples for Infonet Based on Merger Consideration of $2.06 Per Share
EBITDA			
CY2004	7.1x	16.1x	17.7x
CY2005	5.2x	7.5x	8.2x
CY2006	4.0x	4.7x	5.2x

Discounted Cash Flow Analysis

UBS performed a discounted cash flow analysis to calculate the estimated present value of the unlevered, after-tax free cash flows that we could generate over fiscal years 2005 through 2007 and the net operating losses, commonly known as NOLs, and other deferred tax assets that our management estimated could potentially be utilized by us through 2015 on a stand-alone basis. For purposes of this analysis, UBS was instructed by our management to utilize our financial forecasts and estimates for fiscal years 2005 through 2007 prepared by our management and reviewed by our board of directors. UBS applied terminal value multiples ranging from 5.0x to 6.0x to our estimated fiscal year 2007 EBITDA. The cash flows, terminal values and estimated NOLs and other deferred tax assets were then discounted to present value using discount rates ranging from 16.0% to 20.0%. This analysis indicated an implied equity reference range for Infonet of approximately $1.85 to $2.14 per share, as compared to the merger consideration of $2.06 per share.

Other Factors

In rendering its opinion, UBS also reviewed and considered other factors, including:

the historical price performance of our Class B common stock and Equant common stock;

publicly available research analysts reports for us and Equant, including share price targets of those analysts for us and Equant;

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the relationship between movements in our Class B common stock, movements in Equant common stock, movements in the common stock of selected companies in the telecommunications industry and movements in the Standard and Poor s 500 Index;

the trading multiples of selected companies in the telecommunications industry relative to the multiples implied for us based on the closing price of our Class B common stock on November 4, 2004 (the trading day before rumors surfaced regarding the potential acquisition of Infonet) and the merger consideration; and

the premiums implied in the merger based on the merger consideration and the closing prices of our Class B common stock on November 5, 2004, November 4, 2004 (the trading day before rumors surfaced regarding our potential acquisition by BT) and June 15, 2004 (the trading day before BT submitted its indication of interest to us in connection with our potential acquisition by BT) as well as the average closing prices of our Class B common stock over the one-month periods prior to November 5, 2004 and June 15, 2004.

Terms of Engagement, Relationships and Other Information

Under the terms of our engagement, we have agreed to pay UBS for its financial advisory services upon completion of the merger a fee based on a percentage of the aggregate transaction value of the merger. The aggregate fee payable to UBS is currently estimated to be approximately $6.6 million, a portion of which was paid to UBS in connection with delivery of its opinion. We have also agreed to reimburse UBS for its expenses, including reasonable fees, disbursements and other charges of counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement. UBS and its affiliates in the past have provided services to us and BT unrelated to the proposed merger, for which services UBS and its affiliates have received compensation. In the ordinary course of business, UBS, its successors and affiliates may hold or trade our securities or securities of BT or its affiliates for their own accounts and accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

We selected UBS as our financial advisor in connection with the merger because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions and is familiar with us and our business. UBS is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

Description of the Stockholder Agreements

As a condition to its entering into the merger agreement, BT required each of José Collazo, our Chief Executive Officer, President and Chairman, Akbar Firdosy, our Vice President and Chief Financial Officer, Paul Galleberg, our Senior Vice President, General Counsel and Secretary, and the six holders of our Class A common stock, consisting of KDDI Corporation, KPN Telecom B.V., Swisscom AG, Telefonica International Holding B.V., TeliaSonera AB and Telstra Corporation Limited, to enter into a stockholder agreement regarding the voting of the stockholders Infonet common stock. The following summary describes the material provisions of the stockholder agreements. A form of the stockholder agreement signed by each of Messrs. Collazo, Firdosy and Galleberg is attached to this proxy statement as Annex D, and a form of the stockholder agreement signed by each of the holders of our Class A common stock is attached to this proxy statement as Annex E. We encourage you to read the form stockholder agreements carefully in their entirety.

Under the stockholder agreements, each stockholder has agreed to vote its shares of our common stock: (i) in favor of the merger, the adoption by us of the merger agreement and the approval of the terms of the merger agreement and each of the other transactions contemplated by the merger agreement; and (ii) against the following actions or proposals:

any acquisition proposal for a transaction other than the merger;

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any other consolidation, tender offer, exchange offer, business combination, sale of substantial assets, reorganization, recapitalization, joint venture, license of intellectual property rights, dissolution, liquidation or winding up of or by us; and

any amendment of our certificate of incorporation or bylaws or other proposal or transaction involving us or any of our subsidiaries, which amendment or other proposal or transaction would in any manner impede the merger, the merger agreement or any of the other transactions contemplated by the merger agreement or change in any manner the voting rights of any class of our common stock.

Each stockholder has also agreed not to:

sell, transfer, pledge, assign or otherwise dispose of, or enter into any other arrangement with respect to the transfer of, the shares of our common stock owned by the stockholder to any person other than pursuant to the terms of the merger with BT, or enter into any voting arrangement in connection with any alternative transaction, or convert any shares of Class A common stock into Class B common stock; or

permit any investment banker, attorney or other adviser or representative of such stockholder to solicit, initiate or knowingly facilitate any alternative transaction or enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, any alternative transaction.

The stockholder agreements entered into by the holders of our Class A common stock contain several provisions not contained in the stockholder agreements entered into by Messrs. Collazo, Firdosy and Galleberg. Pursuant to their stockholder agreements, the holders of our Class A common stock have covenanted to:

not exercise certain registration rights or rights of first refusal that such stockholders may have under a stockholders agreement entered into by and between us and the holders of our Class A common stock in connection with our initial public offering in December 1999;

use commercially reasonable efforts to provide BT and us with any relevant information that is not commercially sensitive to assist BT and us in resolving any investigation, inquiry or proceeding with respect to the respective stockholder s operations that relate to us; and

negotiate in good faith with BT with respect to their commercial relationships with us, including interconnection between our network and the BT network and with respect to any physical migration of our core bandwidth, customer access circuits and customers to the BT network.

Each stockholder signing a stockholder agreement with BT, including Messrs. Collazo, Firdosy and Galleberg and the six holders of our outstanding our Class A common stock, has given BT an irrevocable proxy to vote its shares of our common stock in favor of the merger and against any competing transaction. However, the stockholder agreements do not limit or affect a stockholder s right to vote its shares in its sole discretion with respect to any other matters that may be submitted to a stockholder vote, consent or other approval. Each of these stockholders has waived its appraisal rights with respect to its shares of our common stock in connection with the merger.

In the event that the merger agreement is terminated under circumstances where BT is or may become entitled to receive the $35 million termination fee described in The Merger Agreement Termination Fees and Other Expenses, each stockholder signing a stockholder agreement has agreed to pay BT 50% of the profit it or he receives from the consummation of any other alternative transaction we enter into within one year of the termination of the merger agreement until the aggregate profit retained by all stockholders entering stockholder agreements is equal to $35 million, and 100% of the profit received by such stockholder thereafter. The stockholder agreements define profit as (i) the consideration

the stockholder receives in the alternative transaction we complete plus (ii) the value of any shares of our common stock the stockholder disposes of prior to the consummation of the alternative transaction, less (iii) the consideration the stockholder would have received from BT had the merger with BT been completed. In the event the merger with BT is completed following the announcement of a competing takeover proposal and BT has increased the amount payable to each

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holder of our common stock in the merger, each stockholder that is party to a stockholder agreement has also agreed to pay BT 100% of the difference between the fair market value of the consideration received by such stockholder in the merger and $2.06 per share.

The stockholder agreements terminate upon the earliest to occur of (i) the effective time of the merger, (ii) the termination of the merger agreement, or (iii) an amendment or other modification to the merger agreement that provides for a reduction in the merger consideration or for payment of the merger consideration other than in cash.

As of the record date, the nine parties to these stockholder agreements held an aggregate of 161,403,358 shares of our Class A common stock and shares of our Class B common stock, representing all of our outstanding Class A common stock and approximately % of the voting power of our outstanding common stock. Under the terms of our certificate of incorporation and bylaws, the affirmative vote of the parties to the stockholder agreements is sufficient for the approval and adoption of the merger agreement.

Interests of Our Directors and Executive Officers in the Merger

In considering the recommendation of our board of directors with respect to the merger agreement, you should be aware that our executive officers and directors have interests in the merger and have arrangements that are different from, or in addition to, those of our stockholders generally. Our board of directors and the independent special committee were aware of these interests and considered them, among other matters, in reaching its decisions to approve the merger agreement and to recommend that our stockholders vote in favor of the approval and adoption of the merger agreement.

The following table sets forth the amount of cash each of our executive officers and directors will receive in respect of shares of our common stock, including restricted stock, and stock options held by such individual.

Name of Executive Officer or Director	Cash to be Received in Connection with the Merger [1]
José A. Collazo, *Chief Executive Officer, President and Chairman*	$ 7,945,574
Akbar H. Firdosy, *Vice President and Chief Financial Officer*	1,417,038
Paul A. Galleberg, *Senior Vice President, General Counsel and Secretary*	422,742
John C. Hoffman, *Executive Vice President, Communications Sales & Services*	714,047
Peter C. Sweers, *Chief Operating Officer*	478,835
Michael J. Timmins, *Executive Vice President, Global Business Development*	644,220
John Allerton, *Director*[2]	0
Bruce Beda, *Director*	50,700
Eric M. de Jong, *Director*	43,986
Per-Eric Fylking, *Director*	42,750
Peter Hanelt, *Director*	50,700
Timothy P. Hartman, *Director*	0
Yuzo Mori, *Director*	0
Matthew J. O Rourke, *Director*	42,750
Hanspeter Quadri, *Director*	42,750
José Manuel Santero, *Director*	42,750

(1) Includes the cash to be received in respect of (i) shares of our common stock (including shares of restricted stock) and (ii) stock options in connection with the merger before considering applicable tax withholdings. Amounts are rounded up to the next dollar.

(2) Due to the policies of his employer, Telstra Corporation Limited, Mr. Allerton disclaims any personal pecuniary interest in any Infonet options granted to him. Mr. Allerton has informed us that such pecuniary interest is held by Telstra Corporation Limited. Upon completion of the merger, Telstra Corporation Limited will receive cash consideration of $75,750 in respect of the 150,000 options held by Mr. Allerton.

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Certain restrictions regarding the resale and transferability of shares of restricted stock held by Messrs. Hoffman, Sweers and Timmins (111,000, 112,000 and 90,000 shares, respectively) will lapse upon completion of the merger.

Equity Compensation Awards

Upon the completion of the merger, all outstanding options, whether vested or unvested, to purchase shares of our Class B common stock (including options held by our directors and executive officers) will be canceled and converted into the right to receive a cash payment, without interest, equal to the excess, if any, of $2.06 over the per share exercise price of the option, multiplied by the number of shares of our Class B common stock subject to the option, less any applicable withholding taxes. In addition, immediately prior to the merger, each outstanding share of our restricted Class B common stock (including shares of restricted stock held by our directors and executive officers) will fully vest and be converted at the effective time of the merger into the right to receive a cash payment, without interest, equal to the number of shares of Class B common stock subject to the award multiplied by $2.06, less any applicable withholding taxes. Consequently, these options and shares of restricted stock will be converted into the right to receive the cash as described above.

Our executive officers who are full-time Infonet employees are generally eligible to participate in our Amended and Restated 2000 Employee Stock Purchase Plan. The merger agreement provides that a new exercise date will be set under our Amended and Restated 2000 Employee Stock Purchase Plan as of the date immediately preceding the completion of the merger, and each participant s accumulated payroll deductions will be used to purchase shares of our Class B common stock on such date in accordance with the terms of the plan. Our employee stock purchase plan will then terminate. The maximum number of shares of our Class B common stock that may be issued under our Amended and Restated 2000 Employee Stock Purchase Plan prior to the effective time of the merger is 1,434,666 shares, or, if fewer shares remain authorized for issuance under the plan, such fewer number of shares.

Employment Agreements

We have agreed with Mr. Collazo that, upon the payment by us to Mr. Collazo of an amount equal to $4.5 million on or before November 30, 2004, Mr. Collazo s current employment agreement with us will be modified so that, in the event of Mr. Collazo s termination without cause or for good reason, the total value of separation payments and benefits payable to Mr. Collazo on account of such termination will not exceed $8 million and the value otherwise payable to Mr. Collazo under the agreement will be reduced by the $4.5 million payment made to Mr. Collazo, although we are entitled to assert that the separation payments and benefits payable under Mr. Collazo s current employment agreement are less than $8 million. On November 29, 2004, we paid this $4.5 million payment to Mr. Collazo in accordance with our arrangement.

In connection with the signing of the merger agreement, Messrs. Collazo, Firdosy and Galleberg entered into binding preliminary employment agreements with BT. Each employment agreement is effective only upon completion of the merger and will, immediately prior to the completion of the merger, supersede and replace the executive s current employment agreement with us. We do not expect that Messrs. Collazo, Firdosy and Galleberg will receive any payments or benefits under the current employment agreements with us as a result of the merger.

Under Mr. Collazo s new employment agreement, BT agreed to pay Mr. Collazo upon the completion of the merger an incentive amount equal to $10.0 million in exchange for the termination of his current employment agreement with us. In accordance with the terms of the new employment agreement, this $10 million payment will be reduced by the $4.5 million payment we made to Mr. Collazo on November 29, 2004, and BT will accordingly pay the remaining $5.5 million of the incentive amount to Mr. Collazo upon the completion of the merger. The employment agreement will have a three-year term during which he will receive an annual salary equal to $700,000 for the first two years following the completion of the merger and a retention bonus of $1 million at the end of the first, second and third anniversaries of the

completion of the merger. Mr. Collazo will

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also be eligible to receive incentive bonus payments of up to $4.2 million during the term of his employment agreement upon achieving specified performance targets in respect of the first two years following the completion of the merger. Following the completion of the merger, BT will cause Infonet to provide Mr. Collazo with a benefit that will accrue ratably over two years of service and then have a net present value that is $1.9 million greater than his current benefit under our Supplemental Executive Retirement Plan, or SERP, in lieu of any additional amounts that would have otherwise accrued under the SERP. The employment agreement will also supersede and replace any benefits otherwise payable to Mr. Collazo under the CEO Incentive Bonus Plan.

Under Mr. Firdosy s new employment agreement, BT will pay to Mr. Firdosy an incentive amount equal to $1.55 million upon completion of the merger and $1.55 million on the first anniversary of the completion of the merger in exchange for the termination of his current employment agreement with us, unless he terminates his employment with us for other than good reason in the first six months following the completion of the merger or does not provide us with a minimum of 45 days advance written notice in the second six-month period following the completion of the merger. Mr. Firdosy s second incentive payment amount will be reduced by $75,000 for each month, prorated for partial months, that the completion of the merger occurs after April 30, 2005. In addition, to the extent that we provide Mr. Firdosy with an extraordinary bonus prior to the completion of the merger, Mr. Firdosy s initial incentive payment amount will be reduced accordingly. BT will cause to be paid to Mr. Firdosy upon the completion of the merger a lump sum of $164,000 (subject to a possible increase up to a total of $198,000) in respect of enhanced supplemental pension benefits. Mr. Firdosy s employment agreement currently provides for a one-year term during which he will receive an annual salary equal to $322,483. Mr. Firdosy will be eligible to receive incentive bonus payments of up to 150% of his annual salary based upon achieving specified performance criteria and, upon the first anniversary of the agreement s effectiveness, an additional bonus of up to 100% of his annual salary based upon achieving corporate performance criteria and/or integration factors. BT and Mr. Firdosy have been engaged in discussions regarding this preliminary agreement and have agreed in principle to extend the term of the agreement from one year to two years.

Under Mr. Galleberg s new employment agreement, BT will pay to Mr. Galleberg an incentive amount equal to $1.7 million upon the completion of the merger and $1.7 million on the first anniversary of the completion of the merger in exchange for the termination of his current employment agreement with us, unless he terminates his employment with us for other than good reason in the first six months following the completion of the merger or does not provide us with a minimum of 45 days advance written notice in the second six-month period following the completion of the merger. Mr. Galleberg s second incentive payment amount will be reduced by $75,000 for each month, prorated for partial months, that the completion of the merger occurs after April 30, 2005. BT will cause to be paid to Mr. Galleberg upon the completion of the merger a lump sum of $85,000 (subject to possible increase up to a total of $125,000) in respect of enhanced supplemental pension benefits. Mr. Galleberg s employment agreement will have a one-year term during which he will receive an annual salary equal to $340,395. Mr. Galleberg will be eligible to receive incentive bonus payments of up to 150% of his annual salary based upon achieving specified performance criteria and an additional bonus of up to 100% of his annual salary based upon achieving corporate performance criteria and/or integration factors.

Under the new employment agreements with BT, each executive is also entitled to a gross-up payment for any golden parachute excise taxes incurred.

Indemnification and Benefits Provisions in the Merger Agreement

The merger agreement provides for director and officer indemnification and insurance, and for the continuation of certain employee benefits. We describe these provisions in The Merger Agreement Indemnification and Insurance and The Merger Agreement Employee Benefits.

Dividends

Pursuant to the merger agreement, we are not permitted to declare or pay any dividends prior to the completion of the merger. We have never paid a dividend on our common stock since we became a public company.

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Regulatory Matters

Antitrust Authorities

Under the HSR Act, we cannot complete the merger until both parties have notified the Antitrust Division and the FTC of the merger, furnished them with certain information and materials and allowed the applicable waiting period to terminate or expire. The HSR Act provides for an initial 30-calendar-day waiting period following the necessary filings by the parties to the merger. We and BT filed notification and report forms under the HSR Act with the Antitrust Division and the FTC on November 22, 2004. The associated initial 30-day waiting period will expire at 11:59 p.m. on December 22, 2004 unless a request is made for additional information or documentary material or the waiting period is earlier terminated. If either the Antitrust Division or the FTC makes a request for additional information or documentary materials, the waiting period will expire 30 days after substantial compliance with the request.

In addition, we or BT must make, if required, any filings with the European Commission as required by Council Regulation No. 139/2004. Under Council Regulation No. 139/2004, we may not complete the merger unless the required filing has been submitted to, and the transaction cleared by, the European Commission. Council Regulation No. 139/2004 provides for an initial Phase I waiting period of 25 working days following the filing of a complete notification to the European Commission, which can be extended to 35 working days, in particular if the parties offer remedies. On December 10, 2004, BT filed the required notification with the European Commission on Form CO. The European Commission s review will end at the expiration of the Phase I waiting period, unless the European Commission launches an in-depth investigation into the merger, referred to as a Phase II investigation. If the European Commission initiates a Phase II investigation, the waiting period will expire 90 working days from the date the European Commission initiates this Phase II investigation. The 90 working day waiting period can be extended by 15 working days if the notifying parties offer remedies after the 54th working day following the initiation of the Phase II investigation. The total waiting period of the Phase II investigation can be extended by a further period of up to 20 working days if the European Commission and the notifying parties agree.

A filing must also be made to the Brazilian merger control authority, under that country s Law nº 8884/94. However, completion of the merger is permitted pending a decision from the authority.

We or BT may also be required to obtain additional regulatory approvals from, or make additional regulatory notifications to, various state and foreign competition authorities.

The FTC, the Antitrust Division, the European Commission or other similar regulatory authority could take action under the antitrust laws with respect to the merger, including seeking to enjoin the completion of the merger or seeking the divestiture by BT of all or part of our shares or assets, or of other business conducted by BT Group or BT, or their affiliates, or seeking to subject us, BT or our respective affiliates to operating conditions, before or after we complete the merger. The merger agreement provides that BT and Blue Acquisition Corp. are not required to complete the merger if the FTC, Antitrust Division or other similar regulatory authority has imposed conditions on the merger or on BT that are materially burdensome, as such term is defined in the merger agreement (see Commitment to Obtain Approvals). We cannot assure you that an antitrust challenge to the merger will not be made and, if such a challenge is made, we cannot predict the result.

Communications Regulatory Authorities

As a condition to the merger, an order of the FCC (either by the FCC itself or under delegated authority) giving consent for, or authorization or approval of, the merger must have been obtained without the imposition of any materially burdensome condition, qualification or other restriction, and such order shall not have been revoked or stayed as of the effective time of the merger. We filed the required applications with the FCC on November 19, 2004, seeking approval of the transfer of control to BT of the FCC licenses and authorizations held by us other than our private land mobile radio license, for which we expect to file the application for

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approval of transfer of control prior to the completion of the merger. We have also made and will continue to make or obtain certain reports, filings, registrations, consents, approvals, permits, authorizations and notices with, to or from state or foreign governmental entities regulating telecommunications businesses.

Exon-Florio

CFIUS may review and investigate the merger under the Exon-Florio Amendment to the Defense Production Act of 1950, as amended, commonly known as the Exon-Florio provision. The Exon-Florio provision empowers the President of the United States or his designee to take certain actions in relation to mergers, acquisitions and takeovers by foreign persons that could result in foreign control of persons engaged in interstate commerce in the United States. In particular, the Exon-Florio provision enables the President to take such action for such time as the President considers appropriate to suspend or prohibit any acquisition, merger or takeover by a foreign person that threatens to impair the national security of the United States. CFIUS has 30 days from its receipt of notice of a proposed transaction to determine whether to undertake an investigation of the transaction. If CFIUS determines to undertake an investigation, it must complete the investigation no later than 45 days after such determination. Upon completion of the investigation, CFIUS must report to the President and present a recommendation with respect to action on the transaction. Not later than 15 days after the completion of the investigation, the President must announce whether he will take action to suspend or prohibit the transaction. We and BT will consider whether to file a joint voluntary notice with CFIUS seeking a determination that there are no issues of national security sufficient to warrant an investigation under the Exon-Florio provision.

Commitment to Obtain Approvals

We and BT have agreed to use commercially reasonable efforts to obtain as promptly as reasonably practicable all necessary consents and approvals of any governmental entity and all materially necessary consents from any other person required in connection with the merger. We have also agreed with BT to use our respective commercially reasonable efforts to cooperate with one another in the preparation and filing of applications and reports to governmental entities, to inform the other of communications received by governmental entities or third parties, to permit the other party to review communications from such party to governmental entities or third parties and, where permissible by law, to participate in meetings between such party and governmental entities or third parties. Nevertheless, BT has no obligation to inform us of, or permit us to review, communications, or consult with us or permit us to attend and participate in meetings and conferences, if BT believes that any action would adversely affect in any significant way its ability to resolve these matters on favorable terms or result in the disclosure of commercially sensitive, confidential or proprietary information relating to BT or any of its subsidiaries or information not relating solely to the transactions contemplated by the merger agreement. However, BT may not limit our participation in any FCC regulatory proceeding in a manner that would violate any legal requirement that we remain in control of such proceedings.

Despite its general obligation to use commercially reasonable efforts to obtain necessary consents and approvals, BT and its subsidiaries are not required to divest or hold separate or otherwise take or commit to take any action that limits BT s freedom of action with respect to, or its ability to retain, us, our affiliates or any of our businesses, product lines or assets, if such divestiture would be reasonably expected to be materially burdensome to BT. As defined in the merger agreement, materially burdensome effects are those that would have a material adverse effect on BT and its subsidiaries, taken as a whole, or substantially impair the benefits to BT, taken as a whole, that are expected, as of the date of the merger agreement, to be realized from the completion of the merger.

Appraisal Rights

Holders of record of shares of our Class A or Class B common stock who do not vote in favor of the approval and adoption of the merger agreement and who properly demand appraisal of their shares will be entitled to appraisal rights in connection with the merger under Section 262 of the General Corporation Law of the State of Delaware, or Section 262.

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The following discussion is not a complete statement of the law pertaining to appraisal rights under Section 262 and is qualified in its entirety by the full text of Section 262 which is attached to this proxy statement as Annex F. The following summary does not constitute any legal or other advice nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262. All references in Section 262 and in this summary to a stockholder or holders of shares of our common stock are to the record holder or holders of the shares of our Class A or Class B common stock as to which appraisal rights are asserted. A person having a beneficial interest in shares of our common stock held of record in the name of another person, such as a broker, fiduciary, depositary or other nominee, must act promptly to cause the record holder to follow the steps summarized below properly and in a timely manner to perfect appraisal rights.

Under Section 262, a record holder of shares of our common stock who makes the demand described below with respect to such shares, who continuously is the record holder of such shares through the effective time of the merger, who does not vote in favor of the approval and adoption of the merger agreement and who otherwise follows the procedures set forth in Section 262 will be entitled to have his or her shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, as determined by the court.

Under Section 262, where a merger is to be submitted for approval at a meeting of stockholders, as in the case of the approval and adoption of the merger agreement by our stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders entitled to appraisal rights that appraisal rights are available and include in the notice a copy of Section 262. This proxy statement shall constitute the notice, and the full text of Section 262 is attached to this proxy statement as Annex F. Any holder of our common stock who wishes to exercise appraisal rights, or who wishes to preserve such holder s right to do so, should review the following discussion and Annex F carefully because failure to timely and properly comply with the procedures specified will result in the loss of appraisal rights. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of shares of our common stock, we believe that if you consider exercising such rights, you should seek the advice of legal counsel.

Any stockholder wishing to exercise appraisal rights must deliver to us, before the vote on the approval and adoption of the merger agreement at the special meeting on , 2005, a written demand for the appraisal of the stockholder s shares, and a holder of shares of our common stock must not vote in favor of the approval and adoption of the merger agreement. A holder of shares of our common stock wishing to exercise appraisal rights must hold of record the shares on the date the written demand for appraisal is made and must continue to hold the shares of record through the effective time of the merger, since appraisal rights will be lost if the shares are transferred prior to the effective time of the merger. A proxy which is signed and does not contain voting instructions will, unless revoked, be voted in favor of the approval and adoption of the merger agreement. Therefore, a stockholder who votes by proxy and who wishes to exercise appraisal rights must vote against the approval and adoption of the merger agreement or abstain from voting on the merger agreement. Neither voting against the approval and adoption of the merger agreement (in person or by proxy), nor abstaining from voting or failing to vote on the proposal to approve and adopt the merger will in and of itself constitute a written demand for appraisal satisfying the requirements of Section 262. The written demand for appraisal must be in addition to and separate from any proxy or vote. The demand must reasonably inform us of the identity of the record holder as well as the intention of the holder to demand an appraisal of the fair value of the shares held by the holder. A stockholder s failure to make the written demand prior to the taking of the vote on the approval and adoption of the merger agreement at the special meeting of stockholders will constitute a waiver of appraisal rights.

Only a holder of record of shares of our common stock is entitled to assert appraisal rights for the shares registered in that holder s name. A demand for appraisal in respect of shares of our common stock should be executed by or on behalf of the holder of record, and must state that the person intends thereby to demand appraisal of the holder s shares in connection with the merger. If the shares are owned of record by a person other

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than the beneficial owner, including a broker, fiduciary (such as a trustee, guardian or custodian), depositary or other nominee, execution of the demand should be by or for the record owner, and if the shares are owned of record by more than one person, as in a joint tenancy and tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal on behalf of a holder or record; however, the agent must identify the record owner or owners and expressly disclose that, in executing the demand, the agent is acting as agent for the record owner or owners. A record holder such as a broker who holds shares as nominee for several beneficial owners may exercise appraisal rights with respect to the shares held for one or more beneficial owners while not exercising the rights with respect to the shares held for other beneficial owners; in such case, however, the written demand should set forth the number of shares as to which appraisal is sought and where no number of shares is expressly mentioned the demand will be presumed to cover all shares of our common stock held in the name of the record owner. Stockholders who hold their shares in brokerage accounts or other nominee forms and who wish to exercise appraisal rights are urged to consult with their brokers to determine the appropriate procedures for the making of a demand for appraisal by such a nominee.

All written demands for appraisal pursuant to Section 262 should be sent or delivered to Infonet Services Corporation, 2160 East Grand Avenue, El Segundo, California 90245, Attention: Secretary.

Within ten days after the effective time of the merger, the surviving corporation must notify each holder of our common stock who has complied with Section 262, and who has not voted in favor of the approval and adoption of the merger agreement that the merger has become effective. Within 120 days after the effective time of the merger, but not thereafter, the surviving corporation or any holder of our common stock who has so complied with Section 262 and is entitled to appraisal rights under Section 262 may file a petition in the Delaware Court of Chancery with a copy served on the surviving corporation demanding a determination of the fair value of the shares held by all dissenting holders. If a petition for appraisal is not timely filed, then the right to an appraisal for all dissenting stockholders will cease. The surviving corporation is under no obligation to and has no present intention to file a petition and holders should not assume that the surviving corporation will file a petition or that the surviving corporation will initiate any negotiations with respect to the fair value of such shares. Accordingly, the holders of our common stock who desire to have their shares appraised should initiate all necessary action to perfect their appraisal rights in respect of shares of our common stock within the time and in the manner prescribed in Section 262.

Within 120 days after the effective time of the merger, any holder of our common stock who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the surviving corporation a statement setting forth the aggregate number of shares not voted in favor of the approval and adoption of the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The statement must be mailed within ten days after a written request therefor has been received by the surviving corporation or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later.

Under the merger agreement, we have agreed to provide BT prompt notice of any demands for appraisal received by it. BT will have the right to participate in, and direct all negotiations and proceedings with respect to, demands for appraisal under the Section 262. We will not make any payments with respect to, or settle or offer to settle, any demand for appraisal without the written consent of BT.

If a petition for an appraisal is timely filed by a holder of shares of our common stock and a copy thereof is served upon the surviving corporation, the surviving corporation will then be obligated within 20 days to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached. After notice to the stockholders as required by the Court, the Delaware Court of Chancery is empowered to conduct a hearing on the petition to determine those stockholders who have complied with Section 262 and who have become entitled to appraisal rights thereunder. The Delaware Court of Chancery

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may require the stockholders who demanded payment for their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with the direction, the Court of Chancery may dismiss the proceedings as to the stockholder.

After determining the holders of our common stock entitled to appraisal, the Delaware Court of Chancery will determine the fair value of their shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. In determining fair value and, if applicable, a fair rate of interest, the Delaware Court of Chancery will take into account all relevant factors. In *Weinberger v. UOP, Inc*., the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that [f]air price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co. v. Technicolor, Inc*., the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as so determined could be more than, the same as or less than the $2.06 per share in cash they would receive pursuant to the merger if they did not seek appraisal of their shares and that an investment banking opinion as to the fairness from a financial point of view of the consideration to be received in a merger is not necessarily an opinion as to fair value under Section 262. Although we believe that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery and stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the merger consideration. BT has informed us that it does not anticipate offering more than $2.06 per share to any stockholder exercising appraisal rights, and BT has reserved the right to assert, in any appraisal proceeding, that for purposes of Section 262, the fair value of a share of our common stock is less than $2.06 per share. The Delaware Court of Chancery will also determine the amount of interest, if any, to be paid upon the amounts to be received by persons whose shares of our common stock have been appraised. The costs of the action may be determined by the Court and taxed upon the parties as the Court deems equitable under the circumstances. However, costs do not include attorneys and expert witness fees. Each dissenting stockholder is responsible for his or her attorneys and expert witness expenses, although upon application of a dissenting stockholder or the surviving corporation, the Court may also order that all or a portion of the expenses incurred by a stockholder in connection with an appraisal, including, without limitation, reasonable attorneys fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged pro rata against the value of all the shares entitled to be appraised.

Any holder of shares of our common stock who has duly demanded an appraisal in compliance with Section 262 will not, after the effective time of the merger, be entitled to vote the shares subject to the demand for any purpose or be entitled to the payment of dividends or other distributions on those shares (except dividends or other distributions payable to holders of record of our common stock as of a record date prior to the effective time of the merger).

If any stockholder who demands appraisal of shares of our common stock under Section 262 fails to perfect, or successfully withdraws or loses, such holder s right to appraisal, the stockholder s shares of our common stock will be deemed to have been converted at the effective time of the merger into the right to receive $2.06 in cash

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per share merger consideration, without interest. A stockholder will fail to perfect, or effectively lose or withdraw, the holder s right to appraisal if no petition for appraisal is filed within 120 days after the effective time of the merger, or if the stockholder delivers to the surviving corporation a written withdrawal of the holder s demand for appraisal and an acceptance of the merger consideration, except that any attempt to withdraw made more than 60 days after the effective time of the merger will require the written approval of the surviving corporation and, once a petition for appraisal is filed, the appraisal proceeding may not be dismissed as to any holder absent approval by the Delaware Court of Chancery, which approval may be conditioned upon the terms the Court deems just.

Failure to comply with all of the procedures set forth in Section 262 will result in the loss of a stockholder s statutory appraisal rights. Consequently, any stockholder wishing to exercise appraisal rights is urged to consult legal counsel before attempting to exercise those rights.

Under the terms of the stockholder agreements described in Description of the Stockholder Agreements , each holder of our Class A common stock and each of Messrs. Collazo, Firdosy and Galleberg have waived its appraisal rights with respect to its shares of our common stock in connection with the merger.

Material U.S. Federal Income Tax Consequences

The following is a summary of the material United States federal income tax consequences of the merger to United States Holders (as defined below) of our common stock whose shares are converted into the right to receive cash under the merger. This summary is based on the Internal Revenue Code of 1986, as amended (the Code), applicable Treasury Regulations, and administrative and judicial interpretations thereof, each as in effect as of the date hereof, all of which may change, possibly with retroactive effect. This summary assumes that shares of our common stock are held as capital assets. It does not address all of the tax consequences that may be relevant to particular holders in light of their personal circumstances, or to other types of holders, including, without limitation:

- banks, insurance companies or other financial institutions;
- broker-dealers;
- traders;
- expatriates;
- tax-exempt organizations;
- Non-United States Holders (as defined below);
- persons who are subject to alternative minimum tax;
- persons who hold their shares of our common stock as a position in a straddle or as part of a hedging or conversion transaction;

persons deemed to sell their shares of our common stock under the constructive sale provisions of the Code;

persons that have a functional currency other than the United States dollar; or

persons who acquired their shares of our common stock upon the exercise of stock options or otherwise as compensation.

In addition, this discussion does not address any state, local or foreign tax consequences of the merger, and this summary does not address the tax consequences to holders of our common stock who exercise appraisal rights under Delaware law.

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We urge each holder of our common stock to consult his or her own tax advisor regarding the United States federal income or other tax consequences of the merger to such holder.

For purposes of this discussion, a United States Holder means a holder that is:

- an individual citizen or resident of the United States;
- a corporation, a partnership or an entity treated as a corporation or a partnership for United States federal income tax purposes created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust (a) the administration over which a United States court can exercise primary supervision and all of the substantial decisions of which one or more United States persons have the authority to control and (b) certain other trusts considered United States Holders for federal income tax purposes.

A Non-United States Holder is a holder other than a United States Holder.

If a holder of our common stock is an entity treated as a partnership or other pass-through entity for United States federal income tax purposes, the tax treatment of a partner in such partnership or a member in such entity will generally depend upon the status of the partner or member and the activities of the partnership or other entity. Partnerships or other pass-through entities holding our common stock, and partners in such partnerships or members in such other entities, should consult their tax advisors regarding the tax consequences of the merger.

Consequences of the Merger

The receipt of cash in exchange for shares of our common stock pursuant to the merger will be a taxable transaction for United States federal income tax purposes. In general, a United States Holder who receives cash in exchange for shares of our common stock pursuant to the merger will recognize capital gain or loss for United States federal income tax purposes equal to the difference, if any, between the amount of cash received and the holder s adjusted tax basis in the shares of our common stock exchanged for cash pursuant to the merger. Any such gain or loss would be long-term capital gain or loss if the holding period for the shares of our common stock exceeded one year. Long-term capital gains of noncorporate taxpayers are generally taxable at a maximum rate of 15%. Capital gains of corporate stockholders are generally taxable at the regular tax rates applicable to corporations. The deductibility of capital losses is subject to limitations.

Backup Withholding

Backup withholding may apply to payments made in connection with the merger. Backup withholding will not apply, however, to a holder who (1) furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal to be delivered to holders of our common stock prior to completion of the merger, or (2) is

otherwise exempt from backup withholding. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder s United States federal income tax liability provided the required information is furnished to the IRS.

THE FOREGOING DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF THE POTENTIAL TAX CONSIDERATIONS RELATING TO THE MERGER, AND IS NOT TAX ADVICE. THEREFORE, HOLDERS OF OUR COMMON STOCK ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY OF FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

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Delisting and Deregistration of Our Class B Common Stock

If the merger is completed, our Class B common stock will be delisted from the New York Stock Exchange and deregistered under the Exchange Act, and Infonet will no longer file periodic reports with the SEC.

Litigation Relating to the Merger

Between November 8, 2004 and November 18, 2004, three purported class action lawsuits were filed in the California Superior Court, County of Los Angeles, titled *Depras v. Infonet Services Corporation et al.,* Case No. BC324238, *Kurt v. Infonet Services Corporation et al.,* Case No. BC324239, and *Peel v. Infonet Services Corporation et al.,* Case No. BC324809, against us, our board of directors members John Allerton, Per-Eric Fylking, Yuzo Mori, Hanspeter Quadri, Timothy P. Hartman, Peter G. Hanelt, Bruce A. Beda, José Manuel Santero, Matthew J. O Rourke and Eric M. de Jong, and our Chief Executive Officer, President and Chairman, José A. Collazo. Each complaint is filed on behalf of a purported class of holders of our Class B common stock and alleges that the defendants breached their fiduciary duties to our stockholders by approving the merger agreement with BT. Specifically, the complaints allege that the defendants failed to properly value Infonet and ignored or did not protect against the numerous conflicts of interest resulting from their own interrelationships or connection with the merger. The complaints seek relief including an injunction preventing the contemplation of the merger, rescission of the proposed transaction to the extent already implemented and reasonable costs, and attorneys fees.

The time for the defendants to respond to the complaints has not yet expired and, to date, no motions have been filed by any of the parties to these lawsuits.

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THE MERGER AGREEMENT

The following is a description of the material aspects of the merger agreement. While we believe that the following description covers the material terms of the merger agreement, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire document, including the merger agreement attached to this proxy statement as Annex A, for a more complete understanding of the merger. The following description is subject to, and is qualified in its entirety by reference to, the merger agreement.

Structure and Effective Time

The merger agreement provides that Blue Acquisition Corp., a wholly-owned subsidiary of British Telecommunications plc (BT), will merge with and into us. We will survive the merger and continue to exist after the merger as a wholly-owned subsidiary of BT.

The closing date for the merger will be on the second business day after the satisfaction or waiver of all conditions to closing in the merger agreement or on another mutually agreed date. We will seek to complete the merger in the first half of 2005. However, we cannot assure you when, or if, all of the conditions to completion of the merger will be satisfied. See Conditions to Merger.

The merger will be effective when we file a certificate of merger with the Secretary of State of the State of Delaware, or at such later time as we and BT specify in the certificate of merger. We expect to make this filing simultaneously with the closing of the merger.

Merger Consideration

The merger agreement provides that each share of our Class A and Class B common stock outstanding immediately prior to the effective time of the merger (other than shares held by us, BT and Blue Acquisition Corp. or by holders properly exercising appraisal rights under Delaware law) will be converted at the effective time of the merger into the right to receive $2.06 in cash, without interest. If any of our stockholders perfects appraisal rights with respect to any of our shares, then we will treat those shares as described under Appraisal Rights.

Treatment of Stock Options and Stock-Based Awards

If the merger occurs:

- each outstanding option to purchase shares of our Class B common stock, whether vested or unvested, will be canceled and converted into the right to receive a cash payment, without interest, equal to the excess, if any, of $2.06 over the per share exercise price of the option, multiplied by the number of shares of our Class B common stock subject to the option, less any applicable withholding taxes;

each outstanding share of our restricted Class B common stock (including shares of restricted stock held by our directors and executive officers) will fully vest and be converted at the effective time of the merger into the right to receive a cash payment equal to the number of shares of our Class B common stock subject to the award multiplied by $2.06; and

any offering periods under our employee stock purchase plan will end on the date immediately prior to the effective time of the merger and each participant s options will be exercised automatically, subject to certain restrictions. Our employee stock purchase plan will terminate immediately following the consummation of the automatic exercises.

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Surrender of Stock Certificates; Payment of Shares; Lost Certificates

Prior to the completion of the merger, BT will appoint a paying agent for the benefit of the holders of our Class A and Class B common stock. BT or Blue Acquisition Corp. will deliver to the paying agent an amount in cash equal to the aggregate merger consideration; BT has agreed to deliver 90% of such amount at or prior to the effective time of the merger.

As soon as reasonably practicable after the effective time of the merger, the paying agent will mail to each holder of record of our Class A or Class B common stock a letter of transmittal and instructions disclosing the procedure for exchanging certificates representing shares of our common stock. After the effective time, each holder of a certificate previously representing shares of our issued and outstanding Class A or Class B common stock will, upon surrender to the paying agent of a certificate together with a properly completed letter of transmittal, be entitled to receive $2.06 in cash for each share of our Class A or Class B common stock represented by such certificate. No interest will be paid or shall accrue on the cash payable upon surrender of any certificate.

If any certificate representing our common stock has been lost, stolen, defaced or destroyed, the paying agent will pay the merger consideration with respect to each share of our common stock formerly represented by such certificate upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen, defaced or destroyed and, if required by BT, the posting by such person of a bond in such reasonable amount as BT may direct as indemnity against any claim that may be made against Infonet following the merger with respect to such certificate.

Directors and Officers

The merger agreement provides that the directors of Blue Acquisition Corp. immediately before the merger will be the directors of the surviving corporation until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be, and that our officers immediately before the merger will be the officers of the surviving corporation until the earlier of their resignation or removal or until their respective successors are duly appointed and qualified, as the case may be.

Representations and Warranties

We have made a number of representations and warranties in the merger agreement regarding aspects of our business and other matters pertinent to the merger. The topics covered by these representations and warranties include the following:

- our and our subsidiaries organization, good standing and qualification;
- our and our subsidiaries capital structure;
- our corporate power and authority to enter into the merger agreement and consummate the merger, the independent special committee s recommendation to our board of directors to approve the merger agreement and the approval of our board of directors of the merger agreement;

the governmental filings required in connection with the merger;

no violation of our charter documents, certain contracts or applicable law or judgments, orders or decrees as a result of entering into the merger agreement and consummation of the merger;

the filing of required company reports and other documents with the SEC, compliance of such reports and documents and with applicable requirements of federal securities laws, rules and regulations and the accuracy and completeness of such reports and documents, including the content of our financial statements included in such reports and documents;

compliance with SEC and stock exchange rules and regulations;

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the absence of a material adverse change in our business, assets, properties, financial condition or results of operations since April 2, 2004, the conduct of our business in the ordinary course and the nonoccurrence of certain extraordinary events since April 2, 2004;

litigation;

our compliance, and that of our subsidiaries and (to our knowledge) each of our country representatives and distributors, with all laws and other administrative measures applicable to their businesses or operations;

no notification or other written communication to us or our subsidiaries or (to our knowledge) any of our country representatives or distributors of or relating to any alleged breach of any such law or administrative measure;

our compliance with licenses and permits;

ERISA compliance, employee benefits and arrangements and labor matters;

inapplicability of takeover statutes;

the stockholder votes required to approve the merger agreement;

brokers and advisors fees and expenses;

receipt of opinions from financial advisors;

intellectual property;

computer systems, data protection, data management and disaster recovery;

insurance;

suppliers, customers and major distributors and resellers;

our material contracts;

tax matters;

environmental and real estate matters;

our net cash balance as of October 1, 2004, being not less than $385 million; and

the outstanding performance guarantees made by us.

Many of our representations and warranties are qualified by a material adverse effect standard. Subject to certain exclusions, a material adverse effect means:

an effect that is material and adverse to our business, assets, properties, financial condition or results of operations, or following the effective time of the merger, to the business, assets, financial condition or results of operations of BT and its affiliates; or

an effect that prevents or materially impedes the consummation of the merger or materially increases the cost to BT of consummating the merger or subjects BT or any of its affiliates to any criminal or material civil liability;

provided that any state of facts, change, development, effect, condition or occurrence will not be considered a material adverse effect if it relates to:

the telecommunications industry generally and does not disproportionately affect us relative to other participants in such industry;

the financial or securities markets or the economy in general and does not disproportionately affect us relative to the other participants in the telecommunications industry;

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any change in our stock price or trading volume, in and of itself;

changes in GAAP or regulatory accounting requirements applicable to us; and

our actions or omissions, taken or omitted to be taken at the specific direction of or with the prior written consent of BT.

BT and Blue Acquisition Corp. have made a number of representations to us regarding various matters pertinent to the merger. The topics covered by these representations and warranties include the following:

their organization, good standing and qualification;

their corporate power and authority to enter into the merger agreement and consummate the merger and the approval of their respective boards of directors of the merger agreement;

the governmental filings required in connection with the merger;

no violation of their charter documents, certain contracts or applicable law or judgments, orders or decrees as a result of entering into the merger agreement and consummating the merger;

the formation of Blue Acquisition Corp. solely for the purpose of entering into the merger agreement with us and completing the merger and the absence of any business operations other than those incident to its formation; and

availability of sufficient funds to pay the merger consideration.

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