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September 20, 2002

## VIA OVERNIGHT DELIVERY

Mr. Thomas Dorman, Executive Director  
Public Service Commission of Kentucky  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED

SEP 23 2002

PUBLIC SERVICE  
COMMISSION

**Re: Notification of Global Crossing Ltd. (Debtor-in-Possession) and GC Acquisition Limited of the Transfer of Control of Global Crossing Ltd. (Debtor-in-Possession)'s Kentucky Operating Subsidiaries to GC Acquisition Limited**

Dear Mr. Dorman:

Global Crossing Ltd. (Debtor-in-Possession) ("GCL") and GC Acquisition Limited ("New GX" and, together with GCL, the "Parties") hereby notify the Commission ("Commission"), of their intent to transfer control of GCL's Kentucky-licensed subsidiaries from GCL to New GX.<sup>1</sup> This transfer of control is part of a transaction intended to facilitate the reorganization of GCL and the Kentucky-Licensed Subsidiaries under Chapter 11 of the United States Bankruptcy Code and Bermuda insolvency law (the "Proposed Transaction"). GCL previously notified the Commission of its Chapter 11 filing in a letter dated January 28, 2002.

Upon a review of Kentucky statutes and Commission rules, the Parties understand that prior approval is not required to complete the Proposed Transaction and the associated transfer of control. The Proposed Transaction will not result in the assignment of the Kentucky authorizations held by the Kentucky-Licensed Subsidiaries and it is not expected to affect the day-to-day operations of the Kentucky-Licensed Subsidiaries. The Parties expect that

<sup>1</sup> Control of the following indirect subsidiaries of GCL will be transferred to New GX: Budget Call Long Distance, Inc. ("Budget Call"); Global Crossing Local Services, Inc. ("GCLS"); Global Crossing North American Networks, Inc. ("GCNAN"); Global Crossing Telecommunications, Inc. ("GCTI"); and Global Crossing Telemanagement, Inc. ("GC Telemanagement") (collectively, the "Kentucky-Licensed Subsidiaries").

immediately following consummation of the Proposed Transaction, the Kentucky-Licensed Subsidiaries will continue to operate in Kentucky pursuant to the tariffs on file with the Commission and that the customers of the Kentucky-Licensed Subsidiaries will continue to receive telecommunications services at the same rates, terms, and conditions offered by the Kentucky-Licensed Subsidiaries prior to closing. The Proposed Transaction thus will be transparent to the Kentucky-Licensed Subsidiaries' customers. Accordingly, the Parties submit that no formal proceedings are required with respect to the Proposed Transaction, and they request that this notification letter be retained by the Commission in the appropriate file.

## I. DESCRIPTION OF THE PARTIES

GCL is a global telecommunications company organized under the laws of Bermuda. Through its subsidiaries, including the Kentucky-Licensed Subsidiaries, GCL owns and operates a global Internet Protocol-based fiber optic network that spans approximately 75,800 route miles, five continents, 27 countries, and more than 200 major cities (the "Global Crossing Network"). The Global Crossing Network is used by GCL's operating subsidiaries to provide integrated telecommunications services to some of the world's largest corporations, government agencies, and telecommunications carriers, including a full range of intrastate, interstate, and international managed data, voice, and Internet services. GCL's subsidiaries are authorized to provide telecommunications services by the Federal Communications Commission and the public utility commissions of all 50 states and the District of Columbia. In Kentucky, the Kentucky-Licensed Subsidiaries hold authorizations to provide local and interexchange telecommunications services.<sup>2</sup>

New GX is a newly-formed company organized under the laws of Bermuda for the purpose of carrying out the Proposed Transaction. Currently, GCL is the sole shareholder of New GX. Immediately following consummation of the Proposed Transaction, Hutchison Telecommunications Limited<sup>3</sup> ("Hutchison Telecom") and Singapore Technologies Telemedia Pte Ltd<sup>4</sup> ("ST Telemedia") each will hold 30.75% of the equity and voting power of New GX.

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<sup>2</sup> Budget Call is authorized to provide resold interexchange services pursuant to Case 96-013, granted on March 22, 1996. GCLS is authorized to provide local services pursuant to Track#61-0254, granted on April 2, 2000. GCNAN is authorized to provide facilities-based interexchange services pursuant to Case 94-146, granted on July 13, 1994. GCTI is authorized to provide resold interexchange services pursuant to CPCN Case 9031, granted on November 21, 1984. GC Telemanagement is authorized to provide resold local services pursuant to Track #60-1372, granted on December 15, 1999.

<sup>3</sup> Hutchison Telecom is a Hong Kong company that holds worldwide telecommunications interests. Hutchison Telecom is indirectly wholly owned by Hutchison Whampoa Limited, which is a diversified Hong Kong holding company. Hutchison Telecom and its operating subsidiaries do not provide telecommunications services in Kentucky or in any other U.S. jurisdiction.

<sup>4</sup> ST Telemedia is a Singapore telecommunications and information technologies company. Through its subsidiaries, ST Telemedia provides various mobile and fixed telecommunications, data, and e-commerce services in Singapore. ST Telemedia does not operate directly in the United States nor do ST Telemedia and its subsidiaries provide intrastate services in Kentucky.

## **II. DESCRIPTION OF THE PROPOSED TRANSACTION**

On August 9, 2002, the United States Bankruptcy Court for the Southern District of New York authorized GCL to enter into a Purchase Agreement to effectuate the Proposed Transaction.<sup>5</sup> The Proposed Transaction contemplates that GCL's assets and operations, including its ownership interests in the Kentucky-Licensed Subsidiaries, will be transferred to New GX. Hutchison Telecom and ST Telemedia each will invest \$125 million in New GX; in exchange, each will obtain 30.75% of New GX's equity and voting power. Creditors of GCL and its debtor subsidiaries will obtain 38.5% of New GX's equity and voting power.<sup>6</sup> New GX also will issue \$200 million in senior secured notes and distribute \$300 million in cash to the creditors.

## **III. THE TRANSFER OF CONTROL OF THE KENTUCKY-LICENSED SUBSIDIARIES FROM GCL TO NEW GX IS IN THE PUBLIC INTEREST**

The Proposed Transaction is in the public interest. The Proposed Transaction will enhance competition in Kentucky by strengthening the financial and competitive position of the Kentucky-Licensed Subsidiaries by enabling them to emerge from their current status in bankruptcy as stronger and more viable competitors. Thus, the Proposed Transaction will ensure the continued viability of important providers of innovative and competitively priced telecommunications services in Kentucky. Moreover, the Proposed Transaction is not expected to affect the day-to-day operations of the Kentucky-Licensed Subsidiaries and will be transparent to the Kentucky-Licensed Subsidiaries' customers in Kentucky. In particular, the Parties expect that upon closing, the Kentucky-Licensed Subsidiaries' customers will continue to be served by qualified customer representatives and will continue to receive telecommunications services at the same rates, terms and conditions offered by the Kentucky-Licensed Subsidiaries prior to closing. Finally, the Proposed Transaction will not negatively affect competition in the Kentucky telecommunications market.

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<sup>5</sup> A copy of the Purchase Agreement is available on GCL's web site: <http://www.globalcrossing.com/pdf/news/G155368642K.pdf>. The Supreme Court of Bermuda authorized GCL to enter into the Proposed Transaction on August 12, 2002.

<sup>6</sup> The creditors consist of a variety of banks, bondholders, other communications carriers, equipment vendors, and other secured and unsecured creditors. The Proposed Transaction also contemplates the issuance of stock options to the future management of New GX in an aggregate amount of up to 8% of New GX's fully diluted equity. The holdings of Hutchison Telecom, ST Telemedia, and the creditors will be diluted upon exercise of those stock options.

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#### IV. CONCLUSION

An original and an extra copy of this notification letter are enclosed for filing. Please date-stamp the enclosed extra copy of this letter and return it in the attached self-addressed, stamped envelope. Please contact the undersigned if the Commission has any questions regarding this letter or the Proposed Transaction.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul O. Gagnier". The signature is stylized with a large, looping "G" and a long horizontal stroke at the end.

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