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GLOBAL CROSSING TRANSACTION APPROVED

Washington, D.C.-- Consistent with established Commission precedent, today, Global Crossing received approval to transfer control of its FCC authorizations and licenses to GC Acquisition Limited (New GX). In a joint decision, the International Bureau, Wireless Telecommunications Bureau and Wireline Competition Bureau (Bureaus) found that grant of the applications would be in the public interest, subject to certain conditions.

Global Crossing subsidiaries hold FCC domestic and international Section 214 authorizations, interests in submarine cable landing licenses and certain radio licenses. Through its subsidiaries, Global Crossing, which is organized under the laws of Bermuda with principal offices in New Jersey, owns and operates a global fiber optic network that provides integrated telecommunications services, including data, voice and Internet services to various users. The Bureaus found that the continued operation of the Global Crossing subsidiaries will benefit competition by preventing discontinuance of service and providing customers choices among providers of telecommunications.

As proposed, under the transaction, Global Crossing will transfer substantially all of its assets and operations, including its ownership interests in subsidiaries holding FCC licenses, to New GX. New GX was formed under the laws of Bermuda for the purposes of carrying out the reorganization of Global Crossing under Chapter 11 of the U.S. Bankruptcy Code and Bermuda insolvency law. Singapore Technologies Telemedia Pte Ltd (ST Telemedia) will obtain common and preferred stock equal to a controlling interest of 61.5 percent of New GX's equity and voting interests. Certain pre-petition creditors of Global Crossing (Creditor Shareholders) will receive 38.5 percent of New GX common stock.

The U.S. Bankruptcy Court for the Southern District of New York has approved Global Crossing's plan of reorganization, which, among other things, includes the transaction involving ST Telemedia and the Creditor Shareholders that is the subject of the FCC applications granted today. (Originally, the plan included Hutchison Telecommunications Ltd. as a joint investor with ST Telemedia, but that party subsequently withdrew.)

Competition Factors. The Bureaus' Order and Authorization (Order) concludes that no anticompetitive effects will result from the transaction. The operating subsidiaries of ST Telemedia do not provide U.S. interstate services, and thus the transaction will not result in any increase in concentration of market power in the U.S. domestic interstate markets. The Order finds that the activities of Global Crossing and those of the subsidiaries of ST Telemedia and its affiliates largely do not overlap in the U.S. international market. ST Telemedia's subsidiaries and affiliates either do not control bottleneck facilities and otherwise do not have the ability to affect competition in the U.S. telecommunications services market, or, in the case of the U.S.-Singapore and U.S.-Indonesia routes, their market power will be constrained by the imposition of dominant carrier safeguards on the FCC-licensed subsidiaries that provide international telecommunications services on these routes. (ST Telemedia's affiliate Singapore Telecommunications Ltd. (SingTel) has market power in Singapore and its subsidiary PT Indonesian Satellite Corporation

(Indosat) has market power in Indonesia.)

Foreign Investment. Additionally, subject to certain limitations, the Order grants the applicants' petition for a declaratory ruling that the public interest would not be served by prohibiting the proposed indirect foreign ownership of Global Crossing's two common carrier wireless licensees, Global Crossing North American Networks, Inc. (GCNAN) and Equal Access Networks, LLC (EAN), in excess of the 25 percent benchmark in Section 310(b)(4) of the Communications Act of 1934, as amended (the Act). Under Section 310(b)(4) and Commission precedent, the ruling permits GCNAN and EAN to be owned *indirectly* by:

- New GX (up to and including 100 percent of the equity and voting interests);
- ST Telemedia and its Singapore shareholders including Singapore Technologies, Temasek, and the Government of Singapore, whose Ministry of Finance indirectly wholly owns ST Telemedia (up to and including 61.5 percent of the equity and voting interests); and
- Various World Trade Organization (WTO) Member Creditor Shareholders (up to and including an aggregate 38.5 percent of the equity and voting interests, with each individual WTO Member Creditor Shareholder limited to a less-than-ten-percent interest).

In addition, the decision allows New GX to accept up to and including an aggregate 25 percent indirect equity and/or voting interest from the WTO Creditor Shareholders and other foreign investors, subject to the following conditions:

- The ruling requires GCNAN and EAN to obtain prior FCC approval before accepting any additional indirect investment from ST Telemedia, Singapore Technologies, Temasek and the Government of Singapore.
- It also requires GCNAN and EAN to seek FCC approval before any foreign entity or individual other than New GX or ST Telemedia and its Singapore shareholders acquires a greater-than-25-percent indirect equity and/or voting interest in GCNAN or EAN.

National Security, Law Enforcement and Public Safety Issues. When analyzing a transfer of control or assignment application in which foreign investment is an issue, the Commission also considers any national security, law enforcement or public safety issues raised. In this case, some Executive Branch agencies raised such concerns and requested that FCC action be deferred until all the issues identified were resolved. Separate from the FCC proceeding, to address their particular concerns, the Department of Justice (DOJ), Federal Bureau of Investigation (FBI), Department of Defense (DOD) and Department of Homeland Security (DHS) negotiated an agreement with Global Crossing, New GX, ST Telemedia, which sets forth requirements regarding network security and protection of critical infrastructure (Network Security Agreement). Thereafter, the DOJ, FBI, DOD and DHS advised the Commission that they have no objection to the grant of the transfer applications providing that, as requested, any license transfer be conditioned on the parties' compliance with the Network Security Agreement. In assessing these issues, the Bureaus took into account the record, and accorded the appropriate level of deference to Executive Branch expertise, thereby conditioning the transfer of control of the authorizations and licenses on compliance with the Network Security Agreement.

Action by the International Bureau, Wireless Telecommunications Bureau and Wireline Competition Bureau, October 8, 2003, by Order and Authorization (DA 03-3121). **(**IB Docket No. 02-286)

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