

Global Crossing, Marubeni, KDD-SCS Complete Financing for First High Capacity Undersea Fiber-optic Network Between U.S. and Japan

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Hamilton, Bermuda - Global Crossing Ltd. and its Japanese partners, Marubeni Corporation and KDD-SCS, announced today that they have completed the \$800 million in financing for construction of the first ultra-high capacity, digital fiber-optic cable to directly connect the United States and Japan. The project, called Pacific Crossing -- or PC-1-- is scheduled to begin initial service in the first quarter of the year 2000.

The announcement follows the signing late last month of a contract with Tyco Submarine Systems Ltd. to act as prime contractor and KDD-SCS as the sub-contractor for construction of the 21,000 KM, \$1.2 billion project. When complete, Pacific Crossing, along with three other undersea fiber-optic cable systems wholly-owned by Global Crossing, will comprise the world's first independent, open access fiber-optic global telecommunications network with seamless data and telecommunication links between Europe, North America, South America and Asia.

"Market demand by internet and corporate data networks for broadband capacity in the Pacific region -- as in Europe -- has exceeded existing capacity and continues to grow at a rapid rate," said Jack Scanlon, Global Crossing chief executive officer. " PC-1 will add much-needed, low-cost capacity to this region of the world. This new capacity, along with Global Crossing's unique service offerings--open access, capacity-on-demand and city-to-city connectivity -- will allow us to become the carrier's carrier of choice in the Pacific as well as in the other key telecommunication regions in the world."

Global Crossing's other high-capacity, undersea fiber-optic networks include:

- Atlantic Crossing (AC-1), connecting North America and Europe, which will commence service later this month;
- Mid-Atlantic Crossing (MAC), connecting the eastern U.S., Bermuda and the Caribbean, scheduled to begin service in late 1999; and
- Pan-American Crossing (PAC), connecting the western U.S., Central America and the Caribbean, scheduled to begin service in early 2000.

Transport services from the PC-1 Japanese cable stations to Tokyo will also be provided to customers of the PC-1 network. These services will be priced at less than \$3 million for a 15-year Indefeasible Right of Use (IRU), substantially lower than traditional "backhaul" prices. "The combination of PC-1's low-cost 'backhaul' and undersea pricing will result in dramatically reduced pricing from Tokyo to major business cities in the United States and Europe," Mr. Scanlon said. In addition, annual operations, administration and maintenance charges will be a low, fixed price, Mr. Scanlon said. As with Global Crossing's other systems, customers on Pacific Crossing will be able to defer capital spending until they choose to activate service. According to Mr. Scanlon, this is also a major advantage when compared to the traditional practice of carriers incurring capital expenditures during construction, a practice that is increasingly difficult in light of exploding but unpredictable internet demand and similarly unpredictable market share.

Project financing for PC-1 is being provided by Canadian Imperial Bank of Commerce, Deutsche Morgan Grenfell and Goldman Sachs. According to Mr. Scanlon, this bank facility and the equity

contributions from Global Crossing, Marubeni and KDD Submarine Cable Systems cover the total cost of the project.

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