



Global Crossing to Acquire Racal Telecom for 1 Billion Pounds Sterling

Acquisition Substantially Accelerates Global Crossing's Global Strategy in Europe

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London - Global Crossing Ltd. (NASDAQ: GBLX), which is building and operating the world's most advanced global IP-based fiber-optic network, and Racal Electronics Plc ("Racal"), today announced that an agreement has been reached for Global Crossing to purchase Racal Telecom, a group of wholly owned subsidiaries of Racal, for 1 billion pounds sterling (approximately \$1.65 billion) in cash.

This acquisition represents an important step in the expansion of Global Crossing's pan-European business, and its overall strategy of providing customers with integrated global end-to-end connectivity and a wide range of services.

Racal Telecom's IP capabilities and deep national network complement Global Crossing's growing reach across five continents. This combination is expected to create significant new opportunities for revenue growth and cost synergies arising from:

- A platform for targeting multinationals and large businesses with a range of products and services, both within the UK and internationally;
- A strategic position in the European and UK telecommunications markets - the UK is the world's fourth largest and fastest growing market for international telecommunications traffic;
- Racal Telecom's strong presence in the government and transport sectors, enhancing Global Crossing's existing UK operations (including the Global Network Center located in the London Docklands and the UK business recently acquired from Frontier); and
- Global Crossing's ability to offer seamless end-to-end connectivity on attractive terms for origination and termination of traffic between the Americas, Europe and Asia.

The purchase of Racal Telecom accelerates Global Crossing's drive to be a fully integrated provider of data-oriented products and services in the most important telecommunications markets in the world. Racal Telecom is already rolling out an extensive pipeline of new products focused on corporate needs, which will enhance the utilisation of its carrier grade network. The Racal Telecom network is the primary source of MCI WorldCom's UK network capacity, in addition to its other significant carrier relations with Cable & Wireless, NTL and Telewest.

Racal Telecom's operations are highly complementary to Global Crossing's UK business, with no duplication of personnel or assets. Racal Telecom has recently undergone a reorganisation led by a new management team with significant industry expertise. The key executives include Martin Lea (Racal Telecom's managing director), Martin Burvill (previously at Equant and BT Syncordia Global Solutions), Keith Dewar (former marketing director at Cable & Wireless Global Markets), Paul Gaffney (previously e-commerce manager for IBM Global Services), Trent Homes (director, international carrier services) and Bob Falconer (director, networks). In addition, Racal Telecom has a wealth of skilled engineers whose technical knowledge can be leveraged across Global Crossing's pan-European operations.

Racal Telecom's highly secure network comprises 7,300 route kilometers of fiber laid alongside railway lines and utilising IP-centric leading technologies (SDH, DWDM, ATM and Frame Relay). Racal Telecom's network reaches more than 2,000 cities and towns across the UK and will be

within 5 kilometers of almost 70 percent of all UK business customers by 2001. Additionally, Racal Telecom's advanced network provides Global Crossing with 20 ATM data switches, 4 AXE-10 voice switches, a Frame Relay network across Europe and the largest X25 network in the UK. Through the depth of this network, Racal Telecom has more interconnection points with British Telecommunications than any other UK carrier, thereby significantly reducing its costs. In the financial year ended 31 March 1999 Racal Telecom had *pro forma* revenues of approximately 200 million pounds sterling and earnings before interest, tax and depreciation of approximately 38 million pounds sterling.

The combination of Racal Telecom's extensive data expertise, skilled workforce and high quality network further drives Global Crossing's ability to offer a full range of IP/data products and services both in the UK and throughout Europe.

Commenting on the announcement, Bob Annunziata, the CEO of Global Crossing, said: "Racal Telecom's extensive network adds to Global Crossing's existing UK operations and soon to be completed pan-European network, and represents an exceptional opportunity to accelerate our development of the world's first global independent telecommunications company. The customer-focused business and skilled workforce that Racal Telecom provides will create a platform for us in Europe from which we can offer businesses the full benefits of Global Crossing's worldwide operations."

Lodwick Cook, KBE, the co-chairman of Global Crossing, added: "Racal has invested over 400 million pounds sterling in the past few years to create the UK's broadest IP-centric network in the UK. This network puts us close to the customer with the capabilities they require. Our data-centric global network also positions us well to provide the backbone for the new third-generation mobile operators, soon to be licensed."

Global Crossing was advised by Goldman Sachs.

A presentation to analysts will be made at 09.30 (UK time) at the City Presentation Centre, 4 Chiswell Street, London EC2.

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ABOUT GLOBAL CROSSING

Global Crossing is building the world's first truly global fiber network. The Global Crossing Network and its product offerings will be available on five continents and address 80 percent of the world's international communications traffic. Global Crossing also possesses the largest fleet of cable laying and maintenance vessels in the world and currently services more than a third of the world's undersea cable miles. Global Crossing has been chosen to be included among the world's leading public corporations in both the S&P 500 and the NASDAQ 100. Global Crossing's operations are headquartered in Hamilton, Bermuda, with executive offices in Los Angeles, California and Morristown, New Jersey. For more information, visit www.globalcrossing.com on the World Wide Web.

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Global Crossing's news releases are archived for historical purposes. While the information in the releases was accurate at the time of release, information regarding the matters discussed in the releases, including material information, changes over time. Information in a release may, therefore, no longer be accurate or in effect after the date of the release, and Global Crossing undertakes no duty to update such information.