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**Global Crossing**

Originally published April 4, 2002  
Updated August 8, 2002

Global Crossing won a bankruptcy court's approval to sell itself for \$250 million to the same two Asian companies that tried to buy the fiber-optic company for \$750 million when it first filed for bankruptcy.

The bankruptcy judge overseeing the case in New York approved the agreement with Hutchison Telecommunications (Hong Kong) and Singapore Technologies (Singapore).

The two companies agreed to invest \$250 million in cash in Global Crossing's business. In addition, Global Crossing will pay \$300 million in cash and issue \$200 million in notes to its assorted lenders and creditors.

The investors will hold a controlling 61.5% stake in the new Global Crossing that emerges from bankruptcy.

An additional 6% of the company will go to lenders and 32.5% will go to unsecured creditors.

Global Crossing piled up \$12.4 billion in debts building a vast world-wide communications network at the height of the Internet boom.

Their state-of-the-art network spans 100,000 miles, connecting more than 200 cities in 27 countries around the world.

Global Crossing's Chapter 11 filing had made it the biggest telecom flameout. Ranked by assets, Global's bankruptcy was the nation's fourth largest after Enron and Texaco.

The deal will essentially get Hutchison and Singapore Technologies the undersea cable network that cost Global Crossing more than \$10 billion to build.

By swooping in on debt-strapped Global Crossing, Hutchinson Whampoa picks up another undervalued asset at a cheap price. That is because they have a \$400 million convertible-bond holding in the ailing fiber-optic carrier.

Global Crossing once was considered the strongest of the challengers to AT&T and the Baby Bells who were slow in providing bandwidth to their corporate customers. The company took on billions in debt to build an undersea fiber-optic cable system that now represents 20% of all undersea capacity leaving the U.S.

Telecom executives and analysts say a number of factors, ranging from aggressive accounting to a "turnstile" of chief executives (Global Crossing had

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five CEOs since its founding in 1997) contributed to the company's fall.

Some analysts and investors say that Global Crossing sold capacity on its fiber-optic network and then accounted for the sales in a legal but aggressive way. The methodology was common practice throughout the telecommunications industry, and helped to fuel a run-up in stock prices through March 2000.

Back in 1997, investors reasoned that Internet-driven telecom demand would grow exponentially, and companies such as Global Crossing would do the lucrative work of laying the "pipes" over which data were sent.

Global Crossing's accounting practices drew more interest in the wake of Enron's accounting scandal. AA, which audited Enron's books, also audited Global Crossing and a number of other emerging telecom carriers, including Qwest and Level 3.

Some critics say that Global's true failing was that the company was run more as a financial and deal-making entity, and less as a telecom outfit.

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