

**MEMORANDUM****CONFIDENTIAL**

**TO:** Gary Winnick  
Tom Casey  
Lod. Cook

**FROM:** Leo Hindery

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In our particular niche of the telecom industry there are four notable participants (GBLX, Level3, Qwest and 360 Networks) and one construction-driven pretender (Tycom). The homogenous way in which the four of us describe ourselves and have chosen to position ourselves is striking – even more striking is the fact that in the past six months each of the four companies has signaled to one or all of the others and to the global telecom industry in general its willingness to have its ownership changed – read “acquired”. Never has any industry group been formed more quickly nor signaled more quickly its willingness to be absorbed.

For the past three months I have thought long and often about this phenomenon, and I have wrested with whether the transiency of the four companies’ strategies is born out of the uncertainty which is often associated with a short industry and/or corporate history, or whether it is a candid look at the realities of the broadband transport world, especially the impending new transport-related technologies, most notably including the Ethernet-based technologies. I am now convinced it is the latter, and thus like the resplendently colored salmon going up river to spawn, at the end of our journey our niche too is going to die rather than live and prosper.

The stock market can be fooled, but not forever, and it is fundamentally insightful and always unforgiving of being misled. Whether it is in connection with the 4-5 major “alt-transport” companies, the cable companies, the RBOCs, the DSL access companies or any other company playing in the overall access and transport spaces, the stock market is every day realizing more the perilousness of the access/transport strategy over the long term, despite very profitable outcomes in the near term as data services explode and “new builds” lead to disintermediation from incumbents.

What this means for Global Crossing, I believe, is that we must, in order:

1. dispose or begin to dispose of the ILEC and of marine construction in whatever ways most monetize their value;
2. quickly complete GlobalCenter's going public event, since this company is valued so very differently than GBLX;
3. talk publicly every day about how better run Crossing is, and then meet or exceed near-term financial expectations (e.g., \$430mm of Adjusted EBITDA in the second quarter); and
4. without looking like we are shaking our bootie all over the world, sell ourselves quickly to whichever of the six possible acquirors offer our shareholders the highest value.

- that value, in my opinion, is around \$45 to \$50 per outstanding share, not including the imbedded value of GlobalCenter but assuming the assets of AGC and the actual or pending monetization of the ILEC and marine.

- the six possible acquirors of GBLX include the Germans, the Italians, Concert, Bell Atlantic, Bell South, and MCI Worldcom (and I do not recommend nor would I comfortably support a combination of any sort with any of the four other companies operating in our niche, which action would not be sufficiently remedial).

I look forward to your thoughts on these views and on my recommendations, and I hope that in a very short time we can reach consensus regarding them. In my opinion, it is imperative that GBLX be the first among the "group of five" to go, so to speak, and I hope that we will work commonly to that end. Finally, I hope we will conclude that if we handle the process loosely or as a simple extension of past outreaches, we will probably not be successful in our endeavor.

LJH/lp

