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July 15, 2009

VIA UPS

09- 00105

Ms. Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Petition of Global Crossing Telecommunications, Inc., Budget Call Long Distance, Inc., Global Crossing North American Networks, Inc., Global Crossing Local Services, Inc. and Global Crossing Telemanagement, Inc. for Authority to Provide Security in Connection with Financing

Dear Ms. Dillon:

Enclosed for filing with the Tennessee Regulatory Authority, please find an original, thirteen (13) copies and a duplicate copy of the above-referenced petition. A check in the amount of $125 to cover the filing fee is enclosed as well. Please also find a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should there be any questions with respect to this filing, please contact Melissa Conway at (202) 342-8552.

Respectfully submitted,

Melissa Conway

Melissa Conway

Enclosures

DC01/CONWM/386945.1

KELLEY DRYE & WARREN LLP

Vendor ID:	20658	Tennessee Regulatory Authority	Check #: 21468
			Check Date: 07/15/2009

Invoice Number	Invoice Date	Invoice Narrative	Invoice Amount	Payment Amount
071509TENNE	7/15/2009	Filing fee	125.00	125.00
		Totals:	$125.00	$125.00

THE FACE OF THIS CHECK HAS A SECURITY VOID BACKGROUND PATTERN - DO NOT CASH IF THE WORD VOID IS VISIBLE

KELLEY DRYE & WARREN LLP

Washington Harbour, Suite 400
3050 K Street, NW
Washington, DC 20007-5108

Branch Banking & Trust Company
Washington, DC

68-426/514

Check No: 21468

Check Date	Amount
07/15/2009	$125.00

PAY *ONE HUNDRED TWENTY-FIVE AND 00/100 DOLLARS*

Second Signature Required for Amounts Exceeding $10,000.00

TO THE ORDER OF Tennessee Regulatory Authority

Authorized Signature

Patricia M Bul

⑈021468⑈ ⑆051404260⑆5237856149⑈

Before the
TENNESSEE REGULATORY AUTHORITY

Petition of	)
Global Crossing Telecommunications, Inc.	)
Budget Call Long Distance, Inc.	)
Global Crossing North American Networks, Inc.	)
Global Crossing Local Services, Inc.	)
Global Crossing Telemanagement, Inc.	)
	)
For Authority to Provide Their Security	)
in Connection with Financing	)

PETITION

Global Crossing Telecommunications, Inc., Budget Call Long Distance, Inc., Global Crossing North American Networks, Inc., Global Crossing Local Services, Inc., Global Crossing Telemanagement, Inc. (collectively, the "Companies" or "Petitioners"), by their attorneys, hereby respectfully request approval from the Tennessee Regulatory Authority ("TRA") to provide their guarantee, serve as borrowers or co-borrowers, or to otherwise provide security in connection with financings of up to $1 billion being arranged for their affiliated company, Global Crossing Holdings Limited ("Holdings"), Holdings' parent Global Crossing Limited ("Parent") or Global Crossing North America, Inc. ("GCNA") (Holdings, Parent, GCNA and the Companies, together the "Borrowers").[1] The Companies request this authority pursuant to T.C.A. §65-4-109 and to the extent it may be necessary.[2]

1 The TRA previously approved the Companies' provision of security in connection with financing of up to $200 million on September 20, 2006 in Docket No. 06-00150.

2 Although the Companies are seeking any necessary approval for their participation in this financing transaction, the Companies are doing so without prejudice to their right to assert that this transaction is beyond the jurisdiction of the state commissions. *See, e.g.*, *State ex rel. Utils. Comm'n v. S. Bell Tel. & Tel.*, 207 S.E.2d 772, *aff'd* 217 S.E.2d 543 (N.C. 1975). Further, based on Attorney General Opinion 99-119, issued May 14, 1999, the Companies do not believe that the proposed multi-state financings require TRA

In support of this Petition, the Companies provide the following information:

I. THE PETITIONERS

Global Crossing Telecommunications, Inc. is a Michigan corporation; Budget Call Long Distance, Inc. is a Delaware corporation; Global Crossing North American Networks, Inc. is a Delaware corporation; Global Crossing Local Services, Inc. is a Michigan corporation; Global Crossing Telemanagement, Inc. is a Wisconsin corporation. The Companies are wholly-owned indirect subsidiaries of GCNA, a Delaware corporation, which is in turn a wholly-owned indirect subsidiary of Holdings, an exempt company with limited liability organized under the laws of Bermuda, which in turn is a direct wholly-owned subsidiary of Parent, an exempt company with limited liability organized under the laws of Bermuda (the Companies, Holdings, Parent, and GCNA, collectively "Global Crossing"). The Companies and GCNA are headquartered at 225 Kenneth Drive, Rochester, New York 14623. Holdings and Parent are headquartered at Wessex House, 1st Floor, 45 Reid Street, Hamilton HM 12, Bermuda, (441) 296-8600.

Global Crossing is a global communications service provider, serving many of the world's largest corporations and many other telecommunications carriers, providing a full range of managed data and voice products and services. The Global Crossing network delivers services to more than 690 major cities in more than 60 countries around the world. Global Crossing's flexible service options allow customers to focus on their own high priority business initiatives, leaving all or any part of their day-to-day communications management to Global Crossing. The services Global Crossing provides include data services, voice services and collaboration

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approval. However, should the TRA believe that approval is required, it is hereby requested.

services. These services are built around a streamlined global service delivery model intended to provide outstanding customer service, including prompt and accurate provisioning and billing.

Parent has subsidiaries authorized to provide telecommunications services in all 50 states and the District of Columbia. In Tennessee, the Companies are authorized to provide intrastate telecommunications services.[3] The Companies are in the process of making similar filings in other states. The Companies will be filing application for approval of the financings in the following states: Arizona, Delaware, Georgia, Hawaii, New Jersey, New York, Pennsylvania and West Virginia. The Companies will also be filing notification of the financings in the following states: the District of Columbia, Indiana, Kansas, Kentucky, Louisiana, Maine, Nebraska, New Hampshire, North Carolina, South Dakota and Vermont.

The Companies are also authorized by the Federal Communications Commission ("FCC") to provide interstate telecommunications services. In addition, Global Crossing Telecommunications, Inc., Budget Call Long Distance, Inc. and Global Crossing North American Networks, Inc. are authorized by the FCC to provide international telecommunications service. The Companies are not applying for approval from or notifying any federal agency. However, the Petitioners will notify the SEC of the financings, as required, shortly after closing.

II. DESIGNATED CONTACTS

The designated contact for questions concerning this Petition is:

Melissa S. Conway
KELLEY DRYE & WARREN LLP
3050 K Street, N.W., Suite 400
Washington, D.C. 20007
Telephone: (202) 342-8552
Facsimile: (202) 342-8452

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[3] *See* Docket U-84-7325, September 25, 1985; ID 00112247, Case 95-02731, August 2, 1995; ID 00113293, Case 95-02845, August 23, 1995; 99-11120, November 18, 1999; 97-07531, April 21, 1998.

mconway@kelleydrye.com

Copies of any correspondence should also be sent to the following designated representative of the Companies:

Michael J. Shortley, III
Vice President & General Counsel
GLOBAL CROSSING NORTH AMERICA, INC.
225 Kenneth Drive
Rochester, New York 14623
Telephone: (585) 255-1429
Facsimile: (585) 334-0201
michael.shortley@globalcrossing.com

III. DESCRIPTION OF THE TRANSACTION

The Companies propose that Holdings, Parent, GCNA and/or the Companies obtain up to $1 billion through one or more financing arrangements with banks, other financial institutions and/or other types of investors (the "Financings"). Current proposed Financings include $650 million aggregate principal amount of senior secured notes to certain financial institutions (the "Initial Purchasers"). The Borrowers may obtain other Financings in the future.

The exact amounts and terms of each Financing, which may be completed in multiple tranches, will not be finalized until the specific arrangement(s) have been completed or shortly before funding of the various transactions, and will reflect the market conditions then existing. Some of the terms, such as interest rate, may fluctuate during the term of the Financing due to changes in market conditions and the financial condition and/or the performance of the Borrowers. The terms of each Financing is expected to be substantially as follows:

Funding Providers: The funding providers may be banks, financial institutions, private lending institutions, private individuals, and/or other institutions, either individually or as a consortium. The funding group may change over the life of the Financing. As noted previously, it is expected at present that the Initial Purchasers will provide Financing.

Amount: Up to $1 billion. Portions of the financed funds may be in the form of conventional credit facilities such as revolving credits (which can be reborrowed during the term of the commitment); letters of credit; the issuance of secured or unsecured notes or debentures (including notes convertible into common stock) to banks, other types of financial institutions or other investors; or term loans. As noted previously, at present, it is expected that the Initial Purchasers will purchase senior secured notes in an amount of $650 million.

Maturity: Any maturity date will be subject to negotiation and will depend on credit conditions. All maturity dates will be longer than one (1) year. It is expected that the senior secured notes issued to the Initial Purchasers will mature in 2015.

Interest: Any interest rate will likely be the market rate for similar Financings and will not be determined until such time as each Financing is finalized. As is common in such transactions, the interest rate may have two components, a base rate and a margin rate. Any such base rate could be defined as the base or prime rate charged by a specified major bank for loans of similar size with similar maturities or an as adjusted federal funds rate. Eurodollar loans would be based on a specified London Interbank Rate. The senior secured notes expected to be issued to the Initial Purchasers will bear interest at a fixed rate.

Security: Relevant to this Petition, some and perhaps all of the loans to Borrower(s) are expected to be secured by a security interest in specified assets of the Companies, including, but not limited to, a security interest in their receivables, tangible personal property, equipment, and intellectual property. The stock of the Companies may also be pledged as additional security. In some cases, the Companies may provide guarantees or be a borrower or co-borrower. The security documents will contain appropriate provisions indicating that the exercise of certain rights thereunder may be subject to obtaining prior regulatory approval. It is expected that the senior secured notes to be issued to the Initial Purchasers will be supported by the guarantees of the Borrowers and secured by a pledge of the outstanding equity interests in, and a security interest in substantially all the assets of, each of the guarantors.

Use of Proceeds: The proceeds will be available to repay existing debt and for capital expenses, working capital and general corporate purposes, which could include the acquisition of other telecommunications companies and/or telecommunications assets.

The Companies will continue to operate under their same names and CCNs issued by the TRA and their business licenses as filed with the Tennessee Secretary of State's Office.

IV. PUBLIC INTEREST ANALYSIS

Approving this Petition will serve the public interest by enhancing the ability of the Companies to grow and compete in the highly competitive markets for telecommunications services in Tennessee and nationwide. Approval of the financing transaction described herein is not expected directly to affect in any way the rates or services of the Companies or their affiliates, or result in any change in control of the Companies or their affiliates. The financing arrangement will provide the Companies with the financial resources needed to further grow and expand its business and to compete in today's highly competitive telecommunications environment. A copy of Petitioners' most recent publicly available SEC Form 10-Q is appended hereto as *Attachment A*.

The Companies compete in Tennessee and other markets with numerous other interexchange carriers and enhanced service providers as well as the incumbent local exchange carrier and other competitive local exchange carriers. Because the Companies are non-dominant carriers, they are not subject to rate of return regulation and their capital structure should not be a matter of concern to the TRA. In addition, because of the highly competitive environment in which they operate, the rates charged customers are subject to market discipline and the services offered generally are available from numerous other carriers. As a result, the source of funds and capital structure of the Companies would have little effect on customers in Tennessee or elsewhere. In the unlikely event that the Companies' capital structure becomes too costly and rates rise, customers may simply migrate to other carriers with preferred rates. Thus, any adverse consequences from the financing decisions impact the shareholders, not the customers, and any favorable consequences benefit both shareholders and consumers through higher profits, lower rates, and better services.

Moreover, because the public interest is best served by assuring the presence of numerous telecommunications competitors in Tennessee, it is important to provide such competitors with the flexibility to arrange financing in the manner they deem most appropriate to carry on business so long as there is no adverse impact on the public. To deny such flexibility would discourage new competitors from entering the state and would encourage existing competitors in the state to seek a more favorable regulatory environment elsewhere, neither of which would enhance the public interest. Given the challenges facing competitive telecommunications carriers, the availability of funds to the Companies in this manner would benefit Tennessee consumers.

WHEREFORE, the Companies respectfully request that the TRA approve, to the extent necessary, their participation in the financing transactions described herein and further relief as the TRA may deem appropriate.

Respectfully submitted,

Global Crossing Telecommunications, Inc.
Budget Call Long Distance, Inc.
Global Crossing North American Networks, Inc.
Global Crossing Local Services, Inc.
Global Crossing Telemanagement, Inc.

By: Melissa Conway

Danny E. Adams
Melissa S. Conway
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Washington, D.C. 20007
Telephone: (202) 342-8552
Facsimile: (202) 342-8452
Dadams@kelleydrye.com
MConway@kelleydrye.com

Their Attorneys

Date: July 15, 2009

VERIFICATION

I, Michael J. Shortley, III, am Vice President and Regional General Counsel – North America of Global Crossing Limited and am authorized to represent it and its subsidiaries and affiliates, and to make this verification on their behalf. The statements in the foregoing document relating to Global Crossing Limited and its subsidiaries, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

M. J. Shortley
Michael J. Shortley, III
Vice President and Regional - General Counsel
Global Crossing Limited

Subscribed and sworn to before me this 9th day of July 2009.

Jeanne Chabot
Notary Public

JEANNE CHABOT
Notary Public, State of New York
No. 01CH6034835
Qualified in Ontario County
Commission Expires December 20, 2009

ATTACHMENT A

GLOBAL CROSSING
SEC FORM 10-Q

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2009

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-16201

GLOBAL CROSSING LIMITED
(Exact name of registrant as specified in its charter)

BERMUDA	98-0407042
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

WESSEX HOUSE
45 REID STREET
HAMILTON HM 12, BERMUDA
(Address Of Principal Executive Offices)

(441) 296-8600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the Registrant's common stock, par value $0.01 per share, outstanding as of May 1, 2009 was 60,079,454.

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GLOBAL CROSSING LIMITED AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GLOBAL CROSSING LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share information)

	March 31, 2009 (unaudited)	December 31, 2008 (as adjusted)
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 306	$ 360
Restricted cash and cash equivalents—current portion	4	7
Accounts receivable, net of allowances of $58 and $58	332	336
Prepaid costs and other current assets	114	103
Total current assets	756	806
Restricted cash and cash equivalents—long term	12	11
Property and equipment, net of accumulated depreciation of $917 and $851	1,260	1,300
Intangible assets, net (including goodwill of $148 and $147)	172	172
Other assets	58	60
Total assets	$ 2,258	$ 2,349
LIABILITIES:		
Current liabilities:		
Accounts payable	$ 277	$ 329
Accrued cost of access	86	92
Short term debt and current portion of long term debt	28	26
Accrued restructuring costs—current portion	13	13
Deferred revenue—current portion	133	138
Other current liabilities	371	361
Total current liabilities	908	959
Long term debt	1,120	1,127
Obligations under capital leases	83	93
Deferred revenue	329	308
Accrued restructuring costs	12	14
Other deferred liabilities	66	94
Total liabilities	2,518	2,595
SHAREHOLDERS' DEFICIT:		
Common stock, 110,000,000 shares authorized, $.01 par value, 58,015,406 and 56,696,312 shares issued and outstanding as of March 31, 2009 and December 31, 2008, respectively	1	1
Preferred stock with controlling shareholder, 45,000,000 shares authorized, $.10 par value, 18,000,000 shares issued and outstanding	2	2
Additional paid-in capital	1,426	1,399
Accumulated other comprehensive loss	(6)	(23)
Accumulated deficit	(1,683)	(1,625)
Total shareholders' deficit	(260)	(246)
Total liabilities and shareholders' deficit	$ 2,258	$ 2,349

The accompanying notes are an integral part of these condensed consolidated financial statements.

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GLOBAL CROSSING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except share and per share information)
(unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008 (as adjusted)
Revenue	$ 609	$ 632
Cost of revenue (excluding depreciation and amortization, shown separately below):		
Cost of access	(286)	(299)
Real estate, network and operations	(97)	(108)
Third party maintenance	(24)	(27)
Cost of equipment and other sales	(23)	(23)
Total cost of revenue	(430)	(457)
Gross margin	179	175
Selling, general and administrative	(104)	(130)
Depreciation and amortization	(79)	(76)
Total operating expenses	(613)	(663)
Operating loss	(4)	(31)
Other income (expense):		
Interest income	1	4
Interest expense	(36)	(46)
Other income (expense), net	(15)	20
Loss before provision for income taxes	(54)	(53)
Provision for income taxes	(4)	(18)
Net loss	(58)	(71)
Preferred stock dividends	(1)	(1)
Loss applicable to common shareholders	$ (59)	$ (72)
Loss per common share, basic and diluted:		
Loss applicable to common shareholders	$ (1.04)	$ (1.32)
Weighted average number of common shares	56,923,415	54,718,587

The accompanying notes are an integral part of these condensed consolidated financial statements.

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GLOBAL CROSSING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008 (as adjusted)
Cash flows provided by (used in) operating activities:		
Net loss	$ (58)	$ (71)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash income tax provision	—	15
Non-cash stock compensation expense	5	22
Depreciation and amortization	79	76
Provision for doubtful accounts	2	3
Amortization of prior period IRUs	(5)	(4)
Change in long term deferred revenue	27	4
Other	20	(18)
Change in operating working capital:		
- Changes in accounts receivable	—	(9)
- Changes in accounts payable	(50)	(3)
- Changes in other current assets	(19)	(16)
- Changes in other current liabilities	5	26
Net cash provided by operating activities	6	25
Cash flows provided by (used in) investing activities:		
Purchases of property and equipment	(38)	(44)
Change in restricted cash and cash equivalents	2	(5)
Net cash used in investing activities	(36)	(49)
Cash flows provided by (used in) financing activities:		
Proceeds from short and long term debt	3	4
Repayment of capital lease obligations	(15)	(13)
Repayment of long term debt (including current portion)	(6)	(4)
Payment of employee taxes on share-based compensation	(4)	—
Other	—	1
Net cash used in financing activities	(22)	(12)
Effect of exchange rate changes on cash and cash equivalents	(2)	1
Net decrease in cash and cash equivalents	(54)	(35)
Cash and cash equivalents, beginning of period	360	397
Cash and cash equivalents, end of period	$ 306	$ 362
Non-cash investing and financing activities:		
Capital lease and debt obligations incurred	$ 5	$ 17

The accompanying notes are an integral part of these condensed consolidated financial statements.

GLOBAL CROSSING LIMITED AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except countries, cities, employees, share and per share information)
(unaudited)

1. BACKGROUND AND ORGANIZATION

Global Crossing Limited ("GCL") and its subsidiaries (collectively, the "Company") are a global communications service provider, serving many of the world's largest corporations, government entities and many other telecommunications carriers, providing a full range of Internet Protocol ("IP") and managed data and voice products and services. The Company's network delivers services to more than 690 cities in more than 60 countries and six continents around the world. The Company operates as an integrated global services provider with operations in North America, Europe, Latin America and a portion of Asia/Pacific region, providing services that support a migration path to a fully converged IP environment. The vast majority of the Company's revenue is generated from monthly services. The Company reports its financial results based on three separate operating segments: (i) Global Crossing (UK) Telecommunications Ltd ("GCUK") and its subsidiaries (collectively, the "GCUK Segment"); (ii) GC Impsat Holdings I Plc ("GC Impsat") and its subsidiaries (collectively, the "GC Impsat Segment"); and (iii) GCL and its other subsidiaries (collectively, the "Rest of World Segment" or "ROW Segment") (see Note 10).

2. BASIS OF PRESENTATION

Basis of Presentation and Use of Estimates

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes thereto included in the Company's Annual Report for the year ended December 31, 2008 filed with the SEC on Form 10-K. These condensed consolidated financial statements include the accounts of the Company over which it exercises control. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of interim results for the Company. The results of operations for any interim period are not necessarily indicative of results to be expected for the full year.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the condensed consolidated financial statements, the disclosure of contingent assets and liabilities in the condensed consolidated financial statements and the accompanying notes, and the reported amounts of revenue and expenses and cash flows during the periods presented. Actual amounts and results could differ from those estimates. The estimates the Company makes are based on historical factors, current circumstances and the experience and judgment of the Company's management. The Company evaluates its assumptions and estimates on an ongoing basis and may employ third party experts to assist in the Company's evaluations.

Reclassifications

Certain amounts in the prior period condensed consolidated financial statements and accompanying footnotes have been reclassified to conform to the current year presentation.

In the condensed consolidated statement of operations for the three months ended March 31, 2008, $2 of sales taxes previously netted against "revenue" were reclassified to "selling, general and administrative" expenses to be consistent with the presentation of other similar taxes. Additionally, $4 of costs associated with operating the GC Impsat Segment data center and voice business, principally employee related expenses, were reclassified from "selling, general and administrative" to "real estate, network and operations" as they represent service delivery costs and therefore are more appropriately reported as cost of revenue.

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Recently Issued Accounting Pronouncements

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments." FSP No. FAS 107-1 and APB 28-1 amend SFAS No. 107, "Disclosures about Fair Value of Financial Instruments", to require disclosures about fair value of financial instruments in interim as well as in annual financial statements. This FSP also amends Accounting Principles Board ("APB") Opinion No. 28, "Interim Financial Reporting", to require those disclosures in all interim financial statements. FSP No. FAS 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009. The Company does not expect the adoption of FSP No. FAS 107-1 and APB 28-1 to have a material effect on its financial statements.

In May 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB No. 14-1"). FSP APB No. 14-1 clarifies the accounting for convertible debt instruments that may be settled in cash upon either mandatory or optional conversion (including partial cash settlement). FSP APB No. 14-1 specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB No. 14-1 must be applied on a retrospective basis and is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. On May 30, 2006, the Company completed a public offering of $144 aggregate principal amount of 5% convertible senior notes due 2011 (the "5% Convertible Notes") which are within the scope of FSP APB No. 14-1. Accordingly, the Company's condensed consolidated financial statements as of December 31, 2008 and for three months ended March 31, 2008 have been adjusted to reflect the retrospective application of FSP APB No. 14-1.

Upon adoption of FSP APB No. 14-1 on January 1, 2009, the Company reclassified $38 of the carrying value of the 5% Convertible Notes to additional paid-in capital. In addition, upon adoption the cumulative effect of the retrospective application of FSP APB No. 14-1 on the Company's accumulated deficit was an increase of $17 related to prior period amortization of the debt discount and associated deferred financing fees.

As of March 31, 2009 the principal amount of the liability component, its unamortized discount and its net carrying value were $144, $20 and $124, respectively, while as of December 31, 2008 the principal amount of the liability component, its unamortized discount and its net carrying value was $144, $22 and $122, respectively. As of March 31, 2009, the remaining unamortized discount of $20 will be amortized, using the effective interest rate method, through the maturity of the 5% Convertible Notes on May 15, 2011. As of both March 31, 2009 and December 31, 2008, the carrying amount of the equity component was $38. At March 31, 2009 and December 31, 2008, if the 5% Convertible Notes were converted into shares of the Company's common stock at a conversion price of $22.98 per share, approximately 6.3 million shares of the Company's common stock would be issued.

For the three months ended March 31, 2009 and 2008, the effective interest rate for the 5% Convertible Notes was 12.75%. For the three months ended March 31, 2009 and 2008, interest expense for the 5% Convertible Notes related to the coupon and the amortization of the debt discount was $4 ($4 after-tax) in both periods.

For the three months ended March 31, 2009 and 2008, the effect of the application of FSP APB No. 14-1 was an increase in the Company's net loss applicable to common shareholders of $2 (or $.04 per share).

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No.157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 clarifies that fair value is the amount that would be exchanged to sell an asset or transfer a liability in an orderly transaction between market participants and requires that a fair value measurement technique include an adjustment for risks inherent in a particular valuation technique and/or the risks inherent in the inputs to the model if market participants would also include such an adjustment. SFAS No. 157 also expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position No. 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" ("FSP No. 157-1"), which removed certain leasing transactions accounted for under SFAS No. 13 from the scope of SFAS No. 157, and FASB Staff Position No. 157-2, "Effective Date of FASB Statement No. 157" ("FSP No. 157-2"), which delayed the effective date of SFAS No. 157 for certain nonfinancial assets and nonfinancial liabilities to January 1, 2009, amending SFAS No. 157 ("SFAS No. 157, as amended"). In October 2008, the FASB issued FASB Staff Position No. 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active" ("FSP No. 157-3"), which amended SFAS No. 157 to include an additional example illustrating the key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Value

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When the Volume and Level of Activity for the Asset or the Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP No. 157-4"). FSP No. 157-4 amends SFAS No. 157 to provide additional guidance on (i) estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability and (ii) circumstances that may indicate that a transaction is not orderly. FSP No. 157-4 also requires additional disclosures about fair value measurements in interim and annual reporting periods. FSP No. 157-4 is effective for interim and annual reporting periods ending after June 15, 2009. The Company adopted the effective provisions of SFAS No. 157, as amended, as of January 1, 2008 and the deferred provisions as of January 1, 2009 which did not have a material impact on the Company's consolidated position or results of operations.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R will change how business acquisitions are accounted for and will impact financial statements both in periods before the acquisition date and in subsequent periods. SFAS No. 141R applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquiree), including those sometimes referred to as "true mergers" or "mergers of equals" and combinations achieved without the transfer of consideration, for example, by contract alone or through the lapse of minority veto rights. SFAS No. 141R is generally to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is prohibited.

SFAS No. 141R amends AICPA Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" ("SOP No. 90-7"). Prior to adoption, reversal of pre-emergence valuation allowances are recorded as a reduction of intangibles to zero and thereafter as additional paid-in-capital. Upon adoption, the reversal of pre-emergence valuation allowances will be recorded as a reduction of tax expense. During the three months ended March 31, 2008 the Company recorded a provision for income taxes and additional paid-in-capital of $13 as a result of accounting in accordance with SOP No. 90-7. SFAS No. 141R also amends SFAS 109, "Accounting for Income Taxes". Prior to adoption, the reversal of valuation allowances recorded in purchase accounting would first reduce goodwill to zero, and then reduce the other acquired non-current intangible assets to zero, and then be reflected in income tax expense. Upon adoption, the reversals of pre-acquisition valuation allowances that do not qualify as a measurement period adjustment are reflected in income tax expense. During the three months ended March 31, 2008, the Company recorded $2 of valuation allowance reversals for deferred tax assets acquired as part of the Impsat acquisition as a reduction in goodwill. SFAS No. 141R also nullifies AICPA Practice Bulletin No. 11, "Accounting for Preconfirmation Contingencies in Fresh Start Reporting." AICPA No. 11 required adjustments of pre-confirmation contingencies to be separately disclosed in income or loss from continuing operations. Subsequent to adoption, adjustments in income tax contingencies will be recognized in provision for income taxes and non-income tax contingencies in operating income or loss.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 requires enhanced disclosure related to derivatives and hedging activities. Under SFAS No. 161, entities must describe: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedge items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The requirements of SFAS No. 161 are effective for both interim and annual reporting periods beginning after November 15, 2008, with early application encouraged. The adoption of SFAS No. 161 on January 1, 2009 did not have a material impact on the Company's condensed consolidated financial statements.

3. FINANCING ACTIVITIES

Financing Activities

During the three months ended March 31, 2009, the Company entered into various capital leasing arrangements that amounted to $5. These agreements have terms that range from 36 to 48 months and implicit interest rates that range from 3.4% to 20.2%, with a weighted average effective interest rate of 13.4%.

During the three months ended March 31, 2009, the Company also entered into debt agreements and received approximately $3 of cash proceeds. These agreements have terms that range from 6 to 12 months, $2 of which have variable interest rate based on spread over Colombian Fixed Term Deposit Rate and $1 based on spread over the Brazilian Inter-bank Lending Rate.

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GCUK Notes Tender Offer

As required by the indenture governing the senior secured notes due 2014 (the "GCUK Notes"), within 120 days after the end of each twelve month period ending December 31 GCUK must offer (the "Annual Repurchase Offer") to purchase a portion of the GCUK Notes at a purchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to the purchase date, using 50% of "Designated GCUK Cash Flow" from that period. "Designated GCUK Cash Flow" means GCUK's consolidated net income plus non-cash charges minus capital expenditures, calculated in accordance with the terms of the indenture governing the GCUK Notes. With respect to the 2008 Annual Repurchase Offer, GCUK has made an offer in April 2009 of approximately $11.

4. RESTRUCTURING ACTIVITIES

2007 Restructuring Plans

During 2007, the Company adopted a restructuring plan as a result of the Impsat Fiber Networks, Inc. ("Impsat") acquisition under which redundant Impsat employees were terminated. As a result, the Company incurred cash restructuring costs of approximately $8 for severance and related benefits. The liabilities associated with this restructuring plan have been accounted for as part of the purchase price of Impsat. As of March 31, 2009 and December 31, 2008, the remaining liability of the restructuring reserve was $8 and $8, respectively, all related to the GC Impsat Segment.

2006 Restructuring Plan

The Company adopted a restructuring plan as a result of the Fibernet Group Plc ("Fibernet") acquisition under which redundant Fibernet employees were terminated and certain Fibernet facility lease agreements will be terminated or restructured. As a result of these efforts the Company incurred cash restructuring costs of approximately $3 for severance and related benefits in connection with anticipated workforce reductions and $4 for real estate consolidation. The liabilities associated with the restructuring plan have been accounted for as part of the purchase price of Fibernet. All amounts incurred for employee separations have been paid and it is anticipated that payment in respect of the restructuring activities for real estate consolidation will continue through 2017. As of March 31, 2009 and December 31, 2008, the remaining liability related to these initiatives was $1 and $1, respectively all related to the GCUK Segment.

2003 and Prior Restructuring Plans

Prior to the Company's emergence from bankruptcy on December 9, 2003, the Company adopted certain restructuring plans as a result of the slowdown of the economy and telecommunications industry, as well as its efforts to restructure while under Chapter 11 bankruptcy protection. As a result of these activities, the Company eliminated employees and vacated facilities. All amounts incurred for employee separations were paid as of December 31, 2004 and it is anticipated that the remainder of the restructuring liability, all of which relates to facility closings, will be paid through 2025.

The undiscounted facilities closing reserve, which represents estimated future cash flows, is composed of continuing building lease obligations and broker commissions for the restructured sites (aggregating $99 as of March 31, 2009), offset by anticipated receipts from existing and future third-party subleases. As of March 31, 2009, anticipated third-party sublease receipts were $86, representing $39 from subleases already entered into and $47 from subleases projected to be entered into in the future.

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The table below reflects the activity associated with the restructuring reserve relating to the restructuring plans initiated during and prior to 2003 for the three months ended March 31, 2009:

	Facility Closings
Balance at December 31, 2008	$ 18
Change in estimated liability	1
Deductions	(2)
Foreign currency impact	(1)
Balance at March 31, 2009	$ 16

5. OTHER CURRENT LIABILITIES

	March 31, 2009 (unaudited)	December 31, 2008
Accrued taxes, including value added taxes in foreign jurisdictions	$ 97	$ 94
Accrued payroll, bonus, commissions, and related benefits	52	45
Accrued professional fees	12	12
Accrued interest	24	16
Accrued real estate and related costs	12	15
Accrued capital expenditures	7	10
Current portion of capital lease obligations	51	52
Income taxes payable	6	8
Accrued third party maintenance costs	9	7
Customer deposits	31	33
Other	70	69
Total other current liabilities	$ 371	$ 361

6. COMPREHENSIVE LOSS

The components of comprehensive loss for the periods indicated are as follows:

	Three Months Ended March 31,	
	2009	2008 (as adjusted)
	(unaudited)	
Net loss	$ (58)	$ (71)
Foreign currency translation adjustment	18	(16)
Unrealized derivative loss on cash flow hedges	(1)	—
Comprehensive loss	$ (41)	$ (87)

7. LOSS PER COMMON SHARE

Basic loss per common share is computed as loss applicable to common shareholders divided by the weighted-average number of common shares outstanding for the period. Loss applicable to common shareholders includes preferred stock dividends of $1 and $1, respectively, for the three months ended March 31, 2009 and 2008. Diluted loss per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. However, since the Company had net losses for the three months ended March 31, 2009 and 2008, diluted loss per common share is the same as basic loss per common share.

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Diluted loss per share for the three months ended March 31, 2009 and 2008 does not include the effect of the following potential shares, as they are anti-dilutive:

Potential common shares excluded from the calculation of diluted loss per share	March 31, 2009	March 31, 2008
	(millions)	(millions)
5% Convertible Notes	6	6
Convertible preferred stock	18	18
Restricted stock units	4	2
Total	28	26

8. CONTINGENCIES

Amounts accrued for contingent liabilities are included in other current liabilities and other deferred liabilities at March 31, 2009 and December 31, 2008. In accordance with SFAS 5, "Accounting for Contingencies," the Company makes a provision for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In accordance with FASB Interpretation No. 14, "Reasonable Estimation of the Amount of a Loss (an interpretation of FASB Statement No. 5)", where it is probable that a liability has been incurred and there is a range in the expected loss and no amount in the range is more likely than any other amount, the Company accrues the low end of the range. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Although the Company believes it has adequate provisions for the following matters, litigation is inherently unpredictable and it is possible that cash flows or results of operations could be materially and adversely affected in any particular period by the unfavorable resolution or disposition of one or more of these contingencies. The following is a description of the material legal proceedings involving the Company commenced or pending during the three months ended March 31, 2009.

AT&T Corp. (SBC Communications) Claim

On November 17, 2004, AT&T's LEC affiliates commenced an action against the Company and other defendants in the U.S. District Court for the Eastern District of Missouri. The complaint alleges that the Company, through certain unnamed intermediaries, which are characterized as "least cost routers," terminated long distance traffic to avoid the payment of interstate and intrastate access charges.

The complaint alleges five causes of action: (1) breach of federal tariffs; (2) breach of state tariffs; (3) unjust enrichment (in the alternative to the tariff claims); (4) fraud; and (5) civil conspiracy. Although the complaint does not contain a specific claim for damages, plaintiffs allege that they have been damaged in the amount of approximately $20 for the time period of February 2002 through August 2004. The complaint also seeks an injunction against the use of "least cost routers" and the avoidance of access charges. The Company filed a motion to dismiss the complaint on January 18, 2005, which motion was mooted by the filing of a first amended complaint on February 4, 2005. The first amended complaint added as defendants five competitive local exchange carriers and certain of their affiliates (none of which is affiliated with the Company) and re-alleged the same five causes of action. The Company filed a motion to dismiss the first amended complaint on March 4, 2005. On August 23, 2005, the Court referred a comparable case to the Federal Communications Commission ("FCC") and the FCC has sought comments on the issues referred by the Court. The Company filed comments in the two declaratory judgment proceedings occasioned by the Court's referral. On February 7, 2006, the Court entered an order: (a) dismissing AT&T's claims against Global Crossing to the extent that such claims arose prior to December 9, 2003 by virtue of the injunction contained in the joint plan of reorganization (the "Plan of Reorganization") of the Company's predecessor and a number of its subsidiaries (collectively, the "GC Debtors") which became effective on that date; and (b) staying the remainder of the action pending the outcome of the referral to the FCC described above. On February 22, 2006, AT&T moved the Court to reconsider its decision of February 7, 2006 to the extent that it dismissed claims that arose prior to December 9, 2003. The Company filed its response to the motion on March 6, 2006, requesting that the Court deny the motion. On May 31, 2006, the Court entered an order denying plaintiffs' motion for reconsideration without prejudice. On April 15, 2008, plaintiffs moved to vacate the stay entered by the Court on the grounds of inaction by the FCC. The Court denied the motion to vacate and the plaintiffs have requested reconsideration. That request is presently pending before the Court.

Claim by the U.S. Department of Commerce

A claim was filed in the Company's bankruptcy proceedings by the U.S. Department of Commerce (the "Commerce Department") on October 30, 2002 asserting that an undersea cable owned by Pacific Crossing Ltd., a former subsidiary of the Company ("PCL") violates the terms of a Special Use permit issued by the National Oceanic and Atmospheric Administration ("NOAA"). The Company believes responsibility for the asserted claim rests entirely with the Company's former subsidiary. On November 7, 2003, the Company and the Global Crossing Creditors' Committee filed an objection to this claim with the Bankruptcy Court. Subsequently, the Commerce Department agreed to limit the size of the pre-petition portion of its claim to $14. An identical claim that had been filed in the bankruptcy proceedings of PCL was settled in principle in September 2005 and was subsequently approved by the court as part of the PCL plan of reorganization confirmed in an order dated November 10, 2005. The Company initiated preliminary discussions with the Commerce Department and its Justice Department attorneys as to the impact that settlement has on the claim against the Company. The Commerce Department continues to consider its position on the matter.

Qwest Rights-of-Way Litigation

In May 2001, a purported class action was commenced against three of the Company's subsidiaries in the U.S. District Court for the Southern District of Illinois. The complaint alleges that the Company had no right to install a fiber-optic cable in rights-of-way granted by the plaintiffs to certain railroads. Pursuant to an agreement with Qwest Communications Corporation, the Company has an indefeasible right to use certain fiber-optic cables in a fiber-optic communications system constructed by Qwest within the rights-of-way. The complaint alleges that the railroads had only limited rights-of-way granted to them that did not include permission to install fiber-optic cable for use by Qwest or any other entities. The action has been brought on behalf of a national class of landowners whose property underlies or is adjacent to a railroad right-of-way within which the fiber-optic cables have been installed. The action seeks actual damages in an unstated amount and alleges that the wrongs done by the Company involve fraud, malice, intentional wrongdoing, willful or wanton conduct and/or reckless disregard for the rights of the plaintiff landowners. As a result, plaintiffs also request an award of punitive damages. The Company made a demand of Qwest to defend and indemnify the Company in the lawsuit. In response, Qwest has appointed defense counsel to protect the Company's interests.

The Company's North American network includes capacity purchased from Qwest on an IRU basis. Although the amount of the claim is unstated, an adverse outcome could have an adverse impact on the Company's ability to utilize large portions of the Company's North American network. This litigation was stayed against the Company pending the effective date of the Plan of Reorganization, and the plaintiffs' pre-petition claims against the Company were discharged at that time in accordance with the Plan of Reorganization. By agreement between the parties, the Plan of Reorganization preserved plaintiffs' rights to pursue any post-confirmation claims of trespass or ejectment. If the plaintiffs were to prevail, the Company could lose its ability to operate large portions of its North American network, although it believes that it would be entitled to indemnification from Qwest for any losses under the terms of the IRU agreement under which the Company originally purchased this capacity. As part of a global resolution of all bankruptcy claims asserted against the Company by Qwest, Qwest agreed to reaffirm its obligations of defense and indemnity to the Company for the assertions made in this claim. In September 2002, Qwest and certain of the other telecommunication carrier defendants filed a proposed settlement agreement in the U.S. District Court for the Northern District of Illinois. On July 25, 2003, the court granted preliminary approval of the settlement and entered an order enjoining competing class action claims, except those in Louisiana. The settlement and the court's injunction were opposed by a number of parties who intervened and an appeal was taken to the U.S. Court of Appeals for the Seventh Circuit ("Court of Appeals"). In a decision dated October 19, 2004, the Court of Appeals reversed the approval of the settlement and lifted the injunction. The case has been remanded to the District Court for further proceedings.

Foreign Income Tax Audit

A tax authority in South America issued a preliminary notice of findings based on an income tax audit for calendar years 2001 and 2002. The examiner's initial findings took the position that the Company incorrectly documented its importations and incorrectly deducted its foreign exchange losses against its foreign exchange gains on loan balances. An official assessment of $26, including potential interest and penalties, was issued in 2005. Due to accrued interest and foreign exchange effects the total exposure has increased to $50. The Company challenged the assessment and commenced litigation in September 2006 to resolve its dispute with the tax authority.

Claim by Pacific Crossing Limited

This claim arises out of the management of the PC-1 trans-Pacific fiber-optic cable, which was constructed, owned and operated by PCL. PCL asserts that the Company and Asia Global Crossing, another former subsidiary of the Company, breached their fiduciary duties to PCL, improperly diverted revenue derived from sales of capacity on PC-1, and failed to account for the way revenue was allocated among the corporate entities involved with the ownership and operation of PC-1. The claim also asserts that revenues derived from operation and maintenance fees were also improperly diverted and that PCL's expenses increased unjustifiably through

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agreements executed by the Company and Asia Global Crossing Limited on behalf of PCL. To the extent that PCL asserted the foregoing claims were prepetition claims, PCL has settled and released such claims against the Company.

During the pendency of the Company's Chapter 11 proceedings, on January 14, 2003, PCL filed an administrative expense claim in the GC Debtors' bankruptcy court for approximately $8 in post-petition services plus unliquidated amounts arising from the Company's alleged breaches of fiduciary duty and misallocation of PCL's revenues. The Company objected to the claim and asserted that the losses claimed were the result of operational decisions made by PCL management and its corporate parent, Asia Global Crossing. On February 4, 2005, PCL filed an amended claim in the amount of approximately $79 claiming the Company failed to pay revenue for services and maintenance charges relating to PC-1 capacity and failed to pay PCL for use of the related cable stations and seeking to recover a portion of the monies received by the Company under a settlement agreement entered into with Microsoft Corporation and an arbitration award against Softbank. The Company filed an objection to the amended claim seeking to dismiss, expunge and/or reclassify the claim and PCL responded by filing a motion for partial summary judgment claiming approximately $22 for the capacity, operations and maintenance charges and co-location charges and up to approximately $78 for the Microsoft and Softbank proceeds. PCL's claim for co-location charges (which comprised approximately $2 of the total claim) was settled.

Subsequently (and pursuant to a new scheduling order agreed to by the parties), the parties agreed to hold the Company's motion to dismiss in abatement and PCL agreed not to proceed with its partial summary judgment motion and to file a new summary judgment motion. On June 5, 2006 PCL filed a new motion for partial summary judgment claiming not less than $2 for revenues for short term leases on PC-1, not less than $6 in respect of operation and maintenance fees paid to the Company by its customers for capacity on PC-1 and an unspecified amount to be determined at trial in respect of the Microsoft/ Softbank Claim. The Company filed a response to that motion on June 26, 2006, together with a cross motion for partial summary judgment on certain of PCL's administrative claims. On August 28, 2006, PCL replied to the Company's response to PCL's new motion for partial summary judgment and responded to the Company's cross motion for partial summary judgment. On November 20, 2006, the Company filed its reply to PCL's response to the Company's cross motion for partial summary judgment.

The parties have agreed to non-binding mediation of their competing administrative claims (including the Company's claim filed against PCL in its separate bankruptcy case). The parties have completed one day of mediation and have exchanged certain documents in connection with the mediation, but have not yet concluded the mediation. The current court proceedings have been stayed until completion of mediation.

Impsat Employee Severance Disputes

A number of former directors and executive officers of Impsat have asserted claims (including accrued interest and attorney fees) in excess of $35 for separation pay, severance, commissions, pension benefits, unpaid vacation pay, breach of employment contracts and unpaid performance bonuses as a result of their separation from Impsat shortly after the acquisition of Impsat by the Company.

The Company has been in negotiations with the claimants over the amount of their claims and other issues arising out of their departure. In October 2007, a former director and officer commenced litigation seeking to recover damages from the Company for alleged separation benefits and compensation. The Company has responded seeking dismissal of the claim based on lack of jurisdiction but such defense was rejected by the court and the case has moved to the evidentiary stage. In November 2007, a former officer served the Company a complaint claiming damages. The case is now in the evidentiary stage. In July 2008, a former officer commenced formal judicial proceedings on his claim and the Company responded seeking dismissal of the claim based on lack of jurisdiction. Such defense was rejected by the court and the case will now continue. In March 2009, this same former officer served the Company with an additional complaint for damages in another jurisdiction. The Company has replied in each case and will continue to defend against these claims.

Buenos Aires Antenna Tax Liability

The Government of the City of Buenos Aires ("GCBA") established a tax applicable to private companies owning antennas with supporting structures, whether in service or not, in the amount set forth in the annual tariff law for the use of the public and private air space (the "Antenna Fees").

Since September 2003, the GCBA has periodically notified Impsat of the Antenna Fees which aggregates approximately $58, including interest, and requested payment. Impsat has administratively disputed each of these notifications and in the administrative proceeding questioned the legality and constitutionality of the tax on various grounds, including that: (1) air rights belong to the owner

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of the underlying private property and GCBA's charge for use of privately owned air rights is confiscatory and incompatible with the constitutional right of property; (2) Argentine federal telecommunications law exempts the use and occupation of public air space for the purposes of providing public telecommunications service from any charge; (3) the tax that GCBA is trying to impose is excessive and confiscatory; and (4) the GCBA has significantly overstated the number and height of the antennas owned by Impsat that are subject to the tax. Impsat continues to dispute the Antenna Fees and, to date, no summary collection action has been commenced by GCBA on the unpaid Antenna Fees.

In July 2008, Impsat filed an action in the Argentine Federal Courts in Buenos Aires seeking a declaration that the Antenna Fees are unconstitutional and illegal. In December 2008, before the court could rule on those contentions, the GCBA amended its regulations and significantly reduced the Antenna Fees. Under the new municipal legislation, which took effect January 2009, the amounts charged for each of the antennas have been significantly reduced with respect to the amounts that the GCBA sought to charge in accordance with the GCBA Fiscal Code and Tariff Law that were previously in effect. In addition, the new Tariff Law sets forth a temporary provision which states that, for a limited period of time, the reduced charges may be applied retroactively to settle any existing debts for Antennas Fees that may be currently under dispute, as long as the taxpayer waives or desists from any administrative action or judicial claim that it may be currently pursuing. A municipal regulation clarifying certain aspects related to the application of such temporary provision is still pending and to be issued. The Company made the payment under the new regulations for the first quarter of 2009. The Company is working to determine the final impact the new law will have on its exposure for prior periods. In the upcoming negotiations with the GCBA, the Company anticipates a final cost that is significantly lower than the original $58 assessment.

Brazilian Tax Claims

In November 2002 and in October 2004, the Brazilian tax authorities of Parana and Sao Paulo respectively, issued two tax infraction notices against Impsat for the collection of the Import Duty and the Tax on Manufactured Products, plus fines and interest that amount approximately to $7. The notices informed Impsat Brazil that the taxes were levied because a specific document (Declaração de Necessidade—"Statement of Necessity") was not provided by Impsat Brazil at the time of importation, in breach of MERCOSUR rules. Oppositions were filed on behalf of Impsat Brazil arguing that the Argentine exporter (Corning Cable Systems Argentina S.A.) complied with the MERCOSUR rules. In the case of the Sao Paulo infraction notice, a favorable first instance decision was granted. However, due to the amount involved, the case was remitted to the official compulsory review by the Federal Taxpayers Council. In both cases the administrative final decision is still pending.

In December 2004 and in March 2009, respectively, the tax authorities of the State of São Paulo, in Brazil, issued two infraction notices against Impsat Brazil for the collection of Tax on Distribution of Goods and Services ("ICMS") supposedly due on the lease of movable properties by comparing such activity to communications services, on which the ICMS state tax is actually levied. Both assessments amount approximately to $14. A defense against the December 2004 assessment was filed on behalf of Impsat Brazil, arguing that the lease of assets could not be treated as a communication service subject to ICMS. The defense was rejected in the State Administrative Court; however, the Company will adopt judicial measures to remove the tax assessment. A defense against the March 2009 assessment will be filed on behalf of Impsat Brazil based upon the same arguments.

In addition, in April 2009, the tax authorities of the State of São Paulo issued an infraction notice against Impsat Brazil for the collection of ICMS supposedly due on the sale of internet access services by comparing such activity to communications services, on which the ICMS state tax is actually levied. This assessment amounts approximately to $5. A defense will be filed on behalf of Impsat Brazil, arguing that the provision of internet access services could not be treated as a communication service subject to ICMS.

The Company believes that there are compelling grounds to have all of the Brazilian tax assessments cancelled.

Paraguayan Government Contract Claim

The National Telecommunications Commission of Paraguay ("CONATEL") has commenced separate administrative investigations against a joint venture between GC Impsat's Argentine subsidiary and Electro Import S.A. ("JV 1") and another joint venture between GC Impsat's Argentine subsidiary and Loma Plata S.A. ("JV 2"), for breach of contract and breach of licensee's obligations by each of such joint ventures.

The first investigation involves a contract awarded to JV 1 in December 2000 for the design, supply, installation, launch, operation and maintenance of a telecommunications system for public telephones and/or phone booths in certain specified locations in Paraguay. In 2005, CONATEL initiated an administrative investigation due to an alleged breach of contract by JV 1.

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The second investigation involves a contract awarded to JV 2 in 2001, after a public bidding process, for the installation and deployment of public telephones and/or telephone booths in certain specified locations in Paraguay. JV 2 was required to install and start operating all the required equipment within twelve months of the execution of the contract. In January 2003, JV 2 requested an extension of the twelve month term from CONATEL as a result of force majeure which prevented it from completing the installation of the committed number of remote terminals within the agreed time period. CONATEL denied the request and decided to terminate the contract based on JV 2's default.

JV 2 then filed a claim before the Administrative Court requesting the annulment of the termination and seeking a stay of the challenged administrative acts. The matter is still pending before the Administrative Court.

Customer Bankruptcy Claim

During 2007 the Company commenced default and disconnect procedures against a customer for breach of a sales contract based on the nature of the customer's traffic, which renders the contract highly unprofitable to the Company. After the process was begun, the customer filed for bankruptcy protection, thereby barring the Company from taking further disconnection actions against the customer. The Company commenced an adversary proceeding in the bankruptcy court, asserting a claim for damages for the customer's alleged breaches of the contract and for a declaration that, as a result of these breaches, the customer may not assume the contract in its reorganization proceedings. The Company has been incurring significant legal expenses in connection with this matter.

The customer has filed several counterclaims against the Company alleging various breaches of contract for attempting improperly to terminate service, for improperly blocking international traffic, for violations of the Communications Act of 1934 and related tort-based claims. The Company notified the customer that the Company would be raising its rates and the Company subsequently filed a motion with the court seeking additional adequate assurance, or an order allowing the Company to terminate the customer's service, based upon the rate change. The customer amended its counter claims to assert claims for breach of contract based upon the rate increase.

After the filing of motions and responses, the Court issued an opinion on these matters on July 3, 2008. The Court held that the agreement did not permit the Company to increase the rates in the manner it did and that the Company: (a) breached the sales contract in so doing; and (b) is therefore not entitled to additional adequate assurance. The Court did, however, permit the Company to amend its complaint to plead a rescission claim, which the Company filed on July 14, 2008. The Company also filed notices of appeal of these rulings with the United States District Court of the Southern District of New York, but those appeals were ultimately dismissed for untimeliness, without prejudice to later appeals on the merits.

In the meantime, the case is continuing in the bankruptcy court with respect to the remaining liability issues and damages in the adversary proceeding. While the customer has alleged damages in amounts that would be very material to the Company, the Company believes that it has valid defenses to limit the amount of these damages. The parties exchanged expert reports in 2008 and the matter is presently scheduled for trial in 2009. The Company has also moved to dismiss the customer's bankruptcy case for failure to comply with the "small business" provisions of the Bankruptcy Code. The parties have agreed to submit the case to non-binding mediation at a date in the near future to be determined. The Court has decided to hold the case in abeyance pending the outcome of the mediation. The Company cannot predict the outcome of these proceedings.

Universal Service Notice of Apparent Liability

On April 9, 2008, the FCC released a Notice of Apparent Liability for Forfeiture finding that subsidiaries of Global Crossing North America, Inc. apparently violated the Communications Act of 1934, as amended, and the FCC's rules, by willfully and repeatedly failing to contribute fully and timely to the federal Universal Service Fund and the Telecommunications Relay Service Fund. The FCC alleges that, since emergence from bankruptcy, the Company has had a history of making its contributions to the funds late or, in certain months, making only partial contributions or not making any contributions. The FCC has proposed to assess a forfeiture of approximately $11. The Company believes that it has several defenses to the proposed forfeiture. The Company and the FCC are attempting to negotiate a resolution and the due date for the Company's response has been held in abeyance.

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9. RELATED PARTY TRANSACTIONS

Commercial and other relationships between the Company and ST Telemedia

During the three months ended March 31, 2009 and 2008, the Company provided approximately $0.1 and $0.1, respectively, of telecommunications services to subsidiaries and affiliates of the Company's majority shareholder and parent company, Singapore Technologies Telemedia Pte. Ltd. ("ST Telemedia"). Further, during the three months ended March 31, 2009 and 2008, the Company received approximately $0.5 and $1.4, respectively, of collocation services from an affiliate of ST Telemedia. Additionally, during the three months ended March 31, 2009 and 2008, the Company accrued dividends of $0.9 and $0.9, respectively, related to preferred stock held by affiliates of ST Telemedia.

At March 31, 2009 and December 31, 2008, the Company had approximately $20.3 and $19.1, respectively, due to ST Telemedia and its subsidiaries and affiliates, and in each case nothing due from ST Telemedia and its subsidiaries and affiliates. The amounts due to ST Telemedia and its subsidiaries and affiliates primarily relate to dividends accrued on the Company's 2% cumulative senior convertible preferred stock, and are included in "other deferred liabilities" in the accompanying condensed consolidated balance sheets.

10. SEGMENT REPORTING

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131") defines operating segments as components of an enterprise for which separate financial information is available and which is evaluated regularly by the Company's chief operating decision makers ("CODMs") in deciding how to assess performance and allocate resources. The Company's CODMs assess performance and allocate resources based on three separate operating segments which management operates and manages as strategic business units: (i) the GCUK Segment; (ii) the GC Impsat Segment; and (iii) the ROW Segment.

The GCUK Segment is a provider of managed network communications services providing a wide range of telecommunications services, including data, IP and voice services to government and other public sector organizations, major corporations and other communications companies in the United Kingdom ("UK"). The GC Impsat Segment is a provider of telecommunication services including IP, voice, data center and information technology services to corporate and government clients in Latin America. The ROW Segment represents all the operations of Global Crossing Limited and its subsidiaries excluding the GCUK and GC Impsat segments and comprises operations primarily in North America, with smaller operations in Europe, Asia and Latin America, serving many of the world's largest corporations and many other telecommunications carriers with a full range of managed telecommunication services including data, IP and voice products. The services provided by all the Company's segments support a migration path to a fully converged IP environment.

The CODMs measure and evaluate the Company's reportable segments based on operating income (loss) before depreciation and amortization ("OIBDA"). OIBDA, as defined by the Company, is operating income (loss) before depreciation and amortization. OIBDA differs from operating income (loss), as calculated in accordance with GAAP and reflected on the Company's condensed consolidated financial statements, in that it excludes depreciation and amortization. Such excluded expenses primarily reflect the non-cash impacts of historical capital investments, as opposed to the cash impacts of capital expenditures made in recent periods. In addition, OIBDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for reinvestment, distributions or other discretionary uses.

OIBDA is an important part of the Company's internal reporting and planning processes and a key measure to evaluate profitability and operating performance, make comparisons between periods, and to make resource allocation decisions.

There are material limitations to using non-GAAP financial measures. The Company's calculation of OIBDA may differ from similarly titled measures used by other companies, and may not be comparable to those other measures. Additionally, OIBDA does not include certain significant items such as depreciation and amortization, interest income, interest expense, income taxes, other non-operating income or expense items, preferred stock dividends, and gains and losses on pre-confirmation contingencies. OIBDA should be considered in addition to, and not as a substitute for, other measures of financial performance reported in accordance with GAAP.

The Company believes that OIBDA is a relevant indicator of operating performance, especially in a capital-intensive industry such as telecommunications. OIBDA provides the Company with an indication of the underlying performance of its everyday business operations. It excludes the effect of items associated with the Company's

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capitalization and tax structures, such as interest income, interest expense and income taxes, and of other items not associated with the Company's everyday operations.

During 2008, the Company transferred its legacy Brazilian and Chilean operations from the ROW Segment to the GC Impsat Segment. As these transfers were between entities under common control, the Company has retroactively restated the GC Impsat Segment results to include the results of the Brazilian and Chilean operations and removed the results of the Brazilian and Chilean operations from the ROW Segment for all applicable periods presented. The Company anticipates transferring its legacy Argentine operations from the ROW Segment to the GC Impsat Segment during 2009 in a continuing effort to streamline its operations.

The following tables provide operating financial information for the Company's three reportable segments and a reconciliation of segment results to consolidated results. Prior period amounts are revised to reflect the change in reportable segments as discussed above.

	Three months ended March 31,	
	2009	2008 (as adjusted)
	(unaudited)	
Revenues from external customers		
GCUK	$ 110	$ 153
GC Impsat	114	111
ROW	385	368
Total consolidated	$ 609	$ 632
Intersegment revenues		
GCUK	$ —	$ —
GC Impsat	2	1
ROW	2	2
Total	$ 4	$ 3
Total segment operating revenues		
GCUK	$ 110	$ 153
GC Impsat	116	112
ROW	387	370
Less: intersegment revenues	(4)	(3)
Total consolidated	$ 609	$ 632

	Three months ended March 31,	
	2009	2008 (as adjusted)
	(unaudited)	
OIBDA		
GCUK	$ 23	$ 35
GC Impsat	39	27
ROW	13	(17)
Total segments	$ 75	$ 45

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A reconciliation of OIBDA to income (loss) applicable to common shareholders follows:

	Three Months Ended March 31, 2009				
	GCUK	GC Impsat	ROW (unaudited)	Eliminations	Total Consolidated
OIBDA	$ 23	$ 39	$ 13	$ —	$ 75
Depreciation and amortization	(15)	(20)	(44)	—	(79)
Operating income (loss)	8	19	(31)	—	(4)
Interest income	2	1	1	(3)	1
Interest expense	(12)	(8)	(19)	3	(36)
Other income (expense), net	(3)	5	(17)	—	(15)
Provision for income taxes	—	(4)	—	—	(4)
Preferred stock dividends	—	—	(1)	—	(1)
Income (loss) applicable to common shareholders	$ (5)	$ 13	$ (67)	$ —	$ (59)

	Three Months Ended March 31, 2008 (as adjusted)				
	GCUK	GC Impsat	ROW (unaudited)	Eliminations	Total Consolidated
OIBDA	$ 35	$ 27	$ (17)	$ —	$ 45
Depreciation and amortization	(22)	(18)	(36)	—	(76)
Operating income (loss)	13	9	(53)	—	(31)
Interest income	2	1	3	(2)	4
Interest expense	(17)	(8)	(23)	2	(46)
Other income (expense), net	—	(1)	21	—	20
Provision for income taxes	—	(5)	(13)	—	(18)
Preferred stock dividends	—	—	(1)	—	(1)
Loss applicable to common shareholders	$ (2)	$ (4)	$ (66)	$ —	$ (72)

	March 31, 2009 (unaudited)	December 31, 2008 (as adjusted)
Total Assets		
GCUK	$ 658	$ 656
GC Impsat	692	693
ROW	1,302	1,369
Total segments	2,652	2,718
Less: Intercompany loans and trade accounts	(394)	(369)
Total consolidated assets	$ 2,258	$ 2,349

	March 31, 2009 (unaudited)	December 31, 2008
Unrestricted Cash		
GCUK	$ 47	$ 52
GC Impsat	91	92
ROW	168	216
Total consolidated unrestricted cash	$ 306	$ 360

	March 31, 2009 (unaudited)	December 31, 2008
Restricted Cash		
GCUK	$ —	$ —
GC Impsat	—	—
ROW	16	18
Total consolidated restricted cash	$ 16	$ 18

Eliminations include intersegment eliminations and other reconciling items.

The Company accounts for intersegment sales of products and services and asset transfers at current market prices.

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11. SUBSEQUENT EVENTS

Equity Grants

In connection with the Company's annual long-term incentive program for 2009, on April 15, 2009, the Company awarded 1,093,285 restricted stock units to employees which vest on March 12, 2012 and 1,093,285 performance share opportunities to employees which vest on or before December 31, 2011, in each case subject to continued employment through the vesting date and subject to earlier pro-rata payout in the event of death or long-term disability; provided that all of the chief executive officer's awards vest upon actual or constructive termination without cause (as determined in accordance with his employment agreement) or due to death or long-term disability. Each participant's target performance share opportunity is based on total shareholder return over a three year period as compared to two peer groups. Depending on how the Company ranks in total shareholder return as compared to the two peer groups, each grantee may earn 0% to 200% of the target number of performance shares. No payout will be made if the average ranking of the Company's total shareholder return relative to each of the two peer groups (weighted equally) is below the 30th percentile, and the maximum payout of 200% will be made if such average ranking is at or above the 80th percentile; provided that the portion of any payout exceeding 100% of the target award will be paid in the sole discretion of the Compensation Committee and will be paid, if at all, in cash rather than shares. In the event of a change of control (as defined in the 2003 Global Crossing Limited Stock Incentive Plan), the performance share opportunity payout shall be determined on the basis of the Company's relative total shareholder return against such indices (as described above) calculated through the relevant change of control date.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of our results of operations and current financial position. This discussion should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included elsewhere in this report and the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2008.

As used in this quarterly report on Form 10-Q, references to the "Company," "we," "us," "our" or similar terms include Global Crossing Limited and its consolidated subsidiaries.

Cautionary Note Regarding Forward-Looking Statements

Our disclosure and analysis in this quarterly report on Form 10-Q contains certain "forward-looking statements," as such term is defined in Section 21E of the Exchange Act of 1934. These statements set forth anticipated results based on management's plans and assumptions. From time to time, we also provide forward looking statements in other materials we release to the public as well as oral forward-looking statements. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. We have attempted to identify such statements by using words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "will," "could" and similar expressions in connection with any discussion of future events or future operating or financial performance or strategies. Such forward-looking statements include, but are not limited to, statements regarding:

- our services, including the development and deployment of data products and services based on internet protocol ("IP") and other technologies and strategies to expand our targeted customer base and broaden our sales channels and the opening and expansion of our data center and collocation services;
- the operation of our network, including with respect to the development of IP-based services and data center and collocation services;
- our liquidity and financial resources, including anticipated capital expenditures, funding of capital expenditures, anticipated levels of indebtedness, and the ability to raise capital through financing activities, including capital leases and similar financings;
- trends related to and management's expectations regarding results of operations, required capital expenditures, integration of acquired businesses, revenues from existing and new lines of business and sales channels, OIBDA, order volumes and cash flows, including but not limited to those statements set forth in this Item 2; and
- sales efforts, expenses, interest rates, foreign exchange rates, and the outcome of contingencies, such as legal proceedings.

We cannot guarantee that any forward-looking statement will be realized. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements.

We undertake no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Also note that we provide the following cautionary discussion of risks and uncertainties related to our businesses. These are factors that we believe, individually or in the aggregate, could cause our actual results to differ materially from expected and historical results. We note these factors for investors as permitted by Section 21E of the Exchange Act of 1934. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties.

Our forward-looking statements are subject to a variety of factors that could cause actual results to differ significantly from current beliefs and expectations. In addition to the risk factors identified under the captions below, the operation and results of our business are subject to risks and uncertainties identified elsewhere in this quarterly report on Form 10-Q as well as general risks and uncertainties such as those relating to general economic conditions and demand for telecommunications services.

Risks Related to Liquidity and Financial Resources

- We face a number of risks related to current global economic conditions and the severe tightening in the global credit markets. Ongoing concerns about the systemic impact of potential long-term and wide-spread recession, volatile energy costs, geopolitical issues, the availability, cost and terms of credit, consumer and business confidence, substantially increased unemployment and the crisis in the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for both established and emerging economies, including those in which we operate. In addition, continued turbulence in the U.S. and international markets and economies and prolonged declines in business and consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing debt instruments, access capital markets or obtain capital lease financing to meet liquidity needs.
- For each period since inception, we have incurred substantial operating losses. Although we expect our operating results to improve over time, there is no assurance that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs.
- We expect that economies of scale will allow us to grow revenues while incurring incremental costs that are proportionately lower than those applicable to our existing business. If the increased costs required to support our revenue growth turn out to be greater than anticipated, we may be unable to improve our profitability and/or cash flows even if revenue growth goals are achieved. The current downturn in the world economy could temper our growth, although the value we offer prospective customers could attract business in a cost-saving environment. In addition, improvements in our cost structure in the short term become more difficult as the amount of potential savings decreases due to the success of past savings initiatives.
- The sale of IRUs and similar prepayments for services are an important source of cash flows for us, representing tens of millions of dollars of cash in most quarters. If customers buying patterns were to change such that those traditionally buying IRUs were to switch to monthly payment plans, our liquidity would be adversely affected. The current downturn in the world economy and tightening of global credit markets could cause customers to change their buying patterns away from prepaid services and IRUs in order to conserve cash. In addition, the large dollar amounts and long sales cycles typically associated with IRU sales increase the volatility of our quarter-to-quarter cash flow results.
- Cost of access represents our single largest expense and gives rise to material current liabilities. In the past, certain telecommunications carriers from which we purchase access services demanded that we pay for access services on a timelier basis, which resulted in increased demands on our liquidity. If such demands were to continue to a greater degree than anticipated, or if access vendors were to insist on significant deposits to secure our access payment obligations, we could be prevented from meeting our cash flow projections and our long-term liquidity requirements. The current downturn in the world economy and tightening of global credit markets could cause access vendors to insist upon timelier payment or the provision of security deposits.
- The covenants in our debt instruments limit our financial and operational flexibility. These covenants impose significant restrictions on the ability of entities in any one of our operating segments from making intercompany funds transfers to entities in any other segment. We are also subject to financial maintenance covenants (including a minimum cash balance requirement that applies to our ROW Segment) and to other covenants, the breach of which could result in our long term debt instruments or capital lease facilities becoming immediately due and payable. The restrictions on intercompany funds transfers adversely affect our ability to ensure that each of our segments will be able to maintain sufficient liquidity to meet its operating requirements and its debt instrument covenants.
- Our international corporate structure limits the availability of our consolidated cash resources for intercompany funding purposes and reduces our financial restructuring flexibility. Legal restrictions arising out of international corporate structure include prohibitions on paying dividends in excess of retained earnings (or similar concepts under applicable law), which prohibition applies to most of our subsidiaries given their history of operating losses, as well as foreign exchange controls on the expatriation of funds that are particularly prevalent in Latin America.
- We cannot predict our future tax liabilities. If we become subject to increased levels of taxation or if tax contingencies are resolved adversely, our results of operations could be adversely affected.

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Risks Related to our Operations

- Our revenue and operating results may vary significantly from quarter to quarter due to a number of factors, many of which are outside of our control. It is possible that in some future quarters our results may be below analysts' and investors' expectations.
- Our rights to the use of the fiber that make up our network may be affected by the financial health of our fiber providers.
- We may not be able to continue to connect our network to incumbent carriers' networks or maintain Internet peering arrangements on favorable terms.
- The Network Security Agreement imposes significant requirements on us. A violation of the agreement could have severe consequences.
- It is expensive and difficult to switch new customers to our network, and lack of cooperation of incumbent carriers can slow the new customer connection process.
- The operation, administration, maintenance and repair of our systems require significant expenses and are subject to risks that could lead to disruptions in our services and the failure of our systems to operate as intended for their full design life.
- The failure of our operations support systems could adversely affect our ability to process orders and provision sales, and to bill for services efficiently and accurately, all of which could cause us to suffer customer dissatisfaction, loss of business, loss of revenue or the inability to add customers on a timely basis, any of which would adversely affect our revenues.
- While capital expenditures have remained relatively stable at levels significantly below those prevailing prior to our bankruptcy reorganization, such levels may not be sustainable in the future, particularly as our business continues to grow.
- Intellectual property and proprietary rights of others could prevent us from using necessary technology.
- We have substantial international operations and face political, legal, tax, regulatory and other risks from our operations in foreign jurisdictions. In addition, we lease capacity and obtain services from carriers in those and other regions. These risks have increased significantly as a result of our acquisition of the Latin American operations of Impsat.
- We are subject to the Foreign Corrupt Practices Act ("FCPA"), which generally prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits. Although we have policies and procedures designed to ensure that the Company, its employees and agents comply with the FCPA, there is no assurance that such policies or procedures will work effectively all of the time or protect us against liability under the FCPA for actions taken by our agents, employees and intermediaries with respect to our business or any businesses that we acquire. We operate in a number of jurisdictions that pose a high risk of potential FCPA violations. In May 2007, we acquired Impsat, which was also subject to the FCPA prior to the acquisition. As described in "Additional Information Regarding Impsat" in Item 4 below, the facts developed in our review of certain payments made by Impsat employees to government officials and foreign government proceedings concerning Impsat personnel show that: first, although Impsat had policies in place prior to the May 9, 2007 acquisition relating to FCPA compliance and contracting with third-party agents, those policies were not implemented; second, Impsat's documentation relating to third-party agents and certain government contracts was not sufficient; third, the corporate environment at Impsat did not reflect a sufficient focus by senior management on promotion of, and compliance by the Company with, these policies. We conducted a review of certain agents, government contracts, and potential unauthorized payments in Latin American countries. That review is now substantially complete. We have also brought these matters to the attention of government authorities in the U.S, including the Securities and Exchange Commission, which has commenced a preliminary inquiry into the matter. We are cooperating with that inquiry which may result in legal action. At this point we are unable to predict the duration, scope or result of that inquiry. Failure to comply with the FCPA, other anticorruption laws and other laws governing the conduct of business with government entities (including local laws) could lead to criminal and civil penalties and other remedial

measures (including further changes or enhancements to our procedures, policies, and controls and potential personnel changes and/or disciplinary actions), any of which could have an adverse impact on our business, financial condition, results of operations and liquidity. Any investigation of any potential violations of the FCPA or other anti-corruption laws by U.S. or foreign authorities could have an adverse impact on our business, financial condition and results of operations.

- We are exposed to significant currency exchange rate risks and our net loss may suffer due to currency translations. Commencing in September 2008, the U.S. Dollar has appreciated considerably against certain foreign currencies in which we conduct a significant portion of our business, including the British Pound Sterling, the Euro and the Brazilian Real. This appreciation adversely impacts consolidated revenue. Since we tend to incur costs in the same currency in which we realize revenue, the impact on operating income and operating cash flow is largely mitigated. However, if the U.S. Dollar trades at the levels in effect at the end of the prior fiscal year or continues to appreciate, future revenues, operating income and operating cash flows will be materially affected. In addition, the appreciation of the U.S. Dollar relative to foreign currencies reduces the U.S. Dollar value of cash balances held in those currencies.
- Certain Latin American economies have experienced shortages in foreign currency reserves and have adopted restrictions on the ability to expatriate local earnings and convert local currencies into U.S. dollars. Any such shortages or restrictions may limit or impede our ability to transfer or to convert such currencies into U.S. dollars and to expatriate such funds for the purpose of making timely payments of interest and principal on our indebtedness.
- In Venezuela, the official bolivares -U.S. dollar exchange rate established by the Venezuelan Central Bank and the Venezuelan Ministry of Finance attributes to the bolivar a value that is significantly greater than the value prevailing on the parallel market. The official rate is the rate used for recording the assets, liabilities and transactions for our Venezuelan subsidiary. Moreover, the conversion of bolivares into foreign currencies is limited by the current exchange control regime. Accordingly, the acquisition of foreign currency by Venezuelan companies to honor foreign debt, pay dividends or otherwise expatriate capital is subject to registration and subject to a process of application and approval by the Comisión de Administración de Divisas and to the availability of foreign currency within the guidelines set forth by the National Executive Power for the allocation of foreign currency. Such approvals have become less forthcoming over time, resulting in a significant buildup of excess cash in our Venezuelan subsidiary and a significant increase in our exchange rate and exchange control risks. We cannot predict if we will obtain approval of the Comisión de Administración de Divisas to honor foreign debt, distribute dividends or otherwise expatriate capital using the official Venezuelan exchange rate, and therefore, we may have to recognize losses in the future.
- Many of our most important government customers have the right to terminate their contracts with us if a change of control occurs or to reduce the services they purchase from us for any reason.

Risks Related to Competition and our Industry

- The prices that we charge for our services have been decreasing, and we expect that such decreases will continue over time.
- Technological advances and regulatory changes are eroding traditional barriers between formerly distinct telecommunications markets, which could increase the competition we face and put downward pressure on prices.
- Many of our competitors have superior resources, which could place us at a cost and price disadvantage.
- Our selection of technology could prove to be incorrect, ineffective or unacceptably costly, which would limit our ability to compete effectively.
- Our operations are subject to regulation in each of the countries in which we operate and require us to obtain and maintain a number of governmental licenses and permits. If we fail to comply with those regulatory requirements or obtain and maintain those licenses and permits, including payment of related fees, if any, we may not be able to conduct our business. Moreover, those regulatory requirements could change in a manner that significantly increases our costs or otherwise adversely affects our operations.
- Terrorist attacks and other acts of violence or war may adversely affect the financial markets and our

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business and operations.

Risks Related to our Common Stock

- We have a very substantial overhang of common stock and a majority shareholder that owns a substantial portion of our common stock and preferred stock convertible into common stock. Future sales of our common stock could cause substantial dilution and future acquisitions by our majority shareholder will decrease the liquidity of our common stock, each of which may negatively affect the market price of our shares and impact our ability to raise capital.
- A subsidiary of Singapore Technologies Telemedia Pte. Ltd ("ST Telemedia") is our majority stockholder and the voting rights of other stockholders are therefore limited in practical effect.
- Other than ownership by ST Telemedia and its affiliates, which cannot exceed 66.25% without prior Federal Communications Commission ("FCC") approval, federal law generally prohibits more than 25% of our capital stock from being owned by foreign persons.
- A large number of freely tradable shares of our common stock have been paid to employees in 2009 in connection with incentive compensation arrangements, and sales of such shares could significantly affect the market value of our common stock, particularly in the short term.

Other Risks

- We are exposed to significant contingent liabilities, including those related to Impsat and the unprofitable sales contract discussed above under the heading "Customer Bankruptcy Claim" in Footnote 8 to our unaudited condensed consolidated financial statements, that could result in material losses that we have not reserved against and entail significant expense to defend.
- Our real estate restructuring reserve represents a material liability, the calculation of which involves significant estimation.
- Economic and political conditions in Latin America pose numerous risks to our operations.
- Inflation and certain government measures to curb inflation in some Latin American countries may have adverse effects on their economies, our business and our operations.

For a more detailed description of many of these risks and important additional risk factors, see Item 1A, "Business—Cautionary Factors That May Affect Future Results," in our annual report on Form 10-K for the year ended December 31, 2008.

Executive Summary

Overview

We are a global communications service provider, serving many of the world's largest corporations, government entities and many other telecommunications carriers, providing a full range of Internet Protocol ("IP") and managed data and voice products and services. Our network delivers services to more than 690 cities in more than 60 countries and six continents around the world. We operate as an integrated global services provider with operations in North America, Europe, Latin America and a portion of Asia/Pacific region, providing services that support a migration path to a fully converged IP environment. The vast majority of our revenue is generated from monthly services. We report our financial results based on three separate operating segments: (i) Global Crossing (UK) Telecommunications Ltd ("GCUK") and its subsidiaries (collectively, the "GCUK Segment") which provide services to customers primarily based in the UK; (ii) GC Impsat Holdings I Plc ("GC Impsat") and its subsidiaries (collectively, the "GC Impsat Segment") which provide services to customers in Latin America; and (iii) GCL and its other subsidiaries (collectively, the "Rest of World Segment" or "ROW Segment") which represents all our operations outside of the GCUK Segment and the GC Impsat Segment and operates primarily in North America, with smaller operations in Europe, Latin America, and Asia and includes our subsea fiber network.

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First Quarter 2009 Highlights

Revenue from our enterprise, carrier data and indirect sales channel, which is the primary focus of our business strategy, decreased $9 million, or 2%, to $510 million in the first quarter of 2009 compared to $519 million in the same period in 2008. This decrease was primarily due to $62 million of adverse currency movements in the three months ended March 31, 2009 compared with the same period of 2008.

During the three months ended March 31, 2009, we posted a net operating loss of $4 million and had a net decrease in cash and cash equivalents of $54 million. Our cash flows included the following significant items: (i) capital purchases of $38 million; (ii) net payments on capital lease and debt obligations of $18 million; (iii) $50 million cash use due to the change in accounts payable primarily due to a reduction in amounts outstanding with key access vendors and (iv) the receipt of $32 million of cash from the sale of IRUs and prepaid services.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon the accompanying unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the related disclosures at the date of the financial statements and during the reporting period. Although these estimates are based on our knowledge of current events, our actual amounts and results could differ from those estimates. The estimates made are based on historical factors, current circumstances, and the experience and judgment of our management, who continually evaluate the judgments, estimates and assumptions and may employ outside experts to assist in the evaluations.

Certain of our accounting policies are deemed "critical," as they are both most important to the financial statement presentation and require management's most difficult, subjective or complex judgments as a result of the need to make estimates about the effect of matters that are inherently uncertain. For a discussion of our critical accounting policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the year ended December 31, 2008, as management believes that there have been no significant changes regarding our critical accounting policies since such time.

New Accounting Pronouncements

In May 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB No. 14-1"). FSP APB No. 14-1 clarifies the accounting for convertible debt instruments that may be settled in cash upon either mandatory or optional conversion (including partial cash settlement). FSP APB No. 14-1 specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB No. 14-1 must be applied on a retrospective basis and is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. On May 30, 2006, we completed a public offering of $144 million aggregate principal amount of 5% convertible senior notes due 2011 (the "5% Convertible Notes") which are within the scope of FSP APB No. 14-1. Accordingly, our condensed consolidated financial statements as of December 31, 2008 and for the three months ended March 31, 2008 have been adjusted to reflect the retrospective application of FSP APB No. 14-1.

Upon adoption of FSP APB No. 14-1 on January 1, 2009, we reclassified $38 million of the carrying value of the 5% Convertible Notes to additional paid-in capital. In addition, upon adoption the cumulative effect of the retrospective application of FSP APB No. 14-1 on our accumulated deficit was an increase of $17 million related to prior period amortization of the debt discount and associated deferred financing fees.

As of March 31, 2009 the principal amount of the liability component, its unamortized discount and its net carrying value were $144 million, $20 million and $124 million, respectively, while as of December 31, 2008 the principal amount of the liability component, its unamortized discount and its net carrying value was $144 million, $22 million and $122 million, respectively. As of March 31, 2009, the remaining unamortized discount of $20 million will be amortized, using the effective interest rate method, through the maturity of the 5% Convertible Notes on May 15, 2011. As of both March 31, 2009 and December 31, 2008, the carrying amount of the equity component was $38 million. At March 31, 2009 and December 31, 2008, if the 5% Convertible Notes were converted into shares of our common stock at a conversion price of $22.98 per share, approximately 6.3 million shares of our common stock would

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be issued.

For the three months ended March 31, 2009 and 2008, the effective interest rate for the 5% Convertible Notes was 12.75%. For the three months ended March 31, 2009 and 2008, interest expense for the 5% Convertible Notes related to the coupon and the amortization of the debt discount was $4 million ($4 million after-tax) in both periods.

For the three months ended March 31, 2009 and 2008, the effect of the application of FSP APB No. 14-1 was an increase in our net loss applicable to common shareholders of $2 million (or $.04 per share).

See Footnote 2, "Basis of Presentation" to our unaudited condensed consolidated financial statements for a full description of recently issued accounting pronouncements including the date of adoption and effects on our results of operations and financial position, where applicable.

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Unaudited results of operations for the three months ended March 31, 2009 compared to the three months ended March 31, 2008:

Consolidated Results

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008 (as adjusted)	$ Increase/ (Decrease)	% Increase/ (Decrease)
	(in millions)			
Revenue	$ 609	$ 632	(23)	(4%)
Cost of revenue (excluding depreciation and amortization, shown separately below):				
Cost of access	(286)	(299)	(13)	(4%)
Real estate, network and operations	(97)	(108)	(11)	(10%)
Third party maintenance	(24)	(27)	(3)	(11%)
Cost of equipment and other sales	(23)	(23)	—	NM
Total cost of revenue	(430)	(457)		
Gross margin	179	175		
Selling, general and administrative	(104)	(130)	(26)	(20%)
Depreciation and amortization	(79)	(76)	3	4%
Total operating expenses	(613)	(663)		
Operating loss	(4)	(31)		
Other income (expense):				
Interest income	1	4	(3)	(75%)
Interest expense	(36)	(46)	(10)	(22%)
Other income (expense), net	(15)	20	35	NM
Loss before provision for income taxes	(54)	(53)		
Provision for income taxes	(4)	(18)	(14)	(78%)
Net loss	(58)	(71)		
Preferred stock dividends	(1)	(1)	—	NM
Loss applicable to common shareholders	$ (59)	$ (72)		

NM—zero balances and comparisons from positive to negative numbers are not meaningful.

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Discussion of all significant variances:

Revenue.

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008 (as adjusted)	$ Increase/ (Decrease)	% Increase/ (Decrease)
	(in millions)			
Enterprise, carrier data and indirect sales channel	$ 510	$ 519	$ (9)	(2%)
Carrier voice	98	112	(14)	(13%)
Other	1	1	—	NM
Consolidated revenues	$ 609	$ 632	$ (23)	(4%)

Our consolidated revenues are separated into two businesses based on our target markets and sales structure: (i) enterprise, carrier data and indirect sales channel and (ii) carrier voice.

The enterprise, carrier data and indirect sales channel business consists of: (i) the provision of voice, data and collaboration services to all customers other than carriers and consumers; (ii) the provision of data products, including IP, transport and capacity services, to carrier customers; and (iii) the provision of voice, data and managed services to or through business relationships with other carriers, sales agents and system integrators. The carrier voice business consists of the provision of predominantly United States domestic and international long distance voice services to carrier customers.

Our consolidated revenue decreased in the three months ended March 31, 2009 compared with the same period in 2008 primarily due to: (i) adverse foreign currency movements; (ii) attrition of our carrier voice business; and (iii) the winding down of the Camelot network contract in the United Kingdom.

The appreciation of the U.S. dollar against foreign currencies, primarily British Pound Sterling, the Euro and the Brazilian Real, adversely impacted revenue by approximately $63 million. Carrier voice revenue decreased $14 million as we continue to manage the business to achieve specific margin targets. We are in the process of implementing specific carrier voice pricing actions which we expect to lead to higher margins but will likely result in further attrition over time. As a result, we expect carrier voice revenue to decline between 10% and 15% for the rest of 2009. The Camelot network attrition negatively impacted revenue by approximately $12 million for the three months ended March 31, 2009 compared with the same period in 2008.

Despite the reductions noted above, our revenue reflected strong demand for our IP VPN, enterprise voice and collaboration services. Our sales order levels, which are a key indicator of continuing strength in customer demand for our services, remained at healthy levels in the three months ended March 31, 2009. Average monthly estimated gross values for sales orders increased by almost 10% in the three months ended March 31, 2009 compared with the fourth quarter of 2008. This metric is used by management as a leading business indicator offering insight into near term revenue trends. The gross values of these monthly recurring orders are estimated based on new business acquired, and they exclude the effects of attrition, the replacement of existing services with new services, and credits.

See "Segment Results" in this Item 2 for further discussion of results by segment.

Cost of Revenue.

Cost of revenue primarily includes the following: (i) cost of access, including usage-based voice charges paid to local exchange carriers and interexchange carriers to originate and/or terminate switched voice traffic and charges for leased lines for dedicated facilities and local loop ("last mile") charges from both domestic and international carriers; (ii) real estate, network and operations charges which include (a) employee-related costs such as salaries and benefits, incentive compensation and stock-related expenses for employees directly attributable to the operation of our network, (b) real estate expenses for all non-restructured technical sites, and (c) other non-employee related costs incurred to operate our network, such as license and permit fees and professional fees; (iii) third party maintenance costs incurred in connection with maintaining the network; and (iv) cost of equipment sales and other, which includes the software, hardware and equipment sold to our customers.

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Cost of Access.

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008 (as adjusted)	$ Increase/ (Decrease)	% Increase/ (Decrease)
	(in millions)			
Enterprise, carrier data and indirect sales channel	$ 196	$ 203	$ (7)	(3%)
Carrier voice	90	96	(6)	(6%)
Consolidated cost of access	$ 286	$ 299	$ (13)	(4%)

Cost of access decreased in the three months ended March 31, 2009 compared with the same period in 2008. The decrease in our consolidated cost of access was primarily driven by currency movements in the three months ended March 31, 2009 compared with the same period in 2008 which favorably impacted our consolidated cost of access expense by $18 million with favorable currency impacts across all of our segments. In addition, we experienced a marginal decline in our cost of access as a result of the Camelot network attrition and lower carrier voice sales. Apart from the favorable currency impacts and the Camelot network attrition, our cost of access was also reduced by our cost reduction initiatives to optimize access network costs and effectively lower unit prices and due to lower carrier voice sales revenue.

Real Estate, Network and Operations. Real estate, network and operations decreased in the three months ended March 31, 2009 compared with the same period in 2008 primarily due to: (i) $12 million of beneficial foreign currency movements and (ii) $6 million lower employee incentive compensation costs primarily due to accruing annual employee incentive compensation at a lower rate in 2009. These decreases were partially offset by $3 million of higher employee-related costs due to higher average headcount in 2009, salary increases effective July 1, 2008 and severance charges related to workforce management actions in the three months ended March 31, 2009.

Third Party Maintenance. Third party maintenance decreased in the three months ended March 31, 2009 compared with the same period in 2008 primarily due to beneficial foreign currency movements and the renegotiation of certain contracts.

Cost of Equipment Sales. Cost of equipment sales and other was flat in the three months ended March 31, 2009 compared with the same period in 2008 primarily due to higher equipment sales at our GCUK and ROW Segments being offset by a $6 million beneficial effect of foreign currency movements at our GCUK Segment.

Selling, general and administrative expenses ("SG&A"). SG&A consist of: (i) employee-related costs such as salaries and benefits, incentive compensation and stock-related expenses for employees not directly attributable to the operation of our network; (ii) real estate expenses for all non-restructured administrative sites; (iii) bad debt expense; (iv) non-income taxes, including property taxes on owned real estate and trust fund related taxes such as gross receipts taxes, franchise taxes and capital taxes; (v) restructuring costs; and (vi) regulatory costs, insurance, telecommunications costs, professional fees and license and maintenance fees for internal software and hardware.

The decrease in SG&A in three months ended March 31, 2009 compared with the same period in 2008 was primarily due to: (i) $13 million of beneficial foreign currency movements; (ii) $4 million lower professional fees; (iii) $4 million lower employee incentive compensation costs primarily due to accruing annual employee incentive compensation at a lower rate in 2009 and (iv) a $3 million decrease in other expenses primarily due to lower travel, advertising and insurance.

Depreciation and amortization. Depreciation and amortization consists of depreciation of property and equipment, including assets recorded under capital leases, amortization of cost of access installation costs and amortization of identifiable intangibles. Depreciation and amortization increased in the three months ended March 31, 2009 compared with the same period in 2008 primarily due to an increased asset base as a result of fixed asset additions, including assets recorded under capital leases, partially offset by beneficial foreign exchange movements.

Interest income. The decrease in interest income in the three months ended March 31, 2009 compared with the same period in 2008 was the result of lower average cash balances and lower interest rates.

Interest expense. Interest expense includes interest related to indebtedness for money borrowed, capital lease obligations, certain tax liabilities, amortization of deferred finance costs and interest on late payments to vendors. The decrease in interest expense in the three months ended March 31, 2009 compared with the same period in 2008 was primarily a result of: (i) lower interest related to our pound sterling denominated GCUK Notes due to beneficial foreign currency movements; (ii) lower interest on our Senior Secured Term Loans due to lower LIBOR rates and (iii) lower interest related to capital leases and other miscellaneous debt.

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Other income (expense), net. Other expense, net consists of foreign currency impacts on transactions, gains and losses on the sale of assets including property and equipment, marketable securities and other assets and other non-operating items. Other expense, net increased in the three months ended March 31, 2009 compared with the same period in 2008 primarily as a result of recording foreign exchange losses in the three months ended March 31, 2009 compared with foreign exchange gains in the same period of the prior year.

Provision for income taxes. The decrease in the provision for income taxes in the three months ended March 31, 2009 compared with the same period in 2008 is primarily due to the adoption of FAS 141R on January 1, 2009 which changes the accounting for the reversal of valuation allowances associated with pre-emergence and pre-acquisition deferred tax assets. Prior to the adoption, the benefit for the reversal of valuation allowances on pre-emergence and pre-acquisition deferred tax assets were recorded as additional paid in capital and a reduction of goodwill, respectively. Subsequent to adoption these benefits are now recorded as a reduction in the tax provision. During the three months ended March 31, 2008, we recorded $15 million of non-cash taxes related to these benefits.

Segment Results

Our chief operating decision makers ("CODMs") assess performance and allocate resources based on three separate operating segments which we operate and manage as strategic business units: (i) the GCUK Segment; (ii) the GC Impsat Segment; and (iii) the ROW Segment.

The GCUK Segment is a provider of managed network communications services providing a wide range of telecommunications services, including data, IP and voice services to government and other public sector organizations, major corporations and other communications companies in the United Kingdom ("UK"). The GC Impsat Segment is a provider of telecommunication services including IP, voice, data center and information technology services to corporate and government clients in Latin America. The ROW Segment represents all our operations outside the GCUK and GC Impsat Segments and operates primarily in North America, with smaller operations in Europe, Latin America and Asia, serving many of the world's largest corporations and many other telecommunications carriers with a full range of managed telecommunication services, including data, IP and voice products. The services provided by all our segments support a migration path to a fully converged IP environment.

The CODMs measure and evaluate our reportable segments based on operating income (loss) before depreciation and amortization ("OIBDA"). OIBDA, as defined by us, is operating income (loss) before depreciation and amortization. OIBDA differs from operating income (loss), as calculated in accordance with GAAP and reflected on our condensed consolidated financial statements, in that it excludes depreciation and amortization. Such excluded expenses primarily reflect the non-cash impacts of historical capital investments, as opposed to the cash impacts of capital expenditures made in recent periods. In addition, OIBDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for reinvestment, distributions or other discretionary uses.

OIBDA is an important part of our internal reporting and planning processes and a key measure to evaluate profitability and operating performance, make comparisons between periods, and to make resource allocation decisions.

There are material limitations to using non-GAAP financial measures. Our calculation of OIBDA may differ from similarly titled measures used by other companies, and may not be comparable to those other measures. Additionally, OIBDA does not include certain significant items such as depreciation and amortization, interest income, interest expense, income taxes, other non-operating income or expense items, preferred stock dividends, and gains and losses on pre-confirmation contingencies. OIBDA should be considered in addition to, and not as a substitute for, other measures of financial performance reported in accordance with GAAP.

We believe that OIBDA is a relevant indicator of operating performance, especially in a capital-intensive industry such as telecommunications. OIBDA provides us with an indication of the underlying performance of our everyday business operations. It excludes the effect of items associated with our capitalization and tax structures, such as interest income, interest expense and income taxes, and of other items not associated with our everyday operations.

During 2008, we transferred our legacy Brazilian and Chilean operations from the ROW Segment to the GC Impsat Segment. As these transfers were between entities under common control, we have retroactively restated the GC Impsat Segment results to include the results of the Brazilian and Chilean operations and removed the results of

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the Brazilian and Chilean operations from the ROW Segment for all applicable periods presented. We anticipate transferring our legacy Argentine operations from the ROW Segment to the GC Impsat Segment during 2009 in a continuing effort to streamline our operations.

GCUK Segment

Revenue

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	$ Increase/ (Decrease)	% Increase/ (Decrease)
		(in millions)		
GCUK				
Enterprise, carrier data and indirect sales channel	$ 107	$ 150	$ (43)	(29%)
Carrier voice	3	3	—	NM
	$ 110	$ 153	$ (43)	(28%)

Revenue for our GCUK Segment decreased in the three months ended March 31, 2009 compared with the same period of 2008 primarily as a result of currency movements in the three months ended March 31, 2009 compared with the same period of 2008 which adversely affected GCUK Segment revenue by $41 million. In addition, we experienced a $12 million decline in our GCUK Segment revenue as a result of winding down the Camelot network contract. The decrease in our GCUK Segment revenue was moderated by strong demand for IP VPN data products.

Despite current economic conditions, GCUK continues to see strong demand in its IP services and as a result continues to win new business. Many government agencies and enterprises continue to refresh their more traditional technologies and take advantage of converged IP services. However, the telecommunications market in the UK remains highly competitive. One of GCUK's principal customer relationships in the period to December 31, 2008 was with Camelot, the current holder of the license to operate the UK National Lottery. Camelot had deployed a landline-based ISDN network provided by us in relation to the operation of the UK National Lottery. On October 9, 2007, Camelot announced its intention to replace its existing landline-based ISDN network with a broadband satellite communications network to be supplied by another service provider. Camelot has substantially completed the migration of the network. In the first quarter of 2009 revenue from our relationship with Camelot decreased to $1 million compared with $9 million in the fourth quarter of 2008 and $13 million in the first quarter of 2008. Although our relationship with Camelot continues, we do not expect to earn significant revenue from this relationship in the future.

We anticipate that new orders already sold during 2008 and the three months ended March 31, 2009, along with continued strength in customer demand, will offset the impact of the loss of the Camelot network contract in the second half of 2009 and enable growth in GCUK Segment revenues, operating results and cash flows.

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OIBDA

	Three Months Ended March 31, 2009	2008	$ Increase/ (Decrease)	% Increase/ (Decrease)
		(in millions)		
GCUK				
OIBDA	$ 23	$ 35	$ (12)	(34%)

OIBDA in the GCUK Segment decreased in the three months ended March 31, 2009 compared with the same period of 2008 primarily as a result of $12 million of adverse foreign currency movements.

GC Impsat Segment

Revenue

	Three Months Ended March 31, 2009	2008 (as adjusted)	$ Increase/ (Decrease)	% Increase/ (Decrease)
		(in millions)		
GC Impsat				
Enterprise, carrier data and indirect sales channel	$ 111	$ 109	$ 2	2%
Carrier voice	3	2	1	50%
Intersegment revenues	2	1	1	100%
	$ 116	$ 112	$ 4	4%

Revenue for our GC Impsat Segment increased in the three months ended in March 31, 2009 compared to the same period of 2008 primarily due to strong demand for IP VPN data products. The increase in GC Impsat Segment revenue was largely offset by adverse currency movements which reduced GC Impsat Segment revenue by $16 million.

OIBDA

	Three Months Ended March 31, 2009	2008 (as adjusted)	$ Increase/ (Decrease)	% Increase/ (Decrease)
		(in millions)		
GC Impsat				
OIBDA	$ 39	$ 27	$ 12	44%

OIBDA in the GC Impsat Segment increased in the three months ended March 31, 2009 compared with the same period of 2008 primarily as a result of: (i) strong demand for IP VPN data products; (ii) lower access charges resulting from beneficial foreign currency movements, partially offset by increased volume and (iii) lower costs for our real estate, network and operations and SG&A expenses. The lower real estate, network and operations costs and SG&A expenses resulted primarily from lower annual employee incentive compensation and professional fees. Adverse foreign currency movements decreased OIBDA by $5 million in the three months ended March 31, 2009 compared with the same period of 2008.

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ROW Segment

Revenue

	March 31, 2009	March 31, 2008 (as adjusted)	$ Increase/ (Decrease)	% Increase/ (Decrease)
		(in millions)		
ROW				
Enterprise, carrier data and indirect sales channel	$ 292	$ 260	$ 32	12%
Carrier voice	92	107	(15)	(14%)
Other	1	1	—	NM
Intersegment revenues	2	2	—	NM
	$ 387	$ 370	$ 17	5%

Revenue for our ROW Segment increased in the three months ended March 31, 2009 compared with the same period of 2008 primarily as a result of strong demand for our higher margin enterprise voice services, collaboration services and IP VPN data products in our enterprise, carrier data and indirect sales channel. The increase in this ROW Segment revenue was partially offset by adverse currency movements which reduced ROW Segment revenue by $6 million and a decline in carrier voice revenue arising from price declines for our U.S. domestic long distance voice services. Our average pricing related to U.S. domestic long distance voice services declined in the three months ended March 31, 2009 compared with the same period of 2008, while our sales volumes for our U.S. domestic long distance voice services increased in the three months ended March 31, 2009 compared with the same period of 2008. We are in the process of implementing specific carrier voice pricing actions which we expect to lead to higher margins but will likely result in further attrition over time. As a result, we expect carrier voice revenue to decline between 10% and 15% for the rest of 2009.

OIBDA

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008 (as adjusted)	$ Increase/ (Decrease)	% Increase/ (Decrease)
		(in millions)		
ROW				
OIBDA	$ 13	$ (17)	$ 30	176%

OIBDA in our ROW Segment improved in the three months ended March 31, 2009 compared with the same period of 2008 primarily as a result of: (i) $5 million of beneficial foreign currency movements; (ii) increased revenue due to strong demand for our higher margin enterprise voice services, collaboration services and IP VPN data products in our enterprise, carrier data and indirect sales channel and (iii) lower costs for our real estate, network and operations and SG&A expenses. The lower real estate, network and operations costs and SG&A expenses resulted primarily from lower employee-related expenses, professional fees and other costs, including advertising, travel and insurance. The lower employee-related expenses were driven by: (a) lower sales commissions and (b) lower annual employee incentive compensation.

The improvement in ROW Segment OIBDA was partially offset by: (i) higher access charges resulting from increased sales volume and (ii) higher cost of equipment and other sales.

Liquidity and Capital Resources

Financial Condition and State of Liquidity

Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors (such as satisfactory resolution of contingent liabilities) that are beyond our control.

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Based on our current level of operations and anticipated cost management and operating improvements, we believe our expected cash flow from operations, available cash and other sources of available financing will be adequate to meet our future liquidity needs for at least the next twelve months.

There can be no assurance, however, that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot provide assurances that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. Furthermore, we cannot provide any assurances that the ongoing crisis in global capital markets and adverse general economic conditions will not have a material impact on our future operations and cash flows.

We monitor our capital structure on an ongoing basis and from time to time we consider financing and refinancing options to improve our capital structure and to enhance our financial flexibility. Our ability to enter into new financing arrangements is subject to restrictions in our outstanding debt instruments (as described below under "Indebtedness") and to the rights of ST Telemedia under our outstanding preferred shares. At any given time we may pursue a variety of financing opportunities, and our decision to proceed with any financing will depend, among other things, on prevailing market conditions and available terms.

At March 31, 2009, our available liquidity consisted of $306 million of unrestricted cash and cash equivalents. In addition, at March 31, 2009, we also held $16 million in restricted cash and cash equivalents. Our restricted cash and cash equivalents comprise cash collateral for letters of credit issued in favor of certain of our vendors and deposits securing real estate obligations.

During the three months ended March 31, 2009, we posted a net operating loss of $4 million and had a net decrease in cash and cash equivalents of $54 million. Our cash flows included the following significant items: (i) capital purchases of $38 million; (ii) net payments on capital lease and debt obligations of $18 million; (iii) $50 million cash use due to the change in accounts payable primarily due to a reduction in amounts outstanding with key access vendors and (iv) the receipt of $32 million of cash from the sale of IRUs and prepaid services.

In the long term, we expect our operating results and cash flows to continue to improve as a result of the continued growth of our higher margin enterprise, carrier data and indirect sales channel business, including the economies of scale expected to result from such growth, and from ongoing cost reduction initiatives, including initiatives to optimize the access network and effectively lower unit prices. Thus, in the long term we expect to generate positive cash flow from operating activities in an amount sufficient to fund all investing and financing requirements, subject to the possible need to refinance our existing major debt instruments as described below. However, our ability to improve cash flows is subject to the risks and uncertainties described above under "Cautionary Note Regarding Forward-Looking Statements".

In the short-term, we expect cash provided by operating activities to exceed purchases of property and equipment. This expectation is based in part on raising financing for such property and equipment from vendors and others in amounts comparable to those arranged in 2008. Our ability to arrange such financings is subject to negotiating acceptable terms from equipment vendors and financing parties. This could prove more difficult given current adverse conditions in the credit markets.

Our short-term liquidity and more specifically our quarterly liquidity expectations are subject to considerable variability as a result of the timing of interest payments as well as the factors noted below. Therefore, even though certain of our interim periods may have negative cash flows we expect cash provided by operating activities to exceed purchases of property and equipment for the full year 2009.

- Intra-quarter and working capital variability significantly impacts our cash flows such that our intra-quarter cash balances tend to drop to levels significantly lower than that prevailing at the end of a given quarter.
- We rely on the sale of IRUs and prepaid services, which often involve large dollar amounts and are difficult to predict. During the three months ended March 31, 2009, we received $32 cash receipts from the sale of IRUs and prepaid services compared to $31 million in the same period in 2008.

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- The continuing adverse conditions in global credit markets and general economic conditions could cause customer buying patterns with us to change as a result of their cash conservation efforts, which could have an adverse impact on our cash flows. These adverse conditions could also adversely impact our working capital to the extent suppliers seek more timely payment from us or customers pay us on a less timely basis.
- We have exposure to significant currency exchange rate risks. Commencing in 2008, the U.S. Dollar has appreciated considerably against certain foreign currencies in which we conduct a significant portion of our business, including the British Pound Sterling, the Euro and Brazilian Real. Since we tend to incur costs in the same currency in which we earn revenue, the impact on operating cash flows was largely mitigated. However, if the U.S. Dollar continues to appreciate, future revenues, operating income and operating cash flows will be materially affected to an extent we have not contemplated. In addition, the appreciation of the U.S. Dollar relative to foreign currencies reduces the U.S. Dollar value of cash balances held in those currencies. For the three months ended March 31, 2009, our unrestricted cash and cash equivalent balances were reduced by $2 million due to the impact of exchange rates on unrestricted cash and cash equivalents held in currencies other than the U.S. Dollar.
- Our liquidity may also be adversely affected if we settle or are found liable in respect of contingent legal, tax and other liabilities, and the amount and timing of the resolution of these contingencies remain uncertain.

The vast majority of our long-term debt matures after 2010. However, we have approximately $79 million related to various debt agreements that is due and payable in the next twelve months. With regard to our major debt instruments, (i) the $144 million original principal amount of our 5% Convertible Notes matures in 2011 (subject to earlier conversion into GCL common stock at the conversion price of approximately $22.98 per share); (ii) $332 million of our Term Loan Agreement is due at final maturity in 2012; (iii) the $411 million original principal amount of the GCUK Notes matures in 2014; and (iv) the $225 million original principal amount of the GC Impsat Notes matures in 2017. We also have approximately $9 million of bonds issued by GC Impsat's Colombian subsidiary which mature in December 2010. If cash on hand at the time any of these debt instruments mature is insufficient to satisfy these and our other debt repayment obligations, we would need to access the capital markets to meet our liquidity requirements. Such access would depend on market conditions and our credit profile at the time. The ongoing crisis in global capital markets could make it more difficult for us to obtain debt financing.

As a holding company, all of our revenue is generated by our subsidiaries and substantially all of our assets are owned by our subsidiaries. As a result, we are dependent upon intercompany transfers of funds from our subsidiaries to meet our debt service and other payment obligations. Our subsidiaries are incorporated and operate in various jurisdictions throughout the world and are subject to legal and contractual restrictions affecting their ability to make intercompany funds transfers. Such legal restrictions include prohibitions on paying dividends in excess of retained earnings (or similar concepts under applicable law), which prohibition applies to most of our subsidiaries given their history of operating losses, as well as foreign exchange controls on the conversion and expatriation of funds that are particularly prevalent in Latin America. Contractual restrictions on intercompany funds transfers include limitations in our major debt instruments on the ability of our subsidiaries to make dividend and other payments on equity securities, as well as limitations on our subsidiaries' ability to make intercompany loans or to upstream funds in any other manner. These contractual restrictions arise under our major debt instruments, each of which is generally limited in application to one of our segments (e.g., the restrictions in the Term Loan Agreement apply to the ROW Segment, the restrictions in the GCUK Notes indenture apply to the GCUK Segment, and the restrictions in the GC Impsat Notes indenture apply to the GC Impsat Segment). Thus, these contractual restrictions generally do not restrict intercompany funds transfers within a given segment, but rather significantly restrict intercompany funds transfers from one segment to another. Each such debt instrument includes exceptions which allow a limited amount of intercompany loans to entities in other segments, subject to certain restrictions.

At March 31, 2009, unrestricted cash and cash equivalents were $47 million, $91 million, and $168 million at our GCUK, GC Impsat and ROW Segments, respectively. Although operational constraints require us to maintain significant minimum cash balances in each of our segments, we believe that our GCUK and GC Impsat Segments' existing unrestricted cash balances are sufficient for their operating and investing activities for the foreseeable future, except that our GCUK Segment expects to borrow up to $15 million from the GC Impsat Segment during the second quarter of 2009 to ensure cash balances remain at prudent levels upon completion of the annual Excess Cash tender offer for the GCUK Notes. We believe that this and likely future inter-segment funds transfers to the ROW Segment in amounts permitted by our debt instruments will be sufficient to enable each segment to comply with its debt covenants and to reach the point of sustained recurring positive cash flow from operating and investing activities. Most of our assets other than the assets of our GC Impsat Segment have been pledged to secure our indebtedness, and the GC Impsat Notes indenture contains an "equal and ratable" provision which generally requires GC Impsat to provide the holders of the GC Impsat Notes with an equal and ratable lien if GC Impsat pledges its assets to secure other indebtedness. A failure to comply with the covenants contained in any of our loan instruments could result in an event of default, which, if not cured or waived, could result in an acceleration of all such debts, which would adversely affect our rights under certain commercial agreements and have a material adverse effect on our business, results of operations, financial condition and liquidity. If the indebtedness under any of our loan instruments were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full. In such event, we would have to raise funds from alternative sources, which may not be available on favorable terms, on a timely basis or at all. Moreover, a default by any of our subsidiaries under a capital lease obligation or debt obligation totaling more than $2.5 million, as well as the bankruptcy or insolvency of any of our subsidiaries, could trigger cross-default provisions under certain debt instruments.

Indebtedness

At March 31, 2009, we had $1.282 billion of indebtedness outstanding (including short term debt, the current portion of long term debt and capital lease obligations), consisting of $424 million of GCUK Notes, $124 million of 5% Convertible Notes, $225 million of GC Impsat Notes, $343 million under the Term Loan Agreement, $134 million of capital lease obligations and $32 million of other debt.

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness," of our 2008 annual report on Form 10-K, for a description of the GCUK Notes, 5% Convertible Notes, GC Impsat Notes and Term Loan Agreement.

Financing Activities

During the three months ended March 31, 2009, the Company entered into various capital leasing arrangements that amounted to $5 million. These agreements have terms that range from 36 to 48 months and implicit interest rates that range from 3.4% to 20.2%, with a weighted average effective interest rate of 13.4%.

During the three months ended March 31, 2009, the Company also entered into debt agreements and received approximately $3 million of cash proceeds. These agreements have terms that range from 6 to 12 months, $2 million of which have variable interest rate based on spread over Colombian Fixed Term Deposit Rate and $1 million based on spread over the Brazilian Inter-bank Lending Rate.

GCUK Notes Tender Offer

As required by the indenture governing the senior secured notes due 2014 (the "GCUK Notes"), within 120 days after the end of each twelve month period ending December 31, GCUK must offer (the "Annual Repurchase Offer") to purchase a portion of the GCUK Notes at a purchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to the purchase date, with 50% of "Designated GCUK Cash Flow" from that period. "Designated GCUK Cash Flow" means GCUK's consolidated net income plus non-cash charges minus capital expenditures, calculated in accordance with the terms of the indenture governing the GCUK Notes. With respect to the 2008 Annual Repurchase Offer, we have made an offer in April 2009 to purchase approximately $11 million.

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Cash Management Impacts

Condensed Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008 (as adjusted)	$ Increase/ (Decrease)
	(in millions)		
Net cash flows provided by operating activities	$ 6	$ 25	$ (19)
Net cash flows used in investing activities	(36)	(49)	13
Net cash flows used in financing activities	(22)	(12)	(10)
Effect of exchange rate changes on cash and cash equivalents	(2)	1	(3)
Net decrease in cash and cash equivalents	$ (54)	$ (35)	$ (19)

Cash Flows from Operating Activities

Cash flows provided by operating activities decreased in the three months ended March 31, 2009 compared with the same period in 2008 primarily due to a reduction in accounts payable due to an increase in payments to key access vendors, partially offset by improved collection on accounts receivable. During the three months ended March 31, 2009 we received $32 million of cash receipts from the sale of IRUs and prepaid services compared with $31 million in the same period of 2008.

Cash Flows from Investing Activities

Cash flows used in investing activities decreased in the three months ended March 31, 2009 compared with 2008 primarily as a result of: (i) $7 million change in restricted cash and cash equivalents primarily as a result of establishing $3 of the debt service account for the Colombia Bonds and releasing it in 2008 and the net release of $2 million cash restricted under various credit agreements in 2009; and (ii) $6 million decrease in capital purchases.

Cash Flows from Financing Activities

Cash flows used in financing activities decreased in the three months ended March 31, 2009 compared with 2008 primarily as a result of: (i) $5 million less net cash inflow from financings, including capital lease obligations, after repayment of debt obligations; and (ii) $4 million paid for employee taxes on certain share-based compensation in 2009.

Contractual Cash Commitments

During the three months ended March 31, 2009, we entered into an amendment to extend our lease for office space increasing our net obligation by $11 million over the next 11 years and entered into a maintenance and service agreement that requires payment of $19 million over the next five years.

Credit Risk

We are subject to concentrations of credit risk in our trade receivables. Although our receivables are geographically dispersed and include customers both large and small and in numerous industries, our receivables from our carrier sales channels are generated from sales of services to other carriers in the telecommunications industry. As of March 31, 2009 and December 31, 2008, our receivables related to our carrier sales channels represented approximately 43% and 46%, respectively, of our consolidated receivables. Also as of March 31, 2009 and December 31, 2008, our receivables due from various agencies of the U.K. Government together represented approximately 7% and 6%, respectively, of our consolidated receivables.

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Currency Risk

Certain of our current and prospective customers derive their revenue in currencies other than U.S. dollars but are invoiced by us in U.S. dollars. The obligations of customers with revenue in foreign currencies may be subject to unpredictable and indeterminate increases in the event that such currencies depreciate in value relative to the U.S. dollar. Furthermore, such customers may become subject to exchange control regulations restricting the conversion of their revenue currencies into U.S. dollars. In either event, the affected customers may not be able to pay us in U.S. dollars. In addition, where we issue invoices for our services in currencies other than U.S. dollars, our operating results may suffer due to currency translations in the event that such currencies depreciate relative to the U.S. dollar and we cannot or do not elect to enter into currency hedging arrangements in respect of those payment obligations. Declines in the value of foreign currencies relative to the U.S. dollar could adversely affect our ability to market our services to customers whose revenue is denominated in those currencies.

Certain Latin American economies have experienced shortages in foreign currency reserves and have adopted restrictions on the ability to expatriate local earnings and convert local currencies into U.S. dollars. Any such shortages or restrictions may limit or impede our ability to transfer or to convert such currencies into U.S. dollars and to expatriate such funds for the purpose of making timely payments of interest and principal on our indebtedness. These restrictions have a significantly greater impact on us and on our ability to service our debt as a result of the Impsat acquisition. In addition, currency devaluations in one country may have adverse effects in another country. For example, in 2001 and 2002, Argentina imposed exchange controls and transfer restrictions substantially limiting the ability of companies to make payments abroad. While these restrictions have been substantially eased, Argentina may tighten exchange controls or transfer restrictions in the future to prevent capital flight, counter a significant depreciation of the peso or address other unforeseen circumstances.

In Venezuela, the official bolivares -U.S. dollar exchange rate established by the Venezuelan Central Bank and the Venezuelan Ministry of Finance attributes to the bolivar a value that is significantly greater than the value prevailing on the parallel market. The official rate is the rate used for recording the assets, liabilities and transactions for our Venezuelan subsidiary. Moreover, the conversion of bolivares into foreign currencies is limited by the current exchange control regime. Accordingly, the acquisition of foreign currency by Venezuelan companies to honor foreign debt, pay dividends or otherwise expatriate capital is subject to registration and subject to a process of application and approval by the Comisión de Administración de Divisas and to the availability of foreign currency within the guidelines set forth by the National Executive Power for the allocation of foreign currency. Such approvals have become less forthcoming over time, resulting in a significant buildup of excess cash in our Venezuelan subsidiary and a significant increase in our exchange rate and exchange control risks. As of March 31, 2009, approximately $39 million (valued at the fixed exchange rate) of our cash and cash equivalents were held in Venezuelan bolivars.

Commencing in September 2008, the U.S. Dollar has appreciated considerably against certain foreign currencies in which we conduct a significant portion of our business, including the British Pound Sterling, the Euro and the Brazilian Real. This appreciation adversely impacted our first quarter of 2009 consolidated revenue. Since we tend to incur costs in the same currency in which we realize revenue, the impact on operating income and operating cash flows was largely mitigated. However, if the U.S. Dollar trades at the levels in effect at the end of first quarter of 2009 or continues to appreciate, future revenues, operating income and operating cash flows will be materially affected to an extent we have not contemplated. In addition, the appreciation of the U.S. Dollar relative to foreign currencies reduces the U.S. Dollar value of cash balances held in those currencies.

Off-Balance Sheet Arrangements

As of March 31, 2009 we did not have any off-balance sheet arrangements outstanding.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

See Item 7A in the Company's 2008 annual report on Form 10-K for information regarding quantitative and qualitative disclosures about market risk. No material change regarding this information has occurred since that filing.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rule 13(a) -15(e)) are controls and other procedures that are designed to ensure that information required to be disclosed by a public company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a public company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Disclosure controls and procedures include many aspects of internal control over financial reporting (as defined later in this Item 4).

In connection with the preparation of this quarterly report on Form 10-Q, management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, pursuant to Rule 13a-15 under the Exchange Act. Based upon management's evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2009.

Additional Information Regarding Impsat

In October 2006, two Impsat employees were indicted by the Paraguayan Prosecutor's Office in connection with an investigation relating to the contracting and bidding process at CONATEL, a public entity in Paraguay, which contracted with joint-venture entities in 2000 and 2001 in which Impsat was a participant. In conjunction with an agreement with the Prosecutor, the indictments against the Impsat employees were conditionally dismissed in November 2007 for a one year term. In a decision dated February 3, 2009, the conditional suspension of criminal charges was finalized and all criminal charges against the individual employees have now been dismissed.

Since the May 9, 2007 acquisition, we have been engaged in the process of integrating the Impsat business into our consolidated operations. As part of this process, management is conducting a review of the controls and procedures intended to ensure compliance with applicable laws in the United States and certain foreign countries in which Impsat operates, including the U.S. Foreign Corrupt Practices Act ("FCPA"). As part of this effort, we became aware of certain issues with respect to Impsat's use of third-party agents, including the existence of two other government investigations (described below) related to Impsat, that were not known to us at the time of the May 9, 2007 acquisition.

- In February 2003, as part of an investigation into contract procurement procedures at the Argentine Border Patrol (Gendarmería Nacional), an Argentine government agency with which Impsat had a longstanding contractual relationship, the Argentine Anti-Corruption Office (Oficina Anticorrupción) filed a complaint that resulted in the criminal indictment of four Impsat employees. The charges against all defendants were dismissed for lack of sufficient evidence in August 2007, and the dismissal became final and unappealable in September 2007.
- The Colombian National Attorney General (*Procuraduría General de la Nación* ("NAG")) published a decision in November 2007 (the "NAG Decision") finding (as part of broader allegations unrelated to Impsat) that funds originated with Impsat had been used by a contractor retained by Impsat to bribe an official within Colombia's homeland security agency (*Departamento Administrativo de Seguridad* ("DAS")). Impsat retained the contractor in question in 2003 and paid him approximately $44,000 in 2004; we have not been able to determine whether any of these funds went to DAS officials. The NAG Decision included a referral of the report and its findings to the criminal prosecutor, and the referral included specific reference to Impsat. One DAS official has been criminally convicted in connection with a related investigation, and criminal proceedings are pending against two other individuals (including a former senior official at DAS).

After learning of these investigations, we conducted an internal review of certain agent relationships and government contracts and potential unauthorized payments in Latin American countries, and have engaged outside counsel and accounting advisors to assist in the review. The review is now substantially complete. Additionally, in connection with a post-acquisition deployment of Global Crossing's ethics policy that included employee certifications of compliance, we were informed by two Impsat employees that, in 2005 and 2006, Impsat made payments of approximately $19,000 to a government official to allow performance of construction work notwithstanding the fact that required permits were not obtained.

The facts developed in our review show that: first, although Impsat had policies in place prior to our May 9, 2007 acquisition relating to FCPA compliance and contracting with third-party agents, those policies were not implemented; second, Impsat's documentation relating to third-party agents and certain government contracts was not sufficient; and third, the corporate environment at Impsat did not reflect a sufficient focus by senior management on the promotion of, and compliance by the Company with, these policies.

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Since the May 9, 2007 acquisition of Impsat, to enhance Global Crossing's internal controls relating to the FCPA and other laws applicable to our business in Latin America and as part of a remediation plan adopted in connection with our internal review described above, management has implemented the following changes:

- We have revised the Company's Ethics Policy and adopted a new Anti-Corruption Policy consolidating in one place our existing policies relating to the FCPA and similar laws, and emphasizing the Company's commitment to anti-corruption compliance; and we extended both policies to all former Impsat employees who are employees of the Company and have provided additional training in respect of these policies to all Company employees;
- We have appointed a Corporate Ethics Officer who is responsible for implementation of, and the establishment of procedures for compliance with, our Ethics Policy, our Anti-Corruption Policy and our remedial measures; the Corporate Ethics Officer is a member of senior management reporting to the CEO, and will regularly update the Audit Committee of the Board of Directors on his activities;
- We have established an Ethics Oversight Team, comprised of members of senior management, to advise and support the Corporate Ethics Officer;
- We have requested all employees, including all former Impsat employees who now work for the Company to review and certify compliance with the Company's ethics and anti-corruption policies;
- We hired an experienced director of external reporting and technical accounting within Impsat;
- We have established and staffed and are training a legal department and an internal audit department within Impsat separate from its other operational support groups;
- We have adopted and are implementing new policies and procedures for our Latin American operations covering the retention of third-party agents in connection with government contracts, which are intended to enhance FCPA compliance substantially and to ensure that any employees involved in any of the Company's relationships with these third-party agents, as well as the agents themselves, understand and agree to abide by the Company's commitment to FCPA compliance; and
- We have taken remedial action concerning certain employees, and continue to monitor the effectiveness and implementation of our remediation plan and related policies, procedures and controls, and will take additional action in this regard as warranted.

Changes in Internal Control over Financial Reporting

On May 9, 2007, we acquired Impsat. We are currently in the process of incorporating Impsat's internal controls into our control structure and migrating overlapping processes and systems to legacy Global Crossing processes and systems. We consider the ongoing integration of Impsat a material change in our internal control over financial reporting.

Except for the item noted above, there were no other material changes in our internal control over financial reporting during the first quarter of 2009.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 8, "Contingencies", to the accompanying unaudited condensed consolidated financial statements for a discussion of certain legal proceedings affecting the Company.

Item 1A. Risk Factors

There have been no material changes in the most significant factors that make an investment in the Company speculative or risky from those set forth in Item 1A., "Risk Factors", to the Company's annual report on Form 10-K for the year ended December 31, 2008.

Item 6. Exhibits

Exhibits filed as part of this report are listed below.

31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf on May 5, 2009 by the undersigned thereunto duly authorized.

GLOBAL CROSSING LIMITED

By: /s/ JOHN A. KRITZMACHER
John A. Kritzmacher
Chief Financial Officer
(Principal Financial Officer)

By: /s/ ROBERT A. KLUG
Robert A. Klug
Chief Accounting Officer
(Principal Accounting Officer)