

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 1, 2009

IN 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 TELEMAGEMENT, INC. FOR
AUTHORITY TO PROVIDE SECURITY IN
CONNECTION WITH FINANCING**

**DOCKET NO.
09-00105**

ORDER APPROVING FINANCING TRANSACTIONS

This matter came before Chairman Sara Kyle, Director Eddie Roberson and Director Kenneth C. Hill of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on September 21, 2009 for consideration of the *Petition* filed on July 17, 2009 by Global Crossing Telecommunications, Inc., Budget Call Long Distance, Inc., Global Crossing North American Networks, Inc., Global Crossing Local Services, Inc., and Global Crossing Telemagement, Inc. (collectively, the “Companies” or “Petitioners”) for authority to provide their guarantee, serve as borrowers or co-borrowers, or to otherwise provide security in connection with financing of up to one billion dollars. The financing transaction is 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”).

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 is in turn a direct wholly-owned subsidiary of Parent, an exempt limited liability company organized under the laws of Bermuda (the Companies, Holdings, Parent, and GCNA, collectively “Global Crossing”).

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. Parent has subsidiaries authorized to provide telecommunications services in all fifty states and the District of Columbia. In Tennessee, the Companies are authorized to provide intrastate telecommunications services.¹ The Companies are also authorized by the 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 PROPOSED FINANCING TRANSACTIONS

The *Petition* states that the funding providers may be banks, financial institutions, private lending institutions, private individuals, and/or other institutions, either individually or a consortium. The funding group may change over the life of the Financing. Portions of the

¹ See Docket U-84-7325, issued on September 25, 1985; ID 00112247, Case 95-02731, issued on August 2, 1995; ID 00113293, Case 95-02845, issued on August 23, 1995; Docket No. 99-11120, issued on November 18, 1999, and Docket No. 97-07531, issued on April 21, 1998.

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. At present, it is expected that the initial purchase will be for senior secured notes in an amount of 650 million dollars.

The maturity date will be subject to negotiation and will depend on credit conditions. All maturity dates will be longer than one year. It is expected that the senior secured notes issued initially will mature in 2015 and will bear interest at a fixed rate. 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 security for the financing transaction, the *Petition* states that some and perhaps all of the loans to Borrower(s) are expected to be secured by a security interest in specific 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. Petitioners state that Tennessee assets will be pledged as collateral for any debt issued.² All of the assets in Tennessee are pledged, including accounts receivable, network equipment, leasehold improvements, network electronics, cross-connects, data equipment, collocation equipment, customer premises equipment, tools, operations support system software, computer hardware, office furniture and equipment and vehicles.³

² *Data Response*, August 26, 2009.

³ *Id.*

The *Petition* states that the proposed financing transaction will not result in a change of control of the Companies or their affiliates' management. The *Petition* also notes that approval of the financing transaction is not expected directly to affect in any way the rates and services of the Companies or their affiliates.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann. § 65-4-109 (2004) provides

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

At a regularly scheduled Authority Conference held on September 21, 2009, the panel voted unanimously to approve the *Petition* and made the following findings:

1. The proposed financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The proposed financing transaction is being made in accordance with laws enforceable by this agency.
3. The proposed financing transaction is in the public interest because it will enhance the ability of the Petitioners to grow and compete in the highly competitive markets for telecommunications services in Tennessee and nationwide.

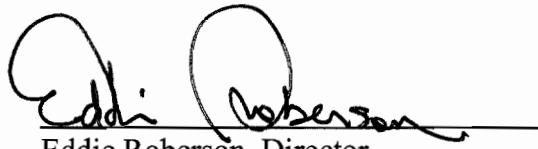
IT IS THEREFORE ORDERED THAT:

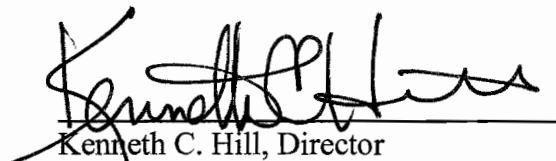
1. Global Crossing Telecommunications, Inc., Budget Call Long Distance, Inc., Global Crossing North American Networks, Inc., Global Crossing Local Services, Inc., and Global Crossing Telemanagement, Inc. are authorized to enter into the financing transactions described in the *Petition*.

2. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risks involved.

3. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.


Sara Kyle, Chairman


Eddie Roberson, Director


Kenneth C. Hill, Director