

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

ORIGINAL

WASHINGTON OFFICE
3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202) 424-7500
FACSIMILE (202) 424-7647

NEW YORK OFFICE
919 THIRD AVENUE
NEW YORK, NY 10022-9998
TELEPHONE (212) 758-9500
FACSIMILE (212) 758-9526

May 4, 1999

VIA OVERNIGHT DELIVERY

Ms. Blanca S. Bayo
Director, Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

990555-TP

Re: Letter Application of Global Crossing Ltd. and Frontier Corporation for Approval of the Transfer of Control of Frontier Corporation to Global Crossing Ltd.

Dear Ms. Bayo:

Global Crossing Ltd. ("Global Crossing") and Frontier Corporation ("Frontier") (together, the "Applicants"), by their undersigned counsel and pursuant to F.S.A. § 364.33, hereby request approval from the Florida Public Service Commission ("Commission") of the transfer of control of Frontier's Florida operating subsidiaries to Global Crossing. This transaction is the result of the execution on March 16, 1999, of an Agreement and Plan of Merger (the "Merger Agreement") by Global Crossing and Frontier, pursuant to which Global Crossing will acquire control of Frontier and its Florida operating companies.

Description of the Companies

Global Crossing is building and operating a global fiber optic network for data, voice, video, and Internet transmissions. Global Crossing is a new entrant into the global telecommunications industry that, in less than three years, has opened the submarine cable industry by building, as a standalone enterprise, competitive private submarine cables that offer global connectivity to international carriers and Internet service providers ("ISPs"). When completed, Global Crossing's communications network will span four continents, will address 80 percent of the world's international traffic, and will connect approximately 100 of the world's leading cities.

Through various operating subsidiaries, Frontier is authorized to offer incumbent local exchange ("ILEC") services in Rochester and other markets in New York, as well as through 33

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local telephone companies in 12 other states, including Florida,^{1/} which together serve more than one million local access lines. Frontier's subsidiaries also are authorized to offer intrastate interexchange telecommunications ("IXC") services in 50 states, including intrastate services within Florida.^{2/} The Frontier IXC subsidiaries also are authorized by the FCC to offer domestic interstate and international services nationwide, and provide fully unified voice and data communications services to business and carrier customers throughout the U.S. Frontier subsidiaries are also qualified as competitive local exchange carriers ("CLECs") in 29 states, including Florida,^{3/} together serving markets in which nearly 70 percent of the U.S. business population is located.

Description of the Transaction

On March 16, 1999, Global Crossing and Frontier entered into the Merger Agreement whereby Global Crossing intends to acquire control of Frontier and, indirectly, its communications operating subsidiaries. To effect the transaction, Global Crossing will create a new acquisition subsidiary, GCF Acquisition Corp., organized under the laws of the State of New York. GCF Acquisition will merge into and with Frontier. As the surviving corporation, Frontier will become a wholly-owned, direct subsidiary of Global Crossing. Alternatively, if the Applicants choose, the technical form of the transaction may change to one in which Global Crossing and Frontier would become sister companies under a single, newly created Delaware holding corporation. The transaction structure in either case does not involve an assignment of the certificates of authority held by Frontier's Florida operating subsidiaries. Frontier's subsidiaries will retain the same corporate relationships with Frontier as they have prior to the merger, and will therefore become indirect subsidiaries of Global Crossing or the newly created holding corporation. Moreover, in each case, the same shareholders will own the combined companies. Accordingly, neither transaction structure would change the nature of Applicants' request for Commission approval to transfer control of Frontier's Florida operating companies, and this Application therefore request such approval based on either of the two possible structures. Applicants will promptly notify the Commission when the definitive transaction structure is adopted. For the Commission's reference, organization charts illustrating the current corporate structure of both companies, and the effect of both potential

^{1/} The following Frontier subsidiary is authorized to offer incumbent local exchange services in Florida: Frontier Communications of the South, Inc.

^{2/} The following Frontier subsidiaries are authorized to offer intrastate interexchange services in Florida: Allnet Communications Services d/b/a Frontier Communications Services, Inc.; Budget Call Long Distance, Inc.; Frontier Communications of the West, Inc.; and Frontier Communications International, Inc.

^{3/} The following Frontier subsidiaries are authorized to offer competitive local exchange services in Florida: Frontier Local Services, Inc. and Frontier Telemanagement, Inc.

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transaction structures on the Frontier Florida operating subsidiaries and their parent companies, is attached as Exhibit A.

The Agreement provides for Global Crossing to acquire Frontier and exchange shares of Global Crossing stock for all of the outstanding shares of Frontier on a tax-free basis. The actual number of shares of Global Crossing stock to be exchanged for each share of Frontier common stock will be determined by dividing \$62.00 by a volume weighted average of trading prices for Global Crossing stock for a pricing period prior to the closing, as long as Global Crossing shares trade within a range of \$34.56 to \$56.78 (the "collar") during the pricing period. Outside the collar, Frontier shareholders will receive a fixed number of Global Crossing shares, 1.0919 shares at the top end of the collar and 1.7939 shares at the bottom of the collar.

Global Crossing has the technical, managerial, and financial qualifications to acquire control of Frontier. As the world's first independent provider of a state-of-the-art global fiber optic network for data, voice, video, and Internet transmissions, Global Crossing has strong technical qualifications, including a highly qualified management team with extensive experience in the telecommunications industry. Global Crossing is also financially qualified. In 1998, Global Crossing had revenues of approximately \$424 million and a contractual backlog of approximately \$634 million at year end. Indeed, by year end 1998, Global Crossing had entered into agreements with 33 international telecommunications carriers, including AT&T, MCI WorldCom, Inc., Qwest Communications International, Inc., and Level 3 Communications, Inc., to purchase capacity on Global Crossing's network for total contract sales of more than a billion dollars.

Public Interest Considerations

Global Crossing and Frontier are among the most entrepreneurial, competitive, innovative, and growth-oriented companies in the telecommunications industry. Frontier is a well-established telecommunications firm that has transformed itself in recent years from a Rochester, NY-based ILEC, into a major player across the country in many sectors of the domestic telecommunications industry, including the IXC, CLEC, and Internet services markets. Global Crossing is a new entrant into the global telecommunications industry that, in less than three years, has radically changed the international fiber optic cable industry by building, as a standalone enterprise, competitive private submarine and terrestrial fiber optic cable systems that offer global connectivity to international carriers and Internet service providers ("ISPs") of all sizes on innovative terms and conditions.

Neither company currently competes in the geographic market sectors served by the other and, with the possible exception of the already highly competitive long distance market, neither is a likely potential entrant into the other's geographic markets. Rather, each company's physical, technical, and human resources complement those of the other. The two companies in combination will thereby enhance the range of telecommunications services and choices available to their customers far more rapidly than either company could do independently. Moreover, the proposed

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transaction will combine Global Crossing's expertise in creating a global telecommunications network with Frontier's extensive experience in managing and operating long distance and local telephone networks to create an entrepreneurial firm with the personnel and technical resources, the expertise, and the capital needed to maintain the high quality and cost-effectiveness of Frontier's telecommunications services provided in Florida.

The proposed merger will cause no adverse impact upon Frontier's local exchange operations or customers. There will be no change in corporate structure other than the addition of Global Crossing (or alternatively, a Delaware holding company owned by the current Global Crossing and Frontier shareholders) as an ultimate parent corporation, holding all the stock of Frontier. Because Frontier stock will be converted into Global Crossing stock (or the stock of such Delaware holding company), all shareholders of Frontier at the time of the merger will continue to have stock in the combined entity as of the closing date and for as long as they choose to hold it. In addition, Frontier is strongly committed to provide its services at a high quality level. Global Crossing has confirmed that it will not take any action that would erode the trend of improved service quality in the Frontier local operations in Florida.

Global Crossing and Frontier do not expect the merger to reduce costs or the employee base in Frontier's ILEC operations.^{4/} The two firms' markets, networks and employees are complementary, not overlapping. Frontier's markets and networks are domestic, while Global Crossing's are international. Global Crossing has no local operations, and Frontier has only minimal international investment. However, Frontier's employees are particularly skilled in marketing and providing local, long distance, data and Internet services, while Global Crossing's employees are specialized in the construction and operation of international fiber optic networks. The Applicants do not expect to make any significant reductions in either firm's employee base. To the contrary, the Applicants expect the combined entity to grow at a rapid pace. The Applicants believe that the expanded business opportunities of the combined company will enable it to expand its overall presence in Florida.

Frontier's continuing participation in areas of emerging technology (both regulated and unregulated) have helped it make better choices for investment in both local and non-local facilities. Its expanded presence has, over time, helped Frontier to anticipate technology changes, build for an evolving marketplace, and avoid unproductive investment. Such activity assures that customers will

^{4/} The potential synergies from the transaction arise primarily from the ability of the combined firm to offer global services more quickly, to improve its integrated (local, long distance and international) service offerings, and to avoid future costs. For example, Frontier will not need to build or lease an international fiber network, and Global Crossing will not need to build or lease a United States network or to create a marketing and sales force to enter the United States.

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not shoulder unnecessary costs or rate increases. The combination with Global Crossing promises to continue this trend of prudent investment.

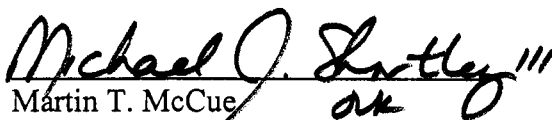
Global Crossing and Frontier have made a number of additional commitments to ensure that there will be no negative impact on local services. First, the existing incumbent Florida local exchange management team will remain in place. Second, to minimize customer confusion, the incumbent Florida local exchange companies will retain the Frontier name. Finally, the combined entity will maintain its investment in the network and work force in Florida at levels that are required to provide good service quality to customers, both business and residential. These commitments will ensure that Frontier's Florida local exchange customers will experience no adverse changes of any significance from the merger.

Conclusion

For the reasons stated herein, Applicants respectfully request that the Commission approve the proposed transfer of control of Frontier's Florida operating subsidiaries to Global Crossing.

Please date-stamp the enclosed extra copy of this letter and return it in the self-addressed, stamped envelope provided herein. Should you have any questions or comments regarding this transaction, do not hesitate to contact the undersigned.

Respectfully submitted,



Martin T. McCue
Michael J. Shortley, III
FRONTIER CORPORATION
180 South Clinton Avenue
Rochester, NY 14646
(716) 777-1028 (Tel)
(716) 546-7823 (Fax)



Jean L. Kiddoo
Kathy L. Cooper
SWIDLER BERLIN SHEREFF
FRIEDMAN, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
(202) 424-7834 (Tel)
(202) 424-7645 (Fax)

COUNSEL FOR THE APPLICANTS

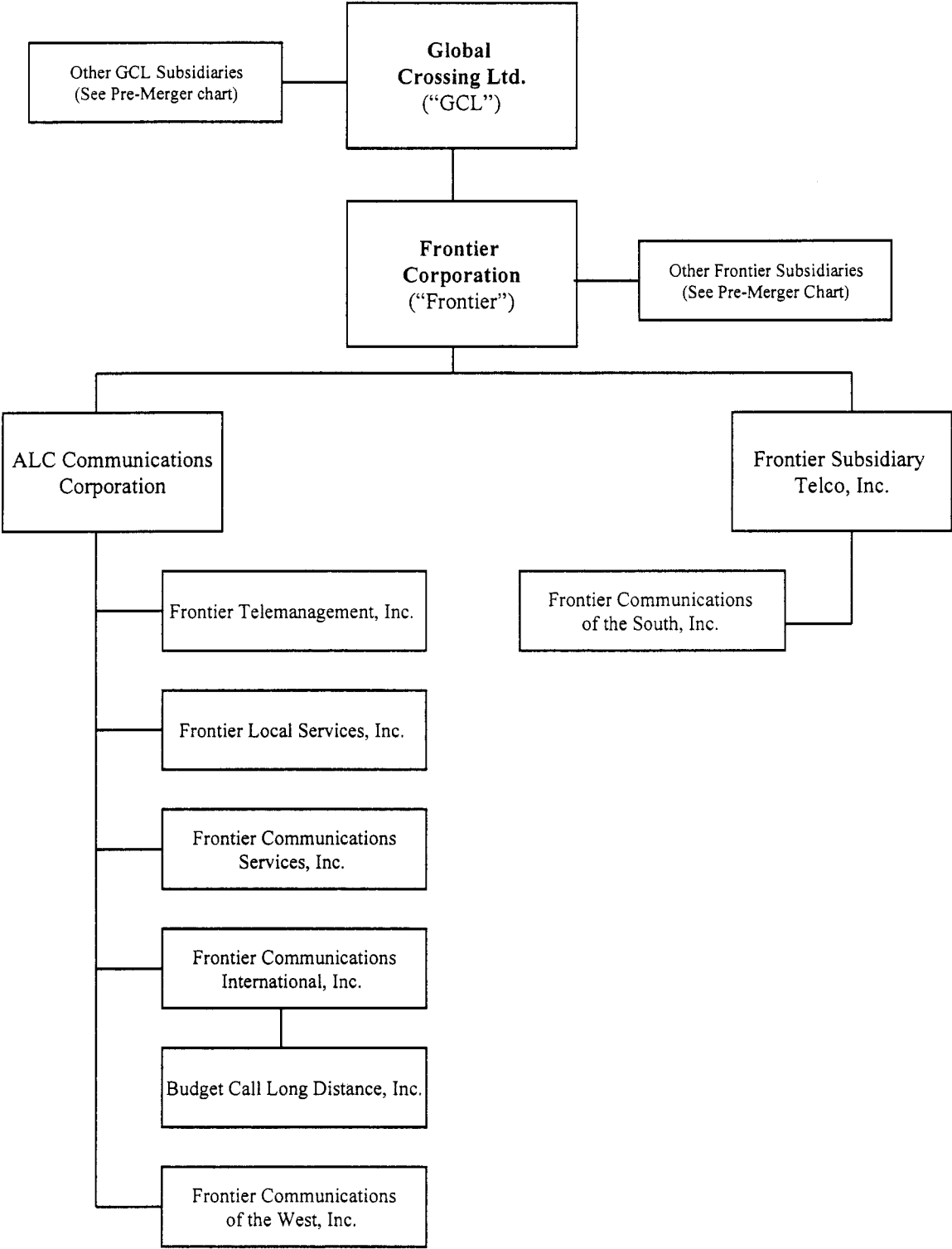
cc: Mr. Tommy Williams (FL PSC)
Sherri L. Cook, Esq. (Global Crossing)

EXHIBIT A

ORGANIZATIONAL CHARTS

Global Crossing - Frontier: Post Merger

Florida



Global Crossing - Frontier: Post Merger Florida (Alternative Structure)

