



# Global Crossing 2000 Annual Report



### To Our Shareholders:

Our operating results from 2000 reflect that Global Crossing's transformation is well underway. No longer just a bandwidth supplier, Global Crossing now leverages its network asset – the world's most expansive, integrated, private, fiber-optic infrastructure – to provide a formidable portfolio of advanced data communication services. Our goal is to become the premier provider of managed broadband services to global enterprises.

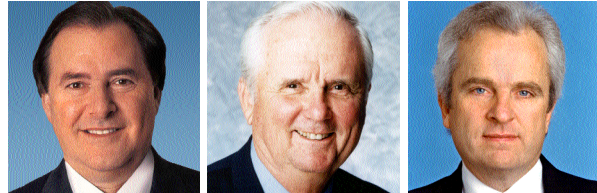
### Services and Solutions

Since our founding, we have pioneered a new approach to fulfilling the communications needs of global customers. We now provide the network services that sustain today's global enterprises as we rapidly complete the first seamless, global, fiber-optic network. Entire industries depend on Global Crossing.

We are concentrating on specific business communities that place a particularly high value on our network and services: multi-national corporations, financial markets, national governments, next-generation service providers, media and entertainment companies, and carriers. These groups demand the bandwidth, scale, and global reach that our network provides.

To sharpen our focus, we have eliminated some non-core activities. In July 2000, we entered into an agreement to sell our incumbent local exchange carrier (ILEC) division to Citizens Communications. We have streamlined our services portfolio from thirty-six services to eight core service families. The integration of IXnet and IPC, acquired in June 2000 to serve the financial market sector, exemplifies our focus on specific industry solutions.

We have forged partnerships to gain access to markets where capital requirements or regulations would otherwise hinder us. For example, our partnership with Exodus Communications allows us to offer sophisticated services like web hosting while sidestepping the challenges and capital requirements web hosting companies typically face. With Exodus, we bring end-to-end managed hosting and distribution solutions to large global enterprises.



Gary Winnick

Lod Cook

Tom Casey

Similarly, our \$300 million strategic partnership with SWIFT, announced in February 2001, solidifies Global Crossing's position as one of the leading providers of managed network services to the worldwide financial community. SWIFT is an industry-owned cooperative supplying secure messaging services and interface software to over 7,000 financial institutions in 192 countries. SWIFT carried 1.2 billion messages in 2000, and the average daily value of payment messages on SWIFT is estimated to be above \$5 trillion. Global Crossing and SWIFT will work together to advance industry initiatives to improve business processes and bring greater efficiency to the world's financial markets.

Our publicly traded subsidiary, Asia Global Crossing (NASDAQ: AGCX), was also created through partnership, and is building one of the first truly pan-Asian networks that will provide the region with seamless access to business centers worldwide.

These relationships highlight an important aspect of our ongoing transformation: we are building not one global network, but two. While building our integrated physical network, we are also putting a powerful business network in place. By partnering on many levels – from sales channels to co-marketing to product development – we are making our physical infrastructure even more valuable.

By focusing on the largest markets and partnering to create more value with our network, we are transforming not only Global Crossing, but the way global industries operate.

## Network Progress

We continue to build our worldwide fiber-optic network on time and within budget. Eighty-five thousand miles of our planned one-hundred-thousand mile network are now in service. This backbone will connect over 200 major metropolitan cities in 27 countries.

The Global Crossing network expanded dramatically in 2000. East Asia Crossing landed in Hong Kong and connected the Hutchison Global Crossing terrestrial network – the most extensive fiber-optic network in Hong Kong – to the rest of Global Crossing's network via Japan.

We completed the PAC network along the southern rim of North America and the initial phases of our South American network, thereby connecting the three largest telecom markets in Latin America – Mexico, Brazil, and Argentina – to the rest of the world.

In Europe, we completed our second Atlantic Crossing and integrated the Eastern, Southern, Irish, and Scandinavian Rings into our Pan European Crossing terrestrial network.

Our metro rings are the final link in our network infrastructure. We connected local access rings to our network in 19 world cities in 2000 and plan to connect 21 more in 2001. This local connectivity reduces provisioning time and transmission costs, and provides better control over service. Once Global Crossing fiber is in the building and major global enterprises are on-net, we can sell additional services through these efficient high-capacity connections.

## Financial Highlights

Our financial performance has been strong. For continuing operations, we reported revenue of \$3.8 billion in 2000 compared to \$1.5 billion in 1999. We also reported Cash Revenue<sup>1</sup> of \$5.2 billion and Recurring Adjusted EBITDA<sup>2</sup> of \$1.5 billion in 2000, up from \$1.6 billion and \$626 million, respectively, in 1999.

Results for continuing operations exclude Global Crossing's ILEC business, which we have agreed to sell to Citizens Communications for an estimated \$3.5 billion in cash, and GlobalCenter, whose sale to Exodus Communications was completed in January 2001 for 108.2 million shares of Exodus common stock.

### *Telecommunications Services Segment – Pro Forma Results*

During 2000, the telecommunications services segment, which is comprised of our commercial, consumer, and carrier businesses for bandwidth, data, voice, audio/video/data conferencing, and other value-added services, experienced Cash Revenue growth of 36% over 1999 results. Cash Revenue from data products grew 68% over 1999 results and now accounts for 57% of tele-communications services Cash Revenue, up from 47% in 1999. Recurring Adjusted EBITDA for telecommunications services for 2000 was \$1.4 billion compared to \$862 million in 1999, an increase of 58%.

### *Installation and Maintenance Segment – Pro Forma Results*

The installation and maintenance business segment, consisting of our Global Marine subsidiary, reported Cash Revenue of \$460 million for 2000, an increase of approximately 36% over 1999. Revenue increased as vessels from maintenance projects were deployed to installation projects that provide larger revenue streams. Recurring Adjusted EBITDA for installation and maintenance services for 2000 was \$102 million compared to \$85 million in 1999, an increase of 20%.

<sup>1</sup> Cash revenue refers to GAAP revenue plus the cash portion of the change in deferred revenue.

<sup>2</sup> Recurring Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (Recurring Adjusted EBITDA) is calculated as operating loss plus depreciation and amortization, which includes non-cash cost of capacity sold, stock related expenses, the cash portion of the change in deferred revenue, merger related expenses, and certain non-recurring items. This definition is consistent with financial covenants contained in the Company's major financial agreements. The Company's management uses Recurring Adjusted EBITDA to monitor compliance with its financial covenants and to measure the performance and liquidity of its reportable segments. This information should not be considered as an alternative to any measure of performance as promulgated under GAAP. The Company's calculation of Recurring Adjusted EBITDA may be different from the calculation used by other companies and, therefore, comparability may be limited.

*Strong Liquidity Position*

During 2000, Global Crossing and its subsidiaries arranged approximately \$5 billion in financing, including proceeds from Asia Global Crossing's initial public offering (IPO) on October 12, 2000. Net proceeds from the IPO were approximately \$455 million, including amounts received upon the exercise of the underwriters' over-allotment option. Concurrently with the IPO, Asia Global Crossing issued senior notes for net proceeds of \$400 million.

Upon completion of our \$1 billion offering of senior notes in January 2001, we had over \$3 billion of cash and available bank facilities. Combined with the expected proceeds from the sale of our ILEC business and our expected operating cash flow, Global Crossing is in a strong liquidity position.

*New York Stock Exchange*

On November 6, 2000, less than four years since our inception, Global Crossing became one of the youngest companies to have its stock traded on the New York Stock Exchange (NYSE: GX).

**Unique Status**

Global Crossing occupies a unique position as the first telecom company to independently finance the construction of a seamless, global, fiber-optic network. We offer services over this state-of-the-art network to global enterprises that demand global connectivity. Quite simply, we know how big business does business.

Last year, we outlined these principles of operation to keep our mission clear:

- All investments and activities are designed to return value to shareholders, customers, and employees.
- The Global Crossing network must always be globally seamless, scalable, reliable, and cost effective.
- Customers drive product, application, and service direction.
- Our highly skilled, passionate, and innovative employees function with speed as an integrated community, and they are empowered to fulfill the Global Crossing promise.

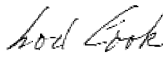
We do not take these commitments lightly. We believe that we have created one of the first companies that will lead the digital global economy in the 21<sup>st</sup> century.

Thank you for the continuing support you have given to us.



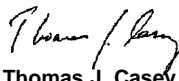
**Gary Winnick**

Founder and Chairman of the Board



**Lodwick Cook**

Co-Chairman of the Board



**Thomas J. Casey**

Chief Executive Officer and Vice Chairman of the Board

### **Global Reach. Global Scale. Global Crossing.**

Global Crossing is the first truly global broadband telecom operator. In just four years, Global Crossing has progressed from a pure bandwidth provider to a diversified services company deploying our extensive integrated fiber-optic platform on behalf of some of the largest corporations in the world.

We are used to being first. First to independently build a seamless, global, optical network infrastructure. First in reach and bandwidth. First to offer vital network services to organizations with worldwide presence over that infrastructure.

Dependence on data and adoption of worldwide Internet standards are driving a global convergence of delivery systems for information, communication, transactions, and entertainment.

Connecting world cities advances our mission to deliver total network solutions on a global scale to bandwidth-hungry multinational corporations, the financial services sector, governments, the media and entertainment industry, next-generation service providers, and carriers.

### **Global Network Operator**

With enough lit fiber to wrap the earth four times over, Global Crossing links the world's largest business centers. Our equipment resides in many of our customers' premises, allowing us to connect their desktops to our fiber-optic backbone - overcoming last-mile bottlenecks, enabling cutting-edge applications, and delivering the highest possible quality of service.

Fast and reliable, Global Crossing connects multi-national corporations to each other, to world markets, and to the information they need all the time, all over the world. We enable entire global industries and far-flung multinational enterprises with unprecedented worldwide reach, scale, and expertise.

### **Backbone of the Global Economy**

Corporate enterprises account for 70% to 80% of all global data revenues and are the sweet spot of the telecommunica-

tions world. Intranets, extranets, e-commerce, Voice over Internet Protocol, and other services all accelerate demand for secure global data services.

Today, over 2,000 top financial firms trust Global Crossing for network services. Our infrastructure makes Wall Street 100,000 miles longer.

The community of institutions, individuals, transaction providers, and content providers conducting business over our powerful financial services industry extranet grows everyday.

### **Communications Provider to the Public Sector**

As e-government becomes a reality, international agencies and large government departments need innovative global technology strategies that guarantee security and scalability.

Two hundred forty British embassies, consulates, high commissions, and diplomatic missions worldwide are in the process of linking through a virtual private network created by Global Crossing.

Global Crossing teams with top technology partners to provide managed, end-to-end solutions in the highly selective field of global government services. Our alliance with Computer Sciences Corporation will provide public and private sector clients the ability to develop sophisticated infrastructure and content solutions.

### **Network Provider to the World Wide Web**

There are now more Internet users outside than inside the United States. These international Internet users demand more speed, more content, more capacity – and no more borders. As the volume of data on the Internet ramps up dramatically, Global Crossing stands ready to provide a single, seamless fiber-optic infrastructure that is global in scope. We can leverage our network to capture the next-generation carrier (ISP, ASP, and xSP) market.

We are the primary provider of network services to our partner Exodus, the leader in complex Internet hosting for enterprises with mission-critical operations on the World Wide Web. The companies that depend on Exodus now also rely on the scale, scope, and global reach of the Global Crossing network. Global Crossing customers now have access to end-to-end, fully managed hosting and distribution services.

### **Platform for World Media and Entertainment**

Global Crossing was first to demonstrate uncompressed transmission of HDTV and SDTV across the Pacific via a fiber-optic network. Telecommunications, computing, entertainment, and consumer electronics are quickly converging in a digital world with Internet protocol as its standard.

In the global entertainment industry, content creators produce massive files while entertainment websites and portals generate streams of video and animation.

Global Crossing is designing a media and entertainment extranet to facilitate the creation, collaboration, and distribution of media-rich content worldwide. Global Crossing's extranet will feature applications that enable the industry to create, distribute, manage, and store digital content – and accelerate entertainment.

Similar to the thousands of institutions using our financial services extranet, large media and entertainment companies including film studios, television and cable broadcasters, advertising agencies, and publishers will be able to “plug into” a secure, global infrastructure, tailored to their needs.

### **A More Efficient Way to Buy and Sell Bandwidth**

With the implementation of a specialized bandwidth markets team, Global Crossing will help global enterprises actively manage bandwidth supply, demand, and price. We are uniquely positioned to establish leadership in bandwidth markets because of our exceptional global bandwidth inventory and our knowledge of financial markets and systems.

Global Crossing will set the industry standard for more efficient transactions among even the largest buyers and sellers of bandwidth – wholesale and commercial. We will offer carriers and corporations alike the ability to buy and sell capacity quickly and economically, while mitigating the financial risks, operational risks, and traditional lack of flexibility inherent in managing bandwidth infrastructure.

### **Carrier's Carrier to the World**

Petabits of data stream around the world's largest telecommunications systems. These national and international service providers recognize the reliability of Global Crossing's network infrastructure. Carrier services increase our network traffic, enhance accessibility to national markets, introduce us to growing regional economies, and provide enormous revenue.

Our fiber serves markets representing 80% of the world's telecommunications traffic. Experts manage control rooms, billing systems, and customer relations in over 200 locations worldwide. One network operations center sees it all.

AT&T, WorldCom, Deutsche Telekom, and Telecom Italia – a virtual who's who of today's top telecom carriers – all chose Global Crossing to carry their traffic. We continue to increase market share in this sector.

We have facilities around the world, partnerships with the best technology and service companies, and industry specialists who deliver solutions on the world's first seamless, global, optical network infrastructure.

The significance of our seamless, global, optical network infrastructure cannot be overstated. The Global Crossing network is the delivery mechanism for an impressive array of high capacity services that connect the world – and will change it forever.

## GLOBAL CROSSING SERVICES

### IP VPN

Global Crossing Internet protocol virtual private network (IP VPN) service offers a common network architecture for customers to communicate with internal users, external clients, and global partners. Our IP VPN data services offer exceptional quality of service, traffic management, security, access flexibility, and a user-friendly customer interface.

### Metro Services

Global Crossing metro services are on-net access circuits, local private lines, and dedicated customer local networks delivered via intra-city Synchronous Optical Network (SONET) or Synchronous Digital Hierarchy (SDH) rings.

### Broadband Services

Global Crossing provides point-to-point broadband capacity services reaching over 200 cities in 27 countries on our worldwide fiber network. These services include global private line service, Indefeasible Right of Use (IRU) capacity, and wavelength service.

### Dedicated Internet Access

Global Crossing dedicated Internet access service offers customers a high quality, reliable, direct connection to the Internet on a worldwide basis.

### ATM and Frame Relay

Global Crossing asynchronous transfer mode (ATM) and frame relay services provide customers a shared wide area network based on packet technology. Global Crossing offers a robust service, including an extensive range of ports, permanent virtual circuits (PVCs), and bandwidth options as well as multiple classes of service (CoS).

### Hosting Services

Global Crossing hosting services is a premium offering, provided in conjunction with our partner Exodus Communications. It combines data center infrastructure and management with full access to our global network services.

### Conferencing

Global Crossing offers audio, video, and web-based conferencing services, including on-demand audio conferencing, a reserved high touch audio service, a web-based meeting service, and reservation-based video conferencing.

### Voice Services

Global Crossing offers outbound voice services, toll free services, call center applications, and voice virtual private networks that provide international on-net connectivity and a global private numbering plan to enable abbreviated dialing.

## A FEW GLOBAL CUSTOMER PROFILES


**SWIFT Headquarters  
La Hulpe, Belgium**

SWIFT, the industry-owned cooperative, once had 500 contracts with more than 100 telecom companies to connect over 7,000 financial services customers. Now they rely on one company, Global Crossing, to securely and reliably manage their entire network.


**New York Stock Exchange Floor  
New York City, United States**

Traders at the New York Stock Exchange place orders from around the world. Global Crossing brings together financial services companies on an industry-based extranet, by providing secure broadband access to the trading systems of New York Stock Exchange member firms.


**COMSAT Argentina Network Operations Center  
Buenos Aires, Argentina**

COMSAT Argentina, a Lockheed Martin Company, provides telecommunications and IT products and services throughout Argentina. COMSAT purchased bandwidth on Global Crossing's subsea fiber-optic infrastructure. Lockheed Martin Global Telecommunications has major points of presence in North and South America, Europe, and Asia.


**Foreign and Commonwealth Office  
London, United Kingdom**

International agencies and large government departments value the security and scalability that the Global Crossing network provides. As part of a contract with the United Kingdom's Foreign and Commonwealth Office, Global Crossing will soon link 240 British embassies, consulates, high commissions, and diplomatic missions worldwide through a virtual private network.


**Hutchison Global Crossing Network Operation Center  
Hong Kong, China**

Hutchison Global Crossing is a 50/50 joint venture between Hutchison Whampoa Limited and Asia Global Crossing. This partnership combines Hutchison Telecom's fiber-optic telecommunications network and Internet-related assets in Hong Kong with Asia Global Crossing's fiber-optic broadband cable capacity.


**VDI Serial Content Distribution Duplication Room  
Hollywood, United States**

Employees of VDI Multimedia in Hollywood digitally duplicate and transmit content from studios to their customers. Global Crossing is creating an advanced communications platform designed to optimize the latest applications for film production, television broadcast, and digital asset management in the media and entertainment industry.


**Merrill Lynch International Trading Floor  
New York City, United States**

An investment bank and strategic advisor to corporations, governments, institutions, and individuals, Merrill Lynch uses Global Crossing to connect its offices in 44 countries to their customers and to each other.


**Exodus Customer Service Response Center  
Santa Clara, United States**

A next-generation service provider, Exodus offers complex Internet hosting for enterprises with mission-critical Internet operations. Global Crossing is the primary provider of network services to our partner Exodus.


**Computer Sciences Corporation Data Center  
Maidstone, United Kingdom**

Global Crossing and Computer Sciences Corporation (CSC) announced a multilevel strategic alliance in January 2001. The agreement leverages the complementary assets of Global Crossing's state-of-the-art worldwide fiber-optic network with the full range of CSC's leading information technology services offerings.


**JP Morgan Chase Regional Trading Center  
Singapore**

Using turrets from IPC, a Global Crossing subsidiary, with Global Crossing's financial extranet, JP Morgan Chase traders execute transactions seamlessly and universally with counterparts in major financial centers. This extranet permits financial institutions to manage data and voice services worldwide while linking traders, information systems, subsidiaries, and retail clients.

## Report of Independent Public Accountants

### To Global Crossing Ltd.:

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheets of Global Crossing Ltd. (a Bermuda company) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity, cash flows, and comprehensive loss for each of the three years in the period ended December 31, 2000, included in the Global Crossing Ltd. 2000 Form 10-K. In our report dated February 14, 2001, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2000 and 1999, and the related condensed statements of consolidated operations and cash flows for each of the three years in the period ended December 31, 2000, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.



**Arthur Anderson**  
Hamilton, Bermuda  
February 14, 2001

For the complete text of the company's Annual Report on Form 10-K for the year ended December 31, 2000, as filed with the U.S. Securities and Exchange Commission, please visit this website: <http://www.sec.gov>

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in millions)	December 31,	
	2000	1999
Assets:		
Current assets	\$ 3,182	\$ 2,701
Restricted cash and cash equivalents	—	138
Property and equipment, net	10,030	4,941
Goodwill and intangibles, net	11,481	6,444
Investments in and advances to/from affiliates, net	607	318
Other assets	916	707
Net assets of discontinued operations	3,969	3,968
<b>Total Assets</b>	<b>\$ 30,185</b>	<b>\$ 19,217</b>
Liabilities and Shareholders' Equity:		
Current liabilities	\$ 4,667	\$ 1,678
Long-term debt	6,271	4,900
Deferred revenue	1,700	382
Other deferred liabilities	1,740	642
Minority interest	949	351
Mandatorily redeemable and cumulative convertible preferred stock	3,158	2,085
Shareholders' equity	11,700	9,179
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 30,185</b>	<b>\$ 19,217</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Dollars in millions)	Year Ended December 31,		
	2000	1999	1998
Net loss	\$ (1,667)	\$ (111)	\$ (88)
Adjustments to reconcile net loss to net cash provided by operating activities	1,673	576	475
Changes in operating assets and liabilities	905	267	(38)
Cash provided by (used in):			
Operating activities	911	732	349
Investing activities	(4,427)	(4,043)	(991)
Financing activities	3,686	4,060	1,447
Cash (used in) provided by discontinued operations	(323)	74	—
Net (decrease) increase in cash and cash equivalents	(153)	823	805
Cash and cash equivalents, beginning of year	1,630	807	2
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,477</b>	<b>\$ 1,630</b>	<b>\$ 807</b>

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except share and per share information)	Year Ended December 31,		
	2000	1999	1998
Revenues	\$ 3,789	\$ 1,491	\$ 424
Operating expenses:			
Cost of access and maintenance	1,862	396	13
Other operating expenses	1,942	648	150
Depreciation and amortization	1,381	451	141
Termination of advisory services agreement	—	—	140
	5,185	1,495	444
Operating loss	(1,396)	(4)	(20)
Other (expense) income, net	(57)	119	(15)
(Loss) income from continuing operations before provision for income taxes	(1,453)	115	(35)
Benefit (provision) for income taxes	145	(108)	(33)
(Loss) income from continuing operations	(1,308)	7	(68)
Loss from discontinued operations, net	(308)	(59)	—
Loss before extraordinary item and cumulative effect of changes in accounting principles	(1,616)	(52)	(68)
Extraordinary loss on retirement of debt	(42)	(45)	(20)
Cumulative effect of changes in accounting principles, net	(9)	(14)	—
Net loss	(1,667)	(111)	(88)
Preferred stock dividends	(221)	(67)	(13)
Charge for conversion and redemption of preferred stock	(92)	—	(34)
Loss applicable to common shareholders	\$ (1,980)	\$ (178)	\$ (135)
Loss per common share, basic and diluted:			
Loss from continuing operations applicable to common shareholders	\$ (1.92)	\$ (0.12)	\$ (0.32)
Loss from discontinued operations, net	\$ (0.36)	\$ (0.12)	\$ —
Extraordinary loss on retirement of debt and cumulative effect of changes in accounting principles, net	\$ (0.07)	\$ (0.11)	\$ (0.06)
Loss applicable to common shareholders	\$ (2.35)	\$ (0.35)	\$ (0.38)
Shares used in computing basic and diluted loss per share	844,153,231	502,400,851	358,735,34

## UNAUDITED CONSOLIDATED OTHER DATA

(Dollars in millions)	Year Ended December 31,		
	2000	1999	1998
Cash Revenue (from continuing operations) <sup>1</sup>	\$ 5,160	\$ 1,611	\$ 488
Recurring Adjusted EBITDA (from continuing operations) <sup>2</sup>	\$ 1,469	\$ 626	\$ 364
Cash portion of the change in deferred revenue	\$ 1,371	\$ 120	\$ 64

<sup>1</sup> Cash revenue refers to GAAP revenue plus the cash portion of the change in deferred revenue.

<sup>2</sup> Recurring Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (Recurring Adjusted EBITDA) is calculated as operating loss plus depreciation and amortization, which includes non-cash cost of capacity sold, stock related expenses, the cash portion of the change in deferred revenue, merger related expenses, and certain non-recurring items. This definition is consistent with financial covenants contained in the Company's major financial agreements. The Company's management uses Recurring Adjusted EBITDA to monitor compliance with its financial covenants and to measure the performance and liquidity of its reportable segments. This information should not be considered as an alternative to any measure of performance as promulgated under GAAP. The Company's calculation of Recurring Adjusted EBITDA may be different from the calculation used by other companies and, therefore, comparability may be limited.