

The History of Teleglobe

Teleglobe traces its origins to the formation in 1950 of the Canadian Overseas Telecommunications Corporation (COTC), a Crown Corporation owned by the Government of Canada. The new company operated as the exclusive provider of telecommunications services to and from Canada, initially relying on VHF radio facilities to provide international telegraph and telephone service.

During the company's first twenty years, the COTC significantly advanced Canada's international communications capabilities. In 1956, COTC, along with counterparts in the US and UK, built and launched TAT-1, the world's first multi-purpose coaxial submarine cable. The 36 circuit TAT-1 cable dramatically improved the quality and availability of international telephone services, which had previously been subject to the cooperative atmospheric conditions required by international radio circuits.

During the 1960's, the COTC greatly expanded Canadian telephone connectivity. With the deployment of new undersea cables, higher quality international telephone and telex communications became a reality for Canadians. These early cable systems included:

- CANTAT-1 linking Canada with the United Kingdom;
- ICECAN linking Canada with Iceland and Greenland;
- COMPAC linking Canada, Australia and New Zealand; and,
- SEACOM linking Canada with countries of the Pacific Rim.

During this time, COTC was also a participant in the research efforts and launch of "Early Bird," the world's first international commercial communications satellite. An earth station was built at Mill Village, Nova Scotia to operate satellite services between Canada and Europe. The success of international satellite communications led to the formation of the International Telecommunications Satellite Organization (INTELSAT). COTC was designated the Canadian Signatory to this international treaty organization.

Throughout the 1970's, COTC continued developing its service capabilities. In 1970, the company introduced a computerized telex exchange at the Montreal Gateway that permitted subscriber-to-subscriber dialing across the international telex network. In 1971, it inaugurated an international switching and transmission center in Toronto. In 1976, the COTC introduced international direct dialing for Canadians calling the United Kingdom, West Germany, Hong Kong, Australia, New Zealand and the Philippines.

In keeping with the technological advances and computerization of companies that began in earnest in the 1970's, COTC began providing international data transmission services that included several firsts, such as:

- The world's first private leased circuit between Canada Life Assurance Company's offices in Toronto and London;
- The first Canadian digital satellite transmission of newspapers; including, the Paris daily, Le Figaro and Corriere della Sera of Milan; and,
- The inauguration of Globefax, Canada's first overseas public facsimile service.

During its first 25 years, the COTC evolved into a leader in international telecommunications, successfully deploying and managing state-of-the-art telecommunications technologies and partnerships around the world. To more aptly describe its global reach and outlook, in 1975, COTC was renamed Teleglobe Canada.

During the 1980's, Teleglobe Canada's communications business continued to grow. During this time, the company was among the first international telecommunications companies to begin using digital multiplexing technology to improve the efficiency of scarce bandwidth resource. In response to the growing demand for international telephone services, the company opened a second international switching center in Toronto. As demand for international data services grew, Teleglobe moved from providing occasional data transmission services to providing data products, which included:

- Globedat, a new public data service, which extended the national X.25 data service internationally;
- Intelpost, a satellite-based document transmission service between Toronto and London;
- Globesat, a private data service via satellite; and,
- International teleconferencing services.

International service capability was greatly enhanced in the 1980's with the deployment of ANZCAN, connecting Canada to Australia and New Zealand, via the first fiber-optic transAtlantic cables, TAT-8 and TAT-9, and later fiber-optic transPacific cable TPC-4. Teleglobe also constructed the first transAtlantic fiber-optic cable landing point in Canada at Pennant Point, Nova Scotia.

In 1982, Teleglobe was designated the Canadian Signatory to Inmarsat, the first mobile satellite services provider, enabling Teleglobe to expand its communication services to the maritime and aeronautical industries. Also, in 1982, Teleglobe enhanced its reputation as an innovative leader in providing worldwide broadcast services via satellite with the first live television broadcast from Nepal, which covered the Canadian Mount Everest Expedition from a 17,000 feet elevation outside Katmandu. The company's increasing leadership in distributing international television services was further demonstrated when it broadcast the 1988 Calgary Winter Olympic games via the world's largest portable earth station.

In 1987, the Government of Canada privatized Teleglobe Canada, which became a subsidiary of publicly-held Memotec Data, Inc, a manufacturer of telecommunications equipment. At this time, Teleglobe Canada Inc. was given a five-year exclusive license to operate international facilities in Canada under the regulatory governance of the Canadian Radio-television and Telecommunications Commission (CRTC). Shortly after the privatization, Bell Canada purchased a significant minority stake in Memotec Data, Inc.

The 1990's saw greater globalization, deregulation and technological advancements. The resulting economic expansion, coupled with the advent of the Internet produced many opportunities, and challenges, for global providers. During this decade, Teleglobe Canada Inc. experienced many changes.

In 1991, Memotec Data, Inc. changed its name to Teleglobe Inc. In 1992, Teleglobe shareholders, envisioning greater international opportunities for the company that owned one of the world's largest global networks, appointed a new management team, under which Teleglobe sought to expand beyond its Canadian operations and move into foreign markets, opening offices in New York, Frankfurt, Hong Kong and London.

Part of this entrepreneurial attitude led to Teleglobe's 1994 decision to construct CANTAT-3, a fiber-optic cable linking the U.S., Canada and Europe, which was the most advanced system of its time. As a major owner and sole promoter of this cable, Teleglobe was well positioned to capture significant market share on the busy transAtlantic route.

To capitalize on this capability, acquire new sources of traffic and diversify geographically, in 1994 the company created Teleglobe USA Inc., a wholly-owned subsidiary of Teleglobe Inc, for the purpose of establishing a U.S.-based international carrier operation located in the Northern Virginia suburbs of Washington, DC. In 1996, Teleglobe USA Inc. opened its international switching center in New York and was the first foreign-owned carrier to acquire full facilities-based access to the U.S. market. Teleglobe USA Inc. now had regulatory authorization to carry U.S.-Europe traffic to Canada, via CANUS-1, which was constructed for the strategic purpose of routing U.S. traffic to CANTAT-3.

In 1997, the World Trade Organization (WTO) agreements established guidelines for opening the international telecom industry to competition. In keeping with the WTO agreement, the Canadian government committed to end Teleglobe Canada's exclusive mandate for international Canadian traffic effective October 1, 1998.

During the 1997-1998 timeframe, many Teleglobe Inc. subsidiaries were established and awarded operating licenses from regulatory authorities in countries, including; Germany, Australia, Denmark, El Salvador, France, Hong Kong, Italy, Japan, the Netherlands and Spain.

In June 1997, Teleglobe Inc. listed its stock on the New York Stock Exchange, in addition to its listings on the Montreal and Toronto stock exchanges.

During the period of 1995-1998, Teleglobe Inc. expanded the depth and breadth of its business through various acquisition and investment activities. The company invested in new fiber-optic cable systems, including China-US and Canada-US; introduced consumer calling services; invested in ORBCOMM, a low earth orbit satellite system; created Teleglobe Media Enterprises; launched international Internet and ATM services; and, incorporated up2 technologies inc. to develop Teleglobe's web hosting and e-commerce business. Teleglobe Inc. also merged with Excel Communications, a US-based long distance company.

By 1999, Teleglobe Inc. owned capacity on nearly every sub-sea fiber-optic cable system and was selling capacity primarily on a wholesale basis. Meanwhile, the market was demanding more end-to-end services and competition was increasing from new companies with a lower-cost structure providing wholesale bandwidth services. In response to these changing market conditions, Teleglobe developed the plan for GlobeSystemsm, a multi-billion dollar, five-year investment in a globally integrated Internet, voice and data network, which would enable the company to move from providing wholesale carrier services to providing end-to-end services to a broader customer base.

In February 2000, Bell Canada Enterprises (BCE), which already held a 23% share of Teleglobe Inc. through Bell Canada, announced its intentions to purchase all remaining outstanding shares of Teleglobe stock. The transaction closed on November 1, 2000, at which time BCE assumed management control of Teleglobe Inc.

BCE acquired Teleglobe Inc. to implement its vision of providing content, commerce and connectivity to the international arena. In addition to bringing its global broadband and IP network, Teleglobe possessed a global customer base and 50 years of international business experience. This strategic acquisition established the BCE family as a global player and an attractive global partner while providing the basis for Teleglobe's continued international expansion.

In May 2002, Teleglobe initiated a restructuring of its international telecommunications business to withdraw from unprofitable lines of business and to focus on providing international wholesale voice, data/IP and mobile roaming services to large carriers, ISPs, and mobile operators. The company improved internal processes, reduced operating costs and significantly improved its financial stability.

September 19, 2002, Teleglobe entered into a purchase agreement with a company owned by Cerberus Capital Management L.P. and TenX Capital Partners LLC of New York and Philadelphia, respectively.

June 2, 2003, the purchase of the core voice, data, internet and mobile roaming business of Teleglobe Inc. by Teleglobe International Holdings Ltd. has been completed, having received all necessary legal and regulatory approvals. Teleglobe is today a strong profitable Company.

Today, Teleglobe owns and operates one of the most extensive global network in the world, providing global reach to over 240 countries and territories with advanced data capabilities. Teleglobe maintains 275 direct links and 215 bilateral relations, ownership in over 100 subsea and terrestrial cable systems and is one of the largest providers of the satellite capacity connecting to the Internet.

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