

Categories of Services for 214 Applications
(Streamline/Non-streamline)

- ASSIGNMENT OF LICENSE
- GLOBAL FACILITIES-BASED SERVICE
- GLOBAL FACILITIES-BASED/GLOBAL RESALE SERVICE
- GLOBAL RESALE SERVICE
- INDIVIDUAL FACILITIES-BASED SERVICE
- INTERCONNECTED PRIVATE LINE RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE/LIMITED GLOBAL RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE
- LIMITED GLOBAL RESALE SERVICE
- INMARSAT AND MOBILE SATELLITE SERVICE
- SWITCHED RESALE SERVICE
- TRANSFER OF CONTROL
- SUBMARINE CABLE LANDING LICENSE
- INTERNATIONAL SPECIAL PROJECT

Description of Application: _____

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Need to add old app to system
95-435

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

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FCC MAILING
JAN 20 1999

January 20, 1999

VIA COURIER

Federal Communications Commission
International Bureau
Telecommunications Division
P.O. Box 358115
Pittsburgh, PA 15251-5115

Re: Application of Global Telesystems Group, Inc. and Esprit Telecom U.K.
Limited for authority pursuant to Section 214 of the Communications Act of 1934,
as amended, to transfer control of an authorized international carrier.

Dear Sir or Madam:

Enclosed for filing with the Commission are an original and six (6) copies of the Application of Global Telesystems Group, Inc. ("GTS") and Esprit Telecom U.K. Limited ("Esprit") for authority pursuant to Section 214 of the Communications Act of 1934, as amended, to transfer control of Esprit, a nondominant carrier authorized by the Commission to provide international message telecommunications services in the United States, to GTS.

As required by the Commission's Rules, enclosed is a check in the amount of \$780.00, payable to the Federal Communications Commission to cover the filing fee. Please date-stamp the enclosed extra copy of this application and return it in the self-addressed, stamped envelope provided. Should you have any questions concerning this application, please do not hesitate to contact the undersigned.

Respectfully submitted,


Adam L. Kupetsky

Counsel for
Esprit Telecom U.K. Limited
Global Telesystems Group, Inc.

Enclosures

cc: Troy Tanner (FCC-IB)
Grier C. Raclin
Iain Osborne

COPY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

GLOBAL TELESYSTEMS GROUP, INC.

WTTC-19990120-00092

and

ESPRIT TELECOM U.K. LIMITED

Application for authority pursuant to
Section 214 of the
Communications Act of 1934,
as amended, to transfer control of an
authorized international carrier

File No. ISP-99-_____

JOINT APPLICATION

Global Telesystems Group, Inc. ("GTS") and Esprit Telecom U.K. Limited ("Esprit")^{1/} (collectively the "Applicants"), by their undersigned counsel, hereby request approval to allow GTS, upon consummation of the transactions described below, to acquire ownership and control of Esprit, which is a nondominant carrier authorized by the Federal Communications Commission ("FCC" or "Commission") to provide facilities-based and resold international message telecommunications services in the United States.^{2/} GTS provides international telecommunications services pursuant to Section 214 authority issued by the Commission to GTS'

^{1/} "Esprit" refers throughout this application to Esprit and to its parent, Esprit Telecom Group plc.

^{2/} Esprit originally filed for Section 214 authority with the Commission under the name of Esprit Telecom of the United Kingdom Ltd. *See In the Matter of Esprit Telecom of the United Kingdom Ltd.*, File No. ITC-95-435, *Order and Authorization*, 10 FCC Rcd 11,086 (1995). Esprit subsequently changed its name to Esprit Telecom U.K. Limited. Esprit wishes to correct the record by making the Commission aware of its name change.

affiliates: Hermes Europe Railtel B. V.; Hermes Europe Railtel (Ireland) Ltd.; Hermes Europe Railtel (Network) Ltd.; HER Network Services B. V. B. A.; and Hermes Europe Railtel (US), Inc. (hereinafter the "GTS Subsidiaries").^{3/}

As fully described herein, approval of the transfer will permit GTS and Esprit to realize significant economic and marketing efficiencies that will enhance their ability to continue providing high quality, low cost telecommunications services and to compete more effectively in the international telecommunications marketplace. Moreover, the transaction will have no anticompetitive effects in the U.S. telecommunications marketplace. Accordingly, grant of this Application will serve the public interest.

Applicants respectfully request expedited treatment of this Application in order to permit them to consummate the proposed transfer of control transaction no later than March 3, 1999.

In support of this Application, Applicants submit the information provided below.

I. THE PARTIES

A. Global Telesystems Group, Inc.

GTS is a leading independent owner and operator of telecommunications companies throughout Europe. GTS provides cross-border transport of, and facilities-based access for, voice, data, Internet and other telecommunications services in Europe, as well as high quality telecommunications services in Russia and the Commonwealth of Independent States. Headquartered in McLean, Virginia, GTS's affiliates have offices in London, Brussels, Moscow, Budapest, Kiev, Prague and Paris.

^{3/} See ITC-214-19980903-00619.

The GTS Subsidiaries are authorized to provide international switched voice and private line services between the United States and international points using their own facilities or by reselling international services of existing facilities-based carriers, pursuant to Section 214 authorization granted by the Commission. The GTS Subsidiaries are regulated as non-dominant under the FCC's rules. It is respectfully submitted that, after completion of the transaction described herein, the GTS Subsidiaries will continue to be qualified to operate as authorized nondominant international carriers.

B. Esprit Telecom U.K. Limited

Esprit is one of the leading independent European carriers. Founded in 1992, it offers facilities-based telecommunications services predominantly to business customers in 30 cities in eight countries in Europe, generating revenues of over one billion minutes of traffic per annum. The group is incorporated in the U.K., and its stock is traded on the NASDAQ and EASDAQ exchanges. Affiliates hold operating licenses in France, Germany, the Netherlands, Belgium, the U.K., Spain, Portugal and Ireland.

Esprit is a nondominant telecommunications carrier authorized to provide international switched voice and private line services between the United States and international points using its own facilities or by reselling international switched voice services of existing facilities-based carriers, pursuant to Section 214 authorization granted by the Commission. It is respectfully submitted that, after completion of the transaction described herein, Esprit will continue to be qualified to operate as an authorized nondominant international carrier.

II. THE TRANSACTION

On December 8, 1998, GTS publicly announced that it had reached agreement with Esprit on the terms of a proposed recommended offer to acquire all the share capital of Esprit Telecom Group plc. Under the terms of the proposed offer GTS will exchange its own ordinary shares for Esprit shares and, after consummation of the proposed acquisition, Esprit will become a wholly-owned subsidiary of GTS. The holders of 65% of Esprit ordinary shares have given irrevocable undertakings to accept the offer, and the offer is conditional on GTS securing acceptance by 90% of ordinary shares (although this condition can be waived by GTS).

The combination of GTS and Esprit will assist both companies in their mutual goals of becoming major providers of carriers' carrier and business communications services throughout Europe. Together, GTS and Esprit will have one of the largest independent cross border carriers' carrier networks in Europe and will have an extensive sales force in eleven (11) countries in Western Europe. This merger will allow the combined group to compete effectively with large, well-established providers of telecommunications services in Europe, allowing carriers and businesses from the United States and other countries to realize the benefits of a more competitive telecommunications market in Europe.

III. PUBLIC INTEREST CONSIDERATIONS

In accordance with Section 214(a) of the Communications Act of 1934, as amended, and the Commission's public interest analysis,^{4/} consummation of the proposed transfer of control of

^{4/} See *Application of WorldCom, Inc. and MCI Communications Corporation for Transfer of Control of MCI Communications Corporation to WorldCom, Inc.*, CC Docket No. 97-211, *Memorandum Opinion and Order*, 13 FCC Rcd 18025, para. 8 (rel Sept. 14, 1998) (herein (continued...))

Esprit's license will serve the public interest, convenience and necessity by enhancing competition and increasing consumer choice. Evaluated under the Commission's current public interest standard, the competitive and other benefits of the proposed transfer are substantial, while there are no adverse effects.^{5/}

The proposed transfer will promote competition among providers of interexchange telecommunications services by combining the financial resources and complementary managerial skills and experience of GTS and Esprit in providing telecommunications services to the public. The Applicants anticipate that the contemplated business combination will result in a company with a broader market base that is better equipped to accelerate its growth as a competitive telecommunications service provider. The transfer of control will allow Applicants to manage their telecommunications operations more efficiently, thereby enhancing Applicants' operational flexibility and efficiency as well as their financial viability. These enhancements will accrue to the benefit of both carriers' customers, who will also benefit from the expanded array of services offered by each carrier.

^{4/} (...continued)
WorldCom/MCI Order); *Teleport Communications Group Inc., Transferor, and AT&T Corp. Transferee*, CC Docket No. 98-24, *Memorandum Opinion and Order*, FCC 98-169 at para. 11 (rel. July 23, 1998) ; *Applications of NYNEX Corp., Transferor, and Bell Atlantic Corp., Transferee, For Consent to Transfer Control of NYNEX Corp. and Its Subsidiaries*, File No. NSD-L-96-10, *Memorandum Opinion and Order*, 12 FCC Rcd 19985, at 20000, para. 29 (1997) (herein *BA/NYNEX Order*); *In the Matter of the Merger of MCI Communications Corp and British Telecommunications PLC*, GN Docket No. 96-245, *Memorandum Opinion and Order*, 12 FCC Rcd 15351, 15364, para. 28 (1997) (herein *BT/MCI Order*).

^{5/} See *WorldCom/MCI Order* at para. 8.

For the reasons discussed below, the proposed transfer of control will also have no adverse effects on competition in telecommunications marketplaces. Unlike the participants to the mergers involving the Bell Operating Companies^{6/} and the acquisition of MCI by BT,^{7/} neither GTS nor Esprit possess control over bottleneck facilities. The Applicants also provide services in the domestic and international long-distance marketplaces, where low entry barriers and numerous competitive alternatives exist. Moreover, since the Applicants will, in every instance, be competing with one or more incumbent service providers, customers will have a choice of service providers if the Applicants charge higher than market prices. Accordingly, the Applicants will not be able to exercise any market power. Given the Applicants' lack of market power and the absence of an affiliation with a foreign carrier with market power, the transfer of control also will not hinder the Commission's regulatory oversight responsibilities.

The proposed transaction will therefore ensure the continued provision of high quality and innovative telecommunications services to existing customers and should promote competition in the U.S. interexchange and international telecommunications service market. In sum, the proposed acquisition will serve the public interest by enhancing the ability of GTS and Esprit to offer, through their subsidiaries, competitively priced services in the U.S. interexchange and international telecommunications marketplace, and will not have any anticompetitive impact in the United States telecommunications market.

^{6/} See *BA/NNEX Order* at para. 37.

^{7/} See *BT/MCI Order* at para 3 n.8.

IV. INFORMATION REQUIRED BY SECTION 63.18

Pursuant to Section 63.18(e)(5) of the Commission's Rules, 47 C.F.R. § 63.18(e)(5),

Applicants submit the following information:

(a) Name and address of Applicants:

Global Telesystems Group, Inc.
1751 Pinnacle Drive
North Tower - 12th Floor
McLean, VA 22102
(703) 918-4548 (Telephone)
(703) 918-0371 (Facsimile)

Esprit Telecom U.K. Limited
Minerva House
Valpy Street
Reading RG1 1AR
United Kingdom
011-44-118-951-4049 (Telephone)
011-44-118-951-4046 (Facsimile)

(b) GTS is a corporation organized under the laws of the State of Delaware. GTS Subsidiaries authorized under Section 214 include:

- Hermes Europe Raitel B.V., a business corporation organized under the laws of the Netherlands;
- Hermes Europe Raitel (Ireland) Limited and Hermes Europe Raitel (Network) Limited, business corporations organized under the laws of the Republic of Ireland;
- HER Network Services B.V.B.A., a corporation organized under the laws of Belgium;
- Hermes Europe Raitel (U.S.) Inc., a business corporation organized under the laws of the State of Delaware.

Esprit is a corporation organized under the laws of England.

(c) Correspondence concerning this Application should be sent to:

Grier C. Raclin, Esq.
Senior Vice President, General Counsel and Corporate Secretary
Global Telesystems Group, Inc.

1751 Pinnacle Drive
North Tower - 12th Floor
McLean, VA 22102
(703) 918-4573 (Telephone)
(703) 918-0338 (Facsimile)

and to:

Adam Kupetsky
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
202/424-7500 (Telephone)
202/424-7645 (Facsimile)

with a copy to:

Iain Osborne, Director of Regulatory Affairs
Esprit Telecom U.K. Limited
Minerva House
Valpy Street
Reading RG1 1AR
United Kingdom
011-44-118-951-4049 (Telephone)
011-44-118-951-4046 (Facsimile)

- (d) Esprit currently operates as an authorized nondominant international carrier pursuant to Section 214 authority.

The GTS Subsidiaries currently operate as authorized nondominant international carriers pursuant to Section 214 authority.

- (e)(5) This application seeks authority for the transfer of control of Esprit, which is a nondominant common carrier holding international Section 214 authorization, to GTS, a telecommunications company whose subsidiaries hold international Section 214 authorization. GTS and Esprit currently are not affiliated with each other.

- (f) Not applicable.

- (g) Not applicable.

- (h) Affiliations and Shareholders

GTS is affiliated, as defined in Section 63.18(h)(1), with the foreign carriers listed in Exhibit A. These carriers lack the ability to discriminate against unaffiliated U.S. carriers through control of bottleneck facilities or facilities in the destination countries. GTS's Section 214-authorized affiliates are therefore non-dominant carriers on the routes applicable to its affiliations.

The following individuals or entities directly or indirectly possess ten (10) percent or more of the equity of GTS:

Shareholder	Approx. Shares Held*
George Soros and affiliates c/o Soros Fund Management 888 Seventh Avenue, 31 st Floor New York, NY 10106	16.55%
Fidelity Management & Research Corp. 82 Devonshire Street Boston, MA 02109 and Fidelity International Ltd. P.O. Box HM 670 Hamilton, Bermuda	11.17% ^{8/}
Mutuelles AXA/AXA-UAP The Equitable Companies Incorporated 9 Place Vendome 75001 Paris FRANCE	10.45%

* Ownership interests including warrants to purchase shares.

These data relate to shares of Common Stock which will be beneficially owned after the Offer, and are excerpted from Form S4 submitted to the Securities and Exchange Commission. Percentages of ownership are based on the 60,495,446 shares of Common Stock issued and outstanding at September 30,1998. Excluded from this total number are: 4,444,443 shares of Common Stock that are subject to the exercise of warrants in Common Stock (of which warrants for 3,333,333 shares are held by George Soros and affiliates); 5,336,893 shares of Common Stock

^{8/} Percent stakes represent holdings of several separately managed funds and are based on filings to the Securities and Exchange Commission.

issued under the Company's options plans; and 3,737, 407 shares of Common Stock issued as of November 30, 1998 in connection with GTS' acquisition of NetSource. (An additional 300,093 shares will be issued in exchange for NetSource shares that will be tendered in connection with that acquisition, subject to NetSource meeting certain performance targets during the first two quarters of 1999.)

Ownership interests include warrants to purchase shares although the total number of shares on which percentages are calculated excludes warrants. (This has the effect of over-stating the holding of George Soros and affiliates.)

Other than the three shareholders named above, no other shareholder will be the direct or indirect owner of more than 10% of the common shares of GTS after the dilution caused by the Offer.

The Applicant certifies that it does not have any interlocking directorates.

GTS certifies that it is not affiliated with any dominant U.S. carriers whose facilities-based services it proposes to resell. GTS may wish to resell the services of Esprit upon closing the transaction, but Esprit is not regulated as dominant on any of the routes to be served.

- (i) By the attached certification and as required by Section 63.18(i) of the Commission's Rules, GTS certifies that it has not agreed to accept any special concessions, as defined by the Commission's Rules, directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flows between the U.S. and any foreign country which it may be authorized to serve and it will not enter into such agreements in the future, except as permitted by FCC rules.
- (j) By the attached certification and as required by Section 63.18(j) of the Commission's rules, both parties certify that no party to this Application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

CONCLUSION

For the reasons stated herein, Global TeleSystems Group, Inc. and Esprit Telecom U.K. Limited respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this application for consent to the transfer of control of Esprit to GTS. Applicants

respectfully request that the Commission authorize the transfer of control described herein to permit the Applicants to consummate the transaction no later than March 3, 1999.

Respectfully submitted,

GLOBAL TELESYSTEMS GROUP, INC.
ESPRIT TELECOM U.K. LIMITED

By: 

Adam Kupetsky
Swidler Berlin Sherette Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
202/424-7500 (Telephone)
202/424-7645 (Facsimile)

Their Counsel

Grier C. Raclin, Esq.
Senior Vice President, Corporate Counsel and Corporate Secretary
Global Telesystems Group, Inc.
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Iain Osborne, Director of Regulatory Affairs
Esprit Telecom U.K. Limited
Minerva House
Valpy Street
Reading RG1 1AR
United Kingdom
011-44-118-951-4049 (Telephone)
011-44-118-951-4046 (Facsimile)

Dated: January 20, 1999

EXHIBIT A

Foreign Affiliations

FOREIGN CARRIER AFFILIATIONS

GTS has the following foreign carrier affiliations, as defined by the FCC's rules:

Foreign Carrier	Foreign Country	Approximate Ownership Interest of GTS	Principal Business
Hermes Europe Railtel BV	Netherlands	92.85%	International Long Distance
Hermes Europe Railtel (Ireland) Ltd.	Ireland	100%	International Long Distance
Hermes Europe Railtel (Network) Ltd.	Ireland	100%	International Long Distance
HER Network Service B.V.B.A.	Belgium	100%	International Long Distance
GTS-Hungary Ltd.	Hungary	100%	VSAT Network
Hydrotel Telecommunications Ltd.	Hungary	25%	Microwave Network
Catalina s.a.	Poland	49%	International Long Distance Data Communications
CzechNet s.r.o.	Czech Republic	100%	International Long Distance
CzechCom s.r.o.	Czech Republic	100%	Data and Internet
Sitel-VSAT s.r.o.	Czech Republic	49%	VSAT Network
SC GTS Romania SRL	Romania	100%	VSAT Network
GTS Monaco Access S.A.M.	Monaco	50%	Carriers' Carrier and International Gateway
EDN Sovintel	Russia	50%	International Long Distance and Local Access

Foreign Carrier	Foreign Country	Approximate Ownership Interest of GTS	Principal Business
Vostok Mobile, B. V.	Russia	50% to 100% ^{2/}	Basic Cellular
Prim Telephone	Russia	50%	Basic Cellular
Golden Telecom	Ukraine	49%	Basic Cellular and overlay services
TeleCommunications of Moscow	Russia	75%	Local Access
SFIT, Ltd., Co.	Russia	100% ^{10/}	Domestic Long Distance
Sovam Teleport, LLP	Russia Kazakhstan Uzbekistan Azerbaijan	100%	Data
Sovam Teleport Kiev Division (a subsidiary of Sovam Tekeport, LLP)	Ukraine	49%	Data
Shanghai V-Tech Systems Co., Inc.	China	75%	VSAT Network
Beijing Tiamu Satellite Communications Technology Co. Ltd.	China	70%	VSAT Network
C-Datacom International, Inc.	India	100%	International Private Line Communications

^{2/} Vostok Mobile, B. V. is a wholly owned subsidiary of GTS. Vostok Mobile, B. V., owns between 50% and 100% of a series of cellular ventures in various regions of Russia. The telecommunications companies in which Vostok mobile, B. V. has interest are Penza Mobile (60%); Astrakhan Mobile (50%); Votec Mobile (50%); Chuvasia Mobile (70%); Lipetsk Mobile (70%); Arkhangelsk Mobile Networks (50%); Saratov Mobile (50%); Volgograd Mobile (50%); Murmanskaya Mobilnaya Set (50%); Parma Mobile (50%); Unicel Bryansk (50%); Unicel Kostroma (50%); Unicel Orel (50%); Altaisviaz (50%); Unicel Yaroslavi (50%); BashUnicel (50%); Mar Mobile (50%); Novgorod Telecommunications (100%) and Unicel Ivanovo (50%).

^{10/} SFIT Ltd. Co. holds the network license and co-manages fourteen joint ventures that are 50% beneficially-owned by GTS. These fourteen joint ventures are TeleRoss-Irkutsk, TeleRoss-Ufa, TeleRoss-Novosibirsk, TeleRoss-Vladivostok, TeleRoss-Tiumen, TeleRoss-Khabarovsk, TeleRoss-Volgograd, TeleRoss-Ekaterinburg, TeleRoss-Nizhni Novogorod, TeleRoss-Arkhangelsk, TeleRoss-Veronezh, TeleRoss-Samara, TeleRoss-Komi and TeleRoss-Kubanelectrosviza.


CERTIFICATION OF APPLICANT

On behalf of Global Telesystems Group, Inc. ("GTS"), I hereby certify that, except as permitted by the Commission's Rules, GTS has not agreed to accept nor shall it accept in the future any special concessions, as defined by the Commission's Rules, directly or indirectly, from any foreign carrier or administration with respect to traffic or revenue flows on any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market.

In accordance with Section 1.2001-1.2003 of the Commission's Rules, 47 C.F.R. §§ 1.2001-1.2003, I also certify that no party to the foregoing Application is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. See 21 U.S.C. § 853a.

I further certify that the statements in the foregoing Application for Section 214 authority are true, complete, and correct to the best of my knowledge and are made in good faith.

GLOBAL TELESYSTEMS GROUP, INC.

By: 
Name: Grier C. Raclin
Title: Senior Vice President, General Counsel
and General Counsel
Date: January 19, 1999

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

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February 17, 1999

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FEB 17 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Federal Communications Commission
International Bureau Telecommunications Division
445 12th Street, S.W.
12th Street Lobby
TW-A325
Washington, DC 20554

Attention: Troy Tanner, Chief, Policy and Facilities Branch, International Bureau

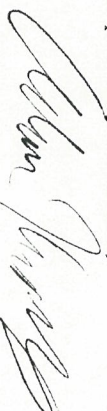
Re: Amendment to Application of Global Telesystems Group, Inc. and Esprit Telecom U.K.
Limited for authority pursuant to Section 214 of the Communications Act of 1934, as
amended, to transfer control of an authorized international carrier,
Filed on January 20, 1999

Dear Sir or Madam:

Enclosed for filing with the Commission are an original and six (6) copies of an amendment to the above-referenced application requesting authority, pursuant to Section 214 of the Communications Act of 1934, as amended, to transfer control of Esprit Telecom U.K. Limited, an authorized international carrier, to Global Telesystems Group, Inc.

Please date-stamp the extra copy of this filing and return it in the enclosed self-addressed, stamped envelope. Any questions regarding the enclosed filing should be addressed to the undersigned.

Respectfully submitted,



Adam Kupetsky

Counsel for
Global Telesystems Group, Inc.
Esprit Telecom U.K. Limited

Enclosures

cc: Grier C. Raclin
Iain Osborne
Rebecca Arbogast (FCC-IB)

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED
FEB 17 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

GLOBAL TELESYSTEMS GROUP, INC.

and

ESPRIT TELECOM U.K. LIMITED

File No. ISP-99-_____

Application for authority pursuant to
Section 214 of the
Communications Act of 1934,
as amended, to transfer control of an
authorized international carrier

AMENDMENT TO APPLICATION

In accordance with Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.18 of the Commission's Rules, 47 C.F.R. § 63.18, Global Telesystems Group, Inc. ("GTS") and Esprit Telecom U.K. Limited ("Esprit") (collectively the "Applicants"), by their undersigned counsel, hereby amend their pending application for authority to transfer ownership and control of Esprit to GTS. In particular, the Applicants wish to update information with regard to GTS' foreign carrier affiliations. For the Commission's convenience, Applicants are resubmitting GTS' foreign carrier affiliation chart with the corrected information in italics. The Applicants also hereby attach as Exhibit B an updated list of Esprit's foreign carrier affiliations. Other than these

changes, the statements and information contained in the initial application filed on January 20, 1999, remain accurate.

Respectfully submitted,

GLOBAL TELESYSTEMS GROUP, INC.
ESPRIT TELECOM U.K. LIMITED

By: 

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Dated: February 17, 1999

EXHIBIT A

Foreign Carrier Affiliations for Global Telesystems Group, Inc.

FOREIGN CARRIER AFFILIATIONS

GTS has the following foreign carrier affiliations, as defined by the FCC's rules:

Foreign Carrier	Foreign Country	Approximate Ownership Interest of GTS	Principal Business
Hermes Europe Railtel BV	<i>Austria, ¹ Belgium, Denmark, France, Germany, Italy, Luxembourg, Spain, Sweden, Switzerland, The Netherlands, United Kingdom</i>	89.9%	International Long Distance
GTS-Hungary Telecom Ltd.	Hungary	100%	VSAT Network
Hydrotel Telecommunications Ltd.	Hungary	25%	<i>International and Domestic Data Services</i>
<i>Catalina Sp.z.o.o.</i>	Poland	73%	International Long Distance Data Communications
<i>ATOM SA</i>	<i>Poland</i>	54.3%	<i>International and Domestic Data Services</i>
GTS CzechNet s.r.o.	Czech Republic	100%	International Long Distance
GTS CzechCom s.r.o.	Czech Republic	100%	Data and Internet
Sitel-VSAT s.r.o.	Czech Republic	49%	VSAT Network
SC GTS Romania SRL	Romania	100%	VSAT Network
GTS Monaco Access S.A.M.	Monaco	50%	Carriers' Carrier and International Gateway
EDN Sovintel LLC	Russia	50%	International Long Distance and Local Access

¹ HER is in the process of applying for a license in Austria.

Foreign Carrier	Foreign Country	Approximate Ownership Interest of GTS	Principal Business
Vostok Mobile, B.V.	Russia	50% to 100% ^{2/}	Basic Cellular
Prim Telephone	Russia	50%	Basic Cellular
Golden Telecom	Ukraine	56.75%	Basic Cellular and overlay services
TeleCommunications of Moscow	Russia	95%	Local Access
<i>TeleRoss LLC</i>	<i>Russia</i>	<i>100%^{3/}</i>	<i>Domestic Long Distance</i>
Sovann Teleport, LLC	Russia	100%	Data
Sovann Teleport Kiev Division	Ukraine	49%	Data
C-Datacom International, Inc.	India	100%	International Private Line Communications
<i>GTS Business Services (UK) Ltd</i>	<i>United Kingdom</i>	<i>100%</i>	<i>Domestic Value Added Services and International Voice</i>
<i>NetSource Europe asa</i>	<i>Norway</i>	<i>100%</i>	<i>Value Added Services</i>
<i>NetSource Norge AS</i>	<i>Norway</i>	<i>100%</i>	<i>Value Added Services</i>
<i>NetSource Sverige AS</i>	<i>Sweden</i>	<i>100%</i>	<i>Value Added Services</i>
<i>NetSource Danmark AS</i>	<i>Denmark</i>	<i>100%</i>	<i>Value Added Services</i>
<i>NetSource Telecom Benelux BV</i>	<i>Netherlands</i>	<i>100%</i>	<i>Value Added Services</i>
<i>WestCom GmbH</i>	<i>Germany</i>	<i>100%</i>	<i>Value Added Services</i>

^{2/} Vostok Mobile, B.V. is a wholly owned subsidiary of GTS. Vostok Mobile, B.V., owns between 50% and 100% of a series of cellular ventures in various regions of Russia. The telecommunications companies in which Vostok mobile, B.V. has interest are Penza Mobile (60%); Astrakhan Mobile (50%); Votec Mobile (50%); Chuvashia Mobile (70%); Lipetsk Mobile (70%); Arkhangelsk Mobile Networks (50%); Saratov Mobile (50%) Volgograd Mobile (50%); Murmanskaya Mobilnaya Set (50%); Parma Mobile (50%); Unicel Bryansk (50%); Unicel Kostroma (50%); Unicel Orel (50%); Altaiaviaz (50%); Unicel Yaroslavi (50%); BashUnicel (50%); Mar Mobile (50%); Novgorod Telecommunications (100%) and Unicel Ivanovo (50%).

^{3/} *TeleRoss LLC* holds the network license and co-manages fourteen joint ventures, *thirteen of which* are 50% beneficially-owned by GTS, and *one, TeleRoss-Irkutsk, which is 100% beneficially-owned by GTS.* These fourteen joint ventures are TeleRoss-Irkutsk, TeleRoss-Ufa, TeleRoss-Novosibirsk, TeleRoss-Vladivostok, TeleRoss-Tumen, TeleRoss-Khabarovsk, TeleRoss-Volgograd, TeleRoss-Ekaterinburg, TeleRoss-Nizhni Novogorod, TeleRoss-Arkhangelsk, TeleRoss-Veronezh, TeleRoss-Samara, TeleRoss-Komi and TeleRoss-Kubanelectrovizya.

Foreign Carrier	Foreign Country	Approximate Ownership Interest of GTS	Principal Business
<i>International Telecommunications Ltd.</i>	<i>Ireland</i>	<i>100%</i>	<i>Value Added Services</i>
<i>NetSource Phonesystem AB</i>	<i>Sweden</i>	<i>51%</i>	<i>Value Added Services</i>
<i>Atlantic Telecom Venran BV</i>	<i>Netherlands</i>	<i>100%</i>	<i>Value Added Services</i>

Note: Dattel a.s. is an unregulated private local network in the Czech Republic which is interconnected to the public switched telephony system in the Czech Republic. The approximate effective ownership by GTS is 51.03%.

EXHIBIT B

Foreign Carrier Affiliations for Esprit Telecom U.K. Limited

Esprit has the following foreign carrier affiliations, as defined by the FCC's rules:

Foreign Carrier	Country	Services Provided
Esprit Telecom UK Limited	United Kingdom	International and National Long Distance Services
Esprit Telecom UK Limited	Ireland	Value Added Services
Esprit Telecom Deutschland GmbH	Germany	International and National Long Distance Services
PLUSNET GmbH Co. KG	Germany	International and National Long Distance Services
Esprit Telecom France SA	France	International and National Long Distance Services
Esprit Telecom Benelux BV	Belgium	International and National Long Distance Services
Esprit Telecom Benelux BV	Netherlands	International and National Long Distance Services
Esprit Telecom España SA	Spain	International and National Long Distance Services in Gerona, Madrid and Barcelona
Esprit Telecom Italia Srl	Italy	Value Added Services