

**ATTACHMENT 1
INTERNATIONAL SECTION 214
ASSIGNMENT APPLICATION**

Pursuant to Section 214 of the Communications Act of 1934, as amended,¹ and Section 63.24 of the Federal Communications Commission's ("Commission" or "FCC") rules,² CornerStone Telephone Company, LLC ("CornerStone Telephone" or "Assignor")³ and X5 OpCo LLC ("X5 OpCo" or "Assignee", and, together with CornerStone Telephone, "Applicants") hereby request Commission consent to assignment of the international Section 214 authorization held by CornerStone Telephone to X5 OpCo as part of X5 OpCo's acquisition of nearly all of the assets of CornerStone Telephone.⁴

ANSWER TO QUESTION 10

63.18(c) and (d) Information for CornerStone Telephone – Assignor

- Contact Information for CornerStone Telephone

Company Contact:

Richard W. Drake, Jr.
CornerStone Telephone Company, LLC
2 Third Street
Suite 303
Troy, NY 12180
Telephone: 518.272.1018
Email: rdrake@cstel.com

Legal Counsel:

Sylvia Lesse
Communications Advisory Counsel, LLC
5151 Wisconsin Avenue, NW
Suite 311

¹ 47 U.S.C. § 214.

² 47 C.F.R. §§ 63.04 and 63.24.

³ The international Section 214 authorization at issue in this application was previously held by CornerStone Telephone's wholly owned subsidiary, Public Interest Network Services, Inc. CornerStone Telephone has notified the FCC of the *pro forma* assignment of this authorization from Public Interest Network Services, Inc. to CornerStone Telephone. See File No. ITC-ASG-20151120-00277.

⁴ Applications are also being filed to assign the international Section 214 authorization held by CornerStone Telephone subsidiary, Richmond Connections, Inc. d/b/a Richmond Network, and the domestic Section 214 authority of CornerStone Telephone and its subsidiaries. The domestic Section 214 application also seeks authority to assign the assets of CornerStone Telephone subsidiary, Richmond Telephone Company, to X5 RTC LLC ("X5 RTC"), a sister company of X5 OpCo.

Washington DC 20016
Telephone: 202.333.5273
Email: sylvia@independent-tel.com

- CornerStone Telephone is organized under the laws of New York.
- CornerStone Telephone holds Section 214 authority to provide international and domestic telecommunications services. *See* File No. ITC-214-20110131-00021⁵ and 47 C.F.R. § 63.01.

63.18(c) and (d) Information for X5 OpCo LLC – Assignee

- Contact Information for X5 OpCo

Company Contact

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X5 OpCo LLC
1008 Western Ave.
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Seattle, WA 98104
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Legal Counsel

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- X5 OpCo is organized under the laws of Delaware.
- X5 OpCo holds Section 214 authority to provide international and domestic telecommunications services. *See* File No. ITC-214-20150605-00136 and 47 C.F.R. § 63.01. *See also* Notice of Domestic Section 214 Authorizations Granted, Public Notice, WC Docket No. 14-268, DA 15-334 (Mar. 16, 2015).

ANSWER TO QUESTION 11

⁵ *See supra* note 3.

Assignor Ownership (CornerStone Telephone)

Daniel Yamin 2 Third Street Suite 303 Troy NY 12180	16.40%	US citizen
Donald Walsh 2 Third Street Suite 303 Troy NY 12180	16.40%	US citizen
Stanley D. Russell 2 Third Street Suite 303 Troy NY 12180	16.40%	US citizen
Jack A. Overton, Jr. 2 Third Street Suite 303 Troy NY 12180	12.50%	US citizen
Wendy Doerr 2 Third Street Suite 303 Troy NY 12180	12.50%	US citizen

Assignee Ownership (X5 OpCo)⁶

The following entities will hold a direct or indirect ten percent or greater equity ownership interest in X5 OpCo:⁷

Equity Ownership of X5 OpCo:

X5 Holdings LLC
c/o NewSpring Holdings LLC
555 E. Lancaster Ave, Suite 444
Radnor, PA 19087

⁶ A chart of the entities that hold a ten percent or greater interest in X5 OpCo and X5 RTC is attached. Although X5 RTC is not included in the instant application for assignment of international Section 214 authority, the chart includes both X5 OpCo and X5 RTC to be consistent with the domestic Section 214 application.

⁷ As X5 OpCo continues to finalize financing, the percentage ownership by these entities is subject to fluctuations. X5 OpCo will provide updates if there are any material changes to the ownership of X5 OpCo.

Delaware Limited Liability Company
Equity Interest: 100% direct interest in X5 OpCo

Equity Ownership of X5 Holdings LLC:

X5 Partners LLC
c/o NewSpring Holdings LLC
555 E. Lancaster Ave, Suite 444
Radnor, PA 19087
Delaware Limited Liability Company
Equity Interest: 70.2% direct interest in X5 Holdings LLC; 70.2% indirect interest in X5 OpCo

Equity Ownership of X5 Partners LLC

NewSpring Holdings LLC
555 E. Lancaster Ave, Suite 444
Radnor, PA 19087
Delaware Limited Liability Company
Equity Interest: 68.0% direct interest in X5 Partners LLC; 47.7% indirect interest in X5 OpCo

NewSpring Holdings Parallel LLC
555 E. Lancaster Ave, Suite 444
Radnor, PA 19087
Delaware Limited Liability Company
Equity Interest: 32.0% direct interest in X5 Partners LLC; 22.4% indirect interest in X5 OpCo

Equity Ownership of NewSpring Holdings LLC:

Ohana Holdings, LLC
720 University Avenue, Suite 200
Los Gatos, CA 95032
Delaware Limited Liability Company
Equity Interest: 40.3% direct interest in NewSpring Holdings LLC; 19.3% indirect interest in X5 OpCo

The Pierre M. Omidyar Trust
Pierre M. Omidyar, Trustee and Beneficiary (US Citizen)
Michael G. Mohr, Trustee (US Citizen)
720 University Avenue, Suite 200
Los Gatos, CA 95032
Equity Interest: 100% direct interest in Ohana Holdings, LLC; 19.3% indirect interest in X5 OpCo

Equity Ownership of NewSpring Holdings Parallel LLC:

Carbon Investments LLC

P.O. Box 5004
Wichita, KS 67201
Delaware Limited Liability Company
Equity Interest: 98.0% direct interest in NewSpring Holdings Parallel LLC; 22.0% indirect interest in X5 OpCo

Charles G. Koch 1997 Trust
Charles G. Koch, Trustee and Beneficiary (U.S. Citizen)
P.O. Box 5004
Wichita, KS 67201
Equity Interest: 75.0% direct interest in Carbon Investments LLC; 16.5% indirect interest in X5 OpCo

Based on the foregoing, no other individual or entity has a direct or indirect 10% or greater equity interest in X5 OpCo.

X5 OpCo is ultimately controlled by NewSpring Holdings Management Company LLC (“NSHMC”). NSHMC is a Non-Member Manager of X5 Partners LLC and a Member Manager of NewSpring Holdings LLC and NewSpring Holdings Parallel LLC. NSHMC is a Delaware limited liability company with its address at 555 E. Lancaster Avenue, Suite 444, Radnor, PA 19087. NSHMC is managed by Walter P. Maner and James Ashton. Both of these individuals are U.S. citizens. Messrs. Maner and Ashton have an address at 555 E. Lancaster Avenue, Suite 444, Radnor, PA 19087.

ANSWER TO QUESTION 13

Description of the Applicants

CornerStone Telephone provides broadband services, traditional voice, as well as VOIP services, including SIP trunking and hosted PBX services on both a retail and wholesale basis. Where both voice and broadband services are available, they are typically bundled. CornerStone Telephone provides services primarily to non-residential customers. Approximately 92% of CornerStone Telephone’s voice and broadband services are provided in New York. CornerStone Telephone’s second largest market is Massachusetts. CornerStone Telephone provides services via its own switch using either leased cable modem infrastructure, fiber, Verizon unbundled loops accessed via CornerStone Telephone’s collocation cages or other carrier provided access.

X5 OpCo is a limited liability company formed under the laws of the State of Delaware in 2014. X5 OpCo is a wholly owned subsidiary of X5 Holdings LLC (“X5 Holdings”), which is controlled by NewSpring Holdings Management Company LLC (“NewSpring”). NewSpring is a limited liability company organized under the laws of the State of Delaware. NewSpring is affiliated with NewSpring Holdings LLC, a private equity fund that seeks to partner with successful business owners and management teams to grow profitable businesses. The FCC recently granted authority to X5 OpCo to provide domestic telecommunications services to

commercial subscribers, wholesale carrier customers, and interconnecting carriers as part of the sale of assets to X5 OpCo by X5 Solutions, Inc. and X5 PDX, LLC.⁸

Description of Transaction

CornerStone Telephone seeks to sell, and X5 OpCo seeks to acquire, substantially all of the assets and business of CornerStone Telephone and its subsidiaries as an ongoing operation. Under the terms of the proposed acquisition, CornerStone Telephone will sell the entirety of its interest in operational assets, customer and supplier contracts, and all of CornerStone Telephone's personnel will be transferred to X5 OpCo.⁹ Following the grant of the proposed transaction, X5 OpCo will operate the assets and business of CornerStone Telephone and its subsidiaries and will continue to provide domestic telecommunications services to the customers of CornerStone Telephone and its subsidiaries.¹⁰ There will be no changes in rates, terms or conditions as a result of this transaction. The transaction will be entirely transparent to all customers of CornerStone Telephone and its subsidiaries.

Public Interest Statement

The proposed assignment of CornerStone Telephone's assets to X5 OpCo serves the public interest and will cause no offsetting public interest harms. Therefore, the Commission should expeditiously approve the proposed assignment.

The transaction will provide additional capitalization needed to expand services and operations, and enhance the company's ability to provide competitive telecommunications services to the public. Further, broad management experience will enable X5 OpCo to explore new innovative service opportunities and provide added value to customers. The proposed assignment does not raise any competitive concerns. The only impact of the proposed transaction is that CornerStone Telephone's business will obtain access to increased resources that will result in a stronger, more capable and robust company, capable of pursuing additional opportunities.

The transaction will be entirely transparent to subscribers and customers. The transaction will not result in any immediate change in service rates, terms, and conditions, and will not result in the discontinuance, reduction, loss, or impairment of service to subscribers or customers.

ANSWER TO QUESTION 20

This application for assignment of international Section 214 authorization qualifies for streamlined processing pursuant to Section 63.12(c) of the Commission's rules.¹¹ X5 OpCo is

⁸ See *Notice of Domestic Section 214 Authorizations Granted*, Public Notice, WC Docket No. 14-268, DA 15-334 (Mar. 16, 2015).

⁹ As described above, the assets of Richmond Telephone Company, a CornerStone Telephone subsidiary, will be assigned to X5 RTC rather than X5 OpCo. See *supra* note 3.

¹⁰ *Id.*

¹¹ 47 C.F.R. § 63.12(c).

not a foreign carrier and is not affiliated with any foreign carriers. The parties will not consummate the proposed transaction until after all necessary Commission approvals are obtained.

Ownership of X5 OpCo LLC and X5 RTC LLC

