

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of

TELEFÓNICA, S.A.,
Transferor,

KKR MANAGEMENT LLC
Transferee,

TELXIUS CABLE USA, INC. , AND
TELXIUS CABLE PUERTO RICO, INC.,
Authorization Holders,

Application for Consent to Transfer Certain
Negative Control Rights over Carriers Holding
International Section 214 Authority

File No. ITC-T/C-2017-_____

**CONSOLIDATED APPLICATION FOR CONSENT TO TRANSFER CERTAIN
NEGATIVE CONTROL RIGHTS OVER CARRIERS HOLDING INTERNATIONAL
SECTION 214 AUTHORITY—STREAMLINED PROCESSING REQUESTED**

Pursuant to 47 U.S.C. § 214 and 47 C.F.R. § 63.24(e), Telefónica, S.A. (“Telefónica”) and KKR Management LLC (“KKR Management”) apply for Commission consent to transfer certain negative control rights over Telxius Cable USA, Inc. (“Telxius USA”) and Telxius Cable Puerto Rico, Inc. (“Telxius Puerto Rico,” together with Telxius USA, the “Telxius Carrier Licensees,” together with Telefónica and KKR Management, the “Applicants”). Telefónica and Taurus Bidco S.à.r.l (“KKR Bidco”), over which KKR Management is deemed to have indirect voting control under 47 U.S.C. § 214 and 47 C.F.R. § 63.24(e), have entered into an agreement pursuant to which KKR Bidco will acquire from Telefónica a 24.8-percent voting-and-equity interest in Telxius Telecom S.A.U. (“Telxius Parent”) and certain negative control rights over the Telxius Carrier Licensees (the “Initial Investment Transaction”). Upon the consummation of the

Initial Investment Transaction and the exercise of a call option held by KKR Bidco or a put option held by Telefónica, KKR Bidco would acquire from Telefónica an additional 15.2-percent voting-and-equity interest in Telxius Parent (the “Subsequent Investment Transaction,” together with the “Initial Investment Transaction, the “Proposed Investment Transactions”). Upon consummation of either the Initial Investment Transaction or both Proposed Investment Transactions, Telefónica will continue to own at least a 60-percent indirect voting-and-equity interest in the Telxius Carrier Licensees and retain *de jure* control of the Telxius Carrier Licensees.¹

Consummation of the Proposed Investment Transactions will serve the public interest, convenience, and necessity by ensuring the continued growth of Telxius Parent and its subsidiaries (collectively, “Telxius”). KKR Bidco will partner with Telefónica to optimize Telxius’s existing assets and to support investment in new infrastructure in Europe and the Americas, including but not limited to the BRUSA and Marea submarine cable systems. Telxius will benefit from KKR’s investment and asset management expertise, and Telefónica will reduce its outstanding indebtedness.

The Proposed Investment Transactions raise no public-interest concerns that would warrant an extended review or transaction-specific conditions for consent. Indeed, this consolidated application qualifies for presumptive streamlined processing under 47 C.F.R. § 63.12(c)(1)(v), as the Telxius Carrier Licensees will continue to accept dominant-carrier regulation on the U.S.-Argentina, U.S.-Brazil, U.S.-Chile, U.S.-Colombia, U.S.-Peru, and U.S.-Spain routes in compliance with 47 C.F.R. § 63.10(c) and (e). Consummation of the Proposed

¹ Concurrent with this application, the parties have also filed an application to transfer certain negative control rights over cable landing license interests held by Telxius USA, Telxius Puerto Rico, Telefónica International Wholesale Services América, S.A., and Telxius Cable Colombia, S.A.

Investment Transactions would not result in any new foreign-carrier affiliations for the Telxius Carrier Licensees. Moreover, the Proposed Investment Transactions would create no new combinations that would adversely affect competition on any U.S.-international route. KKR Management does not currently control, and is not affiliated with, any foreign carrier regulated as dominant on any U.S.-international route as defined by the Commission's rules. KKR Management is deemed to have indirect voting control over United Group, which, through its operating subsidiaries, is a foreign carrier providing competitive telecommunications services, including, among other things, fixed and mobile telephony services, in Serbia, Slovenia, Bosnia and Herzegovina, and Montenegro.

I. BACKGROUND

A. Parties to the Proposed Investment Transactions

1. Telefónica, S.A. ("Telefónica")

Telefónica is the seller and transferor of certain negative control rights in Telxius Parent in the Proposed Investment Transactions. Upon consummation of either the Initial Investment Transaction or both Proposed Investment Transactions, it will retain at least a 60-percent voting-and-equity interest in, and *de jure* control of, the Telxius Carrier Licensees. Telefónica is one of the world's largest telecommunications providers with 330 million customers in 21 countries. Its subsidiaries also provide services under the Movistar, O₂, and Vivo brands. It is a Spanish corporation headquartered in Madrid, Spain. Its shares trade publicly on the Bolsa de Madrid, and it has no 10-percent-or-greater direct or indirect owners.

2. Telxius Telecom S.A.U. ("Telxius Parent")

Telxius Parent is a holding company for Telefónica's submarine cable and wireless tower infrastructure businesses. It is a Spanish private company headquartered in Madrid, Spain, and it is wholly owned by Telefónica, which owns all of Telxius Parent's ordinary shares. (Telxius

Parent has not issued any other class of shares.) In 2016, Telefónica created Telxius Parent as a holding company for all of its submarine cable infrastructure assets and a significant percentage of its wireless tower infrastructure. The submarine cable infrastructure business was originally known as Emergia and later Telefónica International Wholesale Services but has now been rebranded as Telxius. None of the wireless tower infrastructure owned by Telxius Parent’s operating subsidiaries is located in the United States or any of its territories.

3. Telxius Cable USA, Inc. (“Telxius USA”)

Telxius USA is the principal U.S. operating subsidiary of Telxius Parent. It offers wholesale submarine cable capacity to carriers, Internet service providers, and content providers in the United States. It is a Florida corporation headquartered in Miami, Florida. It holds international Section 214 authority for global facilities-based and global resale services.² It is also a joint cable landing licensee for the South America-1 (“SAm-1”) and Pacific Caribbean Cable System (“PCCS”) submarine cable systems.³ Telxius USA is also a joint applicant for cable landing licenses for the BRUSA and Marea systems.⁴

4. Telxius Cable Puerto Rico, Inc. (“Telxius Puerto Rico”)

Telxius Puerto Rico is the Puerto Rico operating subsidiary of Telxius Parent. It offers wholesale submarine cable capacity to carriers, Internet service providers, and content providers in Puerto Rico. It is a Puerto Rico corporation headquartered in Miami, Florida. It holds

² FCC File Nos. ITC-214-20080709-00314, ITC-214-20040518-00203.

³ *Telefónica International Wholesale Services USA, Inc.*, Order and Authorization, 29 FCC Rcd. 496 (Int’l Bur. 2014) (“*PCCS Cable Landing License*”); FCC File No. SCL-LIC-20130122-00001; *Telefónica SAM USA, Inc., and Telefónica SAM de Puerto Rico, Inc.*, Cable Landing License, 15 FCC Rcd. 14,915 (Int’l Bur. 2000) (“*SAm-1 Cable Landing License*”); FCC File No. SCL-LIC-20000204-00003 (SAm-1); *Actions Taken Under Cable Landing License Act*, Public Notice, 22 FCC Rcd. 6630 (Int’l Bur. 2007) (granting modification of cable landing license to add Colombia landing point for SAm-1).

⁴ FCC File Nos. SCL-LIC-20160330-00011 (BRUSA), SCL-LIC-20160525-00012 (Marea).

international Section 214 authority for global facilities-based and global resale services.⁵ It is also a joint cable landing licensee for the PCCS and SAm-1 systems⁶ and a joint applicant for the cable landing license for the BRUSA system.⁷

5. KKR Management LLC (“KKR Management” and, together with its subsidiaries, “KKR”)

KKR Management is the ultimate transferee in the Proposed Investment Transactions. It is the general partner of, and controls, KKR & Co. L.P., a leading global investment firm that manages investments across multiple asset classes, including private equity, energy, infrastructure, real estate, growth equity, credit, and hedge funds. KKR Management is a Delaware limited liability company headquartered in New York, New York. KKR Management is owned by senior KKR employees, and KKR Management holds no economic interest in KKR & Co. L.P. Among other activities, KKR & Co. L.P., through its subsidiaries, manages and sponsors a group of private equity funds and co-investment vehicles that invest capital for long-term appreciation. The Commission has previously authorized investments by KKR-affiliated entities in providers holding international authorizations from the Commission.⁸

6. Taurus Bidco S.à.r.l. (“KKR Bidco”)

KKR Bidco is the purchaser in the Proposed Investment Transactions. It is a special-purpose investment vehicle created for KKR private equity funds and co-investment vehicles to

⁵ FCC File No. ITC-214-20131121-00316.

⁶ *PCCS Cable Landing License*, 29 FCC Rcd. at 497; *SAm-1 Cable Landing License*, 15 FCC Rcd. at 14,915.

⁷ FCC File No. SCL-LIC-20160330-00011 (BRUSA).

⁸ *See, e.g.*, FCC File Nos. ITC-T/C-20160519-00156 (Call Catchers, Inc. d/b/a Freedom Voice Systems), ITC-ASG-20130815-00212 (RigNet SatCom, Inc.), ITC-T/C-20080609-00258 (US South Communications, Inc. d/b/a US South & d/b/a INCOMM), ITC-ASG-20070326-00122 (Florida Digital Network, Inc. d/b/a FDN Communications); *International Authorizations Granted*, Public Notice, 19 FCC Rcd. 15,424 (Int’l Bur. 2004).

invest indirectly in Telxius Parent. It is a Luxembourg private limited company headquartered in Luxembourg.

B. The Initial Investment Transaction

On February 20, 2017, Telefónica and KKR Bidco executed a Sale and Purchase Agreement (“Purchase Agreement”) whereby KKR Bidco will, following the receipt of necessary stockholder and regulatory approvals, acquire 62,000,000 of Telxius Parent’s ordinary shares, representing 24.8 percent of the ordinary shares outstanding (the “Initial Shares”), and certain negative control rights (detailed in part I.D below) over Telxius Parent (the “Initial Closing”). As consideration for the Initial Shares, Telefónica will receive €795,500,000. In Exhibits A and B respectively, the Applicants provide diagrams showing the pre- and post-consummation economic and voting interests in the Telxius Carrier Licensees.

C. The Subsequent Investment Transaction

Under the Purchase Agreement’s terms, and subject to the effective transfer of the Initial Shares and satisfaction of other closing conditions, Telefónica has also irrevocably granted to KKR Bidco a call option to acquire 38,000,000 of Telxius Parent’s ordinary shares, representing 15.2 percent of the ordinary shares outstanding (the “Additional Shares”), at a purchase price of €484,500,000 (the “Call Option”). To exercise the Call Option, KKR Bidco must serve a notice upon Telefónica within five days of November 12, 2017, or if the Initial Closing is delayed, within five days of the Initial Closing (either period a “Call Option Notice Period”). If KKR Bidco does not serve a notice upon Telefónica exercising the Call Option within the Call Option Notice Period, the Call Option expires.

Under the Purchase Agreement’s terms, KKR Bidco has also irrevocably granted to Telefónica a put option to for the transfer of 38,000,000 of Telxius Parent’s ordinary shares, representing 15.2 percent of the ordinary shares outstanding at a purchase price to be negotiated

between Telefónica and KKR Bidco (the “Put Option”). To exercise the Put Option, Telefónica must serve a notice upon KKR Bidco within five days of the expiration of the Call Option Notice Period (the “Put Option Notice Period”). If Telefónica does not serve a notice upon KKR Bidco exercising the Put Option within the Put Option Notice Period, the Put Option expires. In Exhibit B (post-consummation economic and voting interests in the Telxius Carrier Licensees), the voting-interest percentage reflecting consummation of the Subsequent Investment Transaction is noted in brackets.

D. The Shareholders’ Agreement

On February 20, 2017, Telxius Parent, Telefónica, and KKR Bidco also executed a Shareholders’ Agreement governing the respective rights of Telefónica and KKR Bidco with respect to (1) the operations of Telxius Parent that depend directly or indirectly on the decisions of Telxius Parent’s shareholders or board of directors and (2) the direct or indirect transfer of Telxius Parent’s ordinary shares. With limited exceptions, the provisions of the Shareholders’ Agreement become effective upon the consummation of the Initial Investment Transaction.

Section 2.1(c) of the Shareholders’ Agreement provides that:

Telefónica will continue to have control of the Telxius Group in accordance with the terms and conditions of this Agreement and the Board will be responsible for the management of the Telxius Group provided that the carrying out and overseeing of certain management activities will be delegated to the Management Team under the supervision of the Board pursuant to the terms and conditions of this Agreement.

Notwithstanding this provision, the Shareholders’ Agreement gives KKR Bidco certain rights—beyond standard minority shareholder protections—that KKR, as the manager of its private equity funds and co-investment vehicles, with an effective veto over certain Telxius Parent matters, including business plan, annual budget, ability to enter into contracts above a certain value threshold, ability to enter into related-party transactions with Telefónica and its non-

Telxius subsidiaries, and influence over the appointment, replacement, and removal of the CEO and CFO. Because these arrangements could be construed as conferring negative control on KKR Bidco,⁹ the Applicants have sought Commission consent to consummate the Proposed Investment Transactions.

1. Corporate Governance Limitations, Shareholder Protections, and Board-Level Investor Protections

The Shareholders' Agreement provides that Telxius Parent will have a board of five directors, with three directors nominated by Telefónica and two by KKR Bidco. So long as KKR Bidco's stake remains equal to or above 25 percent of Telxius Parent's share capital, KKR Bidco will retain the right to nominate two directors; if its stake falls below that level, KKR Bidco will have the right to nominate directors in accordance with Spanish law. The board chairman is appointed, replaced, and dismissed by the board at the proposal of Telefónica.

The Shareholders' Agreement contains standard minority shareholder protections, requiring the voting of a supermajority of more than 75 percent of Telxius Parent's ordinary shares in order to: amend Telxius Parent's Bylaws; modify the structure of the board of directors or the number of that board's directors; make material changes to Telxius Parent's business; authorize Telxius Parent to repurchase, sell, or redeem its own shares or grant options over its shares; issue or modify shares with different voting or economic rights; issue shares or securities convertible into shares; eliminate or limit preemptive rights in the issuance of shares or securities

⁹ *Foreign Ownership Guidelines for FCC Common Carrier and Aeronautical Radio Licenses*, 19 FCC Rcd. 22,612, 22,632 (2004) (stating that "negative control is held by a person or entity that can block decisions, but cannot compel action without the concurrence of another party."); *Applications of Space Station System Licensee, Inc., Assignor et al.*, Memorandum Opinion and Order, 17 FCC Rcd. 2271, 2282-85 ¶¶ 24-28 (Int'l Bur. 2002) (finding that an LLC agreement requiring the unanimous consent of a particular class of members for any contract outside the ordinary course of business or valued in excess of \$1 million in aggregate conferred negative control on a foreign investor with voting and equity interests of less than 25 percent).

convertible into shares; reduce Telxius Parent's share capital (with limited exceptions); enter into a merger, demerger, global assignment of assets and liabilities, or similar transactions; initiate a public offering for sale or subscription of Telxius Parent shares; dissolve, liquidate, or petition for an insolvency order with respect to Telxius Parent; or acquire, dispose of, charge, or contribute essential assets to another company (collectively, the "Shareholder Supermajority Matters").

The Shareholders' Agreement also requires the voting of a supermajority of Telxius Parent's directors (defined to mean a majority of the directors, including at least one director nominated by Telefónica and one nominated by KKR Bidco) for certain matters (the "Board Supermajority Matters"), including adoption of board resolutions to:

- Approve a new business plan (with certain limited exceptions)
- Approve the annual budget when there is a business plan in force and when the consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") resulting from the budget deviates by more than 20 percent from the consolidated EBITDA of the corresponding year of the business plan, with limited exclusions, exceptions, and fallback options in the event the board is unable to adopt an annual budget;
- Propose to a shareholders meeting the adoption of a Shareholders' Supermajority Matter;
- Acquire, sell, charge, dispose of, or transfer any business or asset operating in Telxius Parent's submarine cable business for a value in excess of €25,000,000 in a transaction or group of related transactions during a financial year (with limited exceptions);

- Enter into, amend, or supplement any commercial contract involving Telxius Parent's submarine cable business with a total consideration for the whole life of the contract (including mandatory renewals) in excess of €15,000,000 per contract or group of related contracts (with limited exceptions);
- Enter into any joint venture or partnership (by Telxius Parent or any subsidiary) with any third party;
- Incur capital expenditures (including capitalized leases) involving Telxius Parent's submarine cable business in excess of €5,000,000 resulting from the aggregate of any amounts to be spent in a financial year plus any amounts to be spent in the years following such financial year resulting from a project or group of projects to be approved in that financial year (with limited exclusions, including expenditures for the BRUSA and Marea projects), provided that Telefónica retains the right to build submarine cable infrastructure by itself in the event that the board does not approve the capital expenditure as a Board Supermajority Matter;
- Accomplish any financial transaction (including the grant of any guaranty or security) that involves an increase in the level of consolidated net financial debt to more than three times the consolidated EBITDA of Telxius Parent and its subsidiaries for the prior 12 months or an increase in the level of consolidated net financial debt to more than three times the consolidated EBITDA of Telxius Parent's submarine cable business for the prior 12 months;
- Petition for bankruptcy or similar insolvency proceedings, except where mandated by law;

- Approve any acquisition or disposal of companies or assets from or to Telefónica or its non-Telxius subsidiaries;
- Approve or amend material related-party transactions with Telefónica (including adoption of new terms and conditions for existing material related-party transactions with Telefónica);
- Make any decision to concede claims made by the tax authorities exceeding an amount of €5,000,000;
- Make any loan or advance or provide any credit to any person other than to any Telxius Parent subsidiary or employee of Telxius Parent or any of its subsidiaries in the ordinary course of business or the acquisition of any loan capital of any corporate body (wherever incorporated) or the giving of any indemnity or guarantee or entering into any material off balance sheet arrangements except in the ordinary course of business.

In the event of a deadlock, where the necessary supermajority for a Shareholder Supermajority Matter or Board Supermajority Matter cannot be reached twice or more within a period of less than six months, the status quo prior to the deadlock will prevail, and the disputed matter giving rise to the deadlock will not be implemented.

2. Management Limitations

Pursuant to the Shareholders' Agreement, the CEO and management team are responsible for implementing resolutions adopted by the board. The CEO and members of the management team may be directors. The CEO is appointed, replaced, and dismissed by the board at the proposal of Telefónica, while the CFO is appointed, replaced, and dismissed by the board at the proposal of KKR Bidco. Other than the CFO, members of the management team may be

appointed, replaced, or dismissed by the board at the proposal of the CEO. If during any financial year the consolidated EBITDA of Telxius Parent and its subsidiaries is below the consolidated EBITDA envisaged in the business plan for such financial year, KKR Bidco will have the right to request the termination of the agreement and replacement of the CEO, and Telefónica will have the same rights in respect of the CFO. Telefónica and KKR Bidco must consult with each other in good faith regarding the appointment of replacements for the CEO and CFO; if they fail to do so within two months of the date of the exercise of a replacement right by Telefónica or KKR Bidco, Telefónica will have the right to nominate the CEO, and KKR Bidco will have the right to nominate the CFO. The remuneration of the members of the Management Team must be approved by the board, in accordance with market practice, and consistent with Telefónica policies and practices.

3. Limitations on Related-Party Transactions

With certain exceptions for existing transactions, the Shareholders' Agreement requires the voting of a supermajority of Telxius Parent's directors (defined to mean a majority of the directors, including at least one director nominated by Telefónica and one nominated by KKR Bidco) for the approval or amendment of material related-party transactions between Telxius Parent and its subsidiaries on one hand and Telefónica and its non-Telxius subsidiaries on the other. Such transactions are material if valued in excess of €5,000,000 per transaction, accounting for the life of the contract and mandatory renewals, or per group of related transactions within a 12-month period. For non-material related-party transactions with a value in excess of €100,000 and up to €5,000,000 per transaction, accounting for the life of the contract and mandatory renewals, or per group of related transactions within a 12-month period, a decision to undertake the transaction requires joint approval of the Telxius Parent CEO and CFO. In the event of a disagreement between the CEO and CFO, the CEO may take a decision only if

Telxius Parent obtains a report from an independent expert selected by KKR Bidco confirming that the terms and conditions of the transaction are in line with prevailing market practice.

II. THE PROPOSED INVESTMENT TRANSACTIONS WOULD SERVE THE PUBLIC INTEREST AND WOULD NOT HARM COMPETITION

A. Standard of Review

Under 47 U.S.C. §§ 214(a), the Commission must determine whether a proposed transfer of control of a provider of international telecommunications services is consistent with the public interest, convenience, and necessity.¹⁰ In making such a determination, the Commission first assesses “whether the proposed transaction complies with the specific provisions of the Act, other applicable statutes, and the Commission’s rules.”¹¹ Second, if a proposed transaction would not violate the Act, any other applicable statute, or any of the Commission’s rules, the Commission then considers whether a proposed transaction “could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the [Communications] Act or related statutes.”¹² Third, the Commission employs a balancing test

¹⁰ See, e.g., *Applications of AT&T Inc. and DIRECTV For Consent to Assign or Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd. 9131, 9139-40 ¶ 18 (2015) (“*AT&T-DIRECTV Order*”); *Applications of XO Holdings and Verizon Communications, Inc. For Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, DA 16-281, WC Docket No. 16-70, ¶ 7 (Wireline, Int’l, and Wireless Tel. Burs., re: Nov. 16, 2016) (“*Verizon-XO Order*”).

¹¹ See *AT&T-DIRECTV Order*, 30 FCC Rcd. at 9139-40 ¶ 18 (citations omitted); *Verizon-XO Order*, ¶ 7 (citations omitted); *Applications of SoftBank Corp., Starburst II, Inc., Sprint Nextel Corp., and Clearwire Corp.*, Memorandum Opinion and Order, Declaratory Ruling and Order on Reconsideration, 28 FCC Rcd. 9642, 9650 ¶ 23 (citations omitted) (“*Softbank-Sprint-Clearwire Order*”); *Applications Filed by Qwest Communications International Inc. and CenturyTel, Inc. d/b/a CenturyLink For Consent to Transfer Control*, Memorandum Opinion and Order, 26 FCC Rcd. 4194, 4198-99 ¶ 7 (citation omitted) (“*Qwest-CenturyLink Order*”); *AT&T Inc. and BellSouth Corp. Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd. 5662, 5672 ¶ 19 (2007) (“*AT&T-BellSouth Order*”).

¹² See *AT&T-DIRECTV Order*, 30 FCC Rcd. at 9140 ¶ 18 (citation omitted); *Verizon-XO Order*, ¶ 7 (citation omitted); *SoftBank-Sprint-Clearwire Order*, 28 FCC Rcd. at 9651 ¶ 23

“weighing any potential public interest harms of the proposed transaction against any potential public interest benefits.”¹³ The applicants bear the burden of proving, by a preponderance of the evidence, that on balance a proposed transaction serves the public interest.¹⁴ If the Commission is unable to find that a proposed transaction would serve the public interest or presents a substantial and material question of fact, it will designate the applications for hearing pursuant to 47 U.S.C. § 309(e).¹⁵

The Proposed Transaction would not violate any provision of the Communications Act of 1934, as amended (the “Act”) or any Commission rule, nor would it substantially frustrate or impair the Commission’s implementation or enforcement of the Act or interfere with the objectives of the Act or other statutes. To the contrary, as detailed below, the Proposed Transaction will offer substantial public interest benefits without any material countervailing harms.

B. The Proposed Investment Transactions Will Serve the Public Interest

The Proposed Investment Transactions will serve the public interest, convenience, and necessity by ensuring the continuing growth of Telxius. KKR Bidco will partner with Telefónica

(citation omitted); *Qwest-CenturyLink Order*, 26 FCC Rcd. at 4199 ¶ 7; *AT&T-BellSouth Order*, 22 FCC Rcd. at 5672 ¶ 19.

¹³ See *AT&T-DIRECTV Order*, 30 FCC Rcd at 9140 ¶ 18 (citation omitted); *Verizon-XO Order*, ¶ 7 (citation omitted); *SoftBank-Sprint-Clearwire Order*, 28 FCC Rcd. at 9651 ¶ 23 (citation omitted); *Qwest-CenturyLink Order*, 26 FCC Rcd. at 4199 ¶ 7 (citation omitted); *AT&T-BellSouth Order*, 22 FCC Rcd. at 5672 ¶ 19 (citation omitted).

¹⁴ See *AT&T-DIRECTV Order*, 30 FCC Rcd. at 9140 ¶ 18; *Verizon-XO Order*, ¶ 7; *General Motors Corp. and Hughes Electronics Corp., Transferors, And The News Corp. Limited, Transferee, For Authority to Transfer Control*, Memorandum Opinion and Order, 19 FCC Rcd. 473, 483 ¶ 15 (2004).

¹⁵ See *AT&T-DIRECTV Order*, 30 FCC Rcd. at 9140 ¶ 18; *Verizon-XO Order*, ¶ 7; *Comcast-NBCU Order*, 26 FCC Rcd. at 4248 ¶ 22; *Application of EchoStar Communications Corp., General Motors Corp., and Hughes Electronics Corp. (Transferors) and EchoStar Communications Corp. (Transferee)*, Hearing Designation Order, 17 FCC Rcd. 20,559, 20,574 ¶ 25 (2002).

to optimize Telxius's existing assets and to support investment in new infrastructure in Europe and the Americas, including but not limited to the BRUSA and Marea submarine cable systems. Telxius is expected to benefit from KKR's extensive investment and asset management expertise, and Telefónica plans to reduce its outstanding indebtedness.

Consummation of the Proposed Investment Transactions is expected to result in a more independent Telxius. The resulting governance and management structures and limitations on related-party transactions with Telefónica subsidiaries is expected to strengthen Telxius's ability to compete more vigorously as a provider of wholesale international transport services and submarine cable and wireless tower infrastructure to a range of customers, not just the Telefónica subsidiaries.

C. The Proposed Investment Transactions Would Not Create Any Anti-Competitive Effects

The Proposed Investment Transactions would create no new combinations that would adversely affect competition on any U.S.-international route. KKR Management does not currently control, and is not affiliated with, any foreign carrier regulated as dominant on any U.S.-international route. KKR Management is deemed to have indirect voting control over United Group, which, through its operating subsidiaries, is a foreign carrier providing competitive telecommunications services, including, among other things, fixed and mobile telephony services, in Serbia, Slovenia, Bosnia and Herzegovina, and Montenegro.

The Telxius Carrier Licensees will continue to accept dominant-carrier regulation on the U.S.-Argentina, U.S.-Brazil, U.S.-Chile, U.S.-Colombia, U.S.-Peru, and U.S.-Spain routes pursuant to 47 C.F.R. § 63.10(c). Consummation of the Proposed Investment Transactions would not result in any new foreign-carrier affiliations for the Telxius Carrier Licensees.

III. INFORMATION REQUIRED BY 47 C.F.R. § 63.24(e)

Pursuant to 47 C.F.R. § 63.24(e), the Applicants provide the following information in support of their request for Commission consent for the Proposed Investment Transactions:

A. Applicant Identification Information¹⁶

In Table 1 below, the Applicants provide their names, addresses, telephone numbers, places of organization, and FCC Registration Numbers.

TABLE 1: Applicant Identification Information

Name, Address, and Telephone #	Place of Organization	FRN
Telefónica, S.A. Distrito T, Edificio Central Calle Ronda de la Comunicación, s/n 28050 Madrid, Spain +34 900 111 004	Spain	0026357814
KKR Management LLC 9 West 57th Street, Suite 4200 New York, New York 10019 +1 212 750 8300	Delaware	0022969463
Telxius Cable USA, Inc. 1111 Brickell Avenue, Suite 1800 Miami, Florida 33131-3122 +1 305 925 5256	Florida	0006650618
Telxius Cable Puerto Rico, Inc. 1111 Brickell Avenue, Suite 1800 Miami, Florida 33131-3122 +1 305 925 5256	Puerto Rico	0022340921

B. Contact Information¹⁷

The Commission should address correspondence regarding this application to the persons identified in Table 2 below.

¹⁶ See 47 C.F.R. § 63.18(a), (b).

¹⁷ See *id.* § 63.18(c).

TABLE 2: Applicant Contact Information

Party	Company Contact	Counsel Contact
Telefónica	Juan Montero Rodil Head of Competition, Regulatory Law and Privacy Distrito T, Edificio Central – Planta 3 ^a Telefónica, S.A. Calle Ronda de la Comunicación, s/n 28050 Madrid, Spain +34 914 82 33 86 juan.monterorodil@telefonica.com	Phillip Spector Milbank, Tweed, Hadley & McCloy LLP 1850 K Street, N.W., Suite 1100 Washington, D.C. 20006 +1 202 835 7540 pspector@milbank.com
KKR Management	David Sorkin General Counsel KKR & Co. L.P. 9 West 57th Street, Suite 4200 New York, New York 10019 +1 212 750 8300	Peter C. Thomas Simpson Thacher & Bartlett LLP 900 G Street, N.W. Washington, D.C. 20001 +1 202 636 5500 pthomas@stblaw.com
Telxius Carrier Licensees	Andrés J. Fígoli Pacheco Secretaría General Telefónica International Wholesale Services América S.A. Avenida Luis Alberto de Herrera 1248, piso 4 11300 Montevideo Uruguay +598 2 628 00 20 ext. 1156 andres.figoli@telxius.com	Kent Bressie Harris, Wiltshire & Grannis LLP 1919 M Street, N.W., Suite 800 Washington, D.C. 20036-3537 +1 202 730 1337 kbressie@hwglaw.com

C. Prior International Section 214 Authority¹⁸

Telxius USA and Telxius Puerto Rico each currently hold international Section 214 authority for global facilities-based and global resale services.¹⁹ KKR Management has never held international Section 214 authority, although it has held indirect voting and equity interests in carriers holding such authority, as noted in part I.A.5 above.

¹⁸ See *id.* § 63.18(d).

¹⁹ FCC File Nos. ITC-214-20080709-00314 (Telxius USA), ITC-214-20040518-00203 (Telxius USA), ITC-214-20131121-00316 (Telxius Puerto Rico).

D. Certification Regarding Ownership, Place of Organization, Principal Business, and Interlocking Directorates²⁰

By its signature below, KKR Management certifies that the Telxius Carrier Licensees will have the following 10-percent-or-greater interest holders following the consummation of either the Initial Investment Transaction or both of the Proposed Investment Transactions:

Telefónica International Wholesale Services América S.A. (“TIWS América”)

Address: Avenida Luis Alberto de Herrera 1248, piso 4, 11300 Montevideo, Uruguay

Place of Organization: Uruguay

Principal Business: telecommunications

Relationship: TIWS América holds a 100-percent voting-and-equity interest in each of Telxius USA and Telxius Puerto Rico.

Telxius Telecom, S.A.U. (“Telxius Parent”)

Address: Distrito C, Calle Ronda de la Comunicación s/n, Edificio Central, 28050 Madrid, Spain

Place of Organization: Spain

Principal Business: telecommunications

Relationship: Telxius holds a 100-percent voting-and-equity interest in TIWS América.

Telefónica S.A. (“Telefónica”)

Address: Distrito C, Calle Ronda de la Comunicación s/n, Edificio Central, 28050 Madrid, Spain

Place of Organization: Spain

Principal Business: telecommunications

Relationship: Upon consummation of the Proposed Investment Transactions, Telefónica Parent will continue to hold at least a 60-percent voting-and-equity interest in Telxius Parent. Telefónica’s shares trade publicly on the Bolsa de Madrid (the Madrid Stock Exchange). As there is an active market in Telefónica’s shares, Telefónica’s share ownership is always fluid. Moreover, Telefónica can ascertain its significant shareholders only on the basis of its records and may not know of possibly related or affiliated shareholders that are not disclosed to it. Recognizing these limitations, as of the most recent measurable date, February 23, 2017, no Telefónica shareholder holds an interest sufficient to give it a 10-percent-or-greater direct or indirect interest in any of the Telxius Carrier Licensees at consummation.

²⁰ See 47 C.F.R. § 63.18(h).

Taurus Bidco S.à r.l. (“KKR Bidco”)

Address: 61, rue de Rollingergrung, L-2440 Luxembourg

Place of Organization: Luxembourg

Principal Business: investments

Relationship: Upon consummation of the Initial Investment Transaction, KKR Bidco will hold a 24.8-percent voting-and-equity interest in Telxius Parent, as well as certain negative control rights described in part I.D above. Upon consummation of the Subsequent Investment Transaction, if such consummation occurs, KKR Bidco will hold an additional 15.2-percent voting-and-equity interest in Telxius Parent, giving it an aggregate voting-and-equity interest of 40 percent.

Taurus Topco S.à r.l. (“KKR Topco”)

Address: 61, rue de Rollingergrung, L-2440 Luxembourg

Place of Organization: Luxembourg

Principal Business: investments

Relationship: KKR Topco holds a 100-percent voting-and-equity interest in KKR Bidco.

KKR Taurus Aggregator L.P.

Address: 4100-1155 Boulevard René-Lévesque Oeust, Montréal, Québec H3B3V2, Canada

Place of Organization: Quebec, Canada

Principal Business: investments

Relationship: KKR Taurus Aggregator L.P. holds a 100-percent voting-and-equity interest in KKR Topco.

The principal direct and indirect voting interests in KKR Taurus Aggregator L.P. are held by or through the following entities:

KKR Taurus Aggregator GP Limited

Address: c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

Place of Organization: Cayman Islands

Principal Business: investments

Relationship: KKR Taurus Aggregator GP Limited is the general partner of KKR Taurus Aggregator L.P. and holds a 100-percent voting and a less-than-1-percent economic interest in KKR Taurus Aggregator L.P.

KKR Global Infrastructure Investors II L.P.

Address: c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019

Place of Organization: Cayman Islands

Principal Business: investments

Relationship: KKR Global Infrastructure Investors II L.P. is the sole member of KKR Taurus Aggregator GP Limited and holds a 100-percent voting-and- economic interest in KKR Taurus Aggregator GP Limited. KKR Global Infrastructure Investors II L.P. will also be a limited partner of KKR Taurus Aggregator L.P., with no voting interest and a precise economic interest that will be determined closer to the consummation date for the Initial Investment Transaction.

KKR Associates Infrastructure II L.P.

Address: c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019

Place of Organization: Cayman Islands

Principal Business: investments

Relationship: KKR Associates Infrastructure II L.P. is the general partner of KKR Global Infrastructure Investors II L.P and holds a 100-percent voting and a 5-percent economic interest in KKR Global Infrastructure Investors II L.P.

KKR Infrastructure II Limited

Address: c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019

Place of Organization: Cayman Islands

Principal Business: investments

Relationship: KKR Infrastructure II Limited is the general partner of KKR Associates Infrastructure II L.P. and holds a 100-percent voting and a 99-percent economic interest in KKR Associates Infrastructure II L.P.

KKR Fund Holdings L.P.

Address: c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019

Place of Organization: Cayman Islands

Principal Business: holding company

Relationship: KKR Fund Holdings L.P. is the sole member of KKR Infrastructure II Limited and therefore holds a 100-percent voting-and-economic interest in KKR Infrastructure II Limited.

KKR Fund Holdings GP Limited

Address: c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019

Place of Organization: Cayman Islands

Principal Business: general partner

Relationship: KKR Fund Holdings GP Limited is a general partner of KKR Fund Holdings L.P. and holds a 100-percent voting interest and no economic interest in KKR Fund Holdings L.P.

KKR Group Holdings L.P.

Address: c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019

Place of Organization: Cayman Islands

Principal Business: general partner

Relationship: KKR Group Holdings L.P. is the sole member of KKR Fund Holdings GP Limited and therefore holds a 100-percent voting-and-economic interest in KKR Fund Holdings GP Limited. KKR Group Holdings L.P. is also a limited partner of KKR Fund Holdings L.P., in which it holds no voting interest and an approximate 56.1-percent economic interest.

KKR Group Limited

Address: c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019

Place of Organization: Cayman Islands

Principal Business: holding company

Relationship: KKR Group Limited is the general partner of KKR Group Holdings L.P. and holds a 100-percent voting and no economic interest in KKR Group Holdings L.P.

KKR & Co. L.P.

Address: 9 West 57th Street, New York, New York 10019

Place of Organization: Delaware

Principal Business: holding company

Relationship: KKR & Co. L.P. is the sole member of KKR Group Limited and therefore holds a 100-percent voting-and-economic interest in KKR Group Limited. KKR & Co. L.P. is the sole limited partner of KKR Group Holdings L.P. and therefore holds a 0-percent voting interest and a 100-percent economic interest in KKR Group Holdings L.P.

KKR Management LLC (“KKR Management”)

Address: 9 West 57th Street, New York, New York 10019

Place of Organization: Delaware

Principal Business: general partner

Relationship: KKR Management is the general partner of KKR & Co. L.P. and holds a 100-percent voting interest and no economic interest in KKR & Co. L.P.

No entity will hold a 10-percent-or-greater direct or indirect economic interest in the Telxius Carrier Licensees as a consequence of consummation of the Initial Investment Transaction, by itself, or of both Proposed Investment Transactions. The economic interests are or will be held predominantly by investment funds, all of which are limited partnerships organized under the laws of Canada, the Cayman Islands, and England and Wales, all of which are member countries of the World Trade Organization (“WTO”).²¹ In Exhibits A and B respectively, the Applicants provide diagrams showing the pre- and post-consummation economic and voting interests in the Telxius Carrier Licensees. By its signature below, KKR Management certifies that it has no interlocking directorates with foreign carriers.

E. Certification Regarding Foreign Carrier Status and Foreign Affiliations²²

By its signature below, KKR Management certifies that upon consummation of the Initial Investment Transaction or both Proposed Investment Transactions, it will not be a foreign carrier and that it will be affiliated with the foreign carriers listed in Table 3 below. With the exception of foreign carriers affiliated with United Group, all of the foreign carriers previously affiliated

²¹ See World Trade Organization, *Members and Observers* (as of July 29, 2016), https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm. England and Wales are constituent countries of the United Kingdom, which is a WTO member country. The U.S. Government treats all British overseas territories, including the Cayman Islands, as subject to U.K. WTO commitments. See *Cable & Wireless USA, Inc.*, Order, Authorization & Certificate, 15 FCC Rcd. 3050, 3052 n.14 (Int’l Bur. 2000) (finding that Bermuda is subject to U.K. WTO commitments), citing Letter from Robert E. Dalton, Assistant Legal Adviser for Treaty Affairs, U.S. Department of State, to Rebecca Arbogast, Chief, Telecommunications Division, FCC International Bureau, File No. ITC-214-19990709-00412 (Feb. 16., 2000) (stating that “it remains the Department’s position that, consistent with the Vienna Convention on the Law of Treaties and actions taken by the United Kingdom in accepting the WTO Agreement, the WTO Agreement applies to all British territories, including Bermuda and Gibraltar. The Office of the U.S. Trade Representative concurs in this view.”).

²² See 47 C.F.R. § 63.18(i).

with Telxius and Telefónica have already been disclosed by the Telxius Carrier Licensees to the Commission.

TABLE 3: POST-CONSUMMATION AFFILIATED FOREIGN CARRIERS OF KKR MANAGEMENT

Country	Entity
Argentina	Telxius Cable Argentina, S.A.
Bosnia and Herzegovina	Telemach d.o.o.
Brazil	Telxius Cable Brasil Limitada
Chile	Telefónica International Wholesale Services Chile, S.A.
Colombia	Telxius Cable Colombia S.A.
Ecuador	Telefónica International Wholesale Services Ecuador, S.A.
Guatemala	Telxius Cable Guatemala, S.A.
Montenegro	Telemach A.D. Podgorica
Panama	Telxius Cable Panamá S.A.
Peru	Telxius Cable Perú, S.A.C.
Serbia	Serbia Broadband – Srpske kablovske mreže d.o.o.
Slovenia	Telemach d.o.o.
	Tušmobil d.o.o.
Spain	Telxius Cable España S.L.

By its signature below, Telefónica certifies that upon consummation of the Initial Investment Transaction or both Proposed Investment Transactions, it will not be a foreign carrier and that it will remain affiliated with the foreign carriers listed in Table 4 below, all of which have previously been disclosed by the Telxius Carrier Licensees to the Commission.

TABLE 4: POST-CONSUMMATION AFFILIATED FOREIGN CARRIERS OF TELEFÓNICA

Country	Entity
Argentina	TIWS Argentina II S.A.
	Telxius Cable Argentina, S.A.
	Telefónica Móviles Argentina, S.A.
	Telefónica de Argentina, S.A.*
Austria	Telefónica International Wholesale Services II, S.L.U. (Austria branch)
Belgium	Telefónica International Wholesale Services II, S.L.U. (Belgium branch)
Brazil	Media Networks Brasil Ltda.
	Telefónica Brasil, S.A.*
	Telxius Cable Brasil Limitada

Country	Entity
Bulgaria	Telefónica International Wholesale Services II, S.L. (Bulgaria branch)
Chile	Telefónica Chile, S.A.*
	Telefónica International Wholesale Services Chile, S.A.
	Telefónica Móviles Chile, S.A.
	TIWS Chile II, S.p.A.
Colombia	Colombia Telecomunicaciones, S.A. ESP*
	Telxius Cable Colombia S.A.
Costa Rica	Telefónica de Costa Rica TC, S.A.
Cyprus	Telefónica International Wholesale Services II, S.L.U. (Cyprus branch)
Denmark	Telefónica International Wholesale Services II, S.L.U. (Denmark branch)
Ecuador	Otecel, S.A.
	Telefónica International Wholesale Services Ecuador, S.A.
	TIWS Ecuador II, S.A.
El Salvador	Telefónica Móviles El Salvador, S.A. de C.V.
Estonia	Telefónica International Wholesale Services II, S.L.U. (Estonia branch)
Finland	Telefónica International Wholesale Services II, S.L.U. (Finland branch)
France	Telefónica International Wholesale Services France SAS
Germany	E-Plus Mobilfunk GmbH
	Telefónica Germany GmbH & Co. OHG
Greece	TIWS Greece Telecommunications Services Company Limited Liability
Guatemala	Telxius Cable Guatemala, S.A.
	Telefónica Móviles Guatemala, S.A.
Hong Kong	Telefónica International Wholesale Services , S.L.
Hungary	Telefónica International Wholesale Services Hungary Korlátolt Felelősségű Társaság
Italy	Telefónica International Wholesale Services II, S.L.U. (Italy branch)
Latvia	Telefónica International Wholesale Services, Latvia Sabiedriba ar ierobežotu atbildību
Luxembourg	Telefónica International Wholesale Services II, S.L.U. (Luxembourg branch)
Malta	Telefónica International Wholesale Services II, S.L.U (Malta branch)
Mexico	Grupo de Telecomunicaciones Mexicanas, S.A. de C.V.
Netherlands	Telefónica International Wholesale Services II, S.L.U. (Netherlands branch)
Nicaragua	Telefónica Celular de Nicaragua, S.A.
Norway	Telefónica International Wholesale Services II, S.L.U. (Norway branch)
Panama	Telxius Cable Panamá S.A.
	Telefónica Móviles Panamá, S.A
Peru	Telefónica del Perú, S.A.C.*
	Telxius Cable Perú, S.A.C.
	Telefónica Servicios TIWS SAC
Poland	Telefónica International Wholesale Services II, S.L.U., (Poland branch)
Portugal	Telefónica International Wholesale Services II, S.L.U. (Portugal branch)
Romania	Telefónica International Wholesale Services II, S.L.U. (Romania branch)
Slovakia	Telefónica International Wholesale Services II, S.L.U. (Slovakia branch)

Country	Entity
Slovenia	Telefónica International Wholesale Services II, S.L.U. (Slovenia branch)
Singapore	Telefónica Global Solutions, Singapore Pte. Ltd
Spain	Iberbanda, S.A.
	Telefónica de España S.A.U.*
	Telefónica International Wholesale Services II, S.L.U.
	Telefónica Móviles España S.A.U.
	Telxius Cable España S.L.
Tuenti Technologies, S.L.	
Sweden	Telefónica International Wholesale Services Sweden AB
Switzerland	Telefónica International Wholesale Services II, S.L.U., (Switzerland branch)
United Kingdom	Telefónica UK, Ltd.
Uruguay	Telefónica Móviles del Uruguay, S.A.
Venezuela	Telefónica Venezolana, C.A.

F. Certification Regarding Destination Countries²³

By its signature below, KKR Management certifies that upon consummation of the Initial Investment Transaction or both Proposed Investment Transactions: (1) it will not be a foreign carrier in any foreign country; (2) other than (x) foreign carriers associated with United Group, as set forth in Table 3, and (y) as a result of consummation of the Initial Investment Transaction or both Proposed Investment Transactions, which will result in control of foreign carriers in Argentina, Brazil, Chile, Colombia, Ecuador, Guatemala, Panama, and Peru, KKR Management will not control any foreign carrier in any foreign country; and (3) no entity that owns more than 25 percent of KKR Management, or that controls KKR Management, controls a foreign carrier in any foreign country.

By its signature below, Telefónica certifies that upon consummation of the Initial Investment Transaction or both Proposed Investment Transactions: (1) it will not be a foreign carrier in any foreign country; (2) it will control the foreign carriers identified in Table 4 above;

²³ See *id.* § 63.18(j).

and (3) no entity that owns more than 25 percent of Telefónica, or that controls Telefónica, controls a foreign carrier in any foreign country.

G. Certifications Regarding WTO Status²⁴

Bosnia and Herzegovina, Macedonia and Serbia are not currently members of WTO. KKR Management understands that the United Group carriers in those countries should be classified as non-dominant because they lack 50 percent market share in the international transport and the local access markets in those countries.²⁵ Telefónica did not identify any non-WTO markets in response to 47 C.F.R. § 63.18(j).

H. Non-Dominant Status²⁶

The foreign carrier affiliates identified in Tables 3 and 4 above—other than those in Table 4 marked with an asterisk (*)—each satisfy the requirement of 47 C.F.R. § 63.10(a)(3).²⁷ These foreign-carrier affiliates (other than those in Table 4 marked with an asterisk (*)) each hold significantly less than a 50-percent market share in the international transport and local access markets in its respective country. Moreover, none of these foreign-carrier affiliates (other than those in Table 4 marked with an asterisk (*)) has any ability to discriminate against unaffiliated U.S. international carriers through the control of bottleneck services or facilities in its respective international market or appears on the Commission’s list of foreign telecommunications carriers presumed to possess market power in foreign telecommunications

²⁴ See *id.* § 63.18(k).

²⁵ As noted above, KKR Management is in the process of confirming certain information regarding United Group, and will update this application as necessary.

²⁶ See *id.* § 63.18(m).

²⁷ See *id.* § 63.10(a)(3).

markets.²⁸ Accordingly, these foreign-carrier affiliates (other than those in Table 4 marked with an asterisk (*)) are each presumed to lack sufficient market power on the international end of the route to affect competition adversely in the U.S. market. The Applicants agree that the Telxius Carrier Licensees should remain regulated as dominant on the U.S.-Argentina, U.S.-Brazil, U.S.-Chile, U.S.-Colombia, U.S.-Peru, and U.S.-Spain routes but reserve the right to petition for reclassification in the future.

I. Special Concessions²⁹

By its signature below, KKR Management certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

J. Certification Regarding the Anti-Drug Abuse Act of 1988³⁰

By its signature below, KKR Management certifies that no party to this application is subject to a denial of federal benefits under Section 5301 of the Anti-Drug Abuse Act of 1988, as amended.³¹

²⁸ See *International Bureau Reissues the Commission's List of Foreign Telecommunications Carriers that Are Presumed to Possess Market Power in Foreign Telecommunications Markets*, Public Notice, 22 FCC Rcd. 945 (Int'l Bur. 2007).

²⁹ See 47 C.F.R. § 63.18(n).

³⁰ See *id.* § 63.18(o).

³¹ 21 U.S.C. § 862(a); Anti-Drug Abuse Act of 1988, Pub. L. No. 100-690, § 5301, 102 Stat. 4181, 4310-12 (1988), which related to denial of Federal benefits to drug traffickers and possessors—previously codified at 21 U.S.C. § 853(a)—was renumbered section 421 of the Controlled Substances Act of 1990, Pub. L. No. 101-647, § 1002(d)(1), 104 Stat. 4789, 4827 (1990), and has been recodified as 21 U.S.C. § 862(a). 47 C.F.R. § 63.18(o) does not reflect this recodification.

K. Streamlining³²

The Applicants request streamlined processing pursuant to 47 C.F.R. § 63.12(c)(1)(v) and agree that the Telxius Carrier Licensees will be classified as dominant carriers on the U.S.-Argentina, U.S.-Brazil, U.S.-Chile, U.S.-Colombia, U.S.-Peru, and U.S.-Spain routes due to affiliates with dominant foreign carriers in those markets: Telefónica de Argentina, S.A., Telefónica Brasil, S.A., Telefónica Chile, S.A. Telefónica Telecomunicaciones, S.A., Colombia Telecomunicaciones, S.A. ESP, and Telefónica del Perú, S.A.C. Argentina, Brazil, Chile, Colombia, and Peru are all WTO members.³³

³² See 47 C.F.R. § 63.18(p).

³³ See World Trade Organization, *Members and Observers* (as of July 29, 2016), https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm.

CONCLUSION

For the reasons stated above, the Applicants request that the Commission grant consent expeditiously for the transfer to KKR Management of certain negative control rights over the Telxius Carrier Licensees.

Respectfully submitted,

Telefónica, S.A.

/s/ Ramiro Sánchez de Lerín García-Ovies

Phillip Spector
Lafayette Greenfield
Milbank, Tweed, Hadley & McCloy LLP
1850 K Street, N.W., Suite 1100
Washington, D.C. 20006
+1 202 835 7540
pspector@milbank.com

Ramiro Sánchez de Lerín García-Ovies
General Counsel and Secretary of the Board
Distrito T, Edificio Central
Telefónica, S.A.
Calle Ronda de la Comunicación, s/n
Telefónica, S.A.
Calle Ronda de la Comunicación, s/n
28050 Madrid, Spain

KKR Management LLC

/s/ David Sorkin

Peter C. Thomas
Simpson Thacher & Bartlett LLP
900 G Street, N.W.
Washington, D.C. 20001
+1 202 636 5500
pthomas@stblaw.com

David Sorkin
General Counsel and Secretary
KKR Management LLC
9 West 57th Street, Suite 4200
New York, New York 10019

Telxius Cable USA, Inc.
Telxius Cable Puerto Rico, Inc.

/s/ Guillermo Cañete

Kent Bressie
Susannah Larson
Harris, Wiltshire & Grannis LLP
1919 M Street, N.W., Suite 800
Washington, D.C. 20036-3537
+1 202 730 1337
kbressie@hwglaw.com

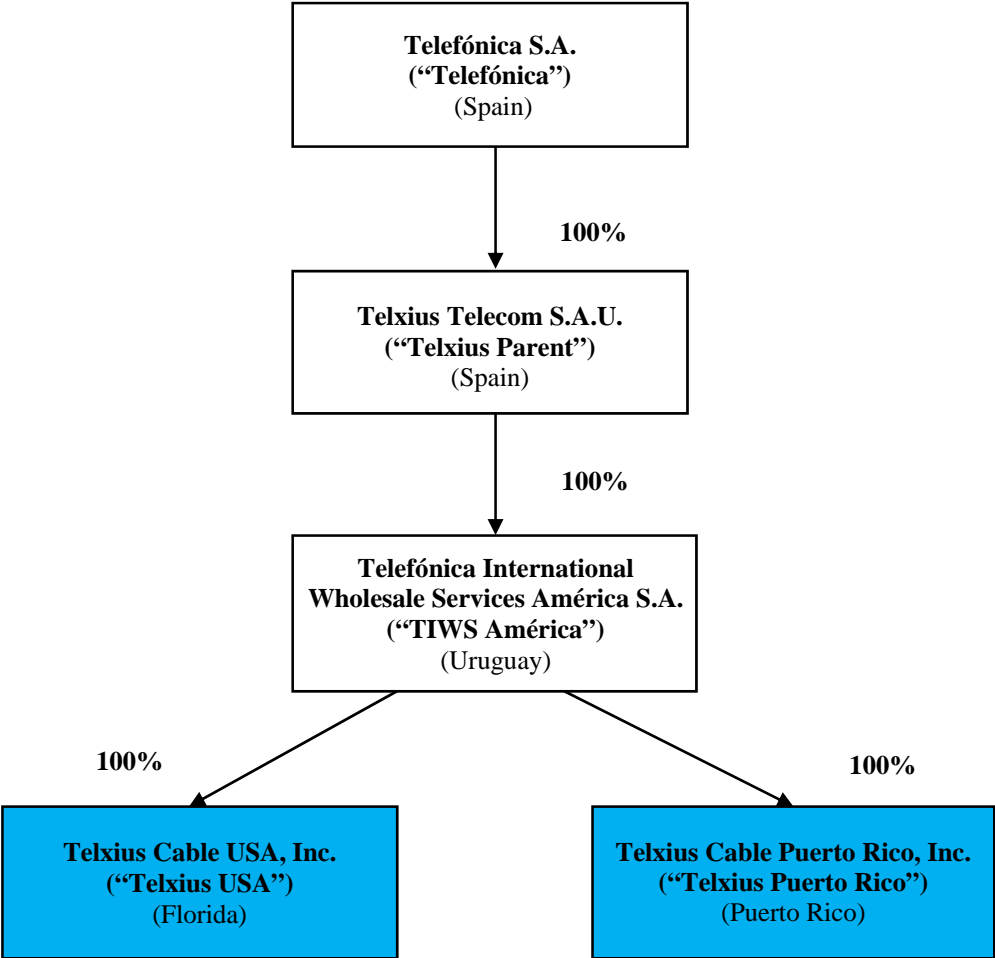
Guillermo Cañete
President, Telxius Cable USA, Inc.
President, Telxius Cable Puerto Rico, Inc.
1111 Brickell Avenue, Suite 1800
Miami, Florida 33131-3122

*Counsel for Telxius Cable USA, Inc., and
Telxius Cable Puerto Rico, Inc.*

28 March 2017

EXHIBIT A:

Pre-Consummation Ownership of Telxius Carrier Licensees



 Denotes Telxius Carrier Licensee

Note: percentages represent voting and economic interests unless otherwise noted

EXHIBIT B:

Post-Consummation Ownership of Telxius Cable Landing Licensees

