

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

|  |   |                           |
|--|---|---------------------------|
| <b>In the Matter of</b>  | ) |                           |
|  | ) |                           |
| <b>Pacnet International Limited and<br/>Pacnet Limited</b>                           | ) |                           |
|  | ) |                           |
| <i>Transferors,</i>  | ) | <b>SCL File No.</b> _____ |
|  | ) |                           |
| <b>Pacnet Services (USA) Inc.<br/>Licensee, and</b>                                  | ) |                           |
|  | ) |                           |
| <b>Telstra Holdings Pty Limited and Bedrock<br/>Holdings (Bermuda) Limited</b>       | ) |                           |
|  | ) |                           |
| <i>Transferees</i>   | ) |                           |
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|  | ) |                           |
| <b>Application for Transfer of Control<br/>of a Submarine Cable Landing Licensee</b> | ) |                           |

**APPLICATION FOR TRANSFER OF CONTROL OF A  
SUBMARINE CABLE LANDING LICENSEE  
STREAMLINED PROCESSING REQUESTED**

Pacnet International Limited (“Pacnet International”), Pacnet Limited (“Pacnet Ltd.”), Telstra Holdings Pty Limited (“Telstra Holdings”), and Bedrock Holdings (Bermuda) Limited (“Bedrock”), (collectively the “Applicants”) hereby respectfully request authority pursuant to the Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§34-39 (the “Cable Landing License Act”), Executive Order 10530, and section 1.767(a)(11) of the Federal Communications Commission’s (“FCC” or “Commission”) rules,<sup>1</sup> to transfer control of Pacnet Services (USA) Inc. (“Pacnet Services”), a submarine cable landing licensee on the

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<sup>1</sup> 47 C.F.R. § 1.767(a)(11).

Unity Cable System<sup>2</sup> and an indirect, wholly-owned subsidiary of Pacnet Ltd., to Telstra Holdings. Pacnet Services, collectively with Pacnet International and Pacnet Ltd., will be referred to herein as “Pacnet”.

As described in greater detail below, by agreements among the Applicants, the Applicants contemplate a transaction whereby Pacnet Ltd. will merge with Bedrock, a wholly owned subsidiary of Telstra Holdings, with Pacnet Ltd. surviving the merger (the “Merger Transaction”). Pacnet Ltd. directly and indirectly owns subsidiaries throughout Asia as well as two small subsidiaries in the United States (“U.S.”), Pacnet Services and Pacnet Cable (USA) Inc. (“Pacnet Cable”).<sup>3</sup> Upon consummation of the Merger Transaction, indirect control over Pacnet Services and its submarine cable landing license and the associated submarine cable assets and operations will be transferred to Telstra Holdings.

The Applicants request streamlined processing pursuant to section 1.767(k)(2) of the Commission’s rules.<sup>4</sup> Should the Commission determine that this Application will not receive streamlined processing and approval, the Applicants request expedited review and approval so that the global transaction can close on or before March 31, 2015, which is the date by which all other regulatory approvals, including those from regulatory authorities in Bermuda and Singapore (and any that may be necessary in Hong Kong and Taiwan) for this approximately

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<sup>2</sup> See FCC, Public Notice, Actions Taken Under Cable Landing License Act, DA No. 09-2188, FCC File No. SCL-LIC-20080516-00010 (Oct. 8, 2009).

<sup>3</sup> Pacnet Cable is a non-common carrier provider of international telecommunications between the U.S. and foreign points. Like Pacnet Services, Pacnet Cable provides to its commonly-controlled foreign affiliates the U.S. portion of international offerings billed by them to their customers. At this time, Pacnet Cable has no third-party end user or wholesale customers, services or revenues. Pacnet Cable holds no state or federal communications-related licenses. Consequently, no Commission approval is required for the transfer of control of Pacnet Cable or its U.S. assets.

<sup>4</sup> 47 C.F.R. § 1.767(k)(2).

\$696 million global transaction are expected to be secured.<sup>5</sup> Such expedited processing and approval is appropriate because: (a) the public interest is served by having control over the assets and license held by Pacnet Services transferred from institutional financial investors to a strategic buyer with global reach, vision and resources and a demonstrated commitment to making the U.S. a key part of its global communications business; (b) the Merger Transaction will have no adverse impact on competition; (c) the Merger Transaction will have no impact on U.S. consumers, will not involve any disruption or discontinuance of services provided to any business or wholesale customers in general, and will have no impact on existing capacity and IRU arrangements on the Unity Cable System; and (d) the Merger Transaction does not pose a threat to national security. Indeed, as discussed in further detail *infra*, the Unity Cable System is already subject to a September 21, 2009 security agreement (“Unity Cable Security Agreement”) between GU Holdings Inc. (“GU Holdings”), one of the licensees and U.S. landing station operator on the Unity Cable System, and the U.S. Department of Homeland Security (“DHS”). The Unity Cable Security Agreement serves to protect the security of the Unity Cable System. The Merger Transaction would not alter the security protections in the Unity Cable Security Agreement. Therefore, any national security concerns pertaining to the operation of the Unity Cable System will remain safeguarded the same way as before consummation of the Merger Transaction.

Further, pursuant to the terms of a separate National Security Agreement entered into by Telstra Corporation Limited (“Telstra Corp.”), the ultimate parent of Telstra Holdings and Bedrock, Pacnet Services will become subject to various reporting and security safeguarding obligations contained in that agreement. Finally, expedited processing and approval is warranted

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<sup>5</sup> By its terms, the Merger Agreement may be terminated if all closing conditions have not been satisfied by June 30, 2015.

because the part of the Merger Transaction requiring U.S. regulatory approval is very small, involving a single entity with a valuation that is less than three (3) percent of the value of the global transaction. For these reasons and based on the information provided in this Application, the Applicants request approval on or before March 31, 2015.

## **I. DESCRIPTION OF THE APPLICANTS**

### **A. PACNET INTERNATIONAL**

Pacnet International is a company formed under the laws of Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its telephone number is 65 (6722) 1839. Pacnet International's principal business is as a holding company for a portfolio of companies providing communications and other related services in Asia and around the world. The following entities hold a 10 percent or more interest in Pacnet Services or Pacnet Ltd. through an ownership interest in Pacnet International: Ashmore Cayman SPC Limited re Pacnet Segregated Portfolio ("Ashmore"), which holds 51.233 percent of the issued and outstanding equity,<sup>6</sup> Spinnaker Capital Pacnet Holdings Ltd. which holds 35.307 percent of the issued and outstanding equity, and Clearwater Undersea Cable Investments, L.P. which holds 13.460 percent of the issued and outstanding equity. No person or entity holds an interest of 10 percent or more in Pacnet International, Pacnet Services or Pacnet Ltd. other than those identified above. As noted *infra*, Pacnet International directly owns 90.164 percent of the issued and outstanding shares of Pacnet Ltd. Pursuant to the FCC's ownership attribution rules,<sup>7</sup> Pacnet

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<sup>6</sup> Three Funds currently hold a 10 percent or greater indirect ownership interest in Pacnet International through Ashmore: Asset Holder PCC Limited in respect of Ashmore Emerging Markets Liquid Investments Portfolio, incorporated in Guernsey (12.987 percent), Ashmore Emerging Markets Debt Fund, incorporated in the Cayman Islands (10.569 percent), and Asset Holder PCC No. 2 Limited in respect of Ashmore Asian Recovery Fund, incorporated in Guernsey (13.986 percent).

<sup>7</sup> See Note to 47 C.F.R. §63.18(h).

International, through its 90.164 percent ownership of Pacnet Ltd., is deemed to hold 100 percent of the issued and outstanding shares of Pacnet Services.

**B. PACNET LTD.**

Pacnet Ltd. is a company formed under the laws of Bermuda. Its registered offices are at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its telephone number is 65 (6722) 1839. Pacnet Ltd. is a holding company that holds a portfolio of communications and services companies around the world. Through its subsidiaries, Pacnet Ltd., is one of the leading providers of managed data connectivity solutions to major telecommunications carriers, large multinational enterprises and government entities<sup>8</sup> in the Asia-Pacific region. Pacnet Ltd. is directly held by Pacnet International which holds 90.164 percent of the issued and outstanding shares of Pacnet Ltd. No other individual or entity holds 10 percent or more of the issued and outstanding shares of Pacnet Ltd.

**C. PACNET SERVICES**

Pacnet Services is a company formed under the laws of the State of Delaware. Its principal place of business is 100 Pringle Avenue, Suite 515 Walnut Creek, CA 94596 and its telephone number is (415) 287-2500. Pacnet Services, along with several other entities, is a licensee on the non-common carrier Unity Cable System between the U.S. and Japan. Pacnet Ltd., the parent of Pacnet Services, holds 40 percent participation, equity and voting interests in the Unity Cable System. Pacnet Services holds Pacnet Ltd.'s interests in the portions of the Unity Cable System located in U.S. territorial waters, including the U.S. cable landing station. Thus, within U.S. territorial waters, Pacnet Services owns and operates two (2) fiber pairs on the

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<sup>8</sup> Pacnet's governmental customers are limited to Australian authorities.

Unity Cable System.<sup>9</sup> Pacnet Services also provides to its commonly controlled foreign affiliates the U.S. portion of international offerings billed by them to their customers.<sup>10</sup> These offerings include the following types of telecommunications which involve endpoints in the U.S.: international private line, internet protocol virtual private networks, and ATM/frame relay service. The foregoing telecommunications are made available on a private, non-common carrier basis only. Pacnet Services' affiliates also provide several non- telecommunications offerings to their customers using inputs obtained and provided by Pacnet Services, including Direct Internet Access, IP transit, and managed service.

Pacnet Services is an indirect, wholly owned subsidiary of Pacnet Ltd. Pacnet Services is a direct wholly owned subsidiary of Pacnet Global Corporation (S) Pte. Ltd., a Singapore company. Pacnet Global Corporation (S) Pte. Ltd is a direct wholly owned subsidiary of Pacnet Services Corporation Ltd, a Bermuda company. Pacnet Services Corporation Ltd is a direct wholly owned subsidiary of Pacnet Ltd. No other individual or entity holds 10 percent or more interest in Pacnet Services other than those identified above.

#### **D. TELSTRA HOLDINGS**

Telstra Holdings is a company formed under the laws of Australia. Its registered address is Level 41, 242 Exhibition Street, Melbourne in Victoria, Australia 3000 and its telephone number is +61 3 8647 2629. Telstra Holdings' principal business is as a holding company of a portfolio of telecommunications, media and technology companies around the world. Telstra

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<sup>9</sup> See Letter of Edward A. Yorkgitis, Jr., Kelley Drye & Warren, LLP, Counsel to Pacnet Limited and Pacnet Services (USA) Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of *Pro Forma* License Assignments, FCC File No. SCL-LIC-20080516-00010 (filed Feb. 2, 2015).

<sup>10</sup> Pacnet Services typically supports the services offered and billed by its non-U.S. affiliates but, in one anomalous instance, it does provide the U.S. portion of an international service and bills for it to an enterprise end user customer in the U.S. One of its commonly controlled foreign affiliates provides the international portion and bills it separately to a foreign office of the enterprise customer.

Holdings is a direct, wholly owned subsidiary of Telstra Corp., a company formed under the laws of Australia with registered offices at Level 25, 242 Exhibition Street, Melbourne in Victoria, Australia 3000. Telstra Corp. is a publicly traded company and, as such, its ownership is widely held. The following three entities hold 10 percent or more of the outstanding stock of Telstra Corp.:

1. HSBC Custody Nominees (Australia) Limited  
Address: HSBC Centre  
Level 32, 580 George Street  
Sydney, NSW 2000  
Citizenship: Australia  
Principal business: Asset management company
  
2. J.P. Morgan Nominees Australia Ltd.  
Address: Level 26, Grosvenor Place  
225 George Street  
Sydney, NSW 2000  
Citizenship: Australia  
Principal business: Asset management company
  
3. National Nominees Limited  
Address: Level 12, 500 Bourke Street  
Melbourne, VIC 3000  
Citizenship: Australia  
Principal business: Asset management company

#### **E. BEDROCK**

Bedrock is a company formed under the laws of Bermuda. Its registered offices are at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its telephone number is +61 3 8697 5929. Bedrock is a direct, wholly owned subsidiary of Telstra Holdings and was formed for the purpose of merging with Pacnet Ltd. to accomplish the Merger Transaction. Bedrock does not engage in any other activities.

## II. DESCRIPTION OF THE TRANSACTION

Pursuant to the terms of an “Agreement and Plan of Merger” (“Merger Agreement”) dated December 22, 2014, by and among Pacnet International, Pacnet Ltd., Telstra Holdings, and Bedrock, Telstra Holdings will acquire 100 percent ownership of Pacnet Ltd., the indirect 100 percent owner of Pacnet Services,<sup>11</sup> via a merger between Bedrock and Pacnet Ltd. Specifically, Bedrock, a holding company formed for the purpose of this Merger Transaction and a wholly owned subsidiary of Telstra Holdings, will merge with and into Pacnet Ltd. Pacnet Ltd. will be the surviving entity after the merger. As a result of the Merger Transaction, and subject to receipt of shareholder and regulatory approvals and certain other conditions being satisfied, Telstra Holdings will acquire 100 percent ownership of Pacnet Ltd., the indirect owner of 100 percent of Pacnet Services. Consequently, if the required conditions are satisfied, the Merger Transaction will result in the transfer of control of Pacnet Services’ submarine cable landing license and its interest in the Unity Cable System located within U.S. territorial waters to Telstra Holdings. The Merger Transaction will have no adverse impact on any end user customer as each of which will continue to be served, without interruption, by Pacnet’s affiliates after the Merger Transaction is consummated

The information and certifications required by section 1.767 are included in Exhibit A. Diagrams depicting the pre- and post-Merger Transaction organizational structure of Telstra Holdings are included in Exhibit B.

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<sup>11</sup> In addition to Pacnet Services, Pacnet Ltd. indirectly and wholly owns Pacnet Cable, an unlicensed provider of telecommunications, and other services, in the U.S. on a non-common carrier basis. Only Pacnet Services holds a license issued by the Commission. *See n. 3, supra.*



### III. PUBLIC INTEREST STATEMENT

The planned transfer of control of Pacnet Services pursuant to the Merger Transaction will benefit the public interest. The Telstra family of companies (collectively, “Telstra”) is financially sound and includes well-established providers of global telecommunications and other media and technology services. Currently, Pacnet Services is controlled by institutional financial investors focused on monetizing their investments in a manner that secures the best near term financial return for their investors. By contrast, Telstra is a strategic buyer with global reach, vision and resources and a demonstrated commitment to making the U.S. a key part of its global communications business. After the Merger Transaction is completed, Pacnet Services will be owned by and integrated<sup>12</sup> with Telstra’s global communications business so that Telstra, through its various operating entities, can offer U.S. and global companies and carriers more robust and often redundant communications links between the U.S. and Japan, and through Japan to other allied countries such as Australia and to emerging economies across the Pacific Rim. Pacnet Services will benefit from the increased financial resources and communications experience of Telstra, thereby enhancing Pacnet Services’ ability to compete and thrive in the submarine cable marketplace.

The Merger Transaction also serves the public interest as it will have no adverse impact on competition. Telstra does not currently hold any interest in the Unity Cable System thus the acquisition of Pacnet Services will not result in any new concentration of ownership on the cable system. Rather, Telstra Holdings will simply acquire Pacnet Services’ current interest in the Unity Cable System. Through Reach Global Networks Limited (“Reach Global”), a wholly

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<sup>12</sup> The Applicants expect that post-closing integration will include some integration of management, personnel and facilities in the U.S. Any integration activity will be planned and undertaken in a manner that causes minimal, if any, disruption to operations on Pacnet’s portion of the Unity Cable System, or to capacity or services provided over it.

owned subsidiary of Reach Limited (“Reach Ltd.”) (Telstra Corp. holds a 50 percent indirect interest in Reach Ltd.), Telstra Corp. has an indirect ownership interest in a small amount of additional capacity on the U.S. to Japan undersea cable route. Reach Global holds a submarine cable landing license for the Japan-U.S. Cable Network which connects the U.S. and Japan. Reach Global’s ownership interest in the Japan-U.S. Cable Network is limited to 13.85 percent. Telstra Corp.’s indirect interest in Reach Global’s capacity over the Japan-U.S. Cable Network<sup>13</sup> considered in combination with Pacnet Services’ interest in the Unity Cable System<sup>14</sup> would not provide Telstra Holdings (or Telstra more generally) with an excessive level of concentration of ownership of capacity on the cables connecting the U.S. to Japan. Therefore the Merger Transaction will not have any anticompetitive effects on the U.S. to Japan route.

The public interest will not otherwise be adversely impacted by Telstra Holdings’ acquisition of Pacnet Services and its Unity Cable System assets and operations. Any capacity arrangements, IRUs, or communications services that Pacnet Services and/or its affiliates provide or support over the Pacnet portion of the Unity Cable System will be unaffected by the Merger Transaction. Further, the operational support services that Pacnet Services provides to other Unity Cable System consortium members will continue as before the Merger Transaction.

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<sup>13</sup> There are five cable systems with U.S.-Japan direct routes: U.S.-Japan, TGN-Pacific, Unity, PC1, TPC-5. Combined, the combined total design and lit capacity of these five systems is 37,730 Gbps and 9,490 Gbps, respectively. Capacity numbers for the five U.S.-Japan systems were obtained from submarinenetworks.com.) Based on Telstra design capacity of 1,113 Gbps and lit capacity of 610 Gbps on the Japan-U.S. Cable Network, Telstra’s capacity shares on direct U.S.-Japan routes are 2.9 percent and 6.4 percent respectively. Notably, these percentages are likely to decrease as there are two more systems with direct U.S.-Japan connections in development, FASTER (6 fiber pairs, expected to come online in the second quarter of 2016) and NCP (fourth quarter of 2015). Both of these systems have large design capacity, more than the combined current capacity of the five systems described above.

<sup>14</sup> Based on Pacnet’s shares of design and lit capacity in the Unity Cable System of 3,072 and 1,240 Gbps, respectively, its market shares on existing direct U.S.-Japan routes (identified in n. 13, *supra*) are 8.1 percent and 13.1 percent of design and lit capacity respectively. As explained in note 13, *supra*, these shares are likely to decrease materially in the next two years as new systems become operational.

Accordingly, the proposed Merger Transaction poses no risk of harm to customers of Pacnet capacity or services supported by or related to the Unity Cable System.

#### **IV. TEAM TELECOM CONDITION**

The proposed Merger Transaction does not raise any national security or law enforcement concerns. Shortly after filing this Application, the Applicants intend to file a Voluntary Notice (“Notice”) with the Committee on Foreign Investment in the United States (“CFIUS”) that provides additional information regarding the Applicants and the Merger Transaction and substantiates the Applicants’ belief that there is no conflict between the purposes of Telstra’s acquisition of Pacnet Services (and Pacnet Cable) and U.S. national security. As explained above and in the Notice, the Unity Cable System is already subject to a September 21, 2009 Unity Cable Security Agreement between GU Holdings, one of the licensees and U.S. landing station operator on the Unity Cable System, and the DHS. The Commission granted DHS’ petition that GU Holdings’ submarine cable license be conditioned upon GU Holdings’ entry into the Unity Cable Security Agreement and its abiding by the commitments therein. The Unity Cable Security Agreement serves to protect the security of the Unity Cable System. The Merger Transaction would not alter the security protections in the Unity Cable Security Agreement. Therefore, any national security concerns pertaining to the operation of the Unity Cable System will remain safeguarded in the same way as before consummation of the Merger Transaction.

In addition, as an added level of assurance, Telstra Corp. is a party to a National Security Agreement (“Telstra Security Agreement”), dated November 29, 2001, with the Department of Justice, Federal Bureau of Investigation, and the Department of Homeland Security. In the Telstra Security Agreement, Telstra Corp. agreed that all of its Domestic Communications Companies, would abide by certain security and reporting obligations as a condition of the

Commission's grant of international section 214 authority to Reach Ltd., a joint venture between Telstra and Pacific Century CyberWorks Limited. Domestic Communications Companies are defined in the Telstra Security Agreement as:

subsidiaries, divisions, departments, branches and other components of Reach, Telstra [Corp.] and PCCW that provide Domestic Communications. If any subsidiary, division, department, branch or other component of Reach, Telstra and PCCW provides Domestic Communications after the date that all the Parties execute this Agreement, then such subsidiary, division, department, branch or other component of Reach, Telstra and PCCW shall be deemed to be a Domestic Communications Company. If Reach, Telstra and PCCW has or in the future obtains Control over a joint venture or other entity that provides Domestic Communications, then the joint venture or entity shall also be deemed to be a Domestic Communications Company.<sup>15</sup>

Domestic Communications is defined in the Telstra Security Agreement as "(i) Wire Communications or Electronic Communications (whether stored or not) from one U.S. location to another U.S. location and (ii) the U.S. portion of a Wire Communication or Electronic Communication (whether stored or not) that originates or terminates in the United States."<sup>16</sup>

Pacnet Services provides the U.S. portion of communications that meet this definition in support of its current affiliates and, upon consummation of the Merger Transaction, Pacnet Services would meet the Telstra Security Agreement's definition of Domestic Communications Company. Accordingly, as required by section 7.2 of the Telstra Security Agreement, Applicants request that the Commission condition its approval of this Application on Pacnet Services' subsequent compliance with the Telstra Security Agreement.<sup>17</sup>

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<sup>15</sup> See Telstra Security Agreement, § 1.6.

<sup>16</sup> See Telstra Security Agreement, § 1.5.

<sup>17</sup> See Telstra Security Agreement, §7.2 ("Reach, Telstra, and PCCW agree that in any application or petition by any Domestic Communications Company to the FCC for licensing or other authority filed with the FCC after the Effective Date, except with respect to pro forma assignments or pro forma transfers of control, they shall request that

## V. THE APPLICATION QUALIFIES FOR STREAMLINED PROCESSING

The Applicants request streamlined treatment of this Application pursuant to section 1.767(k)(2) of the Commission's rules.<sup>18</sup> This Application is eligible for streamlined processing pursuant to section 1.767(k)(2) of the Commission's rules for submarine cable landing licenses because none of the Applicants' foreign carrier affiliates in Japan (the non-U.S. landing country for the Unity Cable System) possesses market power in Japan. Specifically, Telstra Holdings and Bedrock are affiliated with Telstra Japan KK and REACH Networks K.K. (the "Telstra Japan Affiliates"), both providers of telecommunications in Japan. Pacnet Services is affiliated with Pacnet Services (Japan) Corp. ("Pacnet Japan Affiliate"), a provider of telecommunications in Japan. As a result of the Merger Transaction, Telstra Holdings will be affiliated with the Pacnet Japan Affiliate and the Telstra Japan Affiliates. However, neither the Pacnet Japan Affiliate nor either of the Telstra Japan Affiliates has market power in Japan nor do any of these entities possess 50 percent or more market share in the international transport or local access markets in Japan.

Telstra Holdings and Bedrock are also affiliated with Telstra Incorporated ("Telstra Inc.") and Reach Global Networks Limited ("Reach Global"). Telstra Inc., a direct, wholly-owned subsidiary of Telstra Holdings, is a U.S. provider of telecommunications services holding several Commission-granted licenses. Telstra Inc. does not have market power in the U.S. nor does it possess 50 percent or more market share in the international transport or local access markets in the U.S. Reach Global is a wholly owned subsidiary of Reach Ltd., and Telstra Corp. holds a 50 percent indirect interest in Reach Ltd. Reach Global is the holder of a submarine cable landing

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the FCC condition the grant of such licensing or other authority on compliance with the terms of this Agreement.").

<sup>18</sup> 47 C.F.R. § 1.767(k)(2).

license in the U.S. in connection with its interest in a portion of the Japan-U.S. Cable Network which connects the U.S. and Japan. Reach Global does not have market power in the U.S. nor does it possess 50 percent market share in the international transport or local access markets in the U.S.

Should the Commission decline to grant streamlined processing and approval of this Application, the Applicants respectfully request expedited review and approval so that the global transaction can close on or before March 31, 2015, which is the date by which all other regulatory approvals, including approvals from regulatory authorities in Bermuda and Singapore (and any approvals that may be necessary in Hong Kong and Taiwan), for this approximately \$696 million global transaction are expected to be secured.

Such expedited processing and approval is appropriate because, as set forth in detail above: (a) the public interest is served by having control over the assets and license held by Pacnet Services transferred from institutional financial investors to Telstra, a strategic buyer with global reach, vision and resources and a demonstrated commitment to making the U.S. a key part of its global communications business; (b) the Merger Transaction will have no adverse impact on competition; (c) the Merger Transaction will have no impact on U.S. consumers, will not involve any disruption or discontinuance of services provided any business or wholesale customers in general, and will have no impact on existing capacity and IRU arrangements on the Unity Cable System; and (d) the Merger Transaction does not pose a threat to national security.

Expedited processing and approval also is warranted because the part of the Merger Transaction requiring U.S. regulatory approval is very small, involving a single entity with a valuation that is less than three (3) percent of the value of the global transaction.<sup>19</sup> Pacnet

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<sup>19</sup> This percentage is based on an \$18 million good faith estimate of the net value of the interest acquired in Pacnet Services as of January 30, 2015, based on the book value of

Services serves no retail customers, employs fewer than forty (40) people, and holds an FCC cable landing license for the portion of two (2) fiber pairs, located in U.S. territorial waters, on a single cable system. It is but one of more than fifty entities in countries from Bermuda to the Asia-Pacific region being acquired as part of the global Merger Transaction and is valued at less than three (3) percent the value of the global transaction. The global transaction is anticipated to close on or before March 31, 2015, which is the date by which all other regulatory approvals, including those from regulatory authorities in Bermuda and Singapore (and any that may be necessary in Hong Kong and Taiwan) for this approximately \$696 million global transaction are expected to be secured. Expedited processing of this Application will ensure there is no delay in, or threat to, completion of the Merger Transaction and realization of the public interest benefits detailed above.

For these reasons, and based on the information provided in this Application, Applicants request approval by March 31, 2015.

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the assets as of December 31, 2014. The total value of the global transaction is estimated to be \$696 million.

**VI. CONCLUSION**

Based on the foregoing, Applicants respectfully request streamlined, or in the alternative, expedited processing and approval of this Application.

Respectfully submitted,

**Pacnet International Limited and Pacnet Limited**

**Telstra Holdings Pty Limited and Bedrock Holdings (Bermuda) Limited**



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*Its Attorneys*

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Date: February 2, 2015



## LIST OF EXHIBITS

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| EXHIBIT A – Information Required by 47 C.F.R. §1.767(a)(11)         |
| EXHIBIT B – Telstra Holdings Corporate Structure Diagrams           |
| EXHIBIT C – Telstra Holdings and Bedrock Foreign Carrier Affiliates |

**EXHIBIT A**

**INFORMATION REQUIRED BY SECTION 1.767(A)(11) OF THE  
COMMISSION'S RULES**

Applicants submit the following information pursuant to section 1.767(a)(11) of the Commission's rules, including the information identified in sections 63.18(h) – (k) and 63.18(o):

**1.767(a)(1): Name, address and telephone number of the Applicants:**

The names, addresses and telephone numbers of the Applicants are included in section I of the Application.

**1.767(a)(2): Laws under which each corporate or partnership applicant is organized:**

The laws under which the Applicants are organized are included in section I of the Application.

**1.767(a)(3): Correspondence concerning this Application should be sent to:**

For Pacnet International, Pacnet Ltd., and  
Pacnet Services:

Simon George Smith  
Director of Regulatory Affairs  
110 Paya Lebar Road  
Singapore 409009  
Phone: + 65 (6722) 1839  
Email: simon.smith@pacnet.com

with copy to:

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**1.767(a)(8): Certification regarding affiliation with foreign carriers:**

As evidenced by the signatures, to this Application, of representatives of Telstra Holdings and Bedrock, Telstra Holdings and Bedrock certify that (a) Telstra Holdings and Bedrock are not foreign carriers and (b) as discussed in section IV *supra*, Telstra Holdings and Bedrock are affiliated with foreign carriers in Japan and the U.S., including entities that own or control a foreign cable landing station in the destination markets of the Unity Cable.

The citizenship of each applicant is included in section I of the Application.

The information and certifications for Telstra Holdings and Bedrock, required in section 63.18(h) through (k) and 63.18(o), are included below:

63.18(h): Information regarding the individuals or entities that hold a 10 percent or greater interest in Telstra Holdings and Bedrock is included in section I.D. of the Application.

Telstra Holdings will not have any interlocking directorates with any foreign carrier as a result of this Merger Transaction. Bedrock will cease to exist after the Merger Transaction. Accordingly, it will not have any interlocking directorates with any foreign carrier as a result of this Merger Transaction.

- 63.18 (i) As evidenced by the signatures to this Application of representatives of Telstra Holdings and Bedrock, Telstra Holdings and Bedrock certify that (i) Telstra Holdings and Bedrock are not foreign carriers; and (ii) neither Telstra Holdings nor Bedrock will become a foreign carrier post-close. Telstra Holdings and Bedrock currently are affiliated with foreign carriers in Australia, Hong Kong, India, Japan, Malaysia, New Zealand, Papua New Guinea, Philippines, Singapore, South Korea, Taiwan and the United Kingdom. A listing of these carriers is attached hereto as Exhibit C.
- 63.18 (j) As evidenced by the signatures to this Application of representatives of Telstra Holdings and Bedrock, Telstra Holdings and Bedrock certify that they do not seek to provide international telecommunications services to any destination country where, post-close, (i) Telstra Holdings or Bedrock are foreign carriers; (ii) Telstra Holdings or Bedrock control foreign carriers; (iii) an entity that owns more than 25 percent of Telstra Holdings or Bedrock, or that controls Telstra Holdings or Bedrock, controls a foreign carrier; or (iv) two or more foreign carriers (or parties that control foreign carriers) own, in the aggregate, more than 25 percent of Telstra Holdings or Bedrock and are parties to, or the beneficiaries of, a contractual relation affecting the provision or marketing of international basic telecommunications services in the U.S.
- 63.18 (k) Telstra Holdings and Bedrock do not seek to provide international telecommunications services to any countries because Telstra Holdings and Bedrock are not carriers. However, as noted in response to Commission rule section 63.18(i) above, Telstra Holdings and Bedrock are affiliated with foreign carriers in Australia, Hong Kong, India, Japan, Malaysia, New Zealand, Papua New Guinea, Philippines, Singapore, South Korea, Taiwan and the United Kingdom. In addition, Telstra Holdings and Bedrock are affiliated with Telstra Inc., a U.S. carrier authorized to provide international telecommunications services. All of these countries are WTO Member countries.
- 63.18 (o) As evidenced by the signatures to this Application of representatives of Telstra Holdings and Bedrock, Telstra Holdings and Bedrock certify that, pursuant to sections 1.2001 through 1.2003 of the Commission's

rules, 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.

**1.767(a)(9): Certification regarding acceptance of conditions:**

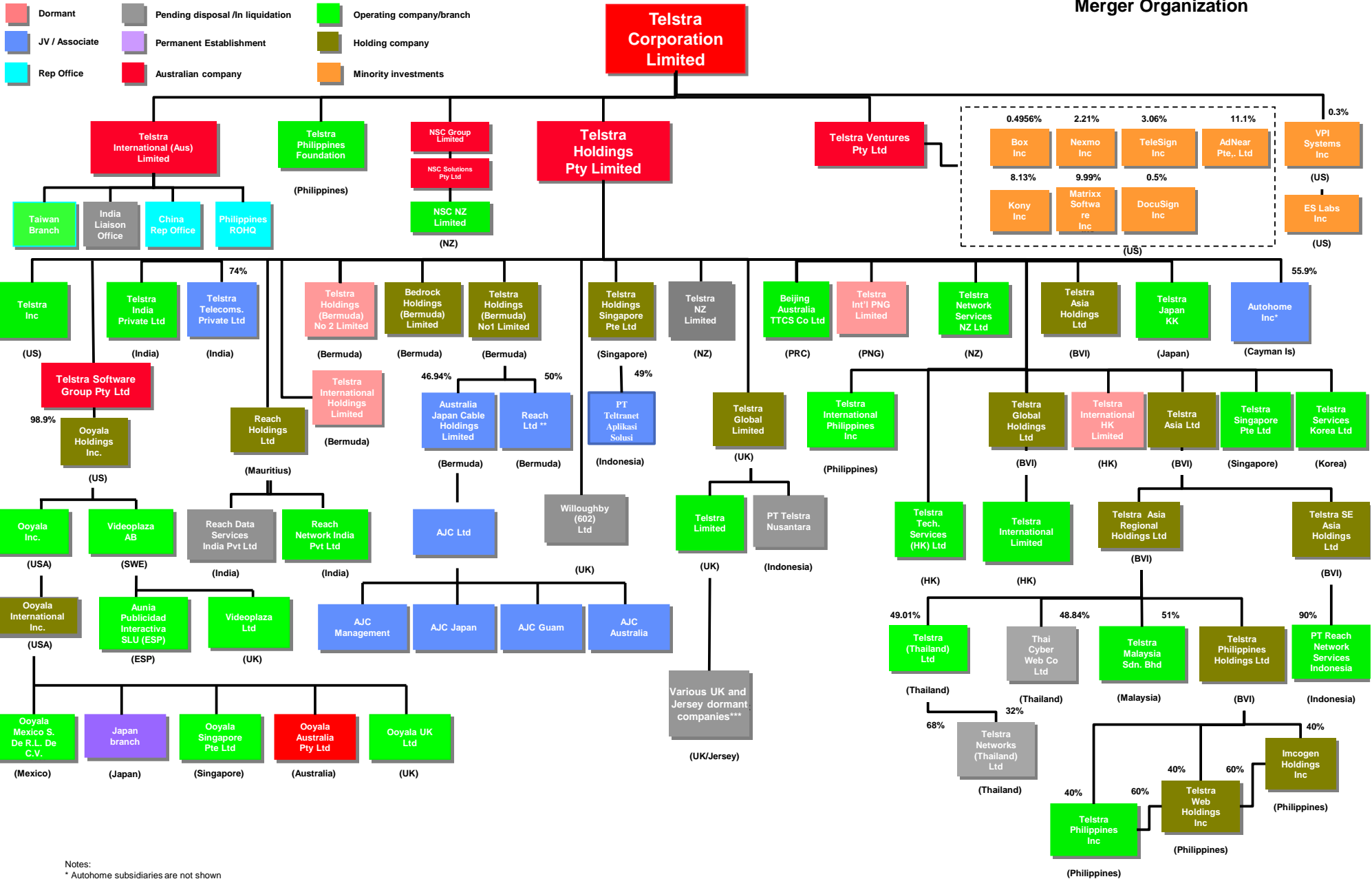
As evidenced by the signatures to this Application of representatives of Telstra Holdings and Bedrock, Telstra Holdings and Bedrock certify that they accept and will abide by the routine conditions of section 1.767(g) of the Commission's rules.

**EXHIBIT B**

**Pre- and Post-Merger Organizational Charts**

# Telstra Corporate Structure Pre-Merger

## Exhibit B – Telstra Pre-Pacnet Merger Organization

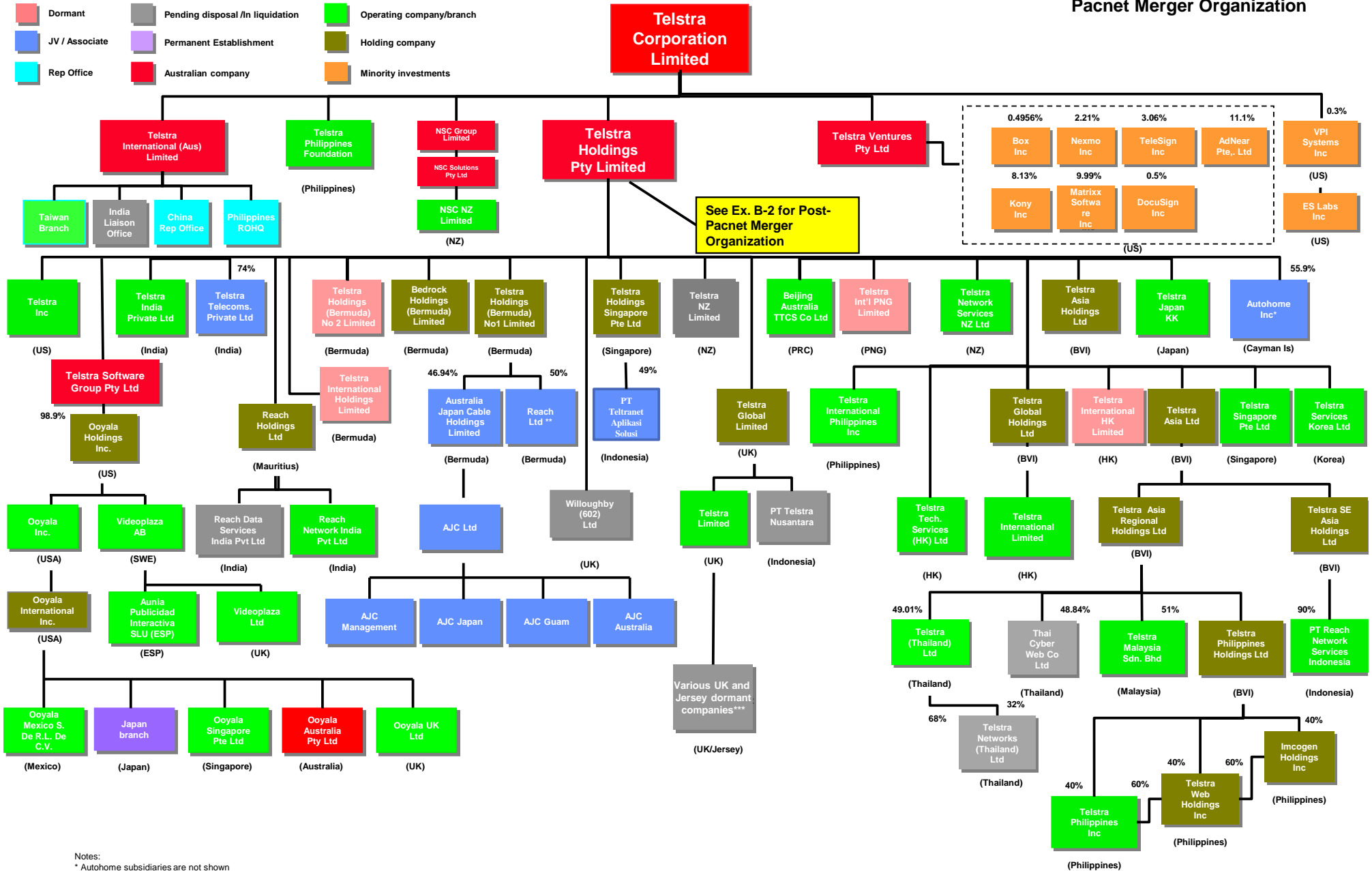


Notes:  
 \* Autohome subsidiaries are not shown  
 \*\* Reach Ltd subsidiaries shown on next page  
 \*\*\* Telstra Limited (UK) subsidiaries are dormant, and accordingly are not individually shown.

# Telstra Corporate Structure Post-Merger

Exhibit B-1 – Telstra Post-Pacnet Merger Organization

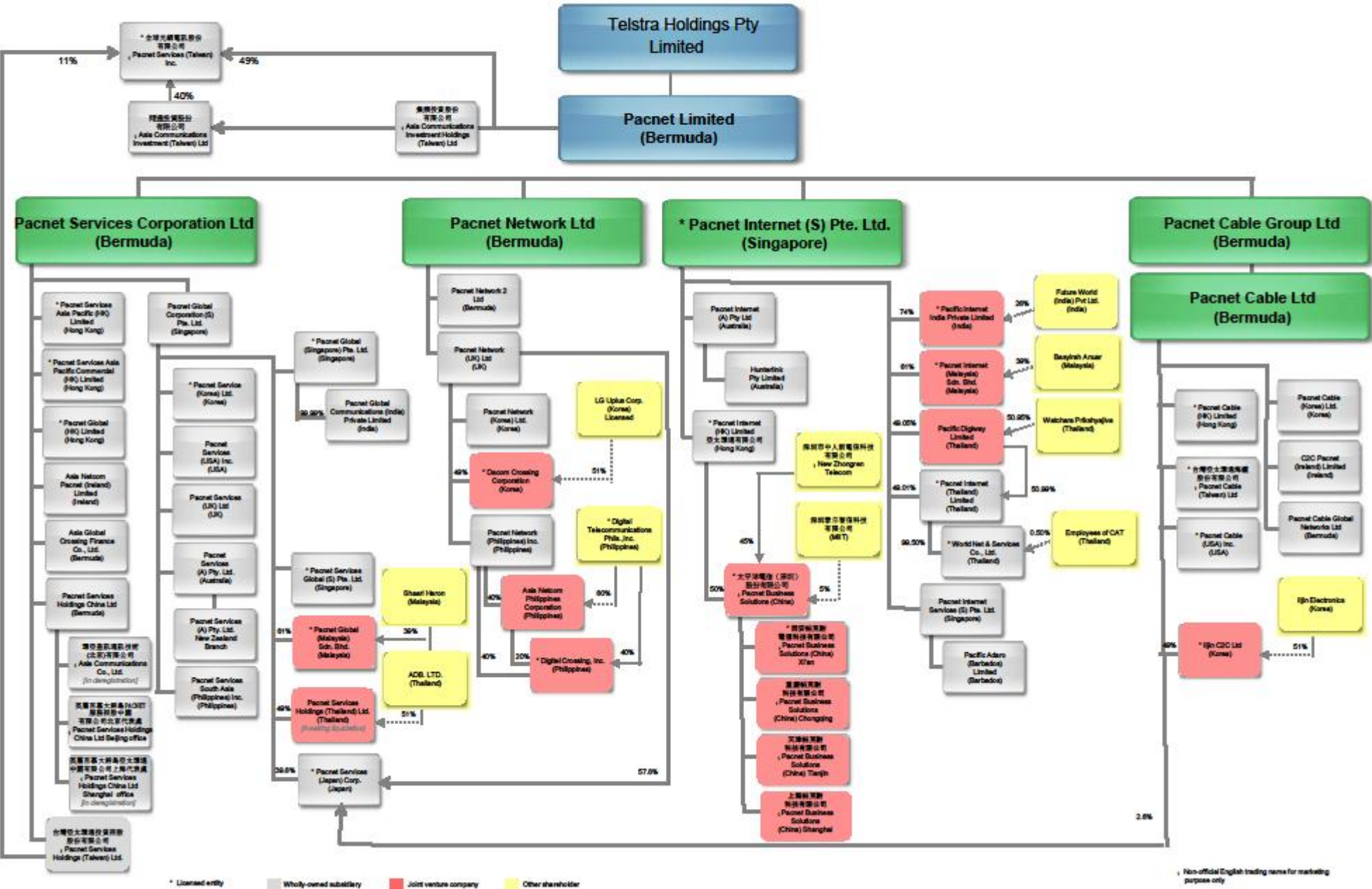
- Dormant
- Pending disposal /In liquidation
- Operating company/branch
- JV / Associate
- Permanent Establishment
- Holding company
- Rep Office
- Australian company
- Minority investments



Notes:  
 \* Autohome subsidiaries are not shown  
 \*\* Reach Ltd subsidiaries shown on next page  
 \*\*\* Telstra Limited (UK) subsidiaries are dormant, and accordingly are not individually shown.



Exhibit B-2 - Telstra Post-Pacnet Merger Organization



**EXHIBIT C**

**Telstra Holdings List of Section 63.18(i) Foreign Carrier Affiliates**

**Telstra Holdings Pty Limited and Bedrock Holdings (Bermuda) Limited**

**Section 63.18(i) List of Foreign Carrier Affiliates**

| <b>Name of the Affiliated Carrier:</b>                  | <b>Country:</b>  |
|---|------------------|
| Telstra Corporation Limited                             | Australia        |
| REACH Services Asia Limited                             | Hong Kong        |
| REACH Cable Networks Limited                            | Hong Kong        |
| Telstra International Ltd                               | Hong Kong        |
| REACH Networks Hong Kong Limited                        | Hong Kong        |
| Telstra International HK Limited                        | Hong Kong        |
| Telstra Telecommunications Private Limited              | India            |
| REACH Networks K.K.                                     | Japan            |
| Telstra Japan KK  | Japan            |
| Telstra Malaysia Sdn. Bhd.                              | Malaysia         |
| Telstra Network Services NZ Ltd.                        | New Zealand      |
| Telstra NZ Ltd  | New Zealand      |
| Telstra International PNG Limited                       | Papua New Guinea |
| Telstra Philippines Inc.                                | Philippines      |
| REACH International Telecom (Singapore)<br>Pte. Limited | Singapore        |
| Telstra Singapore Pte Ltd                               | Singapore        |
| Telstra Services Korea Ltd.                             | South Korea      |
| Taihan REACH Limited                                    | South Korea      |
| REACH Networks (Taiwan) Limited                         | Taiwan           |
| Telstra International (Aus) Limited                     | Taiwan           |
| Telstra (Thailand) Limited                              | Thailand         |
| REACH Europe Ltd.                                       | United Kingdom   |
| Telstra Limited   | United Kingdom   |

DC01\HEITJ\996194.4

## VERIFICATION

I, Simon Brookes, state that I am Deputy Group General Counsel of Telstra Corporation Limited; that I am authorized to represent Telstra Corporation Limited, Telstra Holdings Pty Limited, and Bedrock Holdings (Bermuda) Limited (collectively, "Telstra") and its subsidiaries and affiliates, and to make this verification on their behalf; that the statements regarding Telstra, its subsidiaries, and its affiliates and regarding the Merger Transaction and the certifications contained in the foregoing Federal Communications Commission application document seeking consent to the transfer of control of Pacnet Services (USA), Inc., except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

A handwritten signature in black ink, appearing to read 'Simon Brookes', written over a horizontal line.

Simon Brookes  
Deputy Group General Counsel,  
Telstra Corporation Limited

Executed on February 2nd, 2015

## VERIFICATION

I, Sean Gleeson, state that I am Acting General Counsel of Pacnet International, Pacnet Limited, and Pacnet Services (USA) Inc. (collectively "Pacnet"); that I am authorized to represent Pacnet and its subsidiaries and affiliates, and to make this verification on their behalf; that the statements regarding Pacnet, its subsidiaries, and its affiliates and regarding the Merger Transaction contained in the foregoing Federal Communications Commission application document seeking consent to the transfer of control of Pacnet Services (USA) Inc., except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.



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Sean Gleeson  
Acting General Counsel  
Pacnet International  
Pacnet Limited  
Pacnet Services (USA) Inc.

Executed on February 2, 2015

## Certificate of Service

I hereby certify that I have, this 2nd day of February 2015, served a copy of the foregoing Application of Pacnet International Limited, Pacnet Limited, Pacnet Services (USA) Inc., Telstra Holdings Pty Limited and Bedrock Holdings (Bermuda) Limited for a Transfer of Control of a Submarine Cable Landing License, via first-class mail, postage prepaid, and/or e-mail to the following recipients:

Caroline Brown (via e-mail)  
Attorney Advisor  
Foreign Investment Review Staff  
National Security Division  
U.S. Department of Justice  
600 E Street, N.W.  
Washington, DC 20004  
[Caroline.Brown@usdoj.gov](mailto:Caroline.Brown@usdoj.gov)

Jonathan Frenkel (via e-mail)  
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Denise Smith