

October 4, 2017

BY ELECTRONIC MAIL/FILING

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Re: Application for Consent to Transfer Control of Certain Negative Control Rights Over Telxius Cable USA, Inc., and Telxius Cable Puerto Rico, Inc., FCC File Nos. SCL-T/C-20170328-00008, SCL-T/C-20170328-00009, SCL-T/C-20170417-00010, and SCL-T/C-20170417-00011

Ladies and Gentlemen:

As set forth in the above-referenced applications, Telefónica, S.A. (“Telefónica”), and KKR Management LLC (“KKR Management” and together with its subsidiaries, the “KKR Group”) have sought consent from the Federal Communications Commission (“FCC”) to transfer control of certain negative control rights over Telxius Cable USA, Inc. (“Telxius Cable USA,” formerly Telefónica International Wholesale Services USA, Inc.) and Telxius Cable Puerto Rico, Inc. (together with Telxius Cable USA, the “Licensees”) to Taurus Bidco S.à.r.l. (“KKR Bidco”), a special purpose investment vehicle created for the purpose of making an investment in Telxius Telcom S.A.U. (“Telxius Parent”), the indirect parent of the Licensees.¹ Upon consummation of that investment, KKR Bidco, over which KKR Management is deemed to have indirect voting control, will hold a minority interest in Telxius Parent, and Telefónica will retain majority ownership and de jure control of Telxius Parent and the Licensees.

¹ See, e.g., FCC File No. SCL-T/C-20170417-00011.

Department of Homeland Security
Department of Defense Chief Information Officer
Defense Information Systems Agency
October 4, 2017
Page 2

As described more fully in the applications, the Licensees hold cable landing licenses for the BRUSA, Marea, Pacific Caribbean Cable System ("PCCS"), and South America-1 ("SAM-1") submarine cable systems.

KKR Management acknowledges that Telxius Cable USA previously has executed the following letters of assurances (the "Telxius LOAs"):

- On July 30, 2017, Telxius Cable USA executed an LOA for the benefit of the Department of Homeland Security ("DHS"), the Department of Defense Chief Information Officer ("DOD CIO"), and the Defense Information Systems Agency ("DISA") with respect to the BRUSA system. See FCC File No SCL-LIC-20160330-00011.
- On April 28, 2017, Telxius Cable USA executed an LOA for the benefit of DHS, DOD CIO, and DISA with respect to the Marea system. See FCC File No. SCL-LIC-20160525-00012.
- On January 14, 2014, Telxius Cable USA (then known as Telefónica International Wholesale Services USA, Inc.) executed an LOA for the benefit of DHS with respect to PCCS. See FCC File No. SCL-LIC-20130122-00001.

In addition, in connection with the transfer of control application referenced above, KKR Management acknowledges that Telxius Cable USA will provide an LOA to DHS and DOD undertaking certain obligations with respect to the SAM-1 system. See FCC File No. SCL-LIC-20000204-00003.

Each of the above-referenced Telxius LOAs are or will be attached by the FCC as a condition on the relevant submarine cable landing licenses for these cable systems.

KKR Management acknowledges that (i) the Licensees' compliance with the Telxius LOAs will remain a condition of the Licensees' respective cable landing licenses and (ii) DHS will request that the FCC condition its consent to the transfer of control of certain negative control rights over the Licensees to KKR Bidco upon the Licensees' remaining subject to the Licensees' obligations set forth in the Telxius LOAs. In furtherance of the foregoing, (i) KKR Management agrees not to cause KKR Bidco to knowingly take any action to cause the Licensees to breach their

Department of Homeland Security
Department of Defense Chief Information Officer
Defense Information Systems Agency
October 4, 2017
Page 3

commitments in the Telxius LOAs or in this letter following the consummation of the investment, and (ii) KKR Bidco agrees, consistent with its rights as a minority investor in Telxius Parent, that it will cooperate with Telefónica and Telxius Parent in their efforts to ensure that the Licensees will (x) comply with the terms, conditions, and requirements of such LOAs, and (y) have adequate resources for purposes of such compliance.

Respectfully submitted,

KKR Management LLC

By: 

David J. Sorkin
General Counsel

Taurus Bidco S.à.r.l.

By: 

Guido Mitrani
Director