

FEDERAL COMMUNICATIONS COMMISSION  
APPLICATION FOR SATELLITE SPACE AND EARTH STATION AUTHORIZATIONS

Approved by OMB  
3060-0078  
Est. Avg. Burden Hours  
Per Response: 11 Hrs.

FCC Use Only  
File Number  
Call Sign  
Fee Number

**RECEIPT**

MAR 19 2001

APPLICANT INFORMATION

1. Legal Name of Applicant Iridium Constellation LLC		2. Voice Telephone Number 703-724-8000
3. Other Name Used for Doing Business (if any)		4. Fax Telephone Number 703-724-8001
5. Mailing Street Address or P.O. Box 44330 Woodridge Parkway		6. City Leesburg
ATTENTION: Dan A. Colussy		7. State / Country (if not U.S.A.) VA
9. Name of Contact Representative (if other than applicant) Thomas Van Wazer, Esq.		8. Zip Code 20176
11. Firm or Company Name Sidley & Austin		10. Voice Telephone Number 202-736-8119
13. Mailing Street Address or P.O. Box 1722 Eye Street, N.W.		12. Fax Telephone Number 202-736-8711
ATTENTION:		14. City Washington
		15. State / Country (if not U.S.A.) DC
		16. Zip Code 20006

CLASSIFICATION OF FILING

17. Place an "X" in the box next to the classification that applies to this filing for both questions a. and b. Mark only one box for 17a and only one box for 17b.

<input checked="" type="checkbox"/> a1. Earth Station	<input type="checkbox"/> b1. Application for License of New Station
<input type="checkbox"/> a2. Space Station	<input type="checkbox"/> b2. Application for Registration of New Domestic Receive-Only Station
	<input type="checkbox"/> b3. Amendment to a Pending Application
	<input type="checkbox"/> b4. Modification of License or Registration
	<input checked="" type="checkbox"/> b5. Assignment of License or Registration
	<input type="checkbox"/> b6. Transfer of Control of License or Registration
	<input type="checkbox"/> b7. Notification of Minor Modification
	<input type="checkbox"/> b8. Application for License of New Receive-Only Station Using Non-U.S. Licensed Satellite
	<input type="checkbox"/> b9. Letter of Intent to Use Non-U.S. Licensed Satellite to Provide Service in the United States
	<input type="checkbox"/> b10. Other (Please Specify):

18. If this filing is in reference to an existing station, enter:  
Call sign of station: E960272

19. If this filing is an amendment to a pending application enter:  
(a) Date pending application was filed:  
(b) File number of pending application:

**SIDLEY & AUSTIN**  
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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WRITER'S DIRECT NUMBER

March 19, 2001

**VIA COURIER TO MELLON BANK**

**RECEIPT**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
Room TW-A325  
445 Twelfth Street, S.W.  
Washington DC 20554

Re: Transmit-Receive Earth Station  
E960244, Chandler, Arizona  
Application for Assignment of License  
(2 of 7)  
Transmit-Receive Earth Station  
E960272, Waimea, Hawaii  
Application for Assignment of License  
(3 of 7)

Dear Ms. Salas:

Transmitted herewith on behalf of Motorola Satellite Communications, Inc. ("Assignor"), the licensee of Transmit-Receive Earth Station E960244 and Transmit-Receive Earth Station E960272, are an original and four copies of separate Applications for Consent to Assignment of License on FCC Form 312. These applications seek FCC consent to the assignment of these two commonly-owned earth stations to Iridium Constellation LLC ("Assignee"). A signed FCC Form 159 and a check in the amount of \$540, which covers the filing fee for the assignment of both earth stations (\$405 for the first earth station and \$135 for the second), is also enclosed. The filing fee check is included as part of the application for Transmit-Receive Earth Station E960244.

The instant application is one of seven concurrently-filed applications seeking FCC consent to the assignment of various licenses and authorizations relating to the operation of the IRIDIUM Mobile Satellite Service System ("IRIDIUM System") from various wholly-owned subsidiaries and affiliates of Motorola, Inc. to wholly-owned subsidiaries of two affiliated companies, Iridium Holdings LLC ("Iridium Holdings") and Iridium Carrier Holdings LLC ("Iridium Carrier Holdings"). The various licenses and authorizations involved in this transaction are identified in

Ms. Magalie Roman Salas  
March 19, 2001  
Page 2

**Exhibit A** of each application. The ownership structure of the proposed Assignee is described in **Exhibit B** of each application.

Questions regarding the Assignor's portion of each application should be directed to:

Philip Malet, Esq.  
Steptoe & Johnson  
1300 Connecticut Avenue, N.W.  
Washington, DC 20036-1795  
(202) 429-6205

Questions regarding the Assignee's portion of each application should be directed to:

Thomas P. Van Wazer, Esq.  
Sidley & Austin  
1722 Eye Street, N.W.  
Washington, DC 20006  
(202) 736-8119

Sincerely,



Thomas P. Van Wazer

Enclosures

**TYPE OF SERVICE**

20. NATURE OF SERVICE: This filing is for an authorization to provide or use the following type(s) of service(s). Place an "X" in the box(es) next to all that apply.

- a. Fixed Satellite
- b. Mobile Satellite
- c. Radiodetermination Satellite
- d. Earth Exploration Satellite
- e. Direct to Home Fixed Satellite
- f. Digital Audio Radio Service
- g. Other (please specify)

21. STATUS: Place an "X" in the box next to the applicable status. Mark only one box.

- a. Common Carrier
- b. Non-Common Carrier

22. If earth station applicant, place an "X" in the box(es) next to all that apply.

- a. Using U.S. licensed satellites
- b. Using Non-U.S. licensed satellites

23. If applicant is providing INTERNATIONAL COMMON CARRIER service, see instructions regarding Sec. 214 filings. Mark only one box. Are these facilities:

- a. Connected to the Public Switched Network
- b. Not connected to the Public Switched Network

N/A

24. FREQUENCY BAND(S): Place an "X" in the box(es) next to all applicable frequency band(s).

- a. C-Band (4/6 GHz)
- b. Ku-Band (12/14 GHz)
- c. Other (Please specify) 29.1-29.25 GHz; 19.4-19.6 GHz

**TYPE OF STATION**

25. CLASS OF STATION: Place an "X" in the box next to the class of station that applies. Mark only one box.

- a. Fixed Earth Station
- b. Temporary-Fixed Earth Station
- c. 12/14 GHz VSAT Network
- d. Mobile Earth Station
- e. Space Station
- f. Other (Specify)

26. TYPE OF EARTH STATION FACILITY: Mark only one box.

- a. Transmit/Receive
- b. Transmit-Only
- c. Receive-Only

**PURPOSE OF MODIFICATION OR AMENDMENT**

27. The purpose of this proposed modification or amendment is to: Place an "X" in the box(es) next to all that apply.

- a -- authorization to add new emission designator and related service
- b -- authorization to change emission designator and related service
- c -- authorization to increase EIRP and EIRP density
- d -- authorization to replace antenna
- e -- authorization to add antenna
- f -- authorization to relocate fixed station
- g -- authorization to change assigned frequency(ies)
- h -- authorization to add Points of Communication (satellites & countries)
- i -- authorization to change Points of Communication (satellites & countries)
- j -- authorization for facilities for which environmental assessment and radiation hazard reporting is required
- k -- Other (Please Specify)

**ENVIRONMENTAL POLICY**

28. Would a Commission grant of any proposal in this application or amendment have a significant environmental impact as defined by 47 CFR 1.1307?

If YES, submit the statement as required by Sections 1.1308 and 1.1311 of the Commission's rules, 47 C.F.R. §§ 1.1308 and 1.1311, as an exhibit to this application.

A Radiation Hazard Study must accompany all applications as an exhibit for new transmitting facilities, major modifications, or major amendments. Refer to OFET Bulletin 65.

- YES
- NO

**ALIEN OWNERSHIP**

29. Is the applicant a foreign government or the representative of any foreign government?  YES  NO
30. Is the applicant an alien or the representative of an alien?  YES  NO
31. Is the applicant a corporation organized under the laws of any foreign government?  YES  NO
32. Is the applicant a corporation of which more than one-fifth of the capital stock is owned or voted by aliens or their representatives or by a foreign government or representative thereof or by any corporation organized under the laws of a foreign country?  YES  NO
33. Is the applicant a corporation directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned or voted by aliens, their representatives, or by a foreign government or representative thereof or by any corporation organized under the laws of a foreign country?  YES  NO  
See Exhibit B
34. If any answer to questions 29, 30, 31, 32 and/or 33 is Yes, attach as an exhibit, the identification of the aliens or foreign entities, their nationality, their relationship to the applicant, and the percentage of stock they own or vote.

**BASIC QUALIFICATIONS**

35. Does the applicant request any waivers or exemptions from any of the Commission's Rules? If Yes, attach as an exhibit, copies of the requests for waivers or exceptions with supporting documents.  YES  NO
36. Has the applicant or any party to this application had any FCC station authorization or license revoked or had any application for an initial, modification or renewal of FCC station authorization, license, or construction permit denied by the Commission? If Yes, attach as an exhibit, an explanation of the circumstances.  YES  NO
37. Has the applicant, or any party to this application, or any party directly or indirectly controlling the applicant ever been convicted of a felony by any state or federal court? If Yes, attach as an exhibit, an explanation of the circumstances. See Exhibit D  YES  NO
38. Has any court finally adjudged the applicant, or any person directly or indirectly controlling the applicant, guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement or any other means or unfair methods of competition? If Yes, attach as an exhibit, an explanation of the circumstances.  YES  NO
39. Is the applicant, or any person directly or indirectly controlling the applicant, currently a party in any pending matter referred to in the preceding two items? If Yes, attach as an exhibit, an explanation of the circumstances.  YES  NO
40. If the applicant is a corporation and is applying for a space station license, attach as an exhibit the names, addresses, and citizenship of those stockholders owning or controlling 10 percent or more of the Filer's voting stock and the percentages so held. In the case of fiduciary control, indicate the beneficiary (ies) or class of beneficiaries. Also list the names and addresses of the officers and directors of the Filer.
41. By checking Yes, the undersigned certifies, that neither the applicant nor any other party to the application is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Act of 1988, 21 U.S.C. Section 862, because of a conviction for possession or distribution of a controlled substance. See 47 CFR 1.2002(b) for the meaning of "party to the application" for these purposes.  YES  NO
- 42a. Does the applicant intend to use a non-U.S. licensed satellite to provide service in the United States? If yes, answer 42b and attach an exhibit providing the information specified in 47 C.F.R. § 25.137, as appropriate. If no, proceed to question 43.  YES  NO
- 42b. What administration has licensed or is in the process of licensing the space station? If no license will be issued, what administration has coordinated or is in the process of coordinating the space station?

FEDERAL COMMUNICATIONS COMMISSION

FCC 312 - Schedule A

(Place an "X" in one of the blocks below)

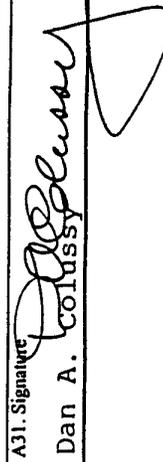
- CONSENT TO TRANSFER OF CONTROL       CONSENT TO ASSIGNMENT OF LICENSE
- NOTIFICATION OF TRANSFER OF CONTROL       NOTIFICATION OF ASSIGNMENT OF RECEIVE ONLY REGISTRATION
- OF RECEIVE ONLY REGISTRATION

A1. Name of Licensee or Registrant Motorola Satellite Communications, Inc.		A2. Voice Telephone Number	
A3. Mailing Street Address or P.O. Box 2501 South Price Road		A4. Fax Telephone Number	
ATTENTION: Chandler		A6. State / Country (if not U.S.A.) AZ	
A8. List Call Sign(s) of station(s) being assigned or transferred E960272		A7. Zip Code 85248	
A9. No. of station(s) listed 1			
A10. Name of Transferor/Assignor (if different than licensee or registrant)			
A11. Mailing Street Address or P.O. Box			
A12. City	A13. State/Country	A14. Zip Code	A15. Name of Transferee/Assignee
Leesburg	VA	20176	Iridium Constellation LLC
A16. Mailing Street Address or P.O. Box 44330 Woodridge Parkway			
A17. City Leesburg			
A18. State/Country VA			
A19. Zip Code 20176			
A20. If these facilities are licensed, is the transferee/assignee directly or indirectly controlled by any other entity? If Yes, attach as an exhibit, a statement (including organizational diagrams where appropriate) which fully and completely identifies the nature and extent of control including: (1) the name, address, citizenship, and primary business of the controlling entity and any intermediate subsidiaries or parties; and (2) the names, addresses, citizenship, and the percentages of voting and equity stock of those stockholders holding 10 percent or more of the controlling corporation's voting stock. <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO See Exhibit B			
A21. If these facilities are licensed, attach as an exhibit, a complete statement setting forth the facts which show how the assignment or transfer will serve the public interest. See Exhibit C			
CERTIFICATION			
1. The undersigned, individually and for licensee, certifies that all attached exhibits pertinent to Schedule A and all statements made in Schedule A of this application are true, complete and correct to the best of his/her knowledge and belief. The undersigned also certifies that any contracts or other instruments submitted herewith are complete and constitute the full agreement.			
2. The undersigned represents that stock will not be delivered and that control will not be transferred until the Commission's consent has been received, but that transfer of control or assignment of license will be completed within 60 days of Commission consent. The undersigned also acknowledges that the Commission must be notified by letter within 30 days of consummation.			
A22. Printed Name of Licensee (Must agree with A1) Motorola Satellite Communications, Inc.	A23. Signature <i>Ted Schaffner</i> Ted Schaffner	A24. Title (Office Held by Person Signing) Senior Vice President and Director	A25. Date 3/6/01
A26. Printed Name of Licensee Transferee/Assignor (if different than licensee. Must agree with A10)	A27. Signature	A28. Title (Office Held by Person Signing)	A29. Date
A30. Printed Name of Licensee Transferee/Assignee (Must agree with A13) Iridium Constellation LLC	A31. Signature Dan A. Colussy	A32. Title (Office Held by Person Signing) CEO & Chairman	A33. Date



**FEDERAL COMMUNICATIONS COMMISSION**  
**FCC 312 - Schedule A**  
 (Place an "X" in one of the blocks below)

- CONSENT TO TRANSFER OF CONTROL       CONSENT TO ASSIGNMENT OF LICENSE  
 NOTIFICATION OF TRANSFER OF CONTROL       NOTIFICATION OF ASSIGNMENT  
 OF RECEIVE ONLY REGISTRATION       OF RECEIVE ONLY REGISTRATION

A1. Name of Licensee or Registrant <b>Motorola Satellite Communications, Inc.</b>		A2. Voice Telephone Number	
A3. Mailing Street Address or P.O. Box <b>2501 South Price Road</b>		A4. Fax Telephone Number	
ATTENTION: <b>Chandler</b>		A7. Zip Code <b>85248</b>	
A5. City		A6. State / Country (if not U.S.A.) <b>AZ</b>	
A8. List Call Sign(s) of station(s) being assigned or transferred <b>E960272</b>		A9. No. of station(s) listed <b>1</b>	
A10. Name of Transferor/Assignor (if different than licensee or registrant)			
A15. Name of Transferee/Assignee <b>Iridium Constellation LLC</b>			
A11. Mailing Street Address or P.O. Box			
A12. City		A17. City	A18. State/Country
A13. State/Country	A14. Zip Code	<b>Leesburg</b>	<b>VA</b>
A19. Zip Code <b>20176</b>		A20. If these facilities are licensed, is the transferee/assignee directly or indirectly controlled by any other entity? If Yes, attach as an exhibit, a statement (including organizational diagrams where appropriate) which fully and completely identifies the nature and extent of control including: (1) the name, address, citizenship, and primary business of the controlling entity and any intermediate subsidiaries or parties; and (2) the names, addresses, citizenship, and the percentages of voting and equity stock of those stockholders holding 10 percent or more of the controlling corporation's voting stock. <b>See Exhibit B</b>	
A21. If these facilities are licensed, attach as an exhibit, a complete statement setting forth the facts which show how the assignment or transfer will serve the public interest. <b>See Exhibit C</b>			
<b>CERTIFICATION</b>			
1. The undersigned, individually and for licensee, certifies that all attached exhibits pertinent to Schedule A and all statements made in Schedule A of this application are true, complete and correct to the best of his/her knowledge and belief. The undersigned also certifies that any contracts or other instruments submitted herewith are complete and constitute the full agreement.			
2. The undersigned represents that stock will not be delivered and that control will not be transferred until the Commission's consent has been received, but that transfer of control or assignment of license will be completed within 60 days of Commission consent. The undersigned also acknowledges that the Commission must be notified by letter within 30 days of consummation.			
A22. Printed Name of Licensee (Must agree with A1) <b>Motorola Satellite Communications, Inc.</b>	A23. Signature <b>Ted Schaffner</b>	A24. Title (Office Held by Person Signing) <b>Senior Vice President and Director</b>	A25. Date
A26. Printed Name of Licensee Transferor/Assignor (If different than licensee. Must agree with A10)	A27. Signature	A28. Title (Office Held by Person Signing)	A29. Date
A30. Printed Name of Licensee Transferee/Assignee (Must agree with A15) <b>Iridium Constellation LLC</b>	A31. Signature  <b>Dan A. Colussi</b>	A32. Title (Office Held by Person Signing) <b>CEO &amp; Chairman</b>	A33. Date <b>3/08/01</b>

**EXHIBIT A**

**Description of the Transaction**

The instant application is one of seven concurrently-filed applications seeking FCC consent to the assignment of various licenses or authorizations relating to the operation of the IRIDIUM Mobile Satellite Service system ("IRIDIUM System" or the "System") from various wholly-owned subsidiaries and affiliates of Motorola, Inc. ("Motorola") to subsidiaries of two affiliated companies, Iridium Holdings LLC ("Iridium Holdings") and Iridium Carrier Holdings LLC ("Iridium Carrier Holdings") (collectively with their wholly-owned subsidiaries "New Iridium").<sup>1</sup> The IRIDIUM System is a low-Earth orbit ("LEO") mobile satellite system consisting of 66 satellites and up to 12 in-orbit spares that provides continuous global coverage for two-way voice and data communications between two hand-held mobile handsets or between a mobile handset and a user on the Public Switched Telephone Network ("PSTN").

These applications result from a protracted bankruptcy proceeding during which the IRIDIUM System was repeatedly on the brink of being de-orbited.<sup>2</sup> This process began in August 1999 when the owner of the IRIDIUM System's assets, Iridium LLC and its related entities, defaulted on two loans worth more than \$1.5 billion and filed for chapter 11 bankruptcy protection from its creditors. By the fall of 1999, no acceptable buyers had emerged and plans

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<sup>1</sup> The ultimate owners of Iridium Holdings are identical to the ultimate owners of Iridium Carrier Holdings. However, the relative ownership percentages among the ultimate owners are slightly different. The ownership structure of Iridium Holdings and Iridium Carrier Holdings is described in Exhibit B to the instant application.

<sup>2</sup> See e.g. "Motorola Pursues Plan to De-Orbit Satellites, Hammering Out Key Details with U.S. Officials" Satellite News, Sept. 11, 2000; Hilary Smith, "Castle Harlan Withdraws Offer to Salvage Iridium," Radio Comm. Report, Aug. 7, 2000, at p.6; Chris Bullock, "RIP for the Voice-Only Big LEOs," Telecommunications (International ed.) June, 2000, at p. 90-96;

were put in place by Motorola, which was under contract to manage and operate the System, to discontinue service and de-orbit the satellites.<sup>3</sup>

However, in February 2000, various buyers came forward and interim financing was arranged to keep the satellites in orbit servicing customers. When these prospects failed to materialize, Iridium service was discontinued and Motorola began finalizing its plans for de-orbiting. These de-orbiting plans were alternatively stopped and restarted when various potential buyers emerged and then dropped out of the bankruptcy proceedings. Finally, shortly before the first of the System's satellites was scheduled to be de-orbited, three more bids for the System were submitted to the Bankruptcy Court. Of these, only one – a bid by Iridium Satellite LLC, a wholly owned subsidiary of Iridium Holdings – met a Court-established down payment deadline and was subsequently approved. *See In re Iridium Operating LLC et al.*, Chapter 11 Case No. 99-B-45005-cb (Banker. S.D.N.Y. Nov. 2000). The Court's approval of Iridium Satellite's offer: (i) allows the System to remain in orbit; (ii) allows services to be provided; and (iii) provides for some potential recovery by the original Iridium's creditors.<sup>4</sup>

Although Iridium Satellite subsequently closed on its acquisition of the System assets last year, these seven concurrently-filed applications will remove the final regulatory hurdle

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<sup>3</sup> Given Motorola's estimated monthly maintenance costs of \$10 million for the system, de-orbiting the satellites was the only realistic option absent sale or reorganization.

<sup>4</sup> Both prior to and during the Iridium LLC bankruptcy proceeding, Motorola's wholly-owned subsidiaries or Motorola-affiliated companies held various IRIDIUM System licenses and authorizations and operated the System pursuant to contract on behalf of Iridium LLC. Iridium LLC and its related companies owned the assets underlying the IRIDIUM System licenses. Following the Bankruptcy Court's approval and the satisfaction of various conditions subsequent, Iridium Satellite closed on its acquisition of the IRIDIUM System assets in December 2000. Pursuant to an agreement between Motorola and Iridium Satellite, Motorola continues to hold the various system leases and authorizations and is responsible for operating the System for the benefit of Iridium Satellite.

to the re-initiation of IRIDIUM Service by New Iridium without the involvement of Motorola. New Iridium intends to operate primarily as a carrier's carrier, selling wholesale minutes to service providers around the world through Iridium Satellite. New Iridium expects these service providers to focus their marketing efforts on large commercial users that require reliable, secure communications to and from remote areas of the globe including commercial and industrial users in the aviation, maritime, oil and gas, forestry and emergency services markets.

Each of the System's licenses or authorizations is currently held by wholly-owned subsidiaries or affiliates of Motorola. The licenses or authorizations involved in these applications are:

1. **Space Segment License**, Call Sign S2110, File Nos. 9-DSS-P-91(87), CSS-91-010, 43-DSS-AMEND-92, 15 SAT-LA-95, 16 SAT-AMEND-95, granted to Motorola Satellite Communications, Inc. in *Order and Authorization*, 10 FCC Rcd. 2268 (Int'l Bur. 1995); Erratum, 10 FCC Rcd. 3915 (1995); Modification granted, 11 FCC Rcd. 13953 (1996); reconsideration denied, *Memorandum and Order*, 11 FCC Rcd. 18502 (1996). The Commission subsequently authorized the *pro forma* assignment of the space segment license to Space System License, Inc., also a subsidiary of Motorola. See Letter from Chief, Radiocommunication Division, International Bureau to Counsel for Motorola, January 17, 1998.
2. **TT&C Earth Station License**, at Chandler, Arizona, Call Sign E960244, File No. 992-DSE-P/L-96, granted to Motorola Satellite Communications, Inc.
3. **TT&C Earth Station License**, at Sunset Beach, Hawaii, Call Sign E960272, File No. 1116-DSE-P/L-96, granted to Motorola Satellite Communications, Inc. See *Order and Authorization*, 12 FCC Rcd. 1456 (Int'l Bur. 1997).
4. **Commercial Gateway Earth Station**, at Tempe, Arizona, Call Sign E960131, File No. 422-DSE-P/L-96, granted to U.S. Leo Services, Inc. in *Order and Authorization*, 11 FCC Rcd. 13962 (Int'l Bur. 1996). This license was assigned to Iridium U.S., L.P. (dba "Iridium North America" or "INA"), File No. 1043-DSE-AL-98, Report No. 1863, July 22, 1998. The Commission recently approved the *pro forma* transfer of control of INA by Wireless SP, Inc., a wholly-owned subsidiary of Motorola. See Public Notice, File Nos. SEC-T/C - 20001115-02171/02172, Report No. SES-00239, November 29, 2000.

- 5&6. **International and Domestic Section 214 Authorizations**, granted to Iridium U.S., L.P. (dba "Iridium North America" or "INA"), File No. I-T-C-97-697 (Int'l Bureau 1998). The FBI filed a Petition for Reconsideration of this grant on February 9, 1998. The FBI Petition remains pending. Separate applications have been filed to assign INA's international and domestic 214 authorizations. The Commission recently approved the *pro forma* transfer of control of INA by Wireless SP, Inc., a wholly-owned subsidiary of Motorola. See Public Notice, File Nos. SEC-T/C - 20001115-02171/02172, Report No. SES-00239, November 29, 2000.
7. **Blanket Handset License**, Call Sign E960132, File No. 423-DSE-P/L-96, authorizing 200,000 terminals to U.S. Leo Services, Inc. in *Order and Authorization*, 11 FCC Rcd. 20474 (Int'l Bur. 1996). This license was assigned to Iridium U.S., L.P. (dba "Iridium North America" or "INA"), File No. 1044-DSE-AL-98, Report No. 1868, August 5, 1998. The Commission recently approved the *pro forma* transfer of control of INA by Wireless SP, Inc., a wholly-owned subsidiary of Motorola. See Public Notice, File Nos. SEC-T/C - 20001115-02171/02172, Report No. SES-00239, November 29, 2000.

The proposed transaction contemplates assignment of the first four licenses to two wholly-owned subsidiaries of Iridium Holdings. Specifically, the space segment license and the two TT&C earth station licenses would be assigned to Iridium Constellation LLC; the commercial gateway earth station license would be assigned to Iridium Satellite. The fifth and sixth authorizations, Iridium U.S., L.P.'s Section 214 international and domestic authorizations, would be assigned to Iridium Carrier Services LLC, a wholly-owned subsidiary of Iridium Carrier Holdings in separate applications. Finally, the application involving the blanket handset license seeks consent to split the current authorization to use 200,000 handsets with the System. The application proposes to assign 50,000 handsets to Iridium Satellite on a non-common carrier basis (primarily for use by the U.S. Department of Defense) and 150,000 handsets to Iridium Carrier Services LLC on a common carrier basis (primarily to be used by Iridium Satellite's authorized service providers).

**EXHIBIT B**

**Ownership Structure of Proposed Assignee**

As noted in Exhibit A, the instant application is one of seven concurrently-filed applications seeking FCC consent to assign various IRIDIUM Mobile Satellite Service system ("IRIDIUM System" or the "System") licenses from subsidiaries or affiliates of Motorola, Inc. ("Motorola") to subsidiaries of Iridium Holdings LLC ("Iridium Holdings") or Iridium Carrier Holdings LLC ("Iridium Carrier Holdings") (collectively with their wholly-owned subsidiaries "New Iridium"). While the ultimate owners of Iridium Holdings and Iridium Carrier Holdings are identical, the relative ownership percentages are slightly different. The ownership structures of Iridium Holdings, Iridium Carrier Holdings, and their proposed licensee subsidiaries are detailed below.

Four of the applications propose the following assignments: the space segment license and two telemetry, tracking and control ("TT&C") earth stations to Iridium Constellation LLC ("Iridium Constellation") and a commercial gateway earth station to Iridium Satellite LLC ("Iridium Satellite"). Iridium Constellation is a wholly-owned subsidiary of Iridium Satellite, which in turn is a wholly-owned subsidiary of Iridium Holdings. In addition, two Section 214 applications are being filed proposing to assign Iridium U.S., L.P.'s international and domestic Section 214 authorizations to Iridium Carrier Services LLC, a wholly-owned subsidiary of Iridium Carrier Holdings.

The last application proposes to split the blanket handset earth station license that authorizes up to 200,000 handsets for use with the IRIDIUM System. The application seeks to assign 50,000 handsets to Iridium Satellite on a non-common carrier basis. These handsets will be provisioned by Iridium Satellite primarily for the use of the U.S. Department of Defense (“DoD”).<sup>1</sup> The last application simultaneously seeks to assign the remaining 150,000 authorized handsets to Iridium Carrier Services LLC on a common carrier basis. Iridium Carrier’s handsets will be used primarily by Iridium Satellite’s service providers.

#### **Regulatory Treatment Of Iridium Holdings’ Licenses**

New Iridium intends to operate primarily as a carrier’s carrier, selling wholesale minutes to service providers around the world through Iridium Satellite, the wholly-owned subsidiary of Iridium Holdings. New Iridium expects these service providers to focus their marketing efforts on large commercial users that require reliable, secure communications to and from remote areas of the globe including commercial and industrial users in the aviation, maritime, oil and gas, forestry and emergency services markets. Given this business plan, New Iridium requests that the licenses proposed to be assigned to the subsidiaries of Iridium Holdings (specifically Iridium Satellite and Iridium Constellation) be regulated on a non-common carrier basis.

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<sup>1</sup> As described in Exhibit C to this application, Iridium Satellite recently entered into a contract with the Defense Information Services Agency (“DISA”) to permit the unlimited usage of up to 20,000 handsets on the System each month – usage controlled exclusively by the DoD.

In support of this request, New Iridium notes that each of the licenses proposed to be assigned to Iridium Satellite and Iridium Constellation -- namely the licenses for the space segment, the two TT&C earth stations, the commercial gateway and the mobile earth station license for 50,000 handsets -- was issued originally on a non-common carrier basis. Specifically, the Commission originally approved non-common carrier regulatory treatment of all MSS space system licenses as well as the related earth stations involved in both the operation of the space system and in the interconnection of the system to the public switched telephone network ("PSTN").<sup>2</sup>

In addition, Motorola's original application for 200,000 mobile handsets requested non-common carrier status and was granted without any specific objection to the proposed regulatory treatment.<sup>3</sup> Motorola also sought and received non-common carrier status for the separate IRIDIUM System DoD gateway it licensed in Wahiawa, Hawaii.<sup>4</sup> In its application, Motorola demonstrated that the provision of service to the DoD did not constitute commercial

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<sup>2</sup> See *Amendment of Commission's Rules to Establish Rules and Policies Pertaining to a Mobile Satellite Service in the 1610 - 1626.5/2483.5 - 2500 MHz Frequency Bands, Report & Order*, CC Docket No. 92-166, FCC 94-261, ¶ 181, released October 14, 1994. It recently reaffirmed this non-common carrier status when it authorized the so-called second generation MSS in the 2 GHz Band. See *The Establishment of Policies and Service Rules for the Mobile Satellite Service in the 2 GHz Band, Report & Order*, IB Docket No. 99-81, FCC 00-302, ¶¶ 97-98 released August 25, 2000 (hereinafter "2 GHz MSS Report & Order").

<sup>3</sup> See U.S. Leo Services Application, FCC File No. 423-DSE-P/L-96, filed Jan. 16, 1996; U.S. Leo Services, *Order and Authorization*, 11 FCC Rcd. 20474 (Int'l Bur. 1996). This license was assigned to Iridium U.S., L.P., File No. 1044-DSE-AL-98, Report No. 1868, August 5, 1998.

<sup>4</sup> See Motorola Pacific Communications, Inc., FCC File No. 143-DSE-P/L-98, Action Taken Public Notice 84163, July 1, 1998.

mobile radio service ("CMRS") because DoD was the only entity that controlled access to the System.<sup>5</sup>

Given this direct precedent, New Iridium submits that the continuation of the non-common carrier regulatory treatment for the various Iridium Satellite and Iridium Constellation licenses is clearly appropriate. Under this regulatory status, "the limits on foreign ownership of licensees contained in Section 310(b) of the Act are not applicable" to the ownership of Iridium Holdings and its two wholly-owned subsidiaries, Iridium Satellite and Iridium Constellation.<sup>6</sup>

#### **Iridium Holdings' Ownership Structure**

Iridium Constellation is a Delaware limited liability company and a wholly-owned subsidiary of Iridium Satellite. Iridium Satellite is also a Delaware limited liability company and is, in turn, a wholly-owned subsidiary of Iridium Holdings. Iridium Holdings is also a Delaware limited liability company. A chart depicting the ownership information described below is attached hereto for convenience as Attachment 1.

<sup>5</sup> See *Motorola Pacific Application*, at 7-10. The FCC granted Motorola's application on a non-common carrier basis. See *Construction Permit & License for Earth Station E980049*, supra at n.7. Because Iridium Satellite's 50,000 handsets will be used to supply the DoD, New Iridium submits non-common carrier regulatory treatment is particularly appropriate.

<sup>6</sup> See *LMGT Astro Licensee, LLC*, FCC File No. SAT-ASG-19990527-00059, DA 99-204 (Int'l Bur. released Oct. 1, 1999); *Teledesic Corporation, Order & Authorization*, 12 FCC Rcd 3154, ¶ 27 (Int'l Bur. 1997) (granting Teledesic's request for non common carrier treatment in part based on its plan to be a wholesaler of NGSO fixed satellite service); *Loral/Qualcomm Partnership, L.P.*, FCC File No. 19-DSS-P-91(48), DA 95-128, ¶ 22 (Int'l Bur. 1995)(granting request for non-common carrier treatment of proposed Globalstar MSS service based on business plan to sell capacity to resellers rather than directly to the public).

It is currently anticipated that Iridium Holdings will have an initial fully-diluted capitalization of \$150 million. This capitalization is divided between class A units (700,000 total when fully issued) and class B units (up to 300,000 total when fully issued). Class A units have been issued in return for capital commitments at the price of \$214.29 per unit. A total of 476,001 class A units (representing capital contribution commitments of approximately \$102 million) have been issued to date. The voting rights of these class A units are described below. Class B units will be used as corporate incentives or in exchange for in-kind contributions. Class B units are non-voting. A total of 59,607 class B units have been issued to date.

Iridium Holdings is controlled by six class A members who currently own 95 percent of the total equity interests (class A and class B). The following table details each member's capital commitment, equity holdings, board representation and voting rights.

**Iridium Holdings -- Class A Members**

<b>Member</b>	<b>Capital Commitment</b>	<b>Class A Units</b>	<b>Percentage of Total Equity</b>	<b>Number of Board Members</b>	<b>Number of Board Votes</b>
Syndicated Communications, Inc. ("Syncom I") & Syncom-Iridium Holdings Corp. ("Syncom-Iridium")	\$30 Million	140,000	26.139%	2	3
Baralonco, N.V.	\$30 Million	140,000	26.139%	2	3
Bareena Holdings Pty, Ltd.	\$30 Million	140,000	26.139%	2	3
Millport Associates, S.A.	\$10 Million	46,667	8.713%	1	1
Dan A. Colussy	\$1 Million	4,667	0.871%	1	1
Tyrone Brown	\$1 Million	4,667	0.871%	0	0

Under the Iridium Holdings LLC Limited Liability Company Agreement ("Iridium Holdings LLC Agreement"), control of the company is vested in the class A members by virtue of their exclusive authority to appoint the members of the Iridium Holdings Board of Directors. Each class A member is entitled to appoint one director to the Iridium Holdings Board for every \$10 million of committed capital contribution, up to a maximum of two directors.<sup>7</sup> The directors appointed by a particular member are entitled, in the aggregate, to one vote on the Iridium Holdings Board for every \$10 million in capital committed by that member to be allocated between the directors as specified by the member. Under the Iridium Holdings LLC Agreement,

<sup>7</sup> Under the Iridium LLC Agreement, affiliated investors such as Syncom I and Syncom-Iridium are treated as one class A member for this purpose.

Mr. Dan A. Colussy, a United States citizen, has been appointed Chairman of the Board of Directors and has one vote.

The Syncom entities -- Syncom I and Syncom-Iridium (collectively "Syncom") -- have appointed Mr. Herbert P. Wilkins, Sr. and Mr. Terry L. Jones, both U.S. citizens, as their directors to the Iridium Holdings Board. Baralonco has appointed Mr. Thomas Alabakis, an Australian citizen, and Mr. Steven B. Pfeiffer, a U.S. citizen as its directors. Bareena has appointed Mr. Michael Boyd, an Australian citizen, and Mr. Carlton Jennings, a U.S. citizen as its directors. Millport has appointed Atilano de Oms Sobrinho, a Brazilian citizen, as its director.

As noted above, Iridium Holdings also has class B non-voting interests. A total of 59,607 class B units have been issued to date. These interests are summarized below:

**Iridium Holdings -- Class B Members**

<b>Member</b>	<b>Capital Commitment</b>	<b>Class B Units</b>	<b>Percentage of Total Equity</b>	<b>Number of Board Members</b>	<b>Number of Board Votes</b>
Bankruptcy Estate of Iridium LLC	\$1	26,780	5.00%	0	0
Dan A. Colussy	\$1	26,780	5.00%	0	0
Tyrone Brown	\$1	6,047	1.129%	0	0

Iridium Holdings has reserved 100,000 class B non-voting units to be used as necessary to facilitate acquisitions from Motorola and other foreign gateway operators of certain of the assets used in the operation of the old IRIDIUM System. In exchange for such assets, for

example, Motorola is entitled to receive class B units representing up to 2.25 percent of the total equity of Iridium Holdings on a fully diluted basis. Motorola has also provided Iridium Satellite a bridge loan of \$30 million evidenced by a senior subordinated term note.

**Contingent Equity Interests:** As part of the purchase approved by the Bankruptcy Court, the creditors of Iridium LLC -- which consist, *inter alia*, of more than 50 banks -- received an \$18.5 million note that is convertible into Iridium Holdings class A units at any time up to June 30, 2002. If this option is exercised, Iridium LLC's numerous creditors will collectively acquire a class A interest in Iridium Holdings and will be considered to have made a capital contribution to Iridium Holdings equal to the face value of that portion of the note converted. As a result, if at least \$10 million of the note is converted into class A equity, the Iridium LLC creditors will collectively be permitted to appoint one member to the Iridium Holdings Board with one vote. As noted above, Iridium LLC's creditors have also been issued 26,780 class B units.

Finally, the four principal class A interest holders -- Syncom, Baralonco, Bareena and Millport -- have various option rights to increase their pro-rata share of capital contributions up to the initial \$150 million capitalization total for Iridium Holdings. Iridium Holdings will report the exercise of any of these options as required under the Commission's rules. The exercise of these options is not expected to produce a *de facto* or *de jure* change in control of Iridium Holdings.

**Regulatory Treatment of Iridium Carrier Holdings' Licenses**

New Iridium seeks to assign 150,000 of the blanket handsets authorized in the blanket handset license issued for the System (Call Sign E960132) to Iridium Carrier Services LLC, a wholly-owned subsidiary of Iridium Carrier Holdings, on a common carrier basis.

Although New Iridium has no current plans to offer the IRIDIUM Service directly to the public, it has created Iridium Carrier as an affiliate of Iridium Holdings to hold this blanket handset authority in light of the Commission's recent decision to treat the mobile earth terminal component of the 2 GHz Mobile Satellite Service ("MSS") "as common carriage for regulatory purposes."<sup>8</sup> Pursuant to a Master Services Agreement, Iridium Carrier Services will become a non-exclusive service provider for Iridium Satellite. To facilitate the provision of service by Iridium Satellite, Iridium Carrier Services will make available its blanket handset authorization for use by Iridium Satellite's other service providers.

New Iridium has also filed separate applications seeking consent to the assignment of Iridium U.S. L.P.'s domestic and international Section 214 authorizations to Iridium Carrier Services LLC. New Iridium seeks this authority as a precaution to insure that it has the necessary regulatory authority to step in and offer services directly to end-users in any market segment not

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<sup>8</sup> See *2 GHz MSS Report & Order, supra*, ¶ 97. New Iridium notes that the Commission reserved "the right to review each application on a case-by-case basis to determine if this regulatory treatment is appropriate." *Id.* New Iridium submits that the experience of Iridium LLC clearly demonstrates that the MSS is a niche service rather than a substitute for cellular or PCS services. The well-publicized financial difficulties of the rival MSS system operated by Globalstar underscores this fact. Both companies are struggling to create enough demand to achieve basic financial stability. Given these marketplace realities, New Iridium submits that common carrier regulatory treatment of MSS mobile terminals is particularly inappropriate. The Commission clearly has the (continued ...)

properly served by Iridium Satellite's service providers. In addition, New Iridium is seeking international Section 214 authority to ensure that it also has the maximum flexibility to offer new telephone service to currently unserved or underserved portions of the U.S. and the world, including sub-Saharan Africa. To ensure that it can provide this new service, which is described in more detail in Exhibit C, New Iridium seeks the regulatory authority to offer the IRIDIUM Service in these unserved or underserved regions directly to the public in the event no suitable service provider is available.

#### **Iridium Carrier Holdings' Ownership Structure**

Iridium Carrier Services, a Delaware limited liability company, is a wholly-owned subsidiary of Iridium Carrier Holdings. Iridium Carrier Holdings is also a Delaware limited liability company. A chart depicting the ownership information described below is attached hereto for convenience as Attachment 2.

New Iridium currently anticipates that Iridium Carrier Holdings will have an initial fully-diluted capitalization of \$500,000. This capitalization is divided between class A units (700,000 total when fully issued) and class B units (300,000 total when fully issued). A total of 476,001 class A units have been issued to date representing capital contribution commitments totaling \$500,000. Class A units have voting rights described below.

Iridium Carrier Holdings is controlled by the same 6 members who control Iridium

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authority to treat this service on a non-common carrier basis under the Communications Act and should do so here. See 47 U.S.C. § 153(44).

Holdings. These six members currently own 95 percent of the total equity interests (class A and class B) of Iridium Carrier Holdings. The following table details each member's capital commitment, equity ownership, board representation and voting rights.

**Iridium Carrier Holdings -- Class A Members**

<b>Member</b>	<b>Capital Commitment</b>	<b>Class A Units</b>	<b>Percentage of Total Equity</b>	<b>Number of Board Members</b>	<b>Number of Board Votes</b>
Syndicated Communications, Inc. ("Syncom I") & Syncom-Iridium Holdings Corp. ("Syncom-Iridium")	\$151,436	144,167	26.925%	1	1
Baralonco, N.V.	\$136,554	130,000	24.279%	1	1
Bareena Holdings Pty, Ltd.	\$151,436	144,167	26.925%	1	1
Millport Associates, S.A.	\$50,478	48,055	8.975%	1	1
Dan A. Colussy	\$5,048	4,806	0.898%	1	1
Tyrone Brown	\$5,048	4,806	0.898%	0	0

Under the Iridium Carrier Holdings LLC Agreement, no class A investor will have *de jure* or *de facto* control. The following class A unit holders are each entitled to appoint one director to the Iridium Carrier Board: Syncom, Baralonco, Millport, and Bareena. Each Director will be entitled to one vote on the Iridium Carrier Holdings Board. Pursuant to the Iridium Carrier Holdings LLC Limited Liability Company Agreement, Mr. Dan A. Colussy, a United States citizen, has been appointed to serve as Chairman of the Board of Directors and will have one vote.

The Syncom entities have appointed Mr. Herbert P. Wilkens, a U.S. citizen, as their director to the Iridium Carrier Holdings Board. Baralonco has appointed Mr. Steven B. Pfeiffer, a U.S. citizen, as its director. Millport has appointed Atilano de Ohms Sobrinho, a Brazilian citizen, as its director. Finally, Bareena has appointed Mr. Michael Boyd, an Australian citizen, as its director to the Iridium Carrier Holdings Board.

As noted above, Iridium Carrier Holdings also has class B non-voting interests. Class B units will be used as corporate incentives or in exchange for in-kind contributions. Class B units are non-voting. A total of 59,445 class B units have been issued to date. These interests are summarized below:

**Iridium Carrier Holdings -- Class B Members**

<b>Member</b>	<b>Capital Commitment</b>	<b>Class B Units</b>	<b>Percentage of Total Equity</b>	<b>Number of Board Members</b>	<b>Number of Board Votes</b>
Creditors of Iridium LLC	\$1	26,772	5.00%	0	0
Dan A. Colussy	\$1	26,772	5.00%	0	0
Tyrone Brown	\$1	5,901	1.102%	0	0 -

**Contingent Future Interest:** As part of the purchase approved by the Bankruptcy Court, the creditors of Iridium LLC received an \$18.5 million note that is convertible into class A units of Iridium Holdings at any time up to June 30, 2002. If such option is exercised, Iridium LLC's creditors will simultaneously receive class A interests in Iridium Carrier Holdings equal to the percentage of ownership they obtain in Iridium Holdings. In addition,

Baralonco also holds an option to purchase additional class A units in Iridium Carrier Holdings so that its percentage ownership is equal to its percentage ownership interest in Iridium Holdings. However, Baralonco's option may not be exercised unless and until it receives all necessary prior approvals from the FCC.

**Iridium Holdings and Iridium Carrier Holdings**  
**Description of Ten Percent or Greater Investors**

Syncom I is a privately held U.S. corporation. Syncom-Iridium is a U.S. corporation wholly-owned by Syndicated Communications Venture Partners IV, L.P. (Syncom IV"). Syncom IV is a privately held U.S. limited partnership. Syncom I and Syncom IV's principal offices are located at 8401 Colesville Road #300, Silver Spring, Maryland 20910. Syncom I is owned by four U.S. citizens: Herbert P. Wilkins Sr. – 75 percent; Terry L. Jones – 13.6 percent; Duane C. McKnight – 5.7 percent; and Jesse Robinson – 5.7 percent. Mr. Wilkins also serves as Syncom I's chairman. Syncom IV is owned by its General Partner, WJM Partners IV, LLC, and by 9 limited, non-voting partners. The members of WJM, all U.S. citizens, are: Mr. Wilkins (46%), Mr. Jones (34%), and Mr. McKnight (20%). Mr. Wilkins serves as Syncom IV's managing member. Syncom I and Syncom IV primarily invest in media, communications-related companies in early or mid-stages of development, including companies with significant minority ownership or involvement.

As detailed in the following paragraphs, Iridium Holdings and Iridium Carrier Holdings have several foreign entities holding ten percent or greater interests. None of the entities identified below is the representative of a foreign government. *See* 47 U.S.C. § 310(b).

Baralonco is a privately held Netherlands Antilles Corporation with principal offices located at Kaya W.F.G. (Iombi) Mensing, 36 P.O. Box 3141, Curacao, Netherlands Antilles. Baralonco is an investment holding company which currently holds investments only in publicly traded United States securities. Baralonco is owned and controlled by Khalid bin Abdullah bin Abdulrahman, an individual who is a resident and a subject of the Kingdom of Saudi Arabia. The directors of Baralonco are Thomas Alabakis, an Australian citizen, Steven B. Pfeiffer, a U.S. citizen, and AMACO (Curacao) N.V., an Antillean management company.

Millport, a wholly-owned subsidiary of Inepar Administração de Bens Serviços e Participações, S.A. ("Inepar, S.A.") is a Panamanian corporation principally located at Edificio Arango-Orillac, -2º piso, Calle 54 Este Panama, Republica de Panama. Millport was created in 1997 solely as a vehicle to invest in the former Iridium companies. Inepar, S.A. is the holding company of the Inepar Group. Inepar, S.A. is a privately held Brazilian corporation located at Av. Joao Gualberto 570, Alto da Gloria, Curitiba-PR, Brazil 80030-00 and is controlled by three Brazilian citizens: Atilano de Oms Sobrinho, Jauneval de Oms and Mario Celso Petraglia, who collectively own 74 percent of the company.

The Inepar Group's principal business activities are in the areas of services and equipment for infrastructure, energy and telecommunications. Inepar participates in several energy projects, such as concessions and operations of generation plants, transmission lines, distribution and energy commercialization. The telecommunications segment of its business presently focuses on: satellite communication, paging and access to and content for the internet.

Through subsidiaries, the Inepar Group owned controlling interests in TELEMAR, an incumbent local exchange carrier operating in 16 Brazilian states, and Global Telecom, a B-band cellular operator in two Brazilian states. The Inepar Group recently sold its controlling interests in both companies but has been required to retain a five percent ownership interest in both companies through the end of 2002 by ANATEL, the Brazilian telecommunications regulatory agency.

Bareena is a privately held Australian company principally located at 12 Alfred Street, Kew, Victoria 3101, Australia. Bareena is wholly-owned by Mr. Michael Boyd, an Australian citizen. Mr. Boyd will also serve as a director of Iridium Holdings. Bareena is a special purpose company newly created to invest in Iridium Holdings. Bareena ultimately plans to merge with Quadrant Australia Limited ("Quadrant"), a company traded publicly on the Australian stock exchange. Michael Boyd would retain overall control of the merged company and would own a majority of Quadrant's stock. Prior to its planned merger with Bareena, Quadrant mainly engaged in gold exploration throughout Western Australia, but no longer actively engages in such operations. Bareena plans to complete the merger within the next few months.

#### **Iridium Carrier Holdings' Foreign Ownership Showing**

Because Iridium Carrier Holdings proposes to become a Title III common carrier licensee, it is subject to the restrictions on foreign ownership contained in Section 310(b) of the Communications Act. While the indirect foreign ownership of Iridium Carrier Holdings will, in the aggregate, exceed the 25 percent benchmark triggering the Commission's discretion under

Section 310(b)(4), this indirect level of foreign ownership level is plainly permissible under well-established precedent.

Section 310(b)(4) of the Communications Act prohibits any company from holding a Title III common carrier license if its indirect foreign ownership exceeds 25 percent *and* “the Commission finds that the public interest will be served by the refusal or revocation of such license.” *See* 47 U.S.C. § 310(b)(4). As noted above, Iridium Carrier Holdings’ aggregate foreign ownership will exceed the 25 percent benchmark.

However, the Commission has previously recognized that foreign investment by companies from WTO member countries in the parent company of a proposed FCC licensee is presumptively approved. *See Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order, 12 FCC Rcd 23891, ¶ 98 (1997) (“*Foreign Participation Order*”). Moreover, the Commission has indicated that this WTO investment does not count against the Section 310(b)(4) 25 percent benchmark. *See Global Crossing Ltd*, 14 FCC Rcd. 15,911 ¶ 14 (Wireless Tel. Bur. & Int’l Bur. 1999).

This precedent is dispositive here. As noted above, Millport, which will hold an 8.975 percent interest in Iridium Carrier Holdings, is a Panamanian company ultimately owned by Inepar, a Brazilian company. Both Panama and Brazil are WTO member countries. Bareena, which will hold a 26.925 percent interest in Iridium Carrier Holdings, is an Australian company wholly-owned by Mr. Michael Boyd, an Australian citizen. Australia is also a WTO member country.

Baralonco, which will hold a 24.279 percent interest in Iridium Carrier Holdings, is a privately held Netherlands Antilles Corporation. Baralonco is ultimately owned and controlled by Khalid bin Abdullah bin Abdulrahman, an individual who is a resident and a subject of the Kingdom of Saudi Arabia. While the Netherlands Antilles is a WTO member country, Saudi Arabia is currently committed to WTO observer status.

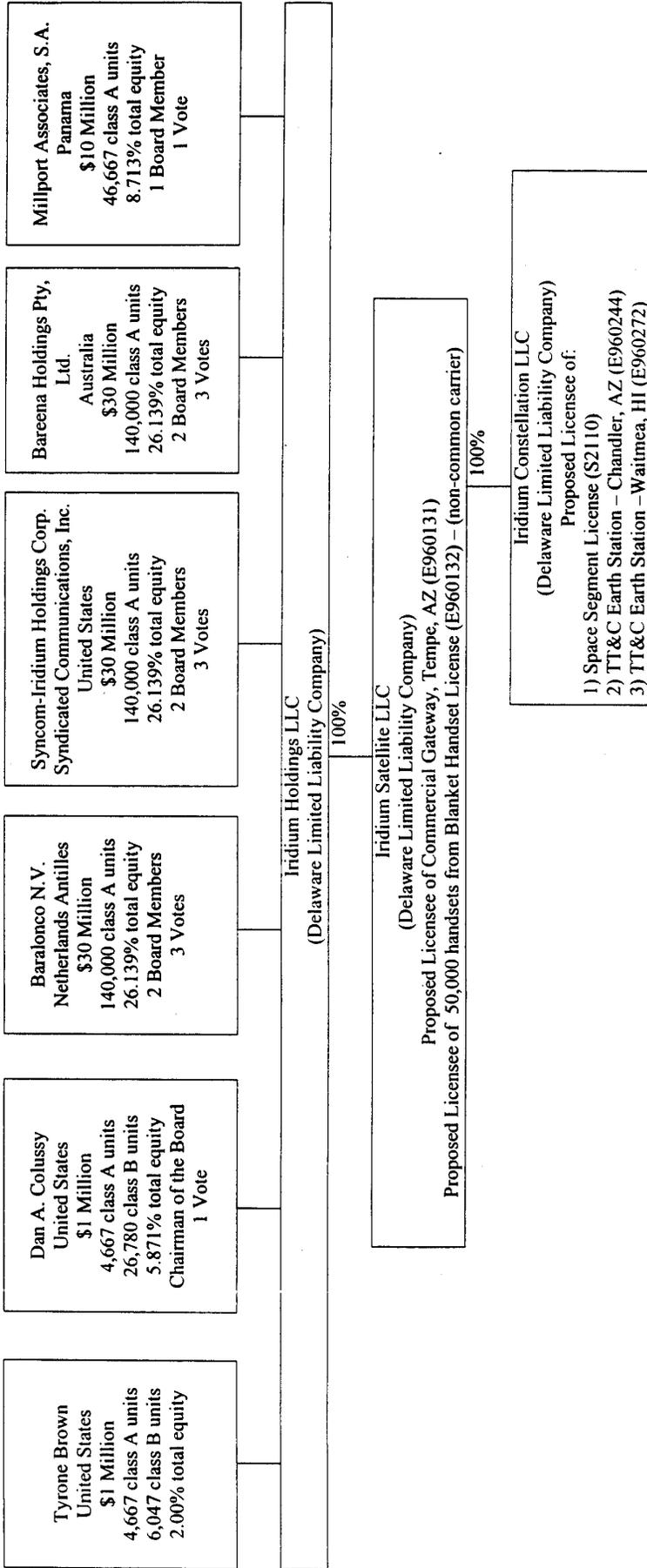
However, since Baralonco's interest in Iridium Carrier Holdings is less than 25 percent and the remaining foreign owners clearly qualify as WTO investors, the indirect foreign investment in Iridium Carrier Holdings should be approved because it clearly falls under Section 310(b)(4)'s 25 percent benchmark.<sup>9</sup> As the Commission noted in *Global Crossing Ltd*, "section 310(b)(4) is not otherwise implicated under the public interest analysis adopted in the *Foreign Participation Order* where, as here, non-WTO investment in the ultimate parent company does not exceed 25 percent."<sup>10</sup> A similar result is warranted here.

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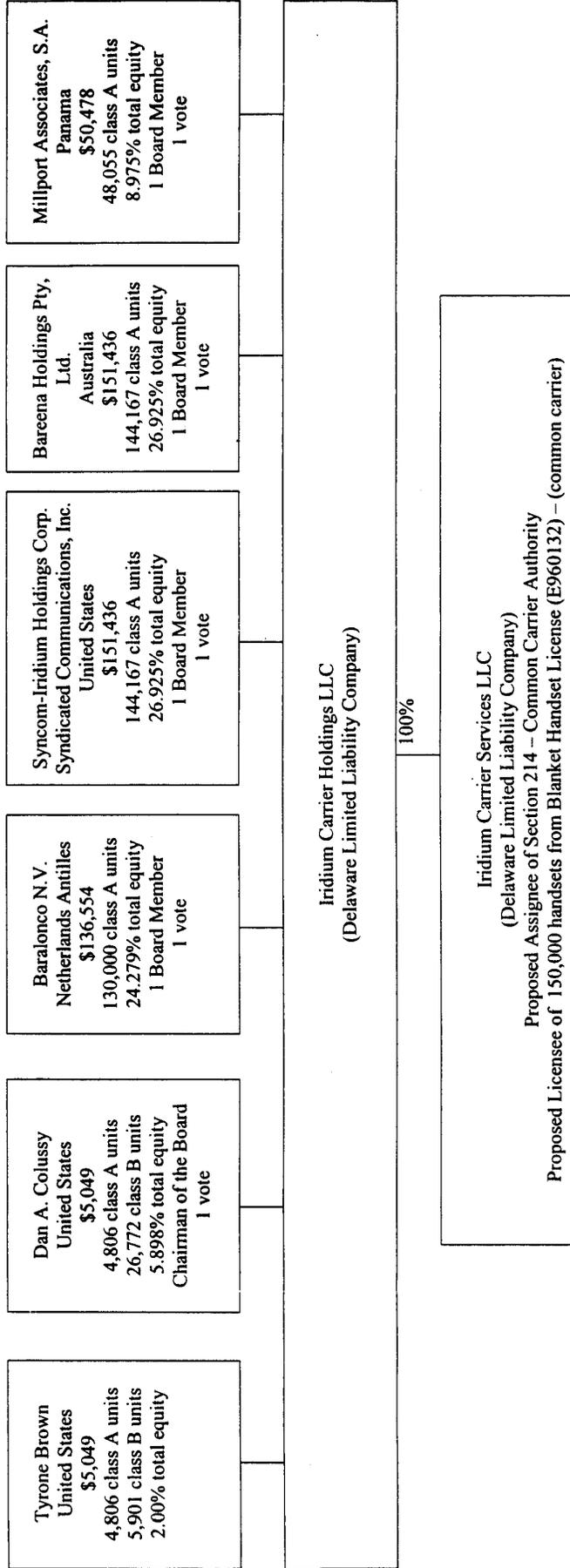
<sup>9</sup> The remaining investors in Iridium Carrier – Syncom I, Syncom-Iridium, Dan Colussy and Tyrone Brown – are all U.S. citizens.

<sup>10</sup> *Global Crossing*, 14 FCC Rcd. 15,911 ¶ 14; see *STM Wireless, Inc.*, 15 FCC Rcd 5819 (2000) (approving 57 percent indirect foreign ownership of an earth station and common carrier licensee by companies based in Luxembourg and Belgium, both WTO member countries).

ATTACHMENT I



ATTACHMENT 2



**EXHIBIT C**

**PUBLIC INTEREST STATEMENT**

As explained in Exhibit A, the instant application is one of seven concurrently-filed applications seeking Commission consent to the assignment of various IRIDIUM® Mobile Satellite Service System (“IRIDIUM System” or the “System”) licenses from wholly-owned subsidiaries or affiliates of Motorola, Inc. (“Motorola”) to wholly-owned subsidiaries of Iridium Holdings LLC (“Iridium Holdings”) or Iridium Carrier Holdings LLC (“Iridium Carrier Holdings”) (collectively with their wholly-owned subsidiaries “New Iridium”). As demonstrated more fully below, these proposed license assignments are decidedly in the public interest and should be granted.

The Commission’s approval of the proposed assignments will finalize the rescue from bankruptcy of a System that the Commission has long recognized can “provide not only a variety of new services to users in the United States, but [ ] provide integrated communication services to all parts of the world.”<sup>1</sup> In addition, the grant of the proposed assignments will:

- (i) help serve vital national defense needs, (ii) facilitate new telephony service to underserved regions throughout the world and (iii) enable the provision of other beneficial communications services.

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<sup>1</sup> See *Amendment of Commission’s Rules to Establish Rules and Policies Pertaining to a Mobile Satellite Service in the 1610-1626.25/2483.5-2500 MHz Frequency Bands, Report & Order*, 9 FCC Rcd. 5936, 5939 (1994) (“Big LEO Order”).

The proposed assignments follow from a U.S. Bankruptcy Court order late last year approving New Iridium's bid to acquire the assets of the IRIDIUM System. *See In re: Iridium Operating LLC*, Chapter 11 Case No. 99-B-45005-cb (Bankr. S.D.N.Y. Nov. 2000). This order concluded a protracted bankruptcy proceeding that included countless reports of the System's imminent de-orbiting.<sup>2</sup>

Thus, as an initial matter, grant of the applications will plainly serve the public interest by enabling the IRIDIUM System to leave the bankruptcy process behind and emerge with a new business plan to deliver on the System's promise. The Commission has recognized the inherent public interest value in rescuing a failed or failing licensee from bankruptcy. *See, e.g., LaRose v. FCC*, 494 F.2d 1145, 1148 (D.C. Cir. 1974); *TM Communications, Inc.*, 14 FCC Rcd. 13450, ¶ 6 (1999); *Spectrum Radio, Inc.*, 12 FCC Rcd. 16667 (1997). The Commission recently approved the transfer of control of a bankrupt 2 GHz MSS applicant, noting that "we find that there should be significant competitive and other public interest benefits in authorizing this transaction, including moving idle assets into productive use." *See ICO-Teledesic Global Limited*, DA 01-5, ¶ 10 (Int'l Bur. Jan. 9, 2001). The same reasoning applies here.

The proposed assignments will clearly move the IRIDIUM System back into productive use. As a result of the bankruptcy, New Iridium has acquired the System's assets at a heavily reduced price with virtually no debt, eliminating the need to cover in its revenue stream the nearly \$6 billion needed to launch the system. New Iridium has further reduced its operating expenses and created greater system efficiency by contracting with the Boeing Company to

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<sup>2</sup> *See e.g.* "Motorola Pursues Plan to De-Orbit Satellites," *Satellite News*, Sept. 11, 2000; *Radio Comm. Report*, Aug. 7, 2000, at p.6; *Telecommunications (International ed.)* June, 2000, at pp. 90-96.

maintain and operate the System. This dramatically improved cost structure – New Iridium’s monthly operating costs are estimated to be less than ten percent of its bankrupt predecessor -- will allow New Iridium to offer competitive pricing that should allow it to reach the break even point by the end of its first year of operation. New Iridium submits that completing the rescue of the System from bankruptcy is, by itself, sufficient to warrant the grant of the seven concurrently-filed assignment applications

There are, however, other important public interest factors supporting a grant of these applications. For example, the assignment applications will serve vital Department of Defense (“DoD”) interests by alleviating a critical need for secure satellite communications capacity. New Iridium has entered into a contract to sell capacity on the System to the Defense Information Systems Agency (“DISA”) of the DoD. The DISA contract permits unlimited system usage for up to 20,000 users per month -- usage controlled exclusively by the DoD.<sup>3</sup>

According to DISA, the DoD has a vital need for this service from New Iridium. DoD use of the IRIDIUM System will help relieve serious pressure on the military’s satellite communications system. DISA estimates that the DoD’s current secure satellite communications system, the Ultra High Frequency Follow-On system (“UFO”), is oversubscribed by approximately 250 percent. Without access to a commercial service like the IRIDIUM System,

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Report, Aug. 7, 2000, at p.6; Telecommunications (International ed.) June, 2000, at pp. 90-96.

<sup>3</sup> Under the terms of the contract, a separate DoD Gateway Earth Station, licensed by Motorola (Call Sign E980049) and currently maintained by DISA, will continue to be operated solely for DoD authorized use. This gateway earth station is licensed to Motorola Pacific Communications, Inc. and is not part of this transaction.

the DoD must design, build and operate its own systems – an undertaking that will be inordinately time-consuming and expensive.<sup>4</sup>

A grant of the seven related applications will provide interim relief to the shortage of secure satellite communications capacity at the DoD. According to DISA, the IRIDIUM System is particularly well-suited for DoD purposes. The architecture of the IRIDIUM System allows the DoD to have fully secure communications. Unlike other MSS systems, the IRIDIUM System can route DoD communications from a mobile handset anywhere in the world to the DoD gateway using Inter Satellite Links (“ISLs”). These ISLs allow the DoD to avoid interconnecting its communications traffic to the public switched telephone network at multiple earth station gateways outside the United States. The IRIDIUM System also offers ubiquitous global coverage (including both poles and oceans) and has an encrypted communications capability that is compatible with the DoD’s secure telephone system.

The DoD plans to use Iridium Satellite’s services in ships at sea, for Special Forces operations, combat search and rescue activities, polar communications, and other small unit operations in areas otherwise without satellite constellation coverage. The immediate availability of this additional satellite communications capacity will provide immeasurable, often mission critical, benefits to the DoD. For example, according to DISA, if the contract with New Iridium had been in place at the time, the USS Cole would have been outfitted with sufficient equipment to permit multiple lines of communications independent of the ship’s regular communications system. This equipment would have permitted continuous communications even when the ship’s

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<sup>4</sup> One such system currently under consideration, the Ultra High Frequency Multi-User Objective System (“MUOS”), has an estimated cost of approximately \$9 billion and is not currently scheduled for deployment until

on-board communications system was temporarily incapacitated following the recent terrorist attack.<sup>5</sup> New Iridium submits that enhancing the secure communications capability of the DoD, standing alone, conclusively justifies a grant of the proposed license assignments.

The grant of the proposed applications will also allow New Iridium to provide new telephony service to underserved regions of the U.S. and the rest of the world that have been left behind by more conventional terrestrial wireless or landline communication systems. Indeed, New Iridium has received numerous unsolicited correspondence from former subscribers confirming that the IRIDIUM System will provide a vital service to remote areas of the globe such as Alaska and Antarctica.<sup>6</sup> Working in conjunction with various international development organizations, New Iridium also plans to make public telephone service available to currently unserved or underserved regions in the Third World, with an initial focus on sub-Saharan Africa. Using the functionality of the IRIDIUM System, Iridium Satellite will work with governments in developing countries to help connect currently unserved portions of the country to the domestic telephone network. The Iridium System provides a more cost-effective way of implementing service in these areas than other terrestrial or satellite-based alternatives.<sup>7</sup>

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<sup>5</sup> See "Iridium Rebounds to Win," Washington Post, Dec. 11, 2000, at p.E1.

<sup>6</sup> The attached e-mail from a former subscriber in Antarctica, one of many unsolicited e-mails the company has received, is representative of this anecdotal evidence. See Attachment A.

<sup>7</sup> This service can be established inexpensively by creating local call centers in rural areas simply by mounting an Iridium phone in any covered area (such as a post office or an indoor market) and connecting the phone via a cable to a small roof-mounted antenna with a clear line-of-sight. Four-channel Iridium multi-exchange units ("MXUs") can then be installed at a central office of the existing national telephone network. These MXUs, which function as mini-gateways, can be used to connect in-country calls over the IRIDIUM System directly to the local landline network, thereby avoiding so-called international tail charges otherwise applicable if the call were connected through a distant gateway. The equipment costs of local call centers are estimated at \$900 per line, while the cost of the mini-gateway MXUs are approximately \$2,000 per voice channel.

To date, New Iridium has had favorable preliminary discussions with officials at the World Bank, the Overseas Private Investment Corporation and various agencies of the U.S. Government regarding such efforts. New Iridium believes that these organizations will provide the capital to fund the inexpensive infrastructure needed to provide this service. With the assistance of international financial assistance agencies and local government officials, New Iridium hopes to make basic, reliable and affordable telecommunications services available to millions of individuals in sub-Saharan Africa and elsewhere.

The humanitarian and economic benefits of such a service cannot be overstated. While much has been made about the so-called digital divide in this country, an even larger gap exists between developed and Third World countries. As former Chairman Kennard has noted, there can be no "Global Information Infrastructure without an African Information Infrastructure."<sup>8</sup> The advent of access to basic telecommunications services in these countries could be the first step in enhancing the local standard of living and will improve the prospects for continued global economic expansion. This potential service will greatly facilitate the coordination and expansion of economic development assistance and humanitarian efforts in these countries.

Finally, approving the license assignments will preserve certain other unique benefits from the System, including its continued use by scientists studying electric currents in space, or "space weather." The IRIDIUM System has, for nearly two years, provided magnetic field data obtainable only through use of the IRIDIUM constellation to a team of scientists

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<sup>8</sup> Remarks of William F. Kennard, Chairman, Federal Communications Commission at the AFCOM '99 Conference, Arlington, VA (June 2, 1999).

studying the solar wind and associated currents that can disrupt radio signals, damage power grids and even help drag down satellites.<sup>9</sup>

For all of these reasons, New Iridium submits that the proposed license assignments are decidedly in the public interest and should be granted as expeditiously as possible.

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<sup>9</sup> See Kenneth Chang, *New Assignment for Satellite System*, N.Y. Times, December 19, 2000.

-----Original Message-----

From: Shuman, Chris [mailto:[ShumanCh@mcmurdo.gov](mailto:ShumanCh@mcmurdo.gov)]  
Sent: Thursday, December 14, 2000 3:15 PM  
To: 'mshenk@steptoe.com'  
Subject: Iridium IS BACK!

Yes, thanks for the news, I'm still in Antarctica and we are SOOO glad that Iridium is back. The NSF got the DOD chip/cards down here about 2 weeks ago and it is helping a great deal with flights. This year already we've had two "polar cap absorption events" (due to solar flares from 11 year solar maximum) which just mangled HF radio comms to the point that nobody was flying anywhere for several days each time. What a headache! Now with Iridium, there is a backup system (that is even better than the main system in many ways) so we can fly more reliably. South Pole reconstruction is behind some 40+ LC-130 flights already this year but at least we won't fall further behind due to comms now. I need to get out of here soon anyway but at least friends/colleagues will reap the benefit.

Thanks for the news and good luck on your future adventures.

Christopher

**EXHIBIT D**

In March 1988, the Government Electronics Group (GEG) of Motorola, Inc., entered guilty pleas to three counts of making false statements to the U.S. Government. A penalty of \$10,000 per count was imposed. In addition, Motorola, Inc. paid approximately \$17 million to the Government in final settlement of this matter. Motorola, Inc. was not suspended or debarred from business with the U.S. Government because of these guilty pleas. At the time of Motorola's guilty pleas, Motorola, Inc., entered into an Administrative Settlement Agreement with the Defense Logistics Agency ("DLA"). The DLA specifically determined that the terms of the Administrative Settlement Agreement "provide adequate assurance that future dealing with Motorola, Inc. and GEG will be conducted with the high degree of integrity that the Government expects of its business partners and that suspension or debarment is not necessary at the time to protect the Government's interests." (Preamble ¶ 7).