



PUBLIC NOTICE

Federal Communications Commission
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DA 04-3018
September 21, 2004

**INTELSAT, LTD., TRANSFEROR, AND ZEUS HOLDINGS LIMITED, TRANSFEREE, SEEK
FCC CONSENT TO TRANSFER CONTROL OF LICENSES AND AUTHORIZATIONS AND A
DECLARATORY RULING ON FOREIGN OWNERSHIP**

PLEADING CYCLE ESTABLISHED

IB Docket No. 04-366

Petitions Due: October 21, 2004
Oppositions Due: November 1, 2004
Replies Due: November 8, 2004

I. INTRODUCTION

Intelsat, Ltd. (“Intelsat” or “Transferor”) and Zeus Holdings Limited (“Zeus” or “Transferee” and, together with Intelsat, the “Applicants”) have filed a series of applications pursuant to sections 214, 308 and 310(d) of the Communications Act of 1934, as amended (the “Act”)¹ and a petition for declaratory ruling under section 310(b)(4) of the Act.² The Applicants seek Commission approval to transfer control of four subsidiaries of Intelsat – Intelsat LLC, Intelsat North America LLC, Intelsat USA License Corp., and Intelsat Government Solutions Corporation (together, the “Intelsat Licensees”) – from Intelsat, the ultimate parent of the Intelsat Licensees, to Zeus. The Intelsat Licensees hold Commission licenses for space, earth and private land mobile radio stations, authorizations for experimental earth stations, and section 214 authority to provide international common carrier services. Zeus also requests a declaratory ruling that the proposed indirect foreign investment in Intelsat LLC and Intelsat North America LLC, the Title III licensees, is consistent with the public interest.³

II. THE PARTIES

¹ 47 U.S.C. §§ 214, 308, 310(d).

² 47 U.S.C. § 310(b)(4).

³ Attachment A lists the file numbers of the ten transfer of control applications and the petition for declaratory ruling.

The Transferor. Intelsat is a Bermuda entity that owns and operates a global satellite system providing space segment capacity used for voice, video, data and Internet connectivity. Intelsat's fleet of satellites offers service in more than 200 countries, serving large telecommunications carriers and broadcasters, corporate networks, Internet service providers, distributors that resell capacity, and customers that purchase capacity for their own use. Intelsat is the indirect parent of a number of Commission licensees. Intelsat LLC, a Delaware limited liability company, is the indirect wholly owned subsidiary of Intelsat that holds the majority of Intelsat's satellite and earth station licenses, as well as certain experimental earth station authorizations and private land mobile radio licenses.⁴ Intelsat North America LLC, a Delaware limited liability company wholly owned and controlled by Intelsat LLC, holds space station licenses recently acquired from Loral Satellite, Inc. and Loral SpaceCom Corporation.⁵ Intelsat USA License Corp. and Intelsat Government Solutions Corporation, Delaware corporations indirectly wholly owned by Intelsat, hold Title II international common carrier authorizations.⁶

The Transferees. Zeus, organized under Bermuda law, will acquire 100% of the equity and voting interests of Intelsat. Zeus will be wholly owned by twenty entities (collectively, the "Investing Funds") ultimately controlled by four private equity fund groups: (1) Apax Excelsior VI and Apax Europe V (together, "Apax"); (2) Apollo V ("Apollo"); (3) Madison Dearborn ("MDP"); and (4) Permira Europe III ("Permira" and, together with Apax, Apollo, and MDP, the "Private Equity Funds"). The Applicants state that two of the Private Equity Funds (Apollo and MDP) ultimately are controlled by U.S. citizens and the other two (Apax and Permira) ultimately are controlled by citizens of the United States and other World Trade Organization ("WTO") Members.

Apax is a private investment firm that makes investments through private equity funds on behalf of itself and its investors. Apax will acquire its 25% interest in Zeus through thirteen Investing Funds that are divided into two fund groups controlled by two different groups of Apax principals. Four of the Investing Funds are organized into a commonly controlled fund group, Apax Excelsior VI, the principals of which are U.S. citizens, which would hold a 5% interest in Zeus. This fund group includes two Delaware limited partnerships (Apax Excelsior VI, L.P. and Patricof Private Investment Club III, L.P.) and two Dutch partnerships (Apax Excelsior VI-A, CV and Apax Excelsior VI-B, CV). Nine of the Investing Funds are organized into a separate commonly controlled fund group, Apax Europe V, the principals of which are citizens of WTO Member countries, which would hold a 20% interest in Zeus. This second fund group includes a Delaware limited partnership (Apax Europe V-A, L.P.), five United Kingdom limited partnerships (Apax Europe V-B, L.P., Apax Europe V-D, L.P., Apax Europe V-E, L.P., Apax Europe V-1, L.P., and Apax Europe V-2, L.P.), a German limited partnership (Apax Europe V-C GmbH & Co. KG), and two Dutch partnerships (Apax Europe V-F, CV and Apax Europe V-G, CV).

⁴ Intelsat LLC also is the proposed assignee of a private land mobile radio license, a space station license for the Marisat satellite, and six earth station licenses, all of which Intelsat seeks to acquire from Comsat General Corporation. See *COMSAT General Corporation, Lockheed Martin Global Telecommunications, LLC, Comsat New Services, Inc., Intelsat LLC, and Intelsat MTC, LLC Seek FCC Consent to Assign Licenses and Authorizations and a Declaratory Ruling on Foreign Ownership, Pleading Cycle Established*, IB Docket No. 04-235, Public Notice, DA 04-1873, 19 FCC Rcd 11390, 11393 (IB 2004) ("*Intelsat/ComGen Public Notice*").

⁵ See *Loral Satellite, Inc. (Debtor-in-Possession) and Loral SpaceCom Corporation (Debtor-in-Possession), Assignor, and Intelsat North America, LLC, Assignee, Applications for Consent to Assignments of Space Station Authorizations and Petition for Declaratory Ruling under Section 310(b)(4) of the Communications Act of 1934, as Amended*, Order and Authorization, DA 04-357, 19 FCC Rcd 2404 (IB 2004).

⁶ The applications also describe a fifth Intelsat subsidiary. Intelsat MTC LLC, a Delaware limited liability company wholly owned and controlled by Intelsat Government Solutions Corporation, is the proposed holder of an international section 214 authorization and two earth station authorizations that would be acquired from Lockheed Martin Global Telecommunications, LLC. See *Intelsat/ComGen Public Notice*, 19 FCC Rcd at 11393.

Apollo, the principals of which are U.S. citizens and their estate planning vehicles, will acquire its 25% interest in Zeus through AIF V Euro Holdings, L.P., a Cayman Islands limited partnership.

MDP, the principals of which are U.S. citizens and a domestic estate, is a Chicago-based private equity firm that focuses on management buyout and other private equity investments in several industries, including communications. MDP will acquire its 25% share in Zeus through MDCP IV Global Investments, L.P., a Cayman Islands limited partnership.

Permira, the principals of which are citizens or entities of the United States or other WTO Members, will acquire its 25% share in Zeus through five Investing Funds organized into a commonly controlled fund group. The funds include two Guernsey limited partnerships (Permira Europe III L.P. 1 and Permira Europe III L.P. 2), a German limited partnership (Permira Europe III GmbH & Co. KG), a Guernsey company (Permira Investments Limited), and a Guernsey-organized Permira executive and employee co-investment plan (Permira Europe III Co-Investment Scheme).

The Applicants state that one or more of the Private Equity Funds have invested in communications-related companies such as Omnipoint Corporation, Nextel Partners, Telemundo Communications Group, Clearnet Communications, Yell Group, Kabel Deutschland, XM Satellite Radio, Inc., Sirius Satellite Radio, Inc., Mobile Satellite Ventures, Inmarsat Ventures Limited, Terrestar, and Miraxis. Applicants contend that none of these companies directly competes with Intelsat.

III. THE TRANSACTION

On August 16, 2004, Intelsat and its wholly owned subsidiary Intelsat (Bermuda), Ltd. entered into a transaction agreement and plan of amalgamation (“Transaction Agreement”) with Zeus, Zeus’ wholly owned subsidiary Zeus Merger One Limited, a Bermuda limited liability company, and Zeus Merger Two Limited, a Bermuda limited liability company that is wholly owned by Zeus Merger One Limited. Pursuant to the Transaction Agreement, the four Private Equity Funds indirectly would acquire 100% of the outstanding capital stock of Intelsat. Because each of the four funds would hold 25% of the equity interests in Zeus, and Zeus would own 100% of the outstanding capital stock of Intelsat, each of the Private Equity Funds indirectly would own 25% of the equity interests in Intelsat and the Intelsat Licensees.

The proposed transaction would take place in two phases. In Phase One, Intelsat and Zeus Merger One Limited would amalgamate and continue as a Bermuda exempted company. Each qualifying outstanding ordinary share of Intelsat would convert into the right to receive \$18.75 in cash per share. Each ordinary share of Zeus Merger One Limited would convert into an ordinary share of the amalgamated entity. After consummation of Phase One, the amalgamated entity would be a wholly owned subsidiary of Zeus. In Phase Two, Intelsat (Bermuda), Ltd. and Zeus Merger Two Limited would amalgamate and continue as a Bermuda exempted company. Each outstanding ordinary share of Zeus Merger Two Limited would be cancelled without any conversion or payment of any consideration. Each issued and outstanding share of Intelsat (Bermuda), Ltd. would convert into an ordinary share of the sub-amalgamated entity. After consummation of Phase Two, the sub-amalgamated entity would be a wholly owned subsidiary of the amalgamated entity resulting from Phase One.

The board of directors of Zeus would consist of four individuals elected by the affirmative vote of three-fourths of the votes of all issued and outstanding shares of Zeus entitled to vote on the election of directors. Applicants state that U.S. citizens that are principals of the Private Equity Funds would control 51.8% of the votes with respect to the election of directors.⁷ All approvals or actions of Zeus would

⁷ Applicants state that, because the Class C shareholders have no voting rights with respect to directors, U.S. citizens would control 51.8% of the votes with respect to the election of directors, but 55% of the votes on other matters.

require approval by three of the four directors, with the exception of any act that would treat any one of the Investing Funds differently from the treatment of the other Investing Funds, which would require the approval of the differently-treated Investing Fund.

IV. PUBLIC INTEREST SHOWING

The Applicants contend that approval of the proposed transaction would yield substantial public interest benefits without any potential to harm the public. They state that the proposed transaction would reenergize Intelsat's business by providing new investment and by providing Intelsat with a more flexible capital structure. They state that each of the Private Equity Funds has a proven track record of improving the performance and potential of companies involved in the communications industry by increasing their access to capital and by improving their financial positions.

The Applicants also contend that the proposed transactions would serve the public interest by furthering the U.S. policy, embodied in the ORBIT Act,⁸ of diluting the ownership interests of former signatories in Intelsat. They observe that the proposed transaction would result in the sale of all of the former signatory interests in Intelsat to Zeus, with a complete change-out of ownership. They state that Intelsat, as a supplier of satellite capacity, would function in a free-market environment with an ownership structure separated from its historic association with former signatory customers.

The Applicants further assert that the proposed transaction raises no countervailing competitive harms that could detract from the public interest benefits. They contend that the proposed transaction would not result in consolidation in the market for domestic and international fixed-satellite service capacity for the provision of switched voice, private line, video, and earth station services to customers in the United States, and that this market would remain highly competitive following the proposed transaction. Applicants state that numerous satellite providers vigorously compete in the domestic fixed-satellite service market for commercial and government customers. They assert that Intelsat's current and potential competitors include not only other satellite and terrestrial facilities-based providers, but also resellers, including Intelsat distributors and wholesale customers. They further state that the earth station component of the fixed-satellite service market is vibrantly competitive. Although observing that the Private Equity Funds hold interests in a variety of communications-related companies, the Applicants assert that none of these companies directly competes with Intelsat in the fixed-satellite services market. Further, although noting that the proposed transaction would result in continued common ownership between Inmarsat and Intelsat, they state that the owners would be private entities rather than former signatories. They contend that the common ownership would not pose any significant competitive concerns because the two companies serve distinct markets. Finally, Applicants observe that Intelsat would continue to operate under the existing rate regulations for thin routes, as set forth in the Commission's decisions in the Comsat non-dominance proceeding.⁹

V. PETITION FOR DECLARATORY RULING UNDER SECTION 310(b)(4)

Zeus requests a declaratory ruling that the proposed indirect foreign investment in Intelsat LLC and Intelsat North America LLC is consistent with the public interest. Specifically, Zeus seeks a declaratory ruling that it is in the public interest for: (1) Zeus, a company organized under the laws of

⁸ See Open-Market Reorganization for the Betterment of International Telecommunications Act, Pub. L. No. 106-180, 114 Stat. 48 (2000), as amended (the "ORBIT Act").

⁹ See *Comsat Corporation, Policies and Rules for Alternative Incentive Based Regulation of Comsat Corporation*, IB Docket No. 98-60, Order and Notice of Proposed Rulemaking, 13 FCC Rcd 14083 (1998), Report and Order, 14 FCC Rcd 3065 (1999).

Bermuda, to hold a 100% indirect equity and voting interest in the Intelsat Licensees; (2) seventeen Investing Funds, all of which are organized under the laws of non-U.S. WTO Member countries, to hold up to an aggregate 100% voting interest and to hold an aggregate 83.08% equity interest in Zeus; and (3) non-U.S. limited partners with direct interests in the Investing Funds to hold an aggregate 37.37% indirect equity interest in Zeus and non-U.S. principals of the Private Equity Funds that hold ultimate control of Zeus to hold an aggregate 48.2% voting interest in the election of directors and a 45% indirect voting interest in Zeus on all other matters. Zeus asserts that it will serve the public interest to permit these foreign ownership interests in excess of the 25% benchmark set out in section 310(b)(4) of the Act.

VI. GENERAL INFORMATION

The applications listed in Attachment A have been found, upon initial review, to be acceptable for filing. The Commission reserves the right to return any application if, upon further examination, it determines that the application is defective and not in conformance with the Commission's rules and policies. Final action on these applications will not occur earlier than thirty-one days following the date of this Public Notice.¹⁰

Interested parties must file petitions to deny no later than **October 21, 2004**. Oppositions to such pleadings must be filed no later than **November 1, 2004**. Replies to such pleadings must be filed no later than **November 8, 2004**. All filings concerning matters referenced in this Public Notice should refer to **IB Docket No. 04-366**, as well as the specific file numbers of the individual applications or other matters to which the filings pertain.

Under the Commission's procedures for the submission of filings and other documents,¹¹ submissions in this docket may be filed electronically (that is, through ECFS) or by hand delivery to the Commission's Massachusetts Avenue location.

- **If filed by ECFS,**¹² comments shall be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. In completing the transmittal screen, commenters should include their full name, Postal Service mailing address, and the applicable docket number. Parties also may submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply.
- **If filed by paper,** the original and four copies of each filing must be filed by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed

¹⁰ See 47 U.S.C. § 309(b).

¹¹ See *Implementation of Interim Electronic Filing Procedures for Certain Commission Filings*, Order, 16 FCC Rcd 21483 (2001); see also *FCC Announces a New Filing Location for Paper Documents and a New Fax Number for General Correspondence*, Public Notice, 16 FCC Rcd 22165 (2001); *Reminder: Filing Locations for Paper Documents and Instructions for Mailing Electronic Media*, Public Notice, 18 FCC Rcd 16705 (2003).

¹² See *Electronic Filing of Documents in Rulemaking Proceedings*, GC Docket No. 97-113, Report and Order, 13 FCC Rcd 11322 (1998).

of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, S.W., Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

One copy of each pleading must be delivered electronically, by e-mail or facsimile, or if delivered as paper copy, by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (according to the procedures set forth about for paper filings), to:

(1) the Commission's duplicating contractor, Best Copy and Printing, Inc., at fcc@bcpiweb.com or (202) 488-5563 (facsimile);

(2) James Ball, Chief, Policy Division, International Bureau, at James.Ball@fcc.gov, or (202) 418-2824 (facsimile);

(3) Kathleen Collins, Policy Division, International Bureau, at Kathleen.Collins@fcc.gov, or (202) 418-2824 (facsimile);

(4) Neil Dellar, Transaction Team, Office of General Counsel, at Neil.Dellar@fcc.gov, or (202) 418-1234 (facsimile).

(5) JoAnn Lucanik, Satellite Division, International Bureau, at JoAnn.Lucanik@fcc.gov, or (202) 418-0748 (facsimile);

(6) Jeff Tobias, Public Safety and Critical Infrastructure Division, Wireless Telecommunications Bureau, at Jeff.Tobias@fcc.gov, or (202) 418-2643 (facsimile);

(7) John Kennedy, Experimental Licensing Branch, Office of Engineering and Technology, at John.Kennedy@fcc.gov, or (202) 418-1918 (facsimile); and

(8) Susan O'Connell, Policy Division, International Bureau, at Susan.O'Connell@fcc.gov, or (202) 418-2824 (facsimile).

Copies of the applications and any subsequently-filed documents in this matter may be obtained from Best Copy and Printing, Inc., in person at 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, via telephone at (202) 488-5300, via facsimile at (202) 488-5563, or via e-mail at fcc@bcpiweb.com. The applications and any associated documents also are available for public inspection and copying during normal reference room hours at the following Commission office: FCC Reference Information Center, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. The applications also are available electronically through the Commission's ECFS, which may be accessed on the Commission's Internet website at <http://www.fcc.gov>. Alternate formats of this public notice (computer diskette, large print, audio recording, and Braille) are available to persons with disabilities by contracting Brian Millin at (202) 418-7426 (voice), (202) 418-7365 (TTY), or send an e-mail to access@fcc.gov.

For further information, contact the Policy Division, International Bureau at 202-418-1460.

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APPENDIX A

LIST OF FILE NUMBERS

Part 25 – Satellite Communications

The following file numbers have been assigned to the earth and space station applications:

File Number	Licensee	Call Signs
SAT-T/C-20040903-00167	Intelsat LLC	S2392, S2389, S2399, S2390, S2394, S2400, S2388, S2397, S2395, S2401, S2398, S2396, S2391, S2402, S2403, S2404, S2405, S2406, S2407, S2408, S2409, S2410, S2411, S2414
SAT-T/C-20040903-00166	Intelsat North America LLC	T-402, S2154, T-403, S2159, S2160
SES-T/C-20040903-01328	Intelsat LLC	E030051, E030071, E030082, E030100, E030101, E030103, E040125, E040140, E040141, E900992, E980510, KA25, KA58, KA251, KA259, KA260, KA261, KA262, KA264, KA265, KA266, KA267, KA268, KA269, KA270, KA275, WA22, WA27, WN52 (dual carrier fixed)
SES-T/C-20040903-01330	Intelsat LLC	E000296, E000355, E010104, E010206, E020169, E020191, E020314, E020315, E020126, E970168, E980200, E980526, E990131, E990320, E990551, KA263, KB26 (non-common carrier fixed)
SES-T/C-20040903-01331	Intelsat LLC	E920519, E970091, E970319, E970325, E970326, E970330 (non-common carrier temporary fixed)
SES-T/C-20040903-01332	Intelsat LLC	E980485 (common carrier fixed)

Part 90 – Private Land Mobile Licenses

The following file number has been assigned to the Private Land Mobile Radio Service application:

File Number	Licensee	Call Signs
0001855699 ¹³	Intelsat LLC	WII902, WPAG761, WPAM980, WPRR963

Part 5 – Experimental Radio Service Authorizations

The following file number has been assigned to the Experimental Radio Service application:

File Number	Licensee	Call Signs
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¹³ File number 0001855699, Intelsat LLC, appeared in error on *Public Notice, Wireless Telecommunications Bureau, Assignment of License Authorization Applications, Transfer of Control Licensee Applications, and De Facto Transfer Lease Applications Accepted for Filing*, Report Number 1932 (WTB Sept. 8, 2004). See *Public Notice, Wireless Telecommunications Bureau, Assignment of License Authorization Applications, Transfer of Control Licensee Applications, and De Facto Transfer Lease Applications Accepted for Filing*, Report Number 1938 (WTB Sept. 15, 2004), at 8 (correction). The pleading cycle established in today’s consolidated public notice, rather than the notice period given in Report Number 1932, controls with respect to file number 0001855699.

0030-EX-TU-2004 ¹⁴	Intelsat LLC	WB2XDE, WD2XEJ, WD2XHU
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Part 63 – International Section 214 Authorizations

The following file numbers have been assigned to the International Section 214 applications:

File Number	Authorization Holder	Authorization Number
ITC-T/C-20040907-00356	Intelsat USA License Corp.	IPC-50, CSS-81-003-P, IPC-83-008 (Transmittal Nos. 428 & 431), CSS-82-001-P, ITC-84-150, ITC-85-086, ITC-85-160, ITC-86-025, ITC-86-109, ITC-88-006, ITC-88-207 (CSG-88-090-P/L), CSS-88-005, CSS-89-004, ITC-87-097, ITC-91-024, ITC-91-215-A (ITC-92-041, ITC-92-047, ITC-92-074), CSS-90-001, ITC-92-144, ITC-92-141, ITC-93-046, ITC-93-134, CSS-92-004, ITC-94-272, ITC-94-351, ITC-95-310, ITC-95-407, ITC-96-173, CSS-95-002, CSS-93-009(4)-A (9/19/97), CSS-93-009(4)-A (5/22/98), 10010-CSS-MP-80, ITC-MS-C-20011101-00550
ITC-T/C-20040907-00357	Intelsat Government Solutions Corporation	ITC-214-20040528-00213

Section 310(b)(4) – Petition for Declaratory Ruling¹⁵

The following file number has been assigned to the petition for declaratory ruling:

File Number	Petitioner
ISP-PDR-20040907-00008	Zeus Holdings Limited

¹⁴ Experimental Radio Service (“ERS”) applications are not subject to a 30-day public notice requirement. Nevertheless, the instant ERS application (File No. 0030-EX-TU-2004, Call Signs WB2XDE, WD2XEJ, and WD2XHU) is part of a consolidated filing of applications and, therefore, is listed in Attachment A for the purpose of completeness.

¹⁵ The Consolidated Application that includes the petition for declaratory ruling is also an exhibit to each of the 10 transfer of control applications.