



EX PARTE OR LATE FILED

ORIGINAL

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July 23, 1999

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

ORIGINAL

RECEIVED

JUL 23 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Ex Parte Notification

Direct Access to the INTELSAT System  
IB Docket No. 98-192 ✓

Application of Lockheed Martin Corporation and  
Regulus, LLC for Authority to Purchase and Hold Shares  
of Stock in COMSAT Corporation  
File No. SAT-ISP-19981016-00072

Dear Ms. Salas:

On July 22, 1999, Larry G. Schafran, a member of COMSAT Corporation's Board of Directors, sent the attached letter to FCC Commissioner Susan Ness in which he expressed the view that the FCC should postpone action in the above-referenced direct access proceeding in deference to Congress in view of the Senate's passage of S. 376. Mr. Schafran also expressed the view that the Commission should act by early September on the above-referenced Lockheed Martin-COMSAT application.

Pursuant to Section 1.1206 of the Commission's Rules, the original and one copy of this letter and its attachments are being submitted to the Office of the Secretary.

Respectfully submitted,

Keith H. Fagan

cc: Commissioner Susan Ness

No. of Copies rec'd 0+5  
List A B C D E

**L. G. Schafran**

July 22, 1999

The Honorable Susan Ness  
Commissioner  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20024

RECEIVED

JUL 23 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Fax-Mail (6 pages)

202.418.2821

**Re: COMSAT, Inc./FCC-Direct Access, Lockheed Martin Application**

Dear Commissioner Ness:

I telephoned, and write (as I understand that you are on "Travel Status"), as a Director of COMSAT, Corp., to share my view that the FCC should postpone action on the INTELSAT Direct Access proceeding in deference to Congress.

You probably already know that the U. S. Senate, on July 8th, unanimously passed a bill that would bar Direct Access until July 1, 2001 or until INTELSAT privatizes. The Direct Access proposal now before the FCC is inconsistent with this bill and would impede Congressional efforts to legislate on this matter.

You may also already know that the leadership of both parties of the Senate Committee on Science, Commerce and Transportation, Senators McCain, Burns and Hollings, have stated to Chairman Kennard that "because Congress intends to speak definitively on direct access this year in new legislation, it would be highly inappropriate for the Commission to move forward with a rulemaking on this subject at this time." (Copy of letter attached.) Similar letters urging that the FCC not act prematurely on Direct Access were sent, respectively by Senators Mikulski and Sarbanes, as well as by distinguished members of the Congressional Black Caucus, (Copies attached.)

**54 Riverside Drive/NY NY10024/212.799.9668/Fax212.799.0225**

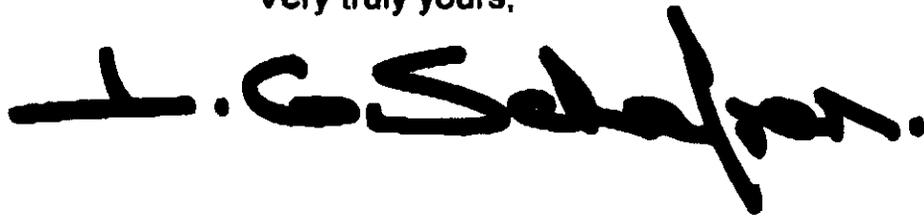
Page Two  
The Honorable Susan Ness  
July 22, 1999

Accordingly, I urge postponement of the Direct Access rulemaking.

Further, I refer to the pending Lockheed Martin - COMSAT Application, which needs to be acted upon by early September. Unlike Direct Access, FCC approval of the Lockheed Martin Application is fully consistent with the Senate bill. The Lockheed Martin - COMSAT transaction is of personal importance to me and, I believe, to all COMSAT shareholders, and I urge the FCC to act on the Application by early September.

Lastly, I thank you for considering my views, assure you that I would be pleased to elaborate at your convenience, and remain,

Very truly yours,

A handwritten signature in black ink, appearing to read "L. C. Schapiro". The signature is written in a cursive, somewhat stylized font with a long, sweeping tail on the final letter.

N. B.: In accordance with Section 1.1206 of the Commission's rules, two (2) copies of this letter, with attachments, are being submitted to the Office of the Secretary.

Attachments (3, 4 pages)

THE SENATOR  
OFFICE OF THE SENATOR  
COMMUNICATIONS SECTION  
100 SENATE BUILDING  
WASHINGTON, D.C. 20540  
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# United States Senate

COMMITTEE ON COMMERCE, SCIENCE,  
AND TRANSPORTATION  
WASHINGTON, DC 20510-6126

June 22, 1999

The Honorable William E. Kennard  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20024

Dear Chairman Kennard:

The Senate Commerce Committee on May 5, 1999 approved by voice vote S. 376, the Open-Market Reorganization for the Betterment of International Telecommunications Act ("ORBIT"). We sponsored this comprehensive satellite reform bill to revise the Communications Act of 1962 and enhance competition in the global satellite communications market.

ORBIT has strong bipartisan support in the Senate. We intend to work closely with the Senate Majority Leader to ensure timely Senate consideration and passage of ORBIT. As reflected in the January 21, 1999 letter to you from Chairman Burns and Chairman Bliley, there is a broad consensus that satellite reform legislation will be enacted into law this year.

ORBIT addresses several key issues affecting national satellite communications policy, including the important related issues of direct access to and market access by the INTELSAT system in the United States. Because Congress intends to speak definitively on direct access this year in new legislation, it would be highly inappropriate for the Commission to move forward with a rulemaking on this subject at this time. Moreover, we think it would be unwise for the Commission to devote scarce agency resources to a direct access rulemaking or any resultant report and order that would have a high probability of being overturned by subsequent Congressional action.

We strongly recommend that the Commission take no further action on its rulemaking on direct access to INTELSAT until clear guidance from Congress is set forth.

The Honorable William E. Kennard  
June 22, 1999  
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In new legislation. We appreciate your attention to this matter.

Sincerely,

  
John McCain  
Chairman  
Commerce Committee

  
Emery F. Hollings  
Ranking Member  
Commerce Committee

  
Conrad Burns  
Chairman  
Communications Subcommittee

# United States Senate

WASHINGTON, DC 20510

June 24, 1999

William E. Kennard  
Chairman  
Federal Communications Commission  
445 12th St. S.W.  
Washington DC 20554

Dear Chairman Kennard,

It is our understanding that the FCC is nearing completion of a rulemaking proceeding to consider whether "direct access" to the INTELSAT satellite system is in the public interest (Direct Access to the INTELSAT System, IB Docket No. 98-102, released October 28, 1999). As you may know, Congress is currently considering the issue of direct access in the broader context of reforming the international satellite marketplace. We are deeply concerned that a ruling by the Commission focused only on direct access may irreversibly upset the foundation for overall satellite reform.

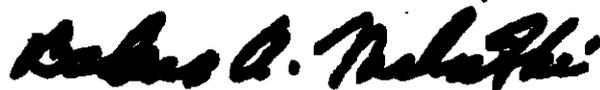
Just last month, the Senate Commerce Committee unanimously approved legislation (S. 376, The Open Market Reorganization for the Betterment of International Telecommunications Act or "ORBIT") that is designed to ensure a rapid and pro-competitive privatization of INTELSAT. One of the mechanisms for ensuring that outcome is Section 603 of the bill, which prohibits INTELSAT from gaining direct access to the United States market until it is fully privatized. As co-sponsors of S. 376, we firmly believe that the bill's use of direct access as a lever on INTELSAT is an appropriate way of ensuring a pro-competitive privatization.

We expect there to be further debate on this important issue as congressional consideration of S. 376 proceeds. For the Commission to act now would pre-empt the vigorous debate that is ongoing and undermines the comprehensive nature of this critical reform.

For these reasons, we strongly urge the Commission to postpone consideration of the direct access proceeding until such time as Congress has taken final action on international satellite reform legislation.



Paul S. Sarbanes  
United States Senator



Barbara A. Mikulski  
United States Senator

ALBERT R. WYNN  
of the District of Maryland

DEPUTY DEMOCRATIC WHIP

COMMITTEE

COMMERCE

TELECOMMUNICATIONS, TRADE  
AND CONSUMER PROTECTION

ENERGY AND POWER



CONGRESS OF THE UNITED STATES  
HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515-2004

June 24, 1999

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The Honorable William E. Kennard  
Chairman  
Federal Communications Commission  
445 12th Street, SW  
Room 8 B 201  
Washington, DC 20024

Dear Chairman Kennard:

It has come to our attention that the FCC may soon render a decision in *Direct Access to the INTELSAT System*, IB Docket No. 98-192 (released October 28, 1998). We are extremely concerned that the Commission is moving forward at a time when Congress is actively debating the merits of direct access as part of a broader reform of the international satellite market.

In the Senate, the full Commerce Committee recently approved legislation (S. 376, The Open Market Reorganization for the Betterment of International Telecommunications Act or "ORBIT"), which prohibits INTELSAT from having direct access to the U.S. market until it is privatized. This approach has a great deal of merit. For the Commission to implement direct access immediately with no regard for the impact on privatization threatens this critical reform. In addition, such a piecemeal approach fails to address the maintenance of universal service. We believe that such a disruption would have serious implications for developing nations.

Acting prematurely on direct access undercuts the prerogative of Congress to set policy in this area. For these reasons, we urge the Commission to postpone action on direct access, allowing Congress to weigh all these issues as it moves toward final consideration of international satellite reform legislation.

Sincerely,

Albert Wynn  
Member of Congress

  
Bobby Rush  
Member of Congress

Edolphus Towles  
Member of Congress

James Clyburn  
Member of Congress