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April 27, 2004

By Hand

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, N.W.
Washington, DC 20554

Ex Parte Communication – IB Docket No. 02-34

Dear Ms. Dortch:

On April 27, 2004, Nancy Eskenazi, Vice President and Associate General Counsel of SES AMERICOM, Inc. ("SES AMERICOM"); and the undersigned, attorney for SES AMERICOM, met in person with Jennifer Manner, Office of Commissioner Abernathy; Samuel Feder, Office of Commissioner Martin; and with Roderick Porter, Thomas Tycz, John Martin, and Steven Spaeth, all of the International Bureau. Each of these meetings was for the purpose of discussing matters identified in the attached document, which was distributed at each meeting. We are filing an original and one copy of this letter and the attachment in the referenced docket.

Respectfully submitted,

Phillip L. Spector
Attorney for SES AMERICOM, Inc.

Attachment

cc (via e-mail, with attachment):
Jennifer Manner
Samuel Feder
Roderick Porter
Thomas Tycz
John Martin
Steven Spaeth
Qualex International

SES AMERICOM
An SES GLOBAL Company

SPACE STATION LICENSING:

THE "BUSINESS-FRIENDLY" BOND

IB DOCKET NO. 02-34
APRIL 2004

I. CURRENT BOND APPROACH

- Ramps down as the satellite project ramps up:
  - From $5M at FCC licensing, down to $1.25M on commencement of construction, to zero at launch.

- Does not comport with public interest concern about orbital/spectrum warehousing:
  - If a project is abandoned just before launch, bond is at its lowest point, BUT
  - Harm to public interest is greatest (harm is a function of time).

- Discourages the satellite operator from pioneering new frequencies/orbital slots.

I. CURRENT BOND APPROACH (cont.)

- Ignores commercial realities:
  - Need for risk-sharing with major customers;
  - Customer can't commit until FCC license/slot/frequencies are assured.

- Is most expensive when the project is most uncertain:
  - The operator is not, at FCC licensing, weighing a $5M bond against a $200M satellite project.
  - Rather, the operator is weighing the bond cost against the very low expenditures at project inception, at a time when the project is at highest risk of cancellation.

II. PROPOSED "BUSINESS-FRIENDLY" BOND

- Would ramp up as the satellite project ramps up:
  - E.g., from $500,000 at FCC licensing to $5M at construction commencement.

- Would address the public interest concern re warehousing:
  - The satellite operator would pay more through the bond (if the satellite is not ultimately launched) the longer that orbital/spectrum resources are not available to others.

  - The incentives for the operator – to relinquish a license early if it will not be used – would thus be aligned with the public interest objectives.

II. PROPOSED "BUSINESS-FRIENDLY" BOND (cont.)

- Would more closely track the satellite operator's risk profile for a new project:
  - As the operator makes decisions to move forward at each stage, the project becomes more certain.
  - Bond exposure would be appropriately synchronized with the reduction in program risk.

- Would be proportional to capital expenditures on a project:
  - As the operator invests more project $$, it is willing also to invest in a higher bond.

SES AMERICOM
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