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June 20, 2008

ORIGINAL

**Alfred E. Mottur**
Attorney at Law
202.872.5284 tel
202.296.7009 fax
amottur@bhfs.com

**BY HAND DELIVERY**

FILED/ACCEPTED
JUN 20 2008
Federal Communications Commission
Office of the Secretary

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Ex Parte Notice
Docket No.: In the Matter of Streamlining of Part 25 Rules for the Licensing of Earth Stations and Space Station Satellite Networks
IB Docket No. 00-248
In the Matter of Amendment of Parts 2 and 25 of the Commission's Rules to Allocate Spectrum and Adopt Service Rules and Procedures to Govern the Use of Vehicle-Mounted Earth Stations in Certain Frequency Bands Allocated to the Fixed-Satellite Service
IB Docket No. 07-101
In the Matter of Utilities Telecom Council and Winchester Cator, LLC to establish rules governing Critical Infracture Industry Fixed Service Operations in the 14.0 – 14.5 GHz Band
RM No. 11429

Dear Ms. Dortch:

On Thursday, June 19, 2008, the undersigned counsel for Hughes Network Systems, LLC, along with Steven Wall, Counsel for Hughes Network Systems, LLC; Pradman Kaul, Chairman and CEO, Hughes Network Systems, LLC; Dean Manson, General Counsel, Hughes Network Systems, LLC; and Steven Doiron, Senior Director, Regulatory Affairs, Hughes Network Systems, LLC, met with Commissioner Robert M. McDowell and Angela Giancarlo, Chief of Staff and Senior Legal Advisor to Commissioner McDowell, to provide an overview of Hughes Communications Inc. and Hughes Network Systems, LLC. Additionally, issues related to the aforementioned proceedings were discussed, and the points raised were consistent with the positions set forth in the attached document. Copies of the attached document were provided to Commissioner McDowell and Ms. Giancarlo.

Any question about this matter should be directed to the undersigned.

Respectfully submitted,

Alfred E. Mottur
Counsel for Hughes Network Systems, LLC

Brownstein | Hyatt
Farber | Schreck

**Alfred E. Mottur**
Attorney at Law
202.872.5284 tel
202.296.7009 fax
amottur@bhfs.com

Attachment

cc: Commissioner Robert McDowell (without attachment)
Angela Giancarlo, Esq. (without attachment)
Pradman Kaul (without attachment)
Dean Manson, Esq. (without attachment)
Steven Doiron (without attachment)

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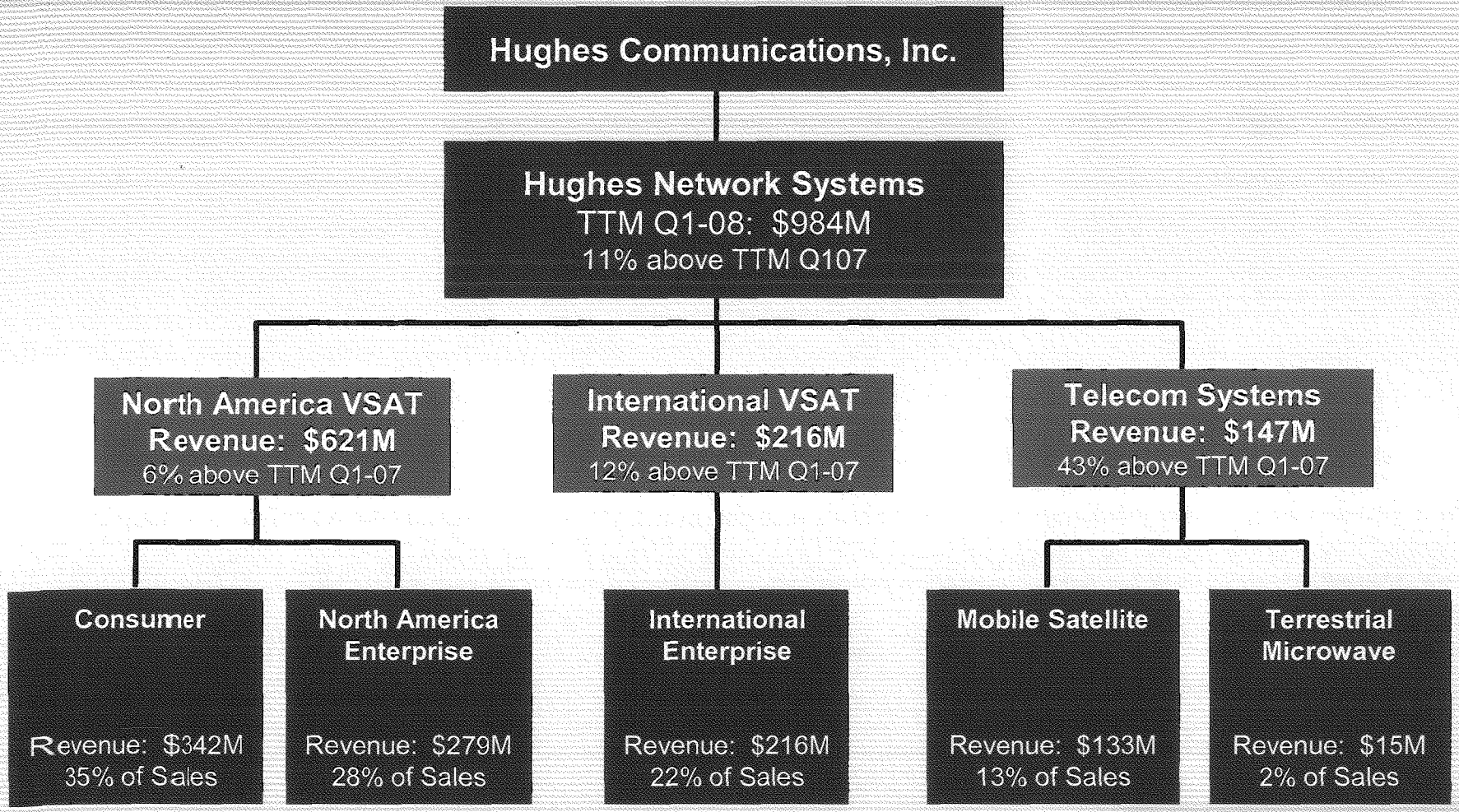
# Hughes Communications, Inc.

Presentation to

# The Federal Communications Commission

*June 19, 2008*

# Diversified Operating Model




Note: All Revenues are for TTM 31-Mar-2008.

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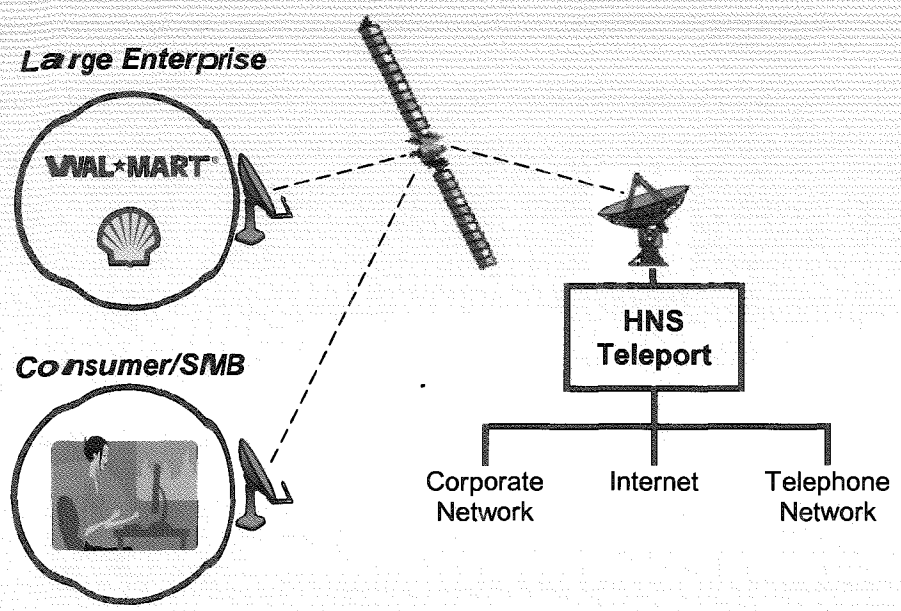
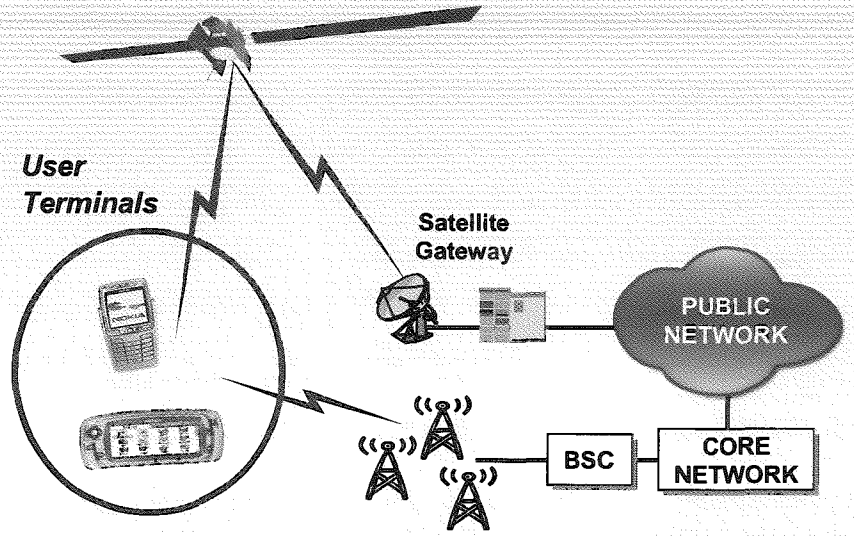
# Hughes at a Glance

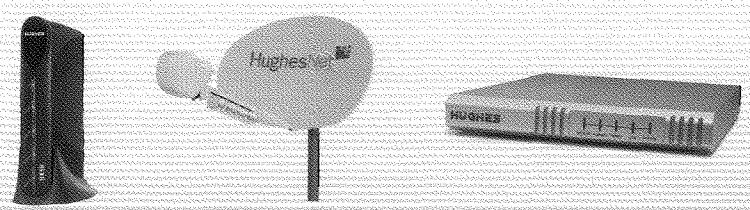
## Premier Broadband Satellite Network Services Provider

## Mobile Satellite Networks Leader




## VSAT



## Telecom Systems

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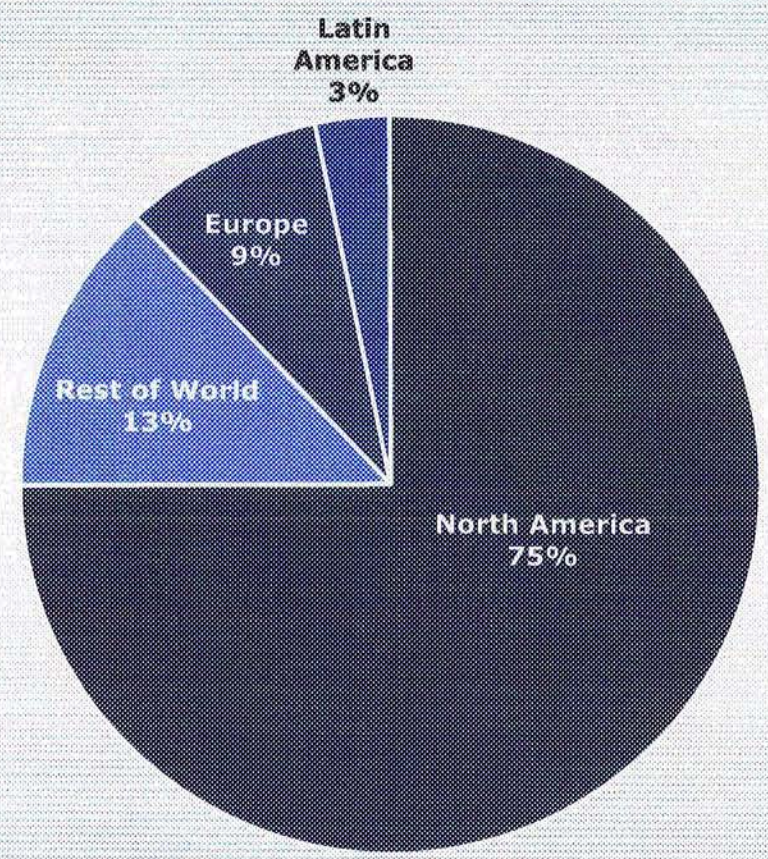
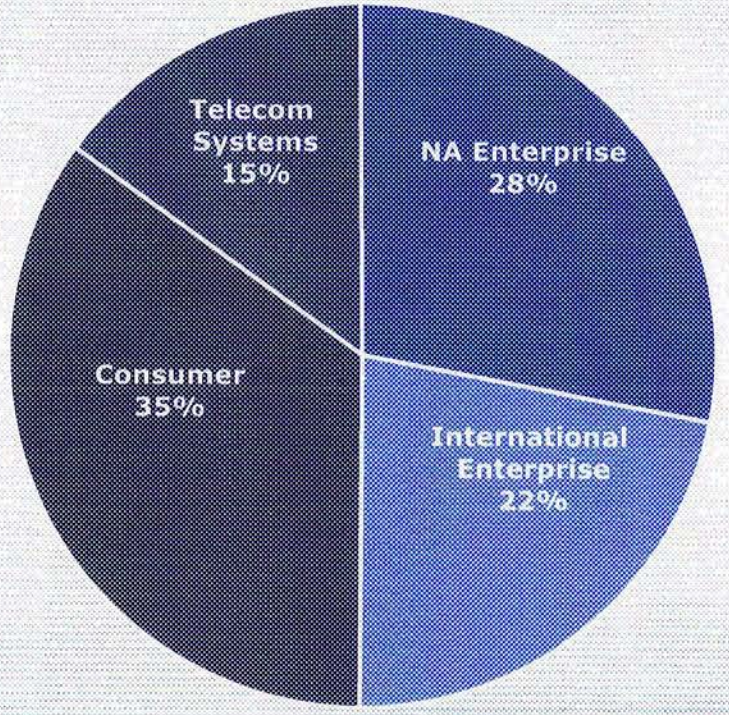
# Diversified and Recurring Revenue Streams

## Geographic Mix (2007)




## Business Mix

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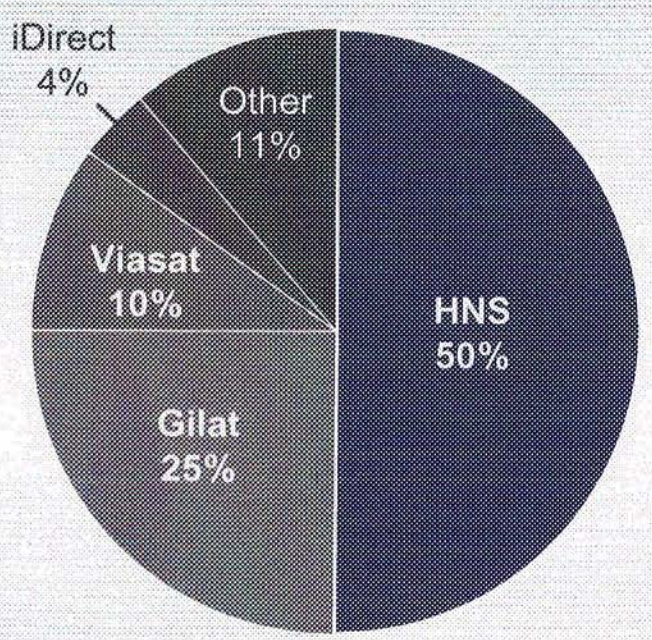
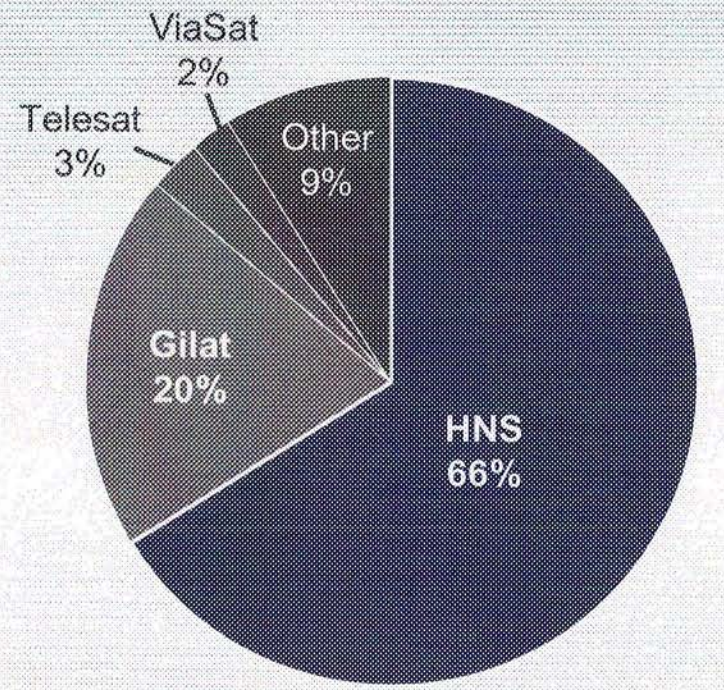
# Leading Enterprise Market Share and Scale

## Global Enterprise VSAT Market Share[1]




## North American Enterprise VSAT Market Share[2]




## Global Market Leader in VSAT Systems since VSAT Inception

**Research expects 15% growth in global enterprise VSAT sites and 10% growth in global enterprise VSAT revenues from 2006-2011[3]**

[1] Based on total historical number of VSATs shipped globally through 2006.
[2] Based on domestic sites in service in 2006.
[3] Based on NSR Report, "Broadband Satellite Markets 2007," 6th Edition.
Source: "The Comsys VSAT Report," 10th Edition, 2007

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# Global, Blue Chip Enterprise Base

## Oil and Gas

- Pemex
- Chevron
- ExxonMobil
- Shell
- BP Amoco
- Nabors

## Lodging

- Best Western
- Cendant
- Choice Hotels

## Financial

- Edward Jones
- VISA
- HSBC
- CitiCorp
- AGF (AIG)
- AG Edwards
- Itau Bank
- Reserve Bank of India
- Banco do Brasil

## Automotive

- Toyota Lexus
- Volkswagen

## Retail

- Albertson's/USSC
- Best Buy
- Blockbuster Video
- Dollar Tree Stores
- Jiffy Lube
- Kmart
- Lowe's
- Rite Aid
- Tesco
- Wal-Mart
- Walgreens
- TJ Maxx/TK Maxx
- CSK Auto
- Goody's
- Sterling
- Foot Locker
- Safeway
- CVS

## Government

- UN CTBTO
- Army Air Force Exchange Services
- Texas Department of Public Safety
- NIC India
- MOFA, Saudi Arabia

## Restaurants

- McDonald's
- Wendy's
- Jack in the Box
- Sonic
- Denny's
- YUM Brands

## Entertainment and Sports

- Camelot
- Gtech
- National CineMedia
- Playwin, India
- STAR TV

## Integrators and Service Providers

- Telesat
- Telstra
- Telecom Malaysia
- KT (Korea)
- Telefonica
- Telmex
- Telecom South Africa

**Hughes is a leading provider to these end markets serving over 200 large corporations, many of which are Fortune 1000 companies**

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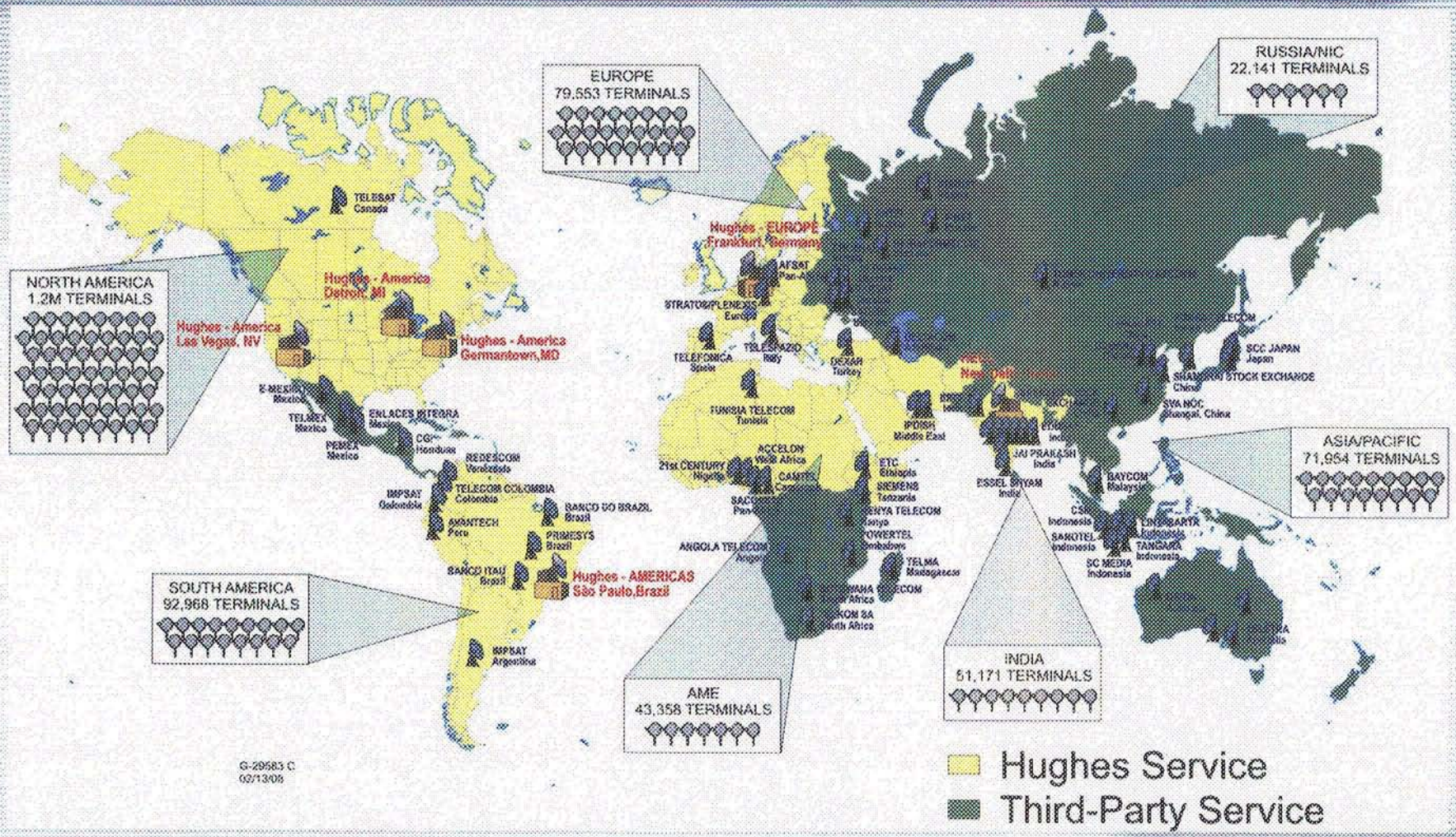
# More than 1.5M Terminals Shipped Worldwide to Over 100 Countries




Hughes Service

Third-Party Service

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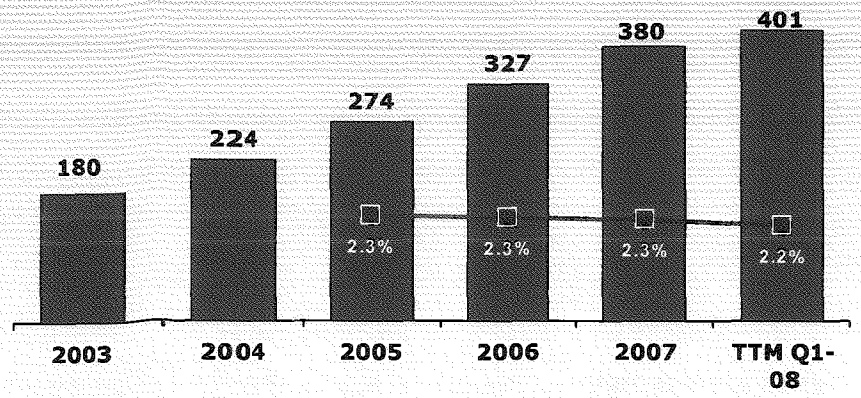
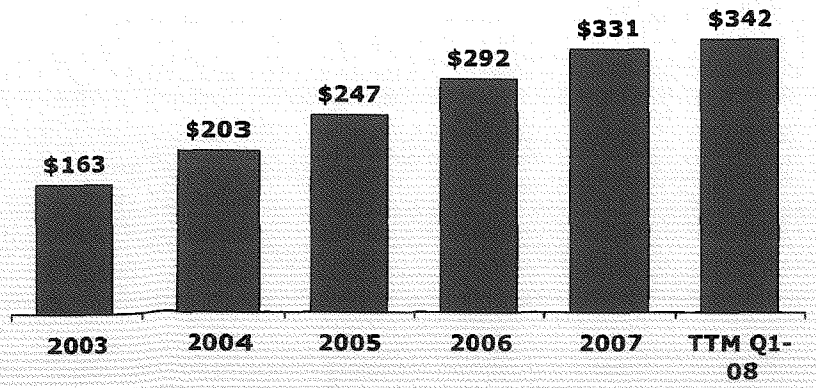
# Largest Satellite-Based Internet Provider to the Consumer Market

## Consumer Subscribers (Thousands) / Churn (%)




## Consumer Revenue ($M)




- Targeting 10–15 million households and 3.5 million SMBs[1]
- Low churn of 2.2%
- 19% revenue CAGR 2003-TTM Q1-08
- Research expects 20% CAGR ('06-'11) for North American consumer broadband revenues[2]
- Future growth as a result of additional capacity and capability via SPACEWAY™-3 satellite

1. Management estimate.
2. Based on NSR Report, "Broadband Satellite Markets 2007," 6th Edition.

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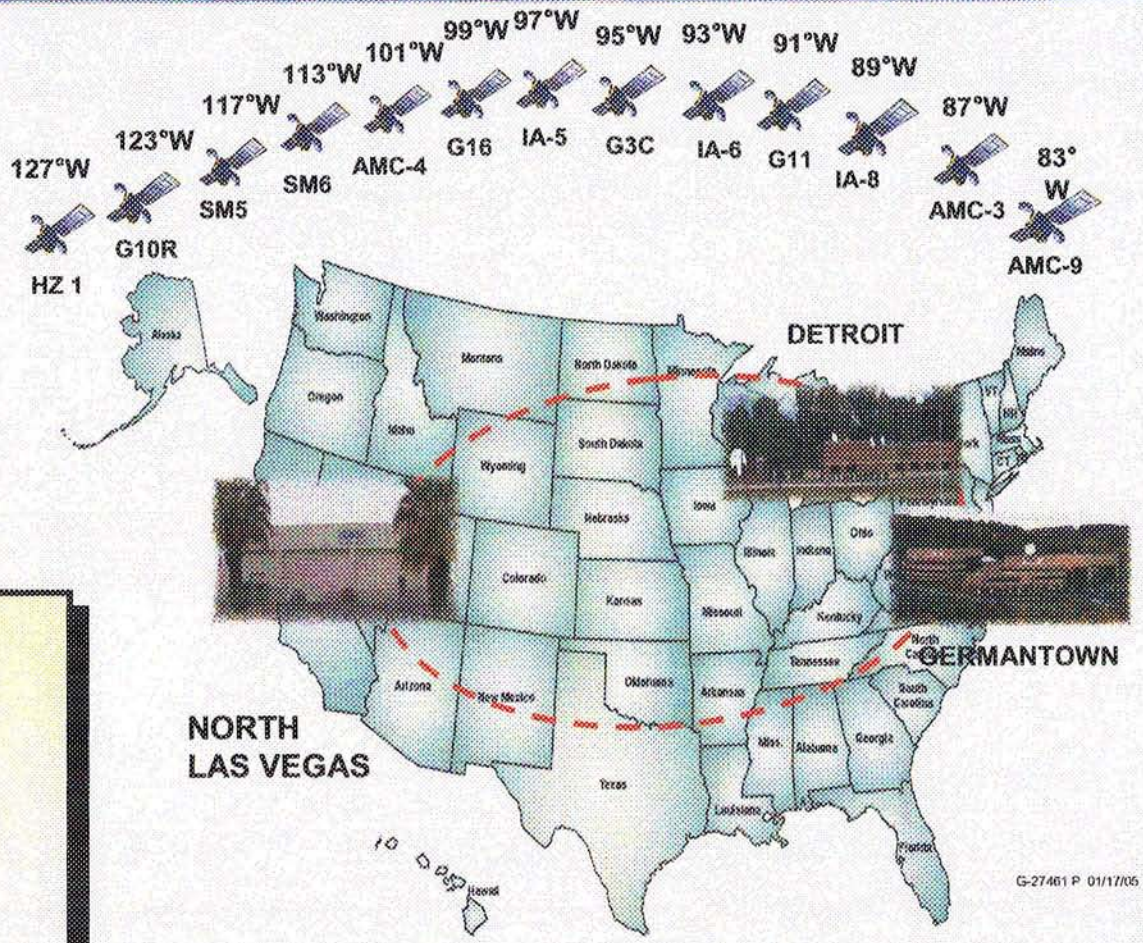
# HughesNet™ – USA




## 2008 Q1 Network Stats

- >500,000 sites
- Largest managed network services provider in USA
- Over 100 transponders across 13 satellites

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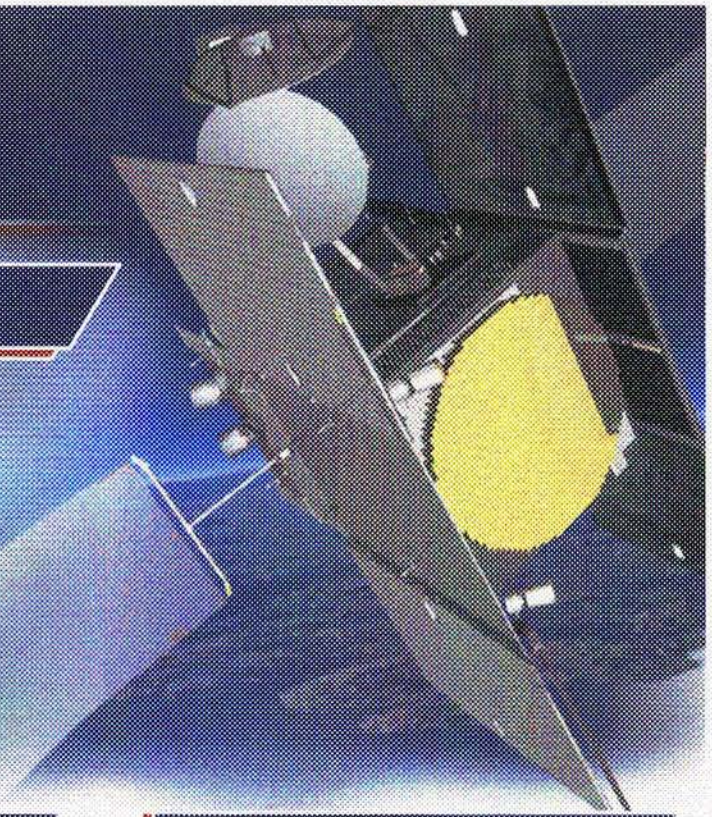
# SPACEWAY-3 Overview



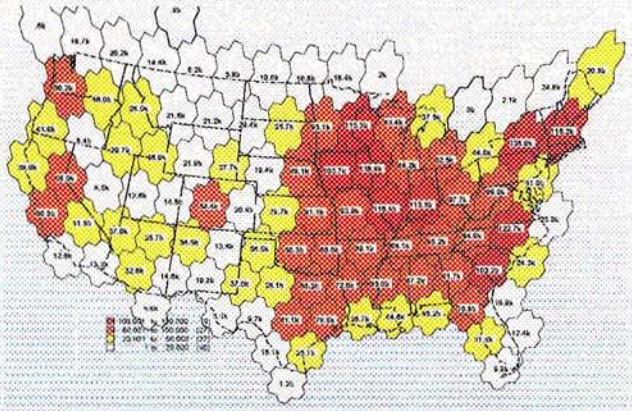
## Key Attributes

- First full mesh commercial satellite system
  - 10 Gbps capacity—addressing a market of over $10 billion/year
  - Enterprise, Consumer, and SMB applications
  - Bandwidth and power-on-demand
  - All new technology successfully tested in orbit
- Expect significant space segment cost reduction

## Satellite

- Launched in Aug 2007
- Commercial service successfully activated in April 2008

## Flexible Capacity Allocation



## Base Capabilities

- Uplink speeds
  - 2 Mbps
  - N x 16 Mbps
- Downlink carrier speeds
  - 440 Mbps
- On-board processor
- Using Ka-band

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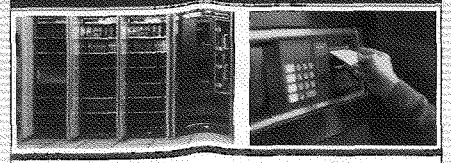
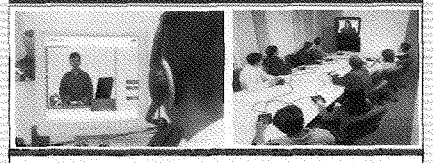
# Significant International Market Opportunity

## Managed Enterprise Network



- POS, ATM, Lottery
- Data Exchange
- Credit Card Verification, SAP

## Content Delivery



- POS, ATM, Lottery
- Business IP TV
- Digital Signage
- Corporate Training

## Bridging the Digital Divide

- POS, ATM, Lottery
- Basic Telephony/ Internet Access
- eLearning
- eGovernance

## Wireless/Cellular Trunking

- Basic Telephony/ Internet Access
- GSM/CDMA Satellite Backhauls
- Wi-Fi / WiMax Satellite Backhauls

## Three Major International Service Companies

**Hughes Operating Subsidiaries**

- Europe
- India
- Brazil

Sources: NSR Report, "Broadband Satellite Markets 2007," 6th Ed.; Frost & Sullivan Report, "North American Managed Telecom Services" 2006

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# FCC Proceedings of Interest to Hughes

- Third FNPRM on the Biennial Review of Part 25 (IB Docket No 00-248)
  - Many proposals in the FNPRM will be beneficial to satellite licensing
  - One section on the FNPRM dealing with contention protocols is potentially harmful to VSAT operators
- NPRM on Vehicle Mounted Earth Stations (IB Docket No. 07-101)
  - The NPRM proposes that vehicle-mounted earth stations be added to Part 25 of the Commission's Rules
  - Military, first responders among others have expressed a need for this service
  - Some licenses have been granted by the IB, operating successfully with no interference complaints to date
  - Comments closed about a year ago; there is no order on circulation
  - Hughes supports the NPRM and ask that the Commission move forward with an Order
- Utilities Telecommunication Council Petition for Rule Making (RM 11429)
  - UTC proposes licensing of terrestrial networks in the band 14.0–14.5 GHz (satellite uplink band)
  - Comments due to the FCC on 26 June 2008
  - The impact of the interference as seen by US and foreign satellites would be significant
  - Hughes will be petitioning that there be no NPRM on this issue



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# Thank You

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