

to expand and improve their current product offering. The public benefits associated with MSV and Inmarsat's enhanced R&D will be particularly significant given the importance of deploying ATC and other new mobile satellite high speed data and other advanced technologies.

The Commission also has recognized that the "elimination of duplicative or redundant administrative functions" is cognizable as a merger-specific efficiency.⁶² Although difficult to quantify with precision at this early stage, significant savings should result through the consolidation and elimination of unnecessary administrative duplication, in areas such as customer service and billing, IT services, sales and marketing, and other administrative functions.

D. Existing Services

As much as new advances in services and technology are emphasized, it should also be made clear that, should the transfer of control of Inmarsat to SkyTerra occur, the applicants plan to maintain Inmarsat's commitments to Global Maritime Distress Safety System ("GMDSS") services as currently specified in the Public Services Agreement between IMSO and Inmarsat and the continued evolution and enhancement of these services. The parties make a similar commitment as to Ship Security Alert System ("SSAS"), Long Range Identification and Tracking ("LRIT"), as well as Aeronautical Mobile Satellite Route Service ("AMS(R)S") and other aeronautical safety services.⁶³ Further, they commit to continuing to provide reliable quality mobile satellite services to the U.S. government and the public at large.

⁶¹ *Id.*

⁶² *In re Application of Ameritech Corp., Transferee and SBC Communications Inc., Transferor, for the Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95 and 101 of the Commission's Rules*, Memorandum Opinion and Order, 14 FCC Rcd 14712, 17850 (1999).

⁶³ MSV will also continue to abide by the protections it committed to in its ATC license application for Radio Navigation Satellite Service ("RNSS") protection.

More generally, the more efficient use of the L-band will make the combined MSV and Inmarsat better able to offer and make technologically more advanced traditional MSS business and governmental communications products, while at the same time introducing MSS-ATC services. That is because, by optimizing the use of the total spectrum and orbital resources that MSV and Inmarsat together would have available to their combined operation, they would have greater resources, effectively more usable spectrum, than the two would have as separately operated entities.

VI. THIS TRANSACTION WILL NOT HARM COMPETITION

A. The Commission's Method of Analysis: Identify Where the Parties Compete and Analyze Whether the Combination Would Adversely Affect That Competition

The Commission analyzes the competitive effects of mergers of satellite operators by examining the services provided by each and the markets in which they operate. The Commission then determines whether the merger would adversely affect competition in the provision of those services in markets served by both parties.⁶⁴ As the Commission has explained in previous orders granting mergers, the relevant market concept is used to identify the product and geographic markets in which the competitive implications of the transaction must be assessed.⁶⁵

The Commission begins its analysis by identifying the services sold by each of the merging parties to various types of consumers.⁶⁶ It considers the capability or functionality of

⁶⁴ *PanAmSat/Intelsat Merger Order*, 21 FCC Rcd at 7383 (competitive effects analysis “begin[s] by defining the relevant markets”); see generally *Motient/SkyTerra Application*, 21 FCC Rcd at 10209; *In the Matter of Annual Report and Analysis of Competitive Market Conditions with Respect to Domestic and International Satellite Communications Services*, 22 FCC Rcd 5954 (2007) (“*FSS Annual Report*”).

⁶⁵ *PanAmSat/Intelsat Merger Order*, 21 FCC Rcd at 7383 and n.83.

⁶⁶ See generally *PanAmSat/Intelsat Merger Order*, 21 FCC Rcd at 7382-7386 (citing the Merger Guidelines, §§ 1.11 and 1.12).

those services, and seeks to identify other services viewed by customers as being close substitutes or “reasonably interchangeable, even if not identical, for the same purposes.”⁶⁷ The goal is to identify “the smallest group of competing products for which a hypothetical monopoly provider would profitably impose at least a ‘small but significant and non-transitory’ increase in price.”⁶⁸

With respect to markets for satellite communications services, the Commission has concluded that customers take a broad view of what applications are close substitutes or reasonably interchangeable.⁶⁹ Intermodal competition is “consistent with customary descriptions of relevant markets” because market definition turns on the question of substitutability.⁷⁰ As the Commission explained in the FSS Annual Report, “[i]t is not uncommon for the same service . . . to be provided by differing platforms . . . [that] afford consumers substantially the same capability.”⁷¹ Indeed, in evaluating that transaction, the Commission concluded that the merging providers competed not only across spectrum bands (*i.e.*, including Ku-, C- and other satellite bands) but also across technology platforms.⁷²

More recently, in the *Stratos-Trust Order*, the Commission confirmed that Inmarsat operates in a vibrantly competitive environment.⁷³ Viewing the competitive landscape broadly to encompass providers of capacity for international mobile satellite services, the Commission

⁶⁷ *FSS Annual Report*, 22 FCC Rcd at 5964; see generally *PanAmSat/Intelsat Merger Order*, 21 FCC Rcd at 7385-7389.

⁶⁸ *PanAmSat/Intelsat Merger Order*, 21 FCC Rcd at n. 83 (citing the Merger Guidelines §§ 1.11 and 1.12).

⁶⁹ *FSS Annual Report*, 22 FCC Rcd at 5964-5965.

⁷⁰ *Id.* at 5966.

⁷¹ *Id.*

⁷² See *PanAmSat/Intelsat Merger Order*, 21 FCC Rcd at 7384-7389; see also *FSS Annual Report*, 22 FCC Rcd at 5966-5972 (identifying relevant markets by particular service or application, and identifying market participants including competitors using FSS, MSS or terrestrial wireless technologies).

⁷³ *In the Matter of Stratos Global Corporation, transferor, Robert M. Franklin, transferee; Consolidated Application for Consent to Transfer of Control, Memorandum Order and Declaratory Ruling*, 22 FCC Rcd 21328, 21355-56 (2007) (“*Stratos-Trust Order*”) (quoting *Annual Report and Analysis of Competitive Market Conditions* (footnote cont’d on next page))

emphasized the extensive competition faced by Inmarsat specifically and, more generally, concluded that “commercial communications satellite services are subject to effective competition.”⁷⁴

B. Current MSS Services: The Few Areas of Overlap Are Characterized By Thriving Competition That Will Not Be Adversely Affected By the Proposed Transaction

Applying that analysis here demonstrates that the combination of MSV and Inmarsat will not adversely affect competition for any mobile satellite services, whether analyzed broadly per the *Stratos-Trust Order* as “international mobile satellite services” or more narrowly based on specific applications. The following discussion demonstrates that MSV and Inmarsat in significant part offer different services targeted at different customer segments. And where there is apparent overlap, it is clear that they are not close competitors but are relatively small players facing vibrant competition from numerous other providers.

Turning first to the big picture, it is indisputable that not only are mobile satellite services “subject to effective competition,”⁷⁵ but that that marketplace is an extremely dynamic one in which competitive intensity is increasing. As the Commission is well aware, new players are entering, including ICO and TerreStar as well as additional VSAT providers. Not only did ICO and Inmarsat just complete successful launches of new spacecraft, but three other firms are building and set to launch new satellites within the next two years. New products and services are being introduced, such as Iridium’s Open Port maritime service. And then of course there is new technology at various levels, ranging from smaller, more portable VSAT antennae to the game-changer of multiple players introducing MSS-ATC. Taken together, and recognizing that

with Respect to Domestic and International Satellite Communications Services, 22 FCC Rcd 5954 (2007) (“*Satellite Competition Report*”).

significant capital and technical development still is required, the Commission easily can find that this transaction will have no adverse effect on such vibrant competition.

Then delving more specifically into the parties' offerings, Inmarsat is a global provider of MSS with a majority of its reported 2007 revenue from maritime and aeronautical services. Inmarsat also provides bulk capacity, with much of its bulk capacity revenue generated by the U.S. Navy, again for maritime communications. In addition, Inmarsat provides significant global service in aeronautical and land mobile high-speed data applications.

By contrast, MSV operates primarily in North America,⁷⁶ including surrounding coastal waters, where it currently provides only narrowband land mobile services, including voice, packet data and private network services. MSV does not provide trans-oceanic maritime services, nor do its services include comparable aeronautical⁷⁷ or high-speed data services. Thus, in primary segments served by Inmarsat, MSV is not even a participant.

While MSV and Inmarsat both support land-mobile services in North America, they generally focus on different applications and operate in a highly competitive marketplace. For example, MSV's voice service is enhanced by a push-to-talk feature for dispatch communications among multiple users, which Inmarsat does not offer. As noted, MSV terminals support only low data speeds of 4.8 Kbps, suitable for faxes and text messages.

Inmarsat's principal current-generation land-mobile service in North America is "Broadband Global Area Network," or "BGAN," a high speed data service offering speeds up to 492 Kbps. BGAN is designed for internet access, multimedia file sharing, video broadcasting,

⁷⁴ *Stratos-Trust Order*, 22 FCC Rcd at n.197 (quoting *Satellite Competition Report*, 22 FCC Rcd at 6011, ¶ 188).

⁷⁵ *Id.*

⁷⁶ MSV also provides limited service in northern South America, Central America, the Caribbean and Hawaii.

⁷⁷ MSV understands that a very few aeronautical units in North America may be served by its private network service customers.

and high speed private network access in remote locations. While BGAN also supports voice service, such voice service is ancillary to the high speed data applications.

With respect to satellite high speed data services for this application, Inmarsat competes, not with MSV which has no comparable offering, but with VSAT providers, like ViaSat, Gilat, and Hughes, which provide users with over 1 Mbps on a mobile or transportable platform. VSAT terminals have become small enough and portable enough to be substitutes for many customers, including for media coverage customers. That competition is increasing as the size of VSAT antennas continues to shrink, and as VSAT providers bundle capacity from multiple FSS operators to provide multi-regional service.⁷⁸

MSV and Inmarsat both serve land-mobile fleet management/asset tracking services, but here too their competitive presence in North America is relatively modest in a highly competitive segment that includes Qualcomm, Orbcomm, Iridium and Globalstar. Qualcomm, which provides its OmniTracs asset tracking/fleet management service over leased Ku-band transponders, and Orbcomm, which provides asset tracking/fleet management services on a wholesale basis over its LEO satellite constellation, are the two leading firms. Together, Orbcomm and FSS providers account for well more than half of the wholesale revenues from these services and asset tracking/fleet management terminals currently in use in North America. In addition, both Iridium and Globalstar have been aggressively pursuing MSV's customers. For example, Iridium recently signed an agreement with EMS Satcom, one of MSV's service

⁷⁸ Most transportable VSAT systems feature Ku-band antennas as small as .75 meters in diameter that are capable of being either transported in or mounted to the roof of a light truck or van for rapid deployment. A more advanced antenna system, the Raysat StealthRay 2000, is a low-profile, vehicle roof-mounted Ku-band antenna that measures only 5.9 inches high, 45.3 inches long, and 35.4 wide, allowing for mobile VSAT systems to be mounted on smaller vehicles such as SUVs. See Raysat Antenna Systems, Product Overview of the StealthRay 2000 (December 2006), available at <http://www.raasys.com/webdata/SupportDocuments/61/StealthRay%202000%20Specs.pdf>. The Commission recently authorized Raysat Antenna Systems to operate a network providing broadband data (footnote cont'd on next page)

providers, to develop a new asset tracking/fleet management terminal over Iridium's network.

Consequently, this transaction will not adversely impact the vigorous competition for satellite-based voice, fleet management/asset tracking and other data services among numerous service providers and satellite operators. The companies identified above, as well as terrestrial wireless providers, will continue to provide consumers with a wide range of options for such services.⁷⁹ Similarly as to private network capacity, there is a wide range of providers including Iridium, Globalstar, Orbcomm and FSS operators.

In sum, with respect to those applications where MSV and Inmarsat offer similar services, comparable and substitutable services are offered by numerous other operators in either MSS or other spectrum bands (*i.e.*, Ku-, C- and VHF and UHF bands). In this regard, MSS providers are facing increasing competition from FSS operators. As noted above, smaller antennas and advanced technology are increasingly used by FSS/VSAT services to support vehicle mounted services. Announcements of new services, based upon the use of other MSS and FSS satellites, are reported almost weekly.⁸⁰ Existing and new services coming on line will

communications over the Ku-band to approximately 400 vehicle-mounted antennas. *See In the Matter of Raysat Antenna Systems, LLC*, Order and Authorization, 23 FCC Rcd 1985 (2008).

⁷⁹ For example, companies like Numerex, Jasper Wireless and Aeris Communications all provide asset tracking services similar to those provided by Qualcomm, Orbcomm, and others by using GSM and CDMA wireless networks together with GPS. *See* Product information on the Numerex Network, *available at* <http://www.numerex.com/M2M-Solutions/Numerex-Network.aspx>; product information sheet on the Jasper Wireless Network, *available at* <http://www.jasperwireless.com/services.php>; and product information on the Aeris network system, *available at* http://www.aeris.net/m2m_services.html. Numerex offers asset tracking over both terrestrial wireless and satellite networks, using Globalstar's Simplex service for the satellite component. *See* <http://www.numerex.com/M2M-Solutions/Numerex-Network.aspx> (describing satellite services through Orbit-One division); <http://www.orbit-one.com/PDF/GSP-Simplex%20Coverage.pdf> (showing coverage map for services offered by Numerex's Orbit-One division).

⁸⁰ *See, e.g., VT iDirect Helps with Panasonic's Fly High Broadband*, *Satnews Daily* (Jul. 9, 2008) (representing a nexgen in-flight broadband solution over Intelsat's global Ku-band system); *Insight... The Times, They Are A Changin' ... FAST!* *SatMagazine.com* (Jul. 2008) (covering mobile solutions offered by Thuraya, Intelsat, and SES Global); *Alaska Airlines and Southwest Airlines Support Row 44's Application*, *Communications Daily* at 12 (Jul. 2, 2008) (proposing use of Ku-band capacity from Horizons I, AMC 2 and AMC 9 to provide in-flight broadband service); *SingTel Signs SES New Skies Capacity Deal*, *Satellite Today* (Jun. 18, 2008) (extending suite of maritime VSAT solutions over New Skies' NSS-7, NSS-703, and NSS-5 satellites); *Transforming Satellite Broadband*, *SatMagazine.com* (Jun. 2008) (discussing significant increases in satellite broadband capacity); *Iridium and Vizada* (footnote cont'd on next page)

only increase competition with the North American asset tracking and other land mobile services offered by MSV and Inmarsat. Their existence, coupled with the limited presence of MSV and Inmarsat in these applications, makes it clear that the combination of MSV and Inmarsat will have no adverse effect on competition or pricing for these products.

C. Future Directions

Beyond current service offerings, as described above, MSV's next generation business plan is to develop a voice and broadband data service over its planned integrated MSS-ATC network, focused on a handheld phone comparable in size to a cell phone or PDA and other devices attractive to mass market consumers. By contrast, Inmarsat's announced business plan is to continue to provide traditional and advanced satellite-based services, of the sort targeted primarily to serve commercial customers.⁸¹ Its stated focus remains on maritime, aeronautical, and land mobile applications with features that would not make them close substitutes for MSV's integrated satellite-ATC network. More specifically, neither Inmarsat's BGAN nor its satellite phone service would be a close substitute for MSV's planned mass-market MSS-ATC service: BGAN is not a handheld service, and the Inmarsat satellite phone service requires a larger handset and will not work nearly as effectively as an MSS-ATC offering, if at all, in dense urban areas.

Supply a Boat Load of Solutions, Satnews Daily (Jun. 5, 2008) (describing different OpenPort applications over Iridium's network for shipping and fishing fleets around the world); *Iridium Sees Strong Growth in Maritime Business*, Satellite Today (Jun. 4, 2008) (citing double-digit growth in subscriptions and usage in the active maritime sector); *Satlynx Launches New Set of Maritime Services*, Satellite Today (Jun. 2, 2008) (representing a new set of maritime VSAT services across its Ku-, extended Ku-, and C-band platforms); *Land Comm Mobility Aided by Explorer 727*, Satnews Daily (May 22, 2008) (featuring new mobile high speed data terminals over Inmarsat system with data speeds approaching 432 kbps); *Intelsat, Panasonic Partner for Airline Broadband Service*, Satellite Today (May 6, 2008) (leveraging Intelsat's GlobalConnex Network Broadband Service for on-demand mobile communications); *SpeedCast CEO Confident of Strong Early Take-up for Maritime Service*, Satellite News (Apr. 7, 2008) (expanding service to 100 ships with new global maritime broadband service over AsiaSat and Eutelsat); *Thuraya Expands Maritime Product Distribution*, Satellite Today (Mar. 24, 2008) (initiating ThurayaMarine solution for small- and medium-sized sea vessels to boost revenues in maritime arena over Thuraya-3 satellite).

MSV's MSS-ATC service will instead face competition from the three other satellite operators who are pursuing MSS-ATC, as well as from terrestrial wireless providers. The satellite operators planning on developing ATC networks that would compete with MSV include Globalstar which already holds an authorization to provide ATC, and both ICO which recently launched a new satellite, and TerreStar,⁸² which has a satellite under construction, have applications for ATC authorizations pending before the Commission. As prices of such services are reduced, they are anticipated to be competitive with terrestrial wireless services, with each acting as a competitive constraint on the other service.

By contrast, Inmarsat has not pursued ATC on its satellite network. First, Inmarsat does not have a license to construct an ATC network, nor has it applied for one. Second, Inmarsat's fleet, including a number of recently launched satellites, is not designed with sufficiently large antennae or with the ability to concentrate satellite signal power over sufficiently small land areas to provide services to wireless handsets the size of conventional cell phones, an essential feature for mass market appeal.

In short, Inmarsat and MSV not only face vibrant competition from numerous other providers today, indeed more competition from other players than they do from each other, but they will continue to do so in the future. Thus, a combination of Inmarsat and MSV will not adversely affect competition.

⁸¹ See Inmarsat plc, 2007 Annual Report at 6.

⁸² As noted in Section II.A (3) of this Narrative, Harbinger has a minority, non-controlling interest in TerreStar. TerreStar does and would continue to operate independently of MSV and Inmarsat.

VII. PROCEDURAL MATTERS

A. Pending Applications and Petitions

During the Commission's consideration of these applications and the period required for the consummation of the proposed transactions following approval, the entities control of which is to be transferred may file additional applications or petitions, and the Commission may grant currently pending applications or petitions (the "Interim Period"). Accordingly, consistent with Commission precedent, the applicants request that the Commission, in acting upon these applications, include authority for the transfer of control to Harbinger or SkyTerra, as the case may be, of (i) all applicable authorizations issued during the Interim Period; and (ii) all applicable applications (including applications for STA), petitions, or other filings that are pending at the time of consummation of the proposed transfer of control; except that this request does not apply to the extent stated herein to applications for transfer of control of Stratos or TVCC, each such matter to be addressed in separate amendments/applications, as appropriate, as already indicated herein.⁸³

B. Request for Permit-But-Disclose *Ex Parte* Status

The applicants request that the Commission designate the *ex parte* status of the consolidated application proceedings as "permit-but-disclose" under the Commission's rules. See 47 C.F.R. §§ 1.1200 *et seq.* Doing so will facilitate the development of a complete record and is consistent with Commission decisions in other similar transactions.⁸⁴

⁸³ See Note 4 to this Narrative.

⁸⁴ See, e.g., *Stratos Transfer of Control Proceeding*, 2008 FCC Lexis 5360, DA 08-1659.

VIII. CONCLUSION

For the foregoing reasons, Commission consent to the transfer of control of MSV Sub, Inmarsat Hawaii Inc. and Inmarsat, Inc. each to Harbinger is hereby requested.

Attachment A – List of Licenses

SkyTerra and Harbinger request approval for the transfer of control of the following licenses and authorizations held by Mobile Satellite Ventures Subsidiary LLC (“MSV Sub”) and Inmarsat plc (“Inmarsat”).

Licenses Held by MSV Sub:

Licensee	Authorization
	Space Station
MSV Sub	AMSC-1 (including ATC authority)
MSV Sub	S2358
	Earth Station (Mobile)
MSV Sub	E990133
MSV Sub	E980179
MSV Sub	E930367
	Earth Station (Fixed)
MSV Sub	E940374
MSV Sub	E930124
	Section 214 Authorizations
MSV Sub	Domestic 214
MSV Sub	ITC-214-19951215-00023
MSV Sub	ITC-214-19950314-00022
	Experimental Licenses
MSV Sub	WC9XRS XD
MSV Sub	WE2XIF XD
MSV Sub	WE2XJW XD
MSV Sub	WD2XNL XD
MSV Sub	WE2XOD XD
MSV Sub	WE2XOW XD
MSV Sub	WE2XPD XD
	Mobile Itinerant
MSV Sub	WQHL596

Licenses Held by Inmarsat:

Licensee	Authorization
	Special Temporary Authority (Earth Station)
Inmarsat Hawaii Inc.	SES-STA-20080616-00787
	SES-STA-20080311-00275
	Experimental License
Inmarsat, Inc.	WD2XWM

ATTACHMENT B

PETITION FOR DECLARATORY RULING

Introduction and Summary

This petition for declaratory ruling ("PDR") accompanies applications seeking the Commission's consent to transfer control of Mobile Satellite Ventures Subsidiary LLC ("MSV Sub") from SkyTerra Communications, Inc. ("SkyTerra") to Harbinger Capital Partners Master Fund I, Ltd. ("Master Fund") and Harbinger Capital Partners Special Situations Fund, L.P. ("Special Situations Fund") (collectively referred to as "Harbinger" or the "Harbinger Funds").¹ The parties to the applications respectfully request a declaratory ruling from the Commission, pursuant to Section 310(b)(4) of the Communications Act of 1934, as amended, that it is consistent with the public interest for Harbinger and any commonly-controlled funds² to own, directly or indirectly, up to 100% of the issued and outstanding stock of SkyTerra, which has a controlling interest in MSV Sub.³

In addition, in order to account for the possibility that Harbinger and commonly-controlled funds will hold less than 100% of the issued and outstanding stock of SkyTerra following consummation of the proposed transfer of control,⁴ the parties request a declaratory

¹ The applications also seek the Commission's consent to transfer control of Inmarsat Hawaii Inc. and Inmarsat, Inc.

² As stated in the transfer of control applications, it is possible that Harbinger Capital Partners Fund I, L.P. and Harbinger Co-Investment Fund, L.P., which are under the same control as the Master Fund and the Special Situations Fund, will have an ownership interest in SkyTerra.

³ SkyTerra has an equity interest of 99.29% and a voting interest of 100% in MSV Sub, which holds various common carrier licenses as well as authorizations to provide common carrier services pursuant to Section 214 of the Communications Act. The parties are not requesting a declaratory ruling in connection with the transfer of control of Inmarsat Hawaii Inc. and Inmarsat, Inc. because neither of those companies holds a common carrier authorization that is subject to the foreign ownership limits of Section 310(b).

⁴ It is likely that Harbinger's interest in SkyTerra will be below 100% and that some or all of the current non-Harbinger shareholders of SkyTerra will continue to have an interest in the company. The precise level of Harbinger's post-closing interest, however, will depend on market conditions and other factors at closing and therefore cannot be determined at this time. For similar reasons, it is unknown at present what the relative levels of ownership will be as between the Master Fund and the Special Situations Fund. Out of an abundance of caution, the

ruling permitting ownership, subject to the qualification in the sentence that follows, of up to 25% of SkyTerra's equity and voting stock by foreign investors that are not identified in this PDR. The parties are not, however, seeking authority that would permit any foreign investor that is not identified in this PDR to acquire control of SkyTerra, or to acquire an equity and/or voting interest in SkyTerra that exceeds 25%, without obtaining additional approval from the Commission.

The Commission already has made a preliminary determination that it is consistent with the public interest for Harbinger to have a substantial interest in SkyTerra. Earlier this year, the Commission released an Order and Declaratory Ruling granting Harbinger interim authority pursuant to Section 310(b) to have an up to 49.99% equity interest and an up to 49.99% voting interest in SkyTerra.⁵ Harbinger has a pending request for the same relief on a permanent basis.⁶

The parties demonstrate below that their proposal for Harbinger to increase its interest in SkyTerra to up to 100% is supported by good cause. In particular, they show that the requested declaratory ruling is warranted under the Commission's policies because: (1) U.S. citizens control the Master Fund and the Special Situations Fund; (2) the principal place of business of the Special Situations Fund is the United States and the principal place of business of the Special Situations Fund is the Cayman Islands, which is a WTO member country; and (3) all but a *de minimis* portion of the investments in the Harbinger Funds are made by investors from the United States and other WTO Member countries.

In support of this PDR, the parties are attaching the following:

parties are seeking authority herein for the range of possible foreign ownership levels associated with Harbinger's ownership of up to 100 percent of SkyTerra.

⁵ *Mobile Satellite Ventures Subsidiary LLC and SkyTerra Communications, Inc.*, Order and Declaratory Ruling, FCC 08-77 (March 7, 2008).

⁶ See ISP-PDR-20080129-00002.

- Annex 1 provides information concerning the citizenship of investors in the Harbinger Funds.
- Annex 2 provides principal place of business showings.
- Annex 3 consists of diagrams depicting the ownership of the Harbinger Funds.
- Annex 4 describes the control that Harbinger's management has over sales of interests in the Master Fund and the Special Fund so that management can monitor and enforce continuing compliance with Section 310(b).
- Annex 5 depicts the ownership structure of MSV Sub that is proposed in the transfer of control applications.

Legal Standard

Section 310(b)(4) limits the ownership interests that foreign investors may have in any corporation that controls the licensee of a common carrier radio station. Under Section 310(b)(4), no more than 25% of the capital stock of the corporation controlling the licensee may be owned or voted by foreign citizens and their representatives, foreign governments and their representatives, and corporations organized under the laws of a foreign country. However, Section 310(b) authorizes the Commission to permit foreign investment in excess of this 25% limit if the Commission determines that the foreign investment is not inconsistent with the public interest.

The Commission has adopted a presumption that foreign investment by individuals or entities from WTO Member countries should be permitted without limit under Section

310(b)(4).⁷ It uses a “principal place of business” test to determine whether the nationality or “home market” of a foreign investor is a WTO Member.⁸

Ownership of Harbinger Funds

The diagrams in Annex 3 depict the ownership of the Master Fund and the Special Situations Fund. This ownership is summarized below.

Master Fund. The Master Fund is a Cayman Islands Exempted Company. Because the Cayman Islands are a British protectorate, they are deemed to be a WTO signatory. Harbinger Capital Partners Offshore Fund I, Ltd. (“Offshore Feeder”), a Cayman Islands entity, owns 84.05% of the voting shares of Master Fund. The remaining 16.10% of the voting shares of Master Fund are owned by Harbinger Capital Partners Fund I, L.P., a Delaware limited partnership.

Annex 1 provides information concerning the citizenship of investors in the Master Fund. All of the direct and indirect holders of the Master Fund are either U.S. citizens or citizens of WTO signatories, except for five investors from the Bahamas holding in the aggregate limited partnership interests amounting to 0.33% in the Offshore Feeder.

Special Situations Fund. The Special Situations Fund is a Delaware limited partnership. The general partner of the Special Situations Fund is Harbinger Capital Partners Special Situations GP, LLC, a Delaware limited liability company, which has management control over the Special Situations Fund. All of the limited partners are U.S. citizens, except for: (1) Harbinger Capital Partners Special Situations Offshore Fund, L.P. (“Special Offshore Fund”),

⁷ See *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order and Order on Reconsideration, FCC 97-398, 12 FCC Rcd 23891, 23896 ¶ 9, 23913 ¶ 50, and 23940 ¶¶ 111-112 (1997) (“*Foreign Participation Order*”), Order on Reconsideration, FCC 00-339, 15 FCC Rcd 18158 (2000).

⁸ *Foreign Participation Order*, 12 FCC Rcd at 23941 ¶ 116 (citing *Market Entry and Regulation of Foreign-Affiliated Entities*, Report and Order, FCC 95-475, 11 FCC Rcd 3873, 3951 ¶ 207 (1995)).

which is a Cayman Islands limited partnership holding a 62.80% equity interest in the Special Situations Fund; and (2) Harbinger Capital Partners SSF CFF, Ltd., which is a Cayman Islands Exempted Company holding a 1.54% equity interest in the Special Situations Fund. The general partner of Special Offshore Fund is a Delaware limited liability company, which, in turn, is controlled by a corporation organized under the laws of the United States. The limited partners of the Special Offshore Fund are widely dispersed and all have a less than 10% interest in the Special Situations Fund.

Annex 1 provides information concerning the citizenship of investors in the Special Situations Fund. All of the ownership interests are held by U.S. citizens or citizens of WTO signatories.

Control of Harbinger Funds

Two U.S. citizens, Philip A. Falcone and Raymond J. Harbert, have ultimate control of the Harbinger Funds. As described in detail below, Mr. Falcone exercises his control as an individual and Mr. Harbert exercises his control through his ownership of over 50% of the voting interests of Harbert Management Corporation and HMC Investors LLC.

Master Fund. Over 80% of the Master Fund's shares, all of which are voting shares, are held by Harbinger Capital Partners Offshore Fund I, Ltd. (the "Offshore Feeder"). No investor owns more than 50% of the Offshore Feeder's voting securities.

Three persons – a US citizen, a UK citizen, and a citizen of Ireland - serve as the directors of both the Master Fund and the Offshore Feeder. Any director can be removed and replaced by majority vote of either the shareholders or the directors.

The Master Fund's Board of Directors has delegated broad investment management authority under an Investment Management Agreement to Harbinger Capital Partners Offshore

Manager, LLC, a Delaware LLC (the "Offshore Manager"). Two members have voting control of the Offshore Manager: (1) HMC Investors, LLC ("HMC Investors"), a Delaware LLC, is the Managing Member and has a 50% voting interest comprised of a 0.50% voting interest in its own right and a 49.5% voting interest based on irrevocable proxies that other members of the Offshore Manager have granted to HMC Investors; and (2) Philip A. Falcone is the Senior Managing Director and has a 50% voting interest. HMC Investors is controlled by Raymond J. Harbert, who has a voting interest in the company in excess of 50%.

Special Situations Fund. The Special Fund is a Delaware limited partnership whose General Partner is Harbinger Capital Partners Special Situations GP, LLC ("SSGP"), a Delaware LLC. Two members have voting control of SSGP: (1) HMC-New York, Inc. ("HMC-NY"), a New York corporation, is the Managing Member and has a 50% voting interest; and (2) Philip A. Falcone is the Senior Managing Director and also has a 50% voting interest. HMC-NY is a wholly-owned subsidiary of Harbert Management Corporation, an Alabama corporation. Harbert Management Corporation is controlled by Raymond J. Harbert, a U.S. citizen, who has a voting interest in the company in excess of 50%. The limited partners of the Special Situations Fund have no ability to control or be involved in the day-to-day business operations, activities or decisions of Special Situations Fund.

Principal Places of Business

Annex 2 consists of principal place of business showings for the Master Fund, the Special Situations Fund, Harbinger Capital Partners Offshore Fund I, Ltd., and Harbinger Capital Partners Special Situations Offshore Fund, L.P. In every case, the principal place of business is either the United States or a country that is a WTO signatory.

Conclusion

Under the Commission's policies and precedents implementing Section 310(b)(4) of the Communications Act, up to 100% ownership of SkyTerra by Harbinger would be consistent with the public interest because: (1) U.S. citizens control the Master Fund and the Special Situations Fund; (2) each of the Harbinger Funds has its principal place of business in the United States or a WTO member country; and (3) all but a *de minimis* portion of the investments in the Harbinger Funds are made by investors from the United States and other WTO Member countries.

Annex 1 to Petition for Declaratory Ruling:

Investor Interests in the Harbinger Funds

Harbinger Capital Partners Offshore Fund I, Ltd.

<i>Category of Investor</i>	<i>Aggregate % Equity</i>	<i>Country of Citizenship/Country of Organization/Principal Place of Business of Beneficial Owner of Equity Interest</i>
Individuals that are citizens of the United States	0.05%	United States
Individuals that are citizens of foreign countries	0.37%	Canada, , China, South Africa, United Kingdom, Switzerland
Banks, insurance companies, pension plans and foundations/endowments organized in the United States <u>and</u> controlled by U.S. citizens	4.20%	United States
Banks, insurance companies, pension plans and foundations/endowments controlled by foreign citizens <u>or</u> organized in foreign countries	19.46%	Australia, Bermuda, Cayman Islands, Channel Islands, China, Finland, Hong Kong, Ireland, Isle of Man, Luxembourg, Norway, Sweden, Switzerland, , France, The Netherlands, United Kingdom
Private equity and mutual funds that are organized in the United States <u>and</u> have their principal place of business in the U.S.	0.0%	United States
Private equity and mutual funds that are organized in a foreign country <u>or</u> have their principal place of business in a foreign country	0.0%	
Any investors that do not fall into one of the foregoing categories that are organized in the United States <u>and</u> have their principal place of business in the U.S.	0.66%	United States
Any investors that do not fall into one of the foregoing categories that are organized in a foreign country <u>or</u> have their principal place of business in a foreign country	75.26%	Arab Emirates, Australia, Bermuda, Brazil, British Virgin Islands, Canada, Cayman Islands, Channel Islands, Chile, China, France, Hong Kong, Italy, Isle of Man, Ireland, Japan, Luxembourg, Norway, Panama, Portugal, Singapore, Spain, Sweden, Switzerland, Netherlands Antilles, The Bahamas, The Netherlands, United Kingdom

**Annex 1 to Petition for Declaratory Ruling:
Investor Interests in the Harbinger Funds**

<i>Harbinger Capital Partners Fund I, L.P.</i>		
<i>Category of Investor</i>	<i>Aggregate % Equity</i>	<i>Country of Citizenship/Country of Organization/Principal Place of Business of Beneficial Owner of Equity Interest</i>
Individuals that are citizens of the United States	6.74%	United States
Individuals that are citizens of foreign countries	0.0%	
Banks, insurance companies, pension plans and foundations/endowments organized in the United States <u>and</u> controlled by U.S. citizens	13.01%	United States
Banks, insurance companies, pension plans and foundations/endowments controlled by foreign citizens <u>or</u> organized in foreign countries	0.0%	
Private equity and mutual funds that are organized in the United States <u>and</u> have their principal place of business in the U.S.	0.0%	
Private equity and mutual funds that are organized in a foreign country <u>or</u> have their principal place of business in a foreign country	0.0%	
Any investors that do not fall into one of the foregoing categories that are organized in the United States <u>and</u> have their principal place of business in the U.S.	80.25%	United States
Any investors that do not fall into one of the foregoing categories that are organized in a foreign country <u>or</u> have their principal place of business in a foreign country	0.0%	

**Annex 1 to Petition for Declaratory Ruling:
Investor Interests in the Harbinger Funds**

<i>Harbinger Capital Partners Special Situations Fund, L.P.</i>		
<i>Category of Investor</i>	<i>Aggregate % Equity</i>	<i>Country of Citizenship/Country of Organization/Principal Place of Business of Beneficial Owner of Equity Interest</i>
Individuals that are citizens of the United States	5.90%	United States
Individuals that are citizens of foreign countries	0.0%	
Banks, insurance companies, pension plans and foundations/endowments organized in the United States <u>and</u> controlled by U.S. citizens	3.98%	United States
Banks, insurance companies, pension plans and foundations/endowments controlled by foreign citizens <u>or</u> organized in foreign countries	0.0%	
Private equity and mutual funds that are organized in the United States <u>and</u> have their principal place of business in the U.S.	0.0%	United States
Private equity and mutual funds that are organized in a foreign country <u>or</u> have their principal place of business in a foreign country	0.0%	
Any investors that do not fall into one of the foregoing categories that are organized in the United States <u>and</u> have their principal place of business in the U.S.	25.77%	United States
Any investors that do not fall into one of the foregoing categories that are organized in a foreign country <u>or</u> have their principal place of business in a foreign country	64.35%	Cayman Islands ¹

¹ Information regarding the investors in this fund is set forth on p. 4 of this Annex 1.

**Annex 1 to Petition for Declaratory Ruling:
Investor Interests in the Harbinger Funds**

<i>Harbinger Capital Partners Special Situations Offshore Fund, L.P.</i>		
<i>Category of Investor</i>	<i>Aggregate % Equity</i>	<i>Country of Citizenship/Country of Organization/Principal Place of Business of Beneficial Owner of Equity Interest</i>
Individuals that are citizens of the United States	0.12%	United States
Individuals that are citizens of foreign countries	0.36%	Channel Islands, Germany, Switzerland
Banks, insurance companies, pension plans and foundations/endowments organized in the United States <u>and</u> controlled by U.S. citizens	14.04%	United States
Banks, insurance companies, pension plans and foundations/endowments controlled by foreign citizens <u>or</u> organized in foreign countries	17.44%	Cayman Islands, Finland, Luxembourg, Netherland Antilles, Switzerland, The Netherlands,
Private equity and mutual funds that are organized in the United States <u>and</u> have their principal place of business in the U.S.	0.0%	United States
Private equity and mutual funds that are organized in a foreign country <u>or</u> have their principal place of business in a foreign country	0.0%	
Any investors that do not fall into one of the foregoing categories that are organized in the United States <u>and</u> have their principal place of business in the U.S.	1.97%	United States
Any investors that do not fall into one of the foregoing categories that are organized in a foreign country <u>or</u> have their principal place of business in a foreign country	66.07%	British Virgin Islands, Channel Islands, , Canada, Cayman Islands, Finland, Germany, Gibraltar, Guernsey, Ireland, Italy, Liechtenstein, Luxembourg, Norway, Panama, Switzerland, The Netherlands

**Annex 1 to Petition for Declaratory Ruling:
Investor Interests in the Harbinger Funds**

<i>Harbinger Capital Partners SSF CFF Fund, LTD</i>		
<i>Category of Investor</i>	<i>Aggregate % Equity</i>	<i>Country of Citizenship/Country of Organization/Principal Place of Business of Beneficial Owner of Equity Interest</i>
Individuals that are citizens of the United States	0.0%	
Individuals that are citizens of foreign countries	0.0%	
Banks, insurance companies, pension plans and foundations/endowments organized in the United States <u>and</u> controlled by U.S. citizens	0.0%	
Banks, insurance companies, pension plans and foundations/endowments controlled by foreign citizens <u>or</u> organized in foreign countries	20.41%	Cayman Islands
Private equity and mutual funds that are organized in the United States <u>and</u> have their principal place of business in the U.S.	0.0%	
Private equity and mutual funds that are organized in a foreign country <u>or</u> have their principal place of business in a foreign country	0.0%	
Any investors that do not fall into one of the foregoing categories that are organized in the United States <u>and</u> have their principal place of business in the U.S.	35.45%	United States
Any investors that do not fall into one of the foregoing categories that are organized in a foreign country <u>or</u> have their principal place of business in a foreign country	44.14%	Cayman Islands

**Annex 2 to Petition for Declaratory Ruling:
PRINCIPAL PLACE OF BUSINESS SHOWINGS**

Harbinger Capital Partners Master Fund I, Ltd.

- (i) Country of organization:
CAYMAN ISLANDS
- (ii) Citizenship of investment principals, officers and directors:
UNITED STATES, IRELAND, UNITED KINGDOM
- (iii) Location of world headquarters:
IRELAND
- (iv) Location of tangible properties:
N/A
- (v) Location of greatest sales and/or revenues:
N/A

Harbinger Capital Partners Special Situations Fund, L.P.

- (i) Country of organization:
UNITED STATES
- (ii) Citizenship of investment principals, officers and directors:
UNITED STATES
- (iii) Location of world headquarters:
UNITED STATES
- (iv) Location of tangible properties:
N/A
- (v) Location of greatest sales and/or revenues:
N/A