

**DESCRIPTION OF THE PROPOSED TRANSACTION AND PUBLIC INTEREST
STATEMENT**

Through a series of applications and filings identified below, ARINC Incorporated (“ARINC”) seeks Federal Communications Commission (“FCC” or “Commission”) consent to a proposed transaction that will involve the transfer of control of all of the licenses, authorizations, and registrations held by ARINC and its subsidiary Aeronautical Radio, Inc. (“Aeronautical Radio”) from Carlyle Partners IV ARINC Holdings, L.P. (“Carlyle Partners IV”) to Rockwell Collins Inc. (“Rockwell Collins”). As described further below, the proposed transaction will serve the public interest, convenience, and necessity, and the Commission should expeditiously grant it.

Description of the Parties

ARINC is a global provider of transportation communications and systems engineering. ARINC develops and operates communications and information processing systems and provides systems engineering to five key industries: airports, aviation, defense, government, and surface transportation. ARINC is a Delaware corporation, headquartered in Annapolis, Maryland, with 2,000 employees worldwide. ARINC and its subsidiary, Aeronautical Radio, hold a variety of FCC licenses and authorizations. ARINC is a subsidiary of Radio Holdings, Inc. (“Radio Holdings”) which is also a Delaware corporation. Radio Holdings is a subsidiary of Carlyle Partners IV.

Rockwell Collins is a publicly-traded Delaware Corporation with its headquarters in Cedar Rapids, Iowa. Rockwell Collins provides design, production and support of communications and aviation electronics for commercial and military customers worldwide. Rockwell Collins’ products and systems are primarily focused on aviation applications. Rockwell Collins’ Government Systems business also offers products and systems for ground and shipboard applications. Rockwell Collins provides a wide range of service centers worldwide, including equipment repair and overhaul, service parts, field engineering, training, technical information services and aftermarket used equipment sales. Rockwell Collins serves a broad range of customers worldwide, including the U.S. Department of Defense, U.S. Coast Guard, civil agencies, defense contractors, foreign ministries of defense, manufacturers of commercial air transport, business and regional aircraft, commercial airlines and other aircraft.

Rockwell Collins is a pioneer in the development and deployment of innovative communication and aviation electronic solutions for both commercial and government applications. Its expertise in flight deck avionics, cabin electronics, mission communications, information management, and simulation and training is delivered by 19,000 employees, and a global service and support network that crosses 27 countries.

Description of the Transaction

On August 10, 2013, Rockwell Collins, Avatar Merger Sub, Inc. (“Avatar”), Radio Holdings, and TC Group IV Managing GP, L.L.C. (“TC Group”) entered into an Agreement and

Plan of Merger (“Agreement”). Avatar is a wholly-owned subsidiary of Rockwell Collins. Pursuant to the Agreement, Avatar shall be merged with and into Radio Holdings, with Radio Holdings as the surviving corporation and a subsidiary of Rockwell Collins. The transaction thus will result in a change of control of all of the Commission licenses and authorizations held by ARINC and Aeronautical Radio from Carlyle Partners IV to Rockwell Collins.

ARINC and Aeronautical Radio hold a number of licenses, authorizations, and registrations, control of which will be transferred to Rockwell Collins upon consummation of the transaction. Specifically, these include:

- An International Section 214 authorization issued by the International Bureau;
- Private-Operational Fixed Point-to-Point Microwave Service licenses issued under Part 101 of the FCC’s rules;
- Private Land Mobile Radio Services licenses issued under Part 90 of the FCC’s rules;
- A nationwide non-exclusive 3650-3700 MHz license issued under Part 90 of the FCC’s rules;
- An Experimental Radio authorization issued under Part 5 of the FCC’s rules; and
- Antenna Structure Registrations issued under Part 17 of the FCC’s rules.

The parties have prepared and submitted a set of applications and filings as required by the FCC’s rules to seek FCC consent to the proposed transfer of control.¹

Public Interest Statement

As discussed below, the proposed transfer of control of ARINC to Rockwell Collins will create substantial public interest benefits with no offsetting public interest harms. Therefore, the Commission should expeditiously approve the proposed transfer of control.

Pursuant to Section 310(d) of the Communications Act, the Commission may approve a transfer of control if, after weighing “the potential public interest harms of the [transaction] against the public interest benefits,” it concludes that, “on balance,” doing so would serve the public interest, convenience, and necessity.² Accordingly, where the potential harms from a

¹ Notifications of the change in ownership of the Antenna Structure Registrations will be submitted upon closing, as required by FCC rules.

² See, e.g., *Loral Satellite, Inc. (Debtor-in-Possession) and Loral SpaceCom Corporation (Debtor in Possession), Assignors and Intelsat North America, LLC, Assignee, Order and Authorization*, 19 FCC Rcd 2404, 2411-12 (¶18) (2004) (“*Loral/Intelsat*”); *Comcast Corp., AT&T Corp., and AT&T Comcast Corp., Memorandum Opinion and Order*, 17 FCC Rcd 23246, 23255 (¶ 26) (2002) (“*AT&T/Comcast*”); *Applications for Consent to The Transfer of Control of Licenses and Sect. 214 Authorizations by Time Warner Inc. and America Online, Inc., Transferors, AOL Time Warner Inc., Transferee, Memorandum Opinion and Order*, 16 FCC Rcd 6547, 6554 (¶ 19) (2001) (“*AOL/Time Warner*”); *Applications for Consent to The Transfer of Control of Licenses and Sect. 214 Authorizations from MediaOne Group, Inc. and AT&T Corp.,*

proposed transaction are great, the potential benefits must be great; conversely, where the potential harms (if any) are small or limited, the potential benefits need only be of a similar scale.³

As an initial matter, one of the factors the Commission considers in its public interest inquiry is whether the proposed transferee holds the requisite “citizenship, character, financial, technical and other qualifications” to control an FCC licensee.⁴ Rockwell Collins is financially and technically qualified to hold ultimate control of the ARINC licenses. Indeed, Rockwell Collins has previously and repeatedly been found qualified to hold and/or control FCC licenses.⁵

Transfer of control of ARINC to Rockwell Collins will serve the public interest for several reasons. The transaction will bring together two leading players in the growing field of aviation information management, combining ARINC’s trusted networks and services with the industry leading avionics and cabin technologies developed by Rockwell Collins. ARINC’s customer base, high customer retention rates, and subscription business model will help Rockwell Collins achieve accelerated growth and benefit from greater earnings consistency throughout the commercial aviation business cycle. The combination will be instrumental in providing new integrated information management solutions to customers.

Procedural Request for Approval of Additional Authorizations

The licenses, authorizations, and registrations listed above and in the relevant FCC filings are intended to be complete and to include all licenses held by the respective licensees that are subject to the transaction. ARINC and Aeronautical Radio, however, may have on file or may hereafter file additional requests for licenses, authorizations, or registrations, which may be granted or remain pending during the pendency of this transaction. Accordingly, the parties

Memorandum Opinion and Order, 15 FCC Rcd 9816, 9820 (¶ 8) (2000); *see also* 47 U.S.C. § 310(d).

³ See, e.g., *AT&T/Comcast*, 17 FCC Rcd at 23,329 (¶ 218) (observing that “in balancing the public interest harms and benefits, we employ a sliding scale approach” that “examine[s] the likelihood and the magnitude of the potential public interest harms”); *TRW Inc., Transferor, and Northrop Grumman Corp., Transferee*, Order and Authorization, 17 FCC Rcd 24,625, 24,630 (¶ 15) (Int’l Bur., Sat. Div. 2002) (“*TRW*”) (“we find no potential harms, and thus, the Applicants’ demonstration of potential benefits need not be as great”).

⁴ See *Southern New England Telecommunications. Corp., Transferor and SBC Communications, Inc., Transferee*, Memorandum Opinion and Order, 13 FCC Rcd 21292, 21305 (1998).

⁵ See, e.g., *Satellite Communications Services Information re: Actions Taken*, Public Notice, Report No. SES-01519 (Jan. 16, 2013); *Satellite Communications Services Information re: Actions Taken*, Public Notice, Report No. SES-01143 (June 3, 2009).

request that the FCC authorize Rockwell Collins to acquire control of the following upon the grant of this transfer of control application:

- Any license, authorization, or registration issued to ARINC or Aeronautical Radio during the Commission's consideration of the transfer of control application and the period required for consummation of the transaction following approval.
- Any application that is filed after the date of these transfer applications and that remains pending at the time of the consummation or the requested transfer of control.⁶

Such actions would be consistent with Commission precedent.⁷ Moreover, the parties request that Commission approval of the transfer applications include any licenses, authorizations, or registrations that may have been inadvertently omitted from the instant applications.

⁶ ARINC, or Aeronautical Radio, will supplement any applications that remain pending upon consummation of the proposed transfer of control to reflect their new ownership. See 47 C.F.R. § 1.65.

⁷ See *Application of WorldCom, Inc., and MCI Communications Corp. for Transfer of Control of MCI Communications Corp. to WorldCom, Inc.*, Memorandum Opinion and Order, 13 FCC Rcd 18,025, 18,153 (¶ 226) (1998); *Applications of NYNEX Corp., Transferor, and Bell Atlantic Corp., Transferee, for Consent to Transfer Control of NYNEX Corp. and Its Subsidiaries*, Memorandum Opinion and Order, 12 FCC Rcd 19,985, 20,097 (¶ 247) (1997); *Applications of Craig O. McCaw and AT&T for Consent to Transfer of Control of McCaw Cellular Communications, Inc. and Its Subsidiaries*, Memorandum Opinion & Order, 9 FCC Rcd 5836, 5909, n.300 (1994) ("McCaw/AT&T Order").