

Categories of Services for 214 Applications
(Streamline/Non-streamline)

- ASSIGNMENT OF LICENSE
- GLOBAL FACILITIES-BASED SERVICE
- GLOBAL FACILITIES-BASED/GLOBAL RESALE SERVICE
- GLOBAL RESALE SERVICE
- INDIVIDUAL FACILITIES-BASED SERVICE
- INTERCONNECTED PRIVATE LINE RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE/LIMITED GLOBAL RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE
- LIMITED GLOBAL RESALE SERVICE
- INMARSAT AND MOBILE SATELLITE SERVICE
- SWITCHED RESALE SERVICE
- TRANSFER OF CONTROL
- SUBMARINE CABLE LANDING LICENSE
- INTERNATIONAL SPECIAL PROJECT

Description of Application: _____

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COPY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

GE Capital Spacenet Services, Inc.,
GE Capital Spacenet Services License Sub, Inc.
and Gilat Satellite Networks Ltd,

Streamlined ITC-ASG-19981002-00706
GE CAPITAL SPACENET SERVICES, INC.
File No. ITC-ASG-1998102-007

Application for Assignment of
Authorizations Under
Section 214 of the Communications
Act of 1934, as Amended

To: Chief, International Bureau

APPLICATION

GE Capital Spacenet Services, Inc. ("Spacenet"), GE Capital Spacenet
Services License Sub, Inc. ("License Sub"), and Gilat Satellite Networks Ltd.

("Gilat") jointly, the "Applicants"), hereby request authority of the Federal
Communications Commission ("FCC" or "Commission"), pursuant to Section 214 of
the Communications Act of 1934, 47 U.S.C. § 214, and Section 63.18(e)(5) of the
Commission's Rules, 47 C.F.R. § 63.18(e)(5), for the assignment of Spacenet's two
Section 214 authorizations from Spacenet to License Sub. This assignment will
occur as part of a transaction whereby Spacenet and its subsidiaries will become the
direct and indirect subsidiaries of Gilat. The transaction is described fully below.

Grant of this Application will serve the public interest, convenience and necessity. This assignment will allow the Applicants to manage their telecommunications operations more efficiently, permitting greater investment in facilities, customer services and technological innovation.

I. THE PARTIES

A. GE Capital Spacenet Services, Inc. and GE Capital Spacenet Services License Sub, Inc.

Spacenet is a corporation organized and existing under the laws of the State of Delaware with its principal office in McLean, Virginia. Spacenet engages in the provision of satellite and telecommunications products and services.

Spacenet is a wholly-owned subsidiary of GE American Communications, Inc. ("GE Americom"). Spacenet is a nondominant carrier and holds an authorization under Section 214 to lease channels from PanAmSat for any location it is authorized to serve granted in File No. ~~ITC-90-181~~ and to lease channels from IntelSAT for the provision of IBS, Intelnet 1, Intelnet 2 or International Television Service granted in File No. ITC-91-199(M). 1/

1/ The certificate in File No. ITC-90-181 was originally granted to Contel Federal Systems. The certificate in File No. ~~ITC-91-199(M)~~ was originally granted to GTE Spacenet Corp. Both certificates were assigned to Spacenet pursuant to Commission authority as part of GE Americom's acquisition of Spacenet from Contel Corporation. See *Contel Corp., GE American Communications, Inc. and GTE Spacenet Corp.*, 9 FCC Rcd 5775 (CCB 1994). This transaction was consummated on October 21, 1994. ~~_____~~

License Sub is a corporation organized and existing under the laws of the state of Delaware with its principal office in McLean, Virginia. License Sub currently holds no Section 214 authorizations.

B. Gilat Satellite Networks Ltd.

Gilat is a corporation organized under the laws of Israel with its principal office in Petah Tikva, Israel. Gilat's shares are traded on the NASDAQ National Market. The primary business of Gilat is the development, manufacture, and marketing of very small aperture terminal satellite earth stations and related hub equipment and software. Gilat currently holds no Section 214 authorizations.

II. DESCRIPTION OF THE TRANSACTION

License Sub is a direct wholly-owned subsidiary of Spacenet, which in turn is currently a direct wholly-owned subsidiary of GE Americom. However, under the terms of an Agreement and Plan of Merger ("Agreement") among the parties, the ultimate ownership and control of Spacenet and its subsidiary License Sub will change.

Immediately prior to closing, Spacenet will assign all of its FCC authorizations to License Sub. Spacenet will then merge into Jonah Acquisition Corporation ("Merger Sub"), a wholly-owned subsidiary of Gilat. The separate corporate existence of Merger Sub will cease, and Spacenet will continue as the surviving corporation and a wholly-owned subsidiary of Gilat. License Sub in turn will continue as a wholly-owned subsidiary of Spacenet and will become an indirect

wholly-owned subsidiary of Gilat. Thus, upon consummation of the merger, License Sub will hold all the FCC licenses and authorizations previously held by Spacenet. Gilat will own all the stock of Spacenet, which will in turn own all the stock of License Sub.

In exchange for the stock of Spacenet, GE Americom will receive stock of Gilat. As a result, upon consummation of the transaction GE Americom will own approximately 30% of the stock of Gilat. GE Americom will also have the right to elect two of the seven members of Gilat's board.

III. REQUEST FOR ASSIGNMENT OF AUTHORIZATIONS

Pursuant to Section 63.18(e)(5) of the Commission's Rules, the Applicants set forth the following information:

(a) The name, address and telephone number of Applicants are:

GE Capital Spacenet Services, Inc. &
GE Capital Spacenet Services License Sub, Inc.
1750 Old Meadow Road
McLean, VA 22102
Tel: (703) 848-1151

Gilat Satellite Networks Ltd.
Yegia Kapayim St., Kiryat Arye
Petah Tikva, Israel 49130
Tel: 972-3-925-2171

(b) Spacenet and License Sub are corporations organized and existing under the laws of the State of Delaware.

Gilat is a corporation organized and existing under the laws of the Israel.

(c) Correspondence concerning this Application should be addressed to:

For Spacenet and License Sub:

Mark Bresnahan
GE Capital Spacenet Services, Inc.
1750 Old Meadow Road
McLean, VA 22102
Tel: 703-848-1151

with a copy to:

Peter A. Rohrbach
Karis A. Hastings
Hogan & Hartson LLP
555 Thirteenth Street, N.W.
Washington, D.C. 20004-1109
Tel: 202-637-5600

For Gilat:

Joann Blasberg, Esq.
Vice President and General Counsel
Gilat Satellite Networks Ltd.
Yegia Kapayim St., Kiryat Arye
Petah Tikva, Israel 49130
Tel: 972-3-925-2171

with a copy to:

Richard A. Hindman, Esq.
Skadden, Arps, Slate, Meagher & Flom, LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005
Tel: 202-371-7205

(d) Spacenet, a wholly-owned subsidiary of GE Americom, is authorized to lease channels from PanAmSat for any location it is authorized to serve granted in File No. TTC-90-181 and to lease channels from Intelsat for the provision of IBS, Intelnet 1, Intelnet 2 or International Television Service granted in File No. TTC-91-199(M). Under the terms of the Agreement, these authorizations will be assigned to License Sub, which currently holds no Section 214 authorizations.

Gilat currently holds no Section 214 authorizations.

- (e)(5) Applicants request authority pursuant to the terms and conditions of § 63.18(e)(5) of the Commission's Rules for the assignment of Spacenet's international Section 214 authorizations to License Sub as part of the transaction described above in which Gilat will acquire indirect ownership and control of License Sub.
- (f) No response required.
- (g) No response required.
- (h)(1) Gilat hereby certifies that it does not have an affiliation with a foreign carrier within the meaning of § 63.18(h)(1) of the Commission's Rules.
 - (2) Information regarding the principal shareholders of Gilat is provided in Exhibit A, attached.
- (i) Gilat hereby certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market and will not enter into such agreements in the future.
- (j) The Applicants hereby certify that no party to this application, as defined in 47 C.F.R. § 1.2002(b), is subject to denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853(a).
- (k) The instant application is eligible for streamlined processing pursuant to Section 63.12, 47 C.F.R. § 63.12 because Gilat does not have an affiliation with a foreign carrier within the meaning of Section 63.18(h)(1)(i).

CONCLUSION

Accordingly, the Applicants respectfully request that the Commission permit the assignment of authorizations described herein.

Respectfully submitted,

**GE CAPITAL SPACENET
SERVICES, INC.**

By: Mark P. Bresnanhan

Mark P. Bresnanhan
Secretary

**GE CAPITAL SPACENET SERVICES
LICENSE SUB, INC.**

By: _____

**GILAT SATELLITE NETWORKS
LTD.**

By: _____

Dated: October 2, 1998

CONCLUSION

Accordingly, the Applicants respectfully request that the Commission permit the assignment of authorizations described herein.

Respectfully submitted,

**GE CAPITAL SPACENET SERVICES,
INC.**

By: _____

**GE CAPITAL SPACENET SERVICES
LICENSE SUB, INC.**

By: 
Phillip V. Otero

GLAT SATELLITE NETWORKS LTD.

By: _____

Dated: October 2, 1998

CONCLUSION

For the reasons set forth above, the Applicants respectfully request that the Commission permit the assignment of authorizations described herein.

Respectfully submitted,

**GE CAPITAL SPACENET
SERVICES, INC.**

By: _____
Name:
Title:

**GE CAPITAL SPACENET
SERVICES LICENSE SUB, INC.**

By: _____
Name:
Title:

**GILAT SATELLITE NETWORKS
LTD.**

By:  _____
Name: Joann R. Blashberg
Title: Vice President & General Counsel

Dated: 10/1/98

EXHIBIT A

Upon consummation of the transaction described herein, the ten percent or greater shareholders of Gilat will be as follows:

1. GE American Communications, Inc.
Four Research Way
Princeton, NJ 08540-6684

GE Americom is a Delaware corporation. Its principal business is the provision of telecommunications services. Subsequent to the transaction described herein, GE Americom will own approximately a 30% interest in Gilat.

2. As described in detail below, the following three companies together own approximately 14.3% of the stock of Gilat, which 14.3% block may be attributable to companies controlled by the Recanati family:

PEC Israel Economic Corporation
511 Fifth Avenue
New York, NY 10017

Clal Electronics Ventures Ltd.
5 Druyanov Street
Tel Aviv, Israel

DIC Communication & Technology Ltd.
14 Simtat Beit Hashoeva
Tel Aviv 65814, Israel

DIC Communication and Technology Ltd. ("DIC Technology") is a wholly-owned subsidiary of Discount Investment Corporation Ltd. ("DIC"). DIC, an Israeli corporation, and PEC Israel Economic Corporation ("PEC"), a Maine corporation, are both controlled by IDB Development Corporation Ltd. ("IDBD"). Companies controlled by Raphael Recanati, Elaine Recanati, Leon Y. Recanati and Judith Yovel Recanati, together beneficially own approximately 52.4% of the equity and voting power in IDB Holding Corporation Ltd. ("IDBH"), the parent of IDBD.

Clal Electronics Ventures Ltd. ("Clal Ventures") is a wholly-owned Israeli subsidiary of Clal Electronics Industries Ltd. ("Clal Electronics"), an Israeli corporation. Clal Electronics is controlled by Clal Industries and Investments Ltd. ("Clal Industries"), an Israeli corporation, which is controlled by Clal (Israel) Ltd. ("Clal Israel"). IDBD, which is controlled by IDBH, owns 48.4% of Clal Israel.

Additional information about Gilat's business and stockholders is available upon request.