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February 2, 2007

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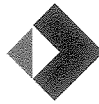
Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, DC 20554

**Re: Response of DigitalGlobe, Inc. to Milestone Inquiry Letter,  
File No. SAT-MOD-20040728-00151, Call Sign S2129**

Dear Ms. Dortch:

DigitalGlobe, Inc. (“DigitalGlobe”), by its attorneys, hereby responds to the January 30, 2007 letter (“January 30 Letter”) from Fern J. Jarmulnek, Deputy Chief of the Satellite Division of the Commission’s International Bureau, to Bettina Eckerle, Esq. (DigitalGlobe General Counsel) and the undersigned. In the January 30 Letter, the Bureau noted that when DG Consents Sub, Inc. (“DG Consents”), the entity through which DigitalGlobe’s Earth exploration-satellite service (“EESS”) system is licensed by the Commission, submitted supporting documentation four months ago demonstrating compliance with the first three Section 25.164(b) implementation milestones associated with a 2005 modification of the DigitalGlobe/DG Consents system license, it included in these materials a satellite construction contract between DigitalGlobe and Ball Aerospace & Technologies Corporation as evidence of its satisfaction of the “contract” milestone. Despite expressly noting that DG Consents is “a wholly owned subsidiary of DigitalGlobe[,]” the Bureau requested DigitalGlobe to provide a letter informing the Commission of the obligation that DG Consents has if DigitalGlobe fails to perform under the terms of its construction contract. *Id.* DigitalGlobe’s response follows.

DG Consents is a corporate creation of DigitalGlobe, and has been designated by DigitalGlobe to be the vehicle through which DigitalGlobe holds its EESS system authorizations. As DigitalGlobe and DG Consents stated in the 2004 application for *pro forma* (i.e., not substantive) assignment of the original DigitalGlobe EESS system license and the then-pending modification of license application to which the referenced milestone corresponds, the assignment “does not affect the ownership or control of [DigitalGlobe] AND [DG Consents] is and will continue to be fully owned and controlled by DigitalGlobe ....” *See* File No. SAT-ASG-20041021-00204 at Exhibit for Question A20 (emphasis in original). The application, which was granted on October 29, 2004 and reported as consummated in a November 12, 2004



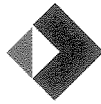
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letter to the Commission, expressly noted that “DigitalGlobe will retain a *de jure* controlling interest in the licenses to be assigned pursuant to the attached assignment applications.” *Id.* The application for the subsequently-authorized DigitalGlobe/DG Consents modified EESS system was, again, one of the items assigned. The parties noted as well that DG Consents is a wholly-owned subsidiary of DigitalGlobe; that no entity other than DigitalGlobe will exercise control over DG Consents; that there are no intervening subsidiaries or parties between DG Consents and DigitalGlobe; and that the management of DG Consents is a subset of DigitalGlobe’s management in that all directors and officers of the former were noted to be directors and/or officers of DigitalGlobe. *Id.* Complete commonality of interests exists between DigitalGlobe and its wholly-owned subsidiary.

The Bureau inquires in its January 30 Letter as to the obligations DG Consents has if DigitalGlobe fails to perform under the terms of its contract. As is DG Consents itself, all obligations here are ultimately DigitalGlobe’s. There is no DG Consents without DigitalGlobe, and any actions DG Consents takes are directed and controlled by DigitalGlobe. A DigitalGlobe failure to perform under a contract DigitalGlobe has entered into to implement the Commission authorization that is held by DigitalGlobe through DG Consents is necessarily a failure that includes DG Consents. DG Consents is inextricably bound to and fully controlled by DigitalGlobe.

The Commission’s precedents provide some illumination on this particular aspect of milestone compliance, and confirm the acceptability of the relationship. In its landmark decision in *TMI Communications and Company, Limited Partnership and TerreStar Networks Inc.*, 19 FCC Rcd 12603 (2004), the Commission addressed a situation where a licensee had submitted a contract entered into by an entity with which it was not under common control as evidence of completion of the “contract” milestone. In describing the Bureau’s own ruling in the proceeding, the Commission observed that:

The Bureau acknowledged that in some cases the Commission had concluded that analogous milestone conditions had been satisfied by the execution of satellite construction contracts not signed by recipients of the relevant spectrum authorizations. The Bureau observed, however, that in those instances a company closely affiliated with the licensee had entered into the construction contract, and there was such a commonality of interests between the licensee and the affiliated company that they could reasonably be viewed as interchangeable for purposes of milestone compliance. Specifically, the Bureau said that in those cases “the obligations undertaken by the affiliate [under the construction contract], and the risks associated with those obligations ... [would] impact the company holding the authorization in a manner essentially identical to the impact on the affiliated company.



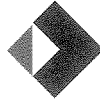
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*TMI Communications and Company*, 19 FCC Rcd at 12613 (¶ 29) (footnotes omitted, emphasis added). This is the precise situation that exists between DigitalGlobe and the wholly-owned subsidiary DigitalGlobe designated to hold its EESS system license, and is very different from the situation the Bureau faced in *TMI Communications and Company*. The Commission, of course, went on to ratify the Bureau's assessment of the precedent recited by the Bureau when it confirmed that a direct contractual relationship between the entity holding an authorization and a satellite manufacturer is not generally required, and that "using an affiliate or other intermediary to handle the management of a manufacturing contract is a reasonable business decision in some cases." *Id.* at 12616 (¶ 36) (citing *KaStarCom*, 18 FCC Rcd 22337, 22338 (¶ 3) and 22339 & n. 16 (¶ 6) (Int'l. Bur. 2003) (contact entered into by one entity to satisfy milestone obligation of licensee that was controlled by the first entity was acceptable)).

Conditions of the type the Commission imposed on the non-commonly controlled licensee and contracting party in *TMI Communications and Company* to ensure that the licensee is sufficiently obligated under the third party's manufacturing contract are unnecessary in the common-control situation here. It is not customary for a wholly-owned subsidiary to guarantee obligations under vendor contracts entered into by its sole shareholder.

In short, the 2004 *pro forma* assignment from DigitalGlobe to DG Consents reveals that DigitalGlobe remains in full, complete, and effective control of the licensee, and that it is entirely reasonable and consistent with Commission practice and precedent for DG Consents, as the wholly-owned subsidiary of DigitalGlobe, to rely without more on a DigitalGlobe binding and non-contingent contract as satisfaction of its "contract" milestone obligation.

As a final note, DigitalGlobe/DG Consents submitted the milestone compliance showing for the modification authorization four months ago. Given that the concurrently-filed subsequent modification of the DigitalGlobe/DG Consents license in File No. SAT-MOD-20061002-00115 was granted in December 2006, DigitalGlobe respectfully requests that the Bureau promptly issue a public notice announcing that the first three implementation milestones for the modified system authorization have been satisfied, and that the \$5 million implementation bond DigitalGlobe/DG Consents posted in 2005 may now be reduced to \$2 million.



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Please contact the undersigned if you have any additional questions.

Respectfully submitted,

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cc (by e-mail):        Mr. Robert Nelson  
                             Ms. Fern Jarmulnek  
                             Mr. Jay Whaley