

MAY 28 2008

Federal Communications Commission
Office of the Secretary

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

In the Matter of)	
)	File Nos.
Hughes Communications., Inc.;)	
HNS Licensee Sub, LLC;)	SAT-T/C-20070904-00119
HNS Licensee Sub Ltd.)	SES-T/C-20070905-01228
)	SES-T/C-20070905-01229
Applications for Consent to Transfer of)	SES-T/C-20070905-01230
Control)	SES-T/C-20070905-01231
)	
)	
)	

**PETITION TO ADOPT CONDITIONS TO
AUTHORIZATIONS AND LICENSES**

The Department of Justice (“DOJ”) and the Department of Homeland Security (“DHS”) (collectively, the “Agencies”), submit this Petition to Adopt Conditions to Authorizations and Licenses (“Petition”), pursuant to Section 1.41 of the Federal Communications Commission (“Commission”) rules.¹ Through this Petition, the Agencies advise the Commission that they have no objection to the Commission approving the authority sought in the above-referenced proceedings, provided that the Commission conditions its approval on the representations, commitments and undertakings set forth in the April 8, 2008 letter from the Applicants to Kenneth L. Wainstein, Esq., Assistant Attorney General for National Security, U.S. Department of Justice (the “April 8, 2008 letter”), which is attached hereto.

¹ 47 C.F.R. § 1.41.

In the above-referenced proceeding, Hughes Communications, Inc. ("HCI"), HNS License Sub, LLC ("HNS LLC") and HNS License Sub, Ltd. ("HNS Ltd.") (collectively Hughes) have petitioned the Commission seeking consent to a transfer of control of HCI and two of HCI's indirect subsidiaries, HNS Ltd. and HNS LLC (together, the "HNS Licensees"), from Apollo Capital Management IV, Inc. and AIF IV Management, Inc. (together, "Apollo IV") to BRH Holdings GP, Ltd. pursuant to a reorganization of Apollo IV, together with its affiliated investment management entities. HCI is the holder of a non-common carrier satellite space station authorization for the SPACEWAY 3 satellite. The HNS Licensees are the holders of several non-common carrier earth station authorizations and Experimental Radio Service authorizations.

The Commission has long recognized that law enforcement, national security, and public safety concerns are part of its public interest analysis, and has accorded deference to the views of other U.S. government agencies with expertise in those areas. *See In the Matter of Comsat Corporation d/b/a Comsat Mobile Communications, etc.*, 16 FCC Rcd. 21,661, 21707 ¶ 94 (2001).

After discussions with representatives of Hughes in connection with the above-referenced proceeding, the Agencies have concluded that the statements and commitments set forth in the April 8, 2008 letter will help ensure that the Agencies and other entities with responsibility for enforcing the law, protecting the national security, and preserving public safety can proceed appropriately to satisfy those responsibilities. In consideration of the commitments made by

Hughes in its April 8, 2008 letter, the Agencies hereby advise the Commission that they have no objection to the Commission granting the above-referenced requests for transfer of control, provided that the Commission conditions its consent on compliance by Hughes with those commitments.

Respectfully submitted,

/s/ Charles M. Steele
Charles M. Steele
Chief of Staff
National Security Division
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, DC 20530
(202) 514-1057

/s/ Stewart A. Baker
Stewart A. Baker
Assistant Secretary for Policy
U.S. Department of Homeland Security
3801 Nebraska Avenue, N.W.
Washington, DC 20528

May 23, 2008

HUGHES.

■ **Dean A. Manson**

Senior Vice President, General Counsel
and Secretary

April 8, 2008

BY E-MAIL AND HAND DELIVERY:

Kenneth L. Wainstein, Esq.
Assistant Attorney General for National Security
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington D. C. 20530

**Re: Request for Information on FCC Applications of Hughes
Communications, Inc. and HNS License Sub, LLC**

Dear Mr. Wainstein:

By this letter, Hughes Communications, Inc. ("Hughes") responds to your office's March 18, 2008 request for information concerning the applications Hughes and its subsidiaries filed with the Federal Communications Commission ("FCC" or "Commission") for authority to transfer control of the Hughes companies. See FCC File Nos. SAT-T/C-20070904-00119, et seq. Hughes Network Systems, LLC ("HNS") is a wholly-owned subsidiary of Hughes. HNS License Sub, LLC is a wholly-owned subsidiary of HNS. Specifically, Hughes provides the information you request to update representations General Motors Corporation, Hughes Electronics Corporation, and The News Corporation, Limited provided to John R. LoGalbo, Computer Crime and Intellectual Property Section, Criminal Division, Department of Justice on September 26, 2003 ("LoGalbo Letter") in connection with a transaction then proposed to the Commission by predecessors in interest of Hughes. Hughes's responses to your office's specific requests follow:

1. **Summary of the Current Parties and Ownership Structure, Including
Description of the Foreign Ownership/Control:**

Current Ownership and Control of Hughes. Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., AIF IV/RRRR LLC, ST/RRRR LLC and AP/RM Acquisition LLC (collectively, the "Apollo Stockholders") collectively own approximately 64.68% of the issued and outstanding common stock of Hughes

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Communications, Inc. ("Hughes").¹ Hughes's remaining common stock is widely disbursed among other stockholders, with no single stockholder holding a direct or indirect voting or equity interest of 10% or more.

The Apollo Stockholders' voting interests in Hughes are ultimately, indirectly controlled by Leon Black, Marc Rowan, and Joshua Harris, all citizens of the United States, through a series of intermediate subsidiaries and management arrangements.²

Attachment A hereto depicts the ownership and control structure of Hughes.

Foreign Equity Ownership of Hughes through Apollo. With the exception of Apollo Overseas Partners IV, L.P., all of the Apollo Stockholders are limited partnerships or limited liability companies organized under the laws of Delaware. Apollo Overseas Partners IV, L.P. is an exempted limited partnership organized under the laws of the Cayman Islands. Foreign individuals or entities holding limited partnership or limited liability membership interests in the Apollo Stockholders account for the equity of the Apollo Stockholders as follows:³

Apollo Stockholder	Percentage of Apollo Stockholder Equity	Percentage of Apollo Stockholder Voting Interests
Apollo Investment Fund IV, L.P.	2.12%	1.12%
Apollo Overseas Partners IV, L.P.	99.73%	2.66%
AIF IV/RRRR LLC	0.07%	0.00%
ST/RRRR LLC	0.22%	0.01%
AP/RM Acquisition LLC	5.09%	0.11%

Foreign Voting Ownership of Hughes through Apollo. As noted above, the Apollo Stockholders' voting interests in Hughes are ultimately, indirectly controlled by Leon Black, Marc Rowan, and Josh Harris, all U.S. citizens, through a series of intermediate

¹ This figure is slightly lower than the 64.9% ownership level of the Apollo Stockholders in Hughes that was reported in the Hughes companies' September 2007 transfer of control application to the FCC.

² The equity of the Apollo Stockholders is held in the form of limited partnership or limited liability company membership interests. The limited partners and limited liability members of the Apollo Stockholders have no ability to control the day-to-day business operations, activities, decisions, or management of any of the Apollo Stockholders or of HCI.

³ For additional information regarding the categories of foreign equity investment (e.g., institutional investors, banks, trusts, etc.) in each of the Apollo Stockholders, please see Letter to Ms. Marlene H. Dortch, Secretary, Federal Communications Commission, from Tom W. Davidson, Counsel for SkyTerra Communications, Inc., IBFS File No. ISP-PDR-20070314-00004 (Nov. 6, 2007).

⁴ The percentage of indirect foreign ownership held by the foreign limited partners or limited liability company members of the Apollo Stockholders is calculated by multiplying the percentage of interest each Apollo Stockholder holds in HCI by the percentage of foreign limited partnership or limited liability company interests in such Apollo Stockholder.

subsidiaries and management arrangements.⁵ All entities in the chain of control of the Apollo Stockholders, and thus Hughes, are organized in the United States except for BRH Holdings GP, Ltd. BRH Holdings GP, Ltd. is organized under the laws of the Cayman Islands and does not hold an equity interest in the Apollo Stockholders or Hughes. The world headquarters of BRH Holdings GP, Ltd. is located in the United States. Leon Black, Marc Rowan, and Josh Harris, the controlling principals, officers, and directors of BRH Holdings GP, Ltd., are citizens of the United States.

BRH Holdings GP, Ltd. holds 86.5% of the voting shares of Apollo Global Management, LLC ("AGM"). A group of qualified institutional buyers and accredited investors collectively holds 13.5% of the total voting shares of AGM. None of these entities holds more than 10% of the equity or voting interests, on a fully diluted basis, of AGM.⁶ Except for the limited set of matters on which its shareholders have a vote,⁷ AGM is managed by its manager, AGM Management, LLC ("AGM Management"). AGM Management, a Delaware limited liability company controlled by Leon Black, Marc Rowan, and Josh Harris, conducts, directs and manages all activities of AGM, which in turn, operates and controls all of the business and affairs of AGM and its affiliates and subsidiaries, including, indirectly, the Apollo Stockholders and thus Hughes.

Other Foreign Ownership of AGM. The Abu Dhabi Investment Authority ("ADIA") holds a less than 10% equity interest, on a fully diluted basis, in AGM. ADIA's interest in AGM is economic only, and carries with it no voting, management or control rights.

2. **Summary of the Current and Future Expected Services to be Provided by Hughes, Including Description of the Capabilities/Services of its Newly-Launched SPACEWAY 3 Satellite:**

Hughes's core business consists of providing communication services via satellite. The provision of this service is done from large Hughes-owned gateway earth stations which communicate with geostationary satellites that relay the signals to

⁵ Leon Black, Marc Rowan and John Harris hold equity interests in Apollo through limited partnership interests in entities formed under the laws of the Cayman Islands.

⁶ These entities collectively hold an 11.1% equity interest, on a fully diluted basis, in AGM and are qualified institutional buyers and accredited investors under the rules of the United States Securities and Exchange Commission ("SEC") who purchased the shares in AGM in an exempt offering. These shares are presently traded through a private over-the-counter market for tradable unregistered equity securities developed by Goldman, Sachs & Co. under the symbol "APOLL." Apollo does not have access to information to determine the citizenship of these shareholders.

⁷ BRH Holdings GP, Ltd. and the widely-disbursed shareholders will vote as a single class on a limited set of matters presented to the shareholders of AGM. These matters include a proposed sale of all or substantially all of the assets of Apollo, certain mergers and consolidations, certain amendments to AGM's operating agreement, and an election to dissolve AGM by its manager. Because BRH Holdings GP, Ltd. holds 86.5% of the voting shares of AGM, it has the ability to control any such shareholder vote that occurs.

customer-owned, very small aperture terminals ("VSATs"). In the case of its large enterprise customers, the traffic being carried by Hughes will depend on the customers' specific needs. Digital signage, credit card transactions, in store messages and inventory transactions are all examples of the type of traffic carried by Hughes.

In addition to large enterprise customers, Hughes has more than 380,000 customers in the USA that make use of the HughesNET service in order to have broadband internet access. These customers are typically located in suburban or rural areas where broadband by DSL or cable is not available.

Providing service to both enterprise and residential customers necessitates that Hughes lease capacity on over 14 different satellites. Hughes currently leases a total of over 100 satellite channels from Intelsat, SES Americom, and SATMEX and these lease charges represent a major expense to Hughes. In order to improve the data rates Hughes offers its customers while reducing the costs surrounding satellite capacity, Hughes elected to obtain its own satellite. The SPACEWAY-3 satellite, which has just been brought into commercial service, will allow the continued deployment of HughesNET at significantly higher data rates than those presently offered.

3. **Representations that All Network Operations and Management Facilities that are Used to Provide Domestic Communications Are/Will Be Located within the U.S., Including the "Hub" Facilities and "Gateway" Facility Earth Stations:**

All of Hughes's network operations and management facilities that are used to provide domestic communications are located within the United States. The "hub" facilities for all of Hughes's earth station networks that provide domestic communications are located within the United States. All of Hughes's "gateway" facility earth stations that are used to provide domestic communications are located in the United States. There are no current plans to locate any of the foregoing types of facilities outside the United States in the future.

4. **Representations that the Facilities that will Control the Content of Any Signals Sent to the SPACEWAY 3 and any Other Future Hughes Satellites, to the Extent those Satellites Provide Domestic Communications, are Located within the U.S. and Provided by a Third Party under Contract with and under the Direction of Hughes:**

With respect to SPACEWAY 3 and any future satellites that Hughes plans to operate, as is the case with all other fixed-satellite service ("FSS") communications satellites, an end user of a Hughes satellite would be able to "uplink" through an earth station and communicate, through the satellite, with any other end user who can receive the "downlink" signal of the satellite through his own earth station. As with all other satellite operators, Hughes will not control whether or not its customers' earth stations also will be "gateways" for their own (not Hughes's) networks that will interconnect with

the public switched telephone network or the Internet. The facilities that will control the content of the telemetry, tracking, and control signals sent to those future Hughes satellites that will provide domestic communications are planned to be located within the United States and be provided either directly by Hughes or one of its subsidiaries, or provided by a third party under contract with and under the direction of Hughes.

5. **Representations that All Business Records, Whether in Physical or Electronic Form, and Including any Customer Proprietary Network Information ("CPNI"), will be Stored in the U.S. and the Address of All Locations where such Records are Stored; and Confirmation that Hughes will Inform Team Telecom if Hughes Intends to Store any such Records Outside of the U.S.:**

All business records, regardless of form and specifically including CPNI, of Hughes are and will continue to be stored in the United States. The location of Hughes's storage facility for this information is 11717 Exploration Drive, Germantown, Maryland. Hughes confirms that it will inform the Department of Justice's Team Telecom if Hughes intends to store any such records outside of the United States.

6. **Identification of a Senior Officer or Employee to Serve as the Point of Contact for Law Enforcement Concerns, Including Responding to Requests or Compulsory Process from U.S. Law Enforcement or Other U.S. Government Agencies:**

The following person will serve as Hughes's point of contact for law enforcement concerns:

Name:

Citizenship:

Date/Place of Birth:

U.S. Alien Number (if applicable):

Passport Identifying Information
(number/country):

All Residence Addresses:

Kenneth L. Wainstein, Esq.
April 8, 2008
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All Business Addresses and Phone
Numbers:

Hughes remains available to you or your team in order to provide any additional assistance that may be required in the processing of this transfer of control application.

Sincerely,



Dean A. Manson

Enclosure

cc w/ enclosure (by e-mail): John Connors
Joanne Ongman
Brandt Pasco
Alex Daman
Jennifer Rockoff
ttelecom@usdoj.gov

Attachment A:
Ownership of HCI

