Satellites timeline



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# Legal Legacies: Milestones In Satellite History

By Robert N. Wold

Welcome to Washington DC. This is where one sightsees.

The monuments, the White House, the Capitol, the Smithsonian, and in the

spring, the cherry blossoms. It's where our President works, and where our Supreme Court Justices ponder.

Washington, DC, is also where 40,000 lawyers work. Among them, an

estimated 3,000 work frequently on communications matters. Many have spent a considerable number of years encouraging the growth of the satellite communications industry.

Del Smith, senior telecommunications counsel at Jones, Day, Reavis and

Pogue provides one perspective on the changes that have taken place in the legal profession. "What began as a governmental, regulatory practice has become primarily a private sector-based business practice," he says.

Via Satellite decided to poll a council of DC lawyers, to rehash history.

We begin with scenes from the late 1950s and early 1960s.

## The Political Beginning

During President Dwight D. Eisenhower's farewell State of the Union

address on January 12, 1961, he relaxed and at last told U.S. citizens, "The 'bomber gap' of several years ago was always a fiction, and the 'missile gap' shows every sign of being the same."

He was responding, of course, to constant accusations from political foes

who had painted Eisenhower as a president "asleep" in matters of defense, science

and outer space. His foes invented the word "gap" and persuaded the news media to use it with frequency. "Gap" implied a wide lead supposedly held by the Soviets.

The public was still haunted by the Soviets' first two Sputnik

overflights of the U.S. on October 4 and November 3, 1957. Would these frightening satellites turn outer space into a new battlefield?

Ike's "Stalking Horse"

What our former five-star general could not publicly talk about before

1961 was his "stalking horse" strategy, a multi-faceted reconnaissance program that assured Eisenhower that the dastardly "gaps" were myths.

As early as 1954, the U.S. Air Force had been flying "weather balloons,"

equipped with automatic onboard cameras, from an air base in Germany across the wide expanse of the former Soviet Union to the Pacific Ocean, for retrieval from water by the United States.

By 1955, the Central Intelligence Agency (CIA) and aircraft manufacturer

Lockheed Martin, working with the Air Force, began designing a low-orbit reconnaissance satellite system. The project was soon moved out of the Air Force and became the Discoverer "science" satellite system. From August 1960 through February 1962, Discoverer satellites were able to obtain a vast amount of reconnaissance photography, dropped in capsules to the Pacific Ocean for U.S. retrieval.

The third facet, also involving the CIA and Lockheed Martin, centered on

the high-flying U-2 jet aircraft and CIA pilots engaged in "weather studies." The flights began in 1956 and continued flying over the Soviet Union until pilot Francis Gary Powers and his U-2 were shot down by Soviet missiles on May 1, 1960.

These reconnaissance tactics revealed clearly that the Soviets had far

fewer bombers and intercontinental missiles than Soviet propaganda claimed. The photography enabled Eisenhower, before he left office, to hold back on the nation's defense spending, despite Congressional pressures.

The aviation overflights, however, threatened to be a major legal issue.

International Overflights

Although he was not a law school graduate, Ike was one cool chess player.

He and Nikita Khrushchev attended a summit meeting in Geneva on July 21,

1955, both knowing that each side would soon launch peaceful scientific satellites. Eisenhower proposed a broad and peaceful "freedom of space" agreement, but the Soviets flatly rejected it.

Historian Roger Launius wrote, "The Eisenhower administration was working

behind the scenes to achieve permanent free access to space and to avoid international overflight issues common to aviation. He was concerned ... that if the United States was the first nation to orbit a satellite, the Soviet Union could invoke territorial rights in space. Soviet Sputniks 1 and 2 had overflown international boundaries without provoking a single diplomatic protest.

"On October 8, 1957, Deputy Secretary of Defense Donald Quarles told the

president, 'The Russians have ... done us a good turn, unintentionally, in establishing the concept of freedom of international space.' Eisenhower immediately grasped this as a means of pressing ahead with the launching of a reconnaissance satellite.

"The precedent held for Explorer 1 and Vanguard 1, and by the end of 1958

the tenuous principle of 'freedom of space' had been established. By allowing the Soviet Union to lead in this area, the Russian space program had established the U.S.-backed precedent for free access," Launius explained.

The issue arose, not surprisingly, for lengthy discussion at the United

Nations in the early 1960s. In 1961, the Kennedy administration appointed Adlai Stevenson as U.S. Ambassador to the United Nations. His work on this issue was successful.

Communications Satellite Act

In 1962, the 87th U.S. Congress created the Communications Satellite

Corp. (Comsat). It opened the door for international space telecommunications, based on a determination that the technology of communications satellites should be exploited commercially.

"The regulatory framework which first was encompassed by the Comsat Act

has become a user-based set of guidelines for maximizing corporate assets," says Smith.

There was heated debate in the Senate, followed by a vote to impose

cloture for the first time in 35 years. One group strongly argued that the federal government should run Comsat. Another group advocated that AT&T, the major international communications carrier, should be in charge. The winning solution, in which neither the government nor AT&T would dominate, was sold to Congress by the Kennedy administration's Deputy Attorney General Nicholas Katzenbach. Half of the shares would be sold to the general public, and the other half to established international carriers. Comsat would be the U.S. member of Intelsat, which would operate the international satellite system.

The initial offering of Comsat shares raised $200 million. Eyeing the future, the Federal Communications Commission (FCC) declared at the time, "Satellite communication is one of the most spectacular electronic developments of all time."

Intelsat became operational in 1964 and began relaying trans-Atlantic traffic on June 27, 1965, via the Hughes-built Early Bird 1 spacecraft.

The original Intelsat agreement was entered into ("done") on August 20, 1964, in Washington, DC. There were originally 14 countries that signed the Agreement: Australia, Canada, Denmark, France, Federal Republic of Germany, Italy, Japan, The Netherlands, Norway, Spain, Switzerland, United Kingdom, United States and Vatican City. Today's Intelsat serves about 200 countries.

Domestic Satellites

The United States was the third country, after Canada (Telesat) and Russia (Molniya), to launch domestic satellites. The FCC had issued a Notice of Inquiry for its Docket 16495 on March 2, 1966.

Ben Fisher, senior counsel at Shaw Pittman, remembers it well. His Fisher Wayland Cooper Leader and Zaragoza law firm had been the FCC counsel for Hughes Aircraft from 1970 to mid-1984. Three years ago, the Fisher group combined operations with Shaw Pittman.

He recalls, "The FCC's Docket 16495 was not a high priority subject during the Johnson administration or at the FCC." In January 1970, however, the Nixon administration--with a pro-competition, pro-business attitude--proposed to the FCC, then headed by Dean Burch, a policy of maximum flexibility for private industry interests. In March 1970, the FCC instituted a proceeding that invited all interested parties to file applications for satellite services. Although the FCC used the term 'open entry,' the news media preferred 'open skies.'

"A rulemaking proceeding was instituted to develop an appropriate domestic satellite policy. In the period 1970-73, the disputes and differences of opinion were bitter, the stakes were high, and the entire future of a new industry was on hold. The final regulatory results reflect the incredibly successful adoption of a flexible and positive government policy. The first satellites were launched in 1974-75. Ten years later, in the mid 1980s, there were some 50 fixed service satellites in either C-band or Ku-band frequencies, or as C-/Ku- hybrids."

Earth Stations

In June 1972, the FCC divined that "special purpose users (such as local broadcasters) should have the option of owning receive-only earth stations." The

late A. James Ebel, chairman of the ABC-CBS-NBC Affiliate Satellite Committee, called this decision "the Magna Carta of the U.S. satellite industry." Affiliates would soon be able to unshackle the terrestrial bondages of the networks and AT&T.

In the early 1970s, an earth station license required an antenna diameter

to be at least 9-meters (30 feet). The size requirement was reduced in 1976 to 4.5-meters (15 feet) and by 1979 all TVROs (TV-receive only), as well as small radio broadcast receiving dishes, had been deregulated. Consumers could access "satellite TV" by purchasing a "backyard dish."

Reduced Orbital Spacing

By 1980, because traffic for both broadcast and cable TV programming had

grown so voluminous in the Fixed Satellite Service (FSS) band, more satellites would soon be needed. The FCC undertook a lengthy study to determine whether reduced spacing between orbital slots could be accomplished without signal interferences. By 1983, the FCC was prepared to double the number of orbital slots by reducing all C- and Ku-band spacing from 4 degrees and 3 degrees down to 2 degrees.

DBS In The United States

In October 1980, the FCC invited applicants to operate a Direct Broadcast

Service (DBS) in the Broadcast Satellite Service (BSS) band, where 9 degrees satellite separations would enable the use of high power signals plus antennas as small as 18 inches in diameter. The first application, less than two months later, came from Comsat's new subsidiary, Satellite Television Corp. (STC).

From the beginning, legal arguments were intense. For example, in a 200-

page tome, the National Association of Broadcasters unsuccessfully argued that the FCC had no right under the Communications Act of 1934 to license a national broadcasting system that would pay no heed to the sacred duty of all broadcasters, known as "localism."

During more than two decades, many companies large and small were

applicants. Numerous construction permits (CPs) were issued by the FCC but most of the applicants failed to satisfy due diligence requirements.

Four years after its application was filed, Comsat announced that STC

would be discontinued. During 1984 and 1985, Comsat reported losses from STC that totaled $145 million. In addition, STC built two unused satellites at a cost of $113 million.

The survivors included United States Satellite Broadcasting (USSB), owned

by Hubbard Broadcasting; Dominion Video Satellite Inc.; Hughes Communications and Echostar.

USSB entered into a joint agreement with Hughes in 1991, leading to the launch of Hughes' DBS 1 satellite and the start-up of DirecTV/USSB in June 1994. In May 1999, Hughes acquired USSB's assets and business in a transaction valued at $1.3 billion.

Echostar obtained its CP in 1989 and opened for business with its first satellite launch in early 1996. Dominion obtained its CP in 1984 but subsequently entered into a technical agreement with Echostar. Since December 1996, Dominion's program content has been carried on Echostar 3 at 61.5 degrees W.

The Transponder Sales Decision

Selling, rather than leasing, became a major change in the commercial marketing of FSS satellite transponder capacity in 1982. Lawyer Phillip Spector, now a partner at Paul, Weiss, Rifkind, Wharton and Garrison, recalls, "Cable TV programmers were using domestic satellites to distribute programming to cable headends. Prices for satellite distribution were set at artificially high levels, in large part because of the FCC's regulatory approach.

"In a pioneering move," says Spector, "Hughes Communications sought FCC permission to break out of the common carrier mold with respect to Hughes' new Galaxy 1 satellite. Hughes proposed to sell transponders in individualized transactions, treating the satellite like a real estate condominium, with separately owned transponders and certain commonly owned elements, such as the satellite bus. Hughes also proposed to establish Galaxy 1 as a 'cable neighborhood' with certain key anchors (such as HBO and WTBS) making the satellite's orbital slot one at which all cable headends would have to have dishes pointed, thereby making the slot more valuable." In 1982, the FCC approved the concept and ushered in a period of competition.

Bruce Lederman was a senior partner and co-founder of Latham and Watkins, which represented Hughes from 1981 to 1997. Lederman is now the co-founder and COO of Assuresat Inc., working with ex-Hughes executive Jerry Farrell. His recollections of the Transponder Sales Decision are shared with Gary Epstein, who was chief of the FCC's Common Carrier Bureau from 1981 to 1983 and is now a Latham and Watkins corporate partner.

"In the early 1980s," they recall, "the satellite industry was hobbled by regulatory and financial constraints. Galaxy 1 knocked down many of these constraints. **Clay** (Tom) **Whitehead**, the head of Hughes Communications Galaxy, proposed a concept that Hughes supported, to create a 'cable bird' by selling selected programmers capacity on the bird. Whitehead felt that if he could convince HBO and at least one other major cable programmer to act as 'anchor customers', the other desirable programmers would be attracted to the satellite as if it were a shopping mall. By selling, rather than leasing, Hughes would obtain sufficient cash

to justify the large investment required to build a fleet of at least three satellites, which became Galaxy 1, 2 and 3.

"The results exceeded everyone's wildest hopes. Ultimately, the value of

Hughes Communications Galaxy, which merged with Panamsat, as well as DirecTV, represented a substantial portion of the value of Hughes' parent, General Motors."

Separate Systems

In addition to the above Transponder Sales Decision, Spector was involved

with the important "Separate Systems" issue that sought alternatives to Intelsat.

He recalls, "Intelsat was conceived as a means of connecting the world's

nations. Under the Intelsat treaty, any nation seeking to provide international satellite services had to coordinate its proposed system with Intelsat, not only on technical grounds, but also to ensure there would not be 'economic harm' to Intelsat. This requirement effectively precluded any competitors to Intelsat from emerging for many years, until in the early 1980s U.S. policy began to change, allowing trans-border transmissions from U.S. satellites to Canada, Mexico and other points.

"In the mid-1980s, a frontal assault was launched on Intelsat's

international satellite services monopoly, in the form of FCC applications filed by several companies--led by Rene Anselmo's Panamsat--to provide 'separate system' satellite services (called 'separate' because they were separate from the Intelsat system.) After extensive rulemaking, the FCC in 1985 approved the concept of separate systems and granted the applications of Panamsat and others to provide separate system services.

"It was 1988 before Panamsat launched the first separate system

satellite, and even more years before Panamsat was able--in the face of stiff resistance from Intelsat's members, which included most of the world's then-monopoly telephone companies--to gain 'landing rights' in a sufficient number of countries to make its service economically viable.

"Today, Panamsat is one of the world's largest satellite operators,

competing head-to-head with a now-privatized Intelsat and with other large operators."

Maury Mechanick, now counsel and a member of the Telecom Practice Group

at the giant White and Case law firm, had a 20-year career at Comsat that included two years at Lockheed Martin Global Communications, which acquired Comsat in August 2000. He was chairman of the Intelsat Board of Governors in the period immediately prior to Intelsat's privatization in July 2001.

As to the Separate Systems issue, Mechanick recalls, "The reaction of the

Intelsat community outside of the United States was to argue strenuously that allowing these systems to go forward would force the United States to violate its commitment not to cause economic harm to Intelsat. Generally, the separate systems were limited to services other than switched telephony, which was the core service provided by Intelsat.

"Over the course of the next decade or so," Mechanick recalls,

"restrictions on the services that separate systems could provide fell away, and by the mid-1990s they had totally disappeared. Only two of the original six separate systems actually went into service--Panamsat and Orion, which is now part of Loral Skynet. The Orion 1 satellite is now Telstar 11 and Orion 2 is Telstar 12."

Satellite Radio

Bruce Jacobs, a partner at Shaw Pittman, provided an update on the new

satellite radio systems. He says, "The FCC's authorization of satellite digital audio radio systems (SDARS) in the mid 1990s is another important milestone for the satellite communications industry. The FCC faced a number of difficult issues in making its decision, but the one that may have the most long-term consequences for the satellite industry generally was the decision to permit XM and Sirius to operate terrestrial repeaters."

Jacobs notes, "This decision took a great deal of courage for the

Commission, because it had to overcome the argument that the satellites were just a Trojan horse and the 'real service' would be provided by the repeaters. In fact, the FCC's confidence in the industry was justified, as both XM and Sirius launched state-of-the-art high-power satellites that provide excellent coverage. Urban repeaters have been used to provide the kind of high-quality signal availability that consumers expect in a broadcast service."

The SDARS repeater decision, Jacobs said, also helped to pave the way for

the request by mobile satellite providers to be able to operate ancillary terrestrial facilities to improve their ability to serve customers in urban areas.

Amen

"The future will bring Washington telecommunication lawyers closer to the

issue of cyberspace and the Internet. The practice will also become entirely regional and international as the character and size of the client telecom companies consolidate and expand. Multifaceted teams of lawyers will become commonplace, as the issues become more complex," says Smith.

At Wiley Rein and Fielding, young Texas-bred lawyer Todd Stansbury was

asked how they describe communication satellites for new members of their

Communications Practice Group. "A satellite business begins by placing a multi-hundred million dollar, high-technology asset on top of explosive fuel, and then lighting the fuse," he said. "It's a big risk, but from that risk comes, literally, out-of-this-world-rewards. What could be better than that?"

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address is robertnwold @cox.net.



---- INDEX REFERENCES ----

COMPANY: LOCKHEED MARTIN CORP; PANAMSAT CORP; DIRECTV GROUP INC (THE); ECHOSTAR COMMUNICATIONS CORP; FEDERAL COMMUNICATIONS COMMISION

NEWS SUBJECT: (Legal (1LE33); Forecasts (1FO11); Judicial (1JU36); Joint Ventures (1JO05); United Nations (1UN54); Technology Law (1TE30); Economics & Trade (1EC26); Corporate Groups & Ownership (1XO09))

INDUSTRY: (Satellite (1SA91); Broadcast TV Regulatory (1BR23); Military Support Aircraft (1MI85); Direct Broadcast Satellites (1DI34); Manufacturing (1MA74); Low Earth Orbit Satellites (1LO03); Aerospace & Defense (1AE96); Trends in Technology (1TR23); Defense (1DE43); Aerospace (1AE56); I.T. in Defense (1IT57); I.T. Regulatory (1IT67); TV (1TV19); I.T. (1IT96); Entertainment (1EN08); Entertainment Technology (1EN50); Broadcast Technology (1BR27); Security (1SE29); Advanced Digital Technologies (1AD50); Science & Engineering (1SC33); Aerospace & Defense Regulatory (1AE25); TV Regulatory (1TV84); Defense Spending (1DE35); Fixed-Wing & Helicopters (1FI11); Broadcast Satellites (1BR52); Broadcast TV (1BR25))

REGION: (North America (1NO39); Western Europe (1WE41); Germany (1GE16); Europe (1EU83); Central Europe (1CE50); Eastern Europe (1EA48); Russia (1RU33); California (1CA98); Americas (1AM92); Asia (1AS61); District Of Columbia (1DI60); USA (1US73); Canada (1CA33))

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OTHER INDEXING: (ABC CBS NBC AFFILIATE SATELLITE COMMITTEE; AIR FORCE; ASSURESAT INC; BROADCAST SATELLITE SERVICE; CABLE TV; CENTRAL INTELLIGENCE AGENCY; CIA; CLAY; COMMISSION; COMMON CARRIER BUREAU; COMMUNICATIONS PRACTICE GROUP; CONGRESS; DBS; DIRECT BROADCAST; DIRECTV; DISCOVERER; DOMINION; DOMINION VIDEO SATELLITE INC; ECHOSTAR; FCC; FEDERAL COMMUNICATIONS COMMISSION; FIXED SATELLITE SERVICE; FSS; GAP; HISTORIAN ROGER LAUNIUS; IKE; IKES "STALKING HORSE; INTELSAT BOARD OF GOVERNORS; INTERNATIONAL OVERFLIGHTS; LATHAM; LAUNIUS; LOCKHEED MARTIN; LOCKHEED MARTIN GLOBAL COMMUNICATIONS; MAGNA CARTA; NATIONAL ASSOCIATION OF BROADCASTERS; ORION; PANAMSAT; REDUCED ORBITAL SPACING; SATELLITE TELEVISION CORP; SDARS; SENATE; SEPARATE SYSTEMS; SOVIET SPUTNIKS; SOVIETS; STC; SUPREME COURT JUSTICES; TELECOM PRACTICE GROUP; TV; US AIR FORCE; UNITED; UNITED NATIONS; USSB; WHITE; WHITE HOUSE; WILEY REIN AND FIELDING; XM) (Adlai Stevenson; Affiliates; Ben Fisher; Bruce Jacobs; Bruce Lederman; Comsat; Contributing; Corp. (Comsat; Dean Burch; Del Smith; Donald Quarles; Dwight D. Eisenhower; Eisenhower; Fisher; Francis Gary Powers; Galaxy; Garrison; Gary Epstein; Intelsat; Jacobs; James Ebel; Jerry Farrell; Johnson;

Kennedy; Lederman; Maury Mechanick; Mechanick; Multifaceted; Nicholas Katzenbach; Nikita Khrushchev; Nixon; Phillip Spector; Pogue; Rene Anselmo; Robert N. Wold; Sales Decision; Smith; Spector; Ten; Todd Stansbury; Ultimately; Watkins; Wayland Cooper Leader; Whitehead)

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Satellites
1983



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April 26, 1983

Section: D

# Hughes Official Leaving

**Clay** T. **Whitehead**, who was the White House's director of the Office of Telecommunications Policy from 1970 to 1974, is leaving as president and chief executive of Hughes Communications Inc., the company said yesterday. Mr. Whitehead, 44 years old, plans to pursue his own business in the communications and information industry, Hughes said. The company, a unit of the Hughes Aircraft Company, named Steven D. Dorfman, executive vice president, to replace Mr. Whitehead. Hughes Communications provide satellite services for cable television, the Defense Department and business users.

---- INDEX REFERENCES ----

COMPANY: HUGHES ELECTRONICS CORP

Language: EN

OTHER INDEXING: (DEFENSE DEPARTMENT; HUGHES; HUGHES COMMUNICATIONS; HUGHES COMMUNICATIONS INC; HUGHES OFFICIAL LEAVING; OFFICE OF TELECOMMUNICATIONS; WHITE HOUSE) (Clay T. Whitehead; Steven D. Dorfman; Whitehead) (SUSPENSIONS, RESIGNATIONS AND DISMISSALS; APPOINTMENTS AND EXECUTIVE CHANGES)

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2005 WLNR 11761282



July 27, 2005

# SES GLOBAL S.A.

## Overview

For SES Global, success is in the stars. Its SES ASTRA subsidiary owns and operates the ASTRA satellite system, which broadcasts TV and radio signals across Europe and Africa, reaching cable TV, direct-to-home (DTH) satellite, and digital pay-TV customers. Subsidiary SES Americom operates a satellite fleet that covers North and South America and offers satellite communication services to communications providers, corporations, government agencies, and others. SES Global, one of the world's top satellite operators, also owns stakes in satellite systems serving Asia, Latin America, and Scandinavia. GE Capital owns a 25% stake. The Luxembourg government, together with two state-owned banks, owns a one-third stake.

<p>The company's analog and digital TV and radio channels reach some 92 million homes in 30 countries and SES ASTRA serves about 64 million cable subscribers through broadcasters such as BSkyB. Its direct-to-home (DTH) satellite broadcasting services connect to some 40 million European households and offers digital pay-TV services. <p>Subsidiary TechCom offers a variety of technical satellite services, as well as consulting. Beyond Europe, subsidiary SES Americom operates a satellite fleet serving customers that include leading US broadcasters, cable system operators, corporations, educational institutions, government agencies, ISPs, and telecommunications companies. <p>SES Global also owns a 34% stake in Asia Satellite Telecommunications (AsiaSat), a 20% stake in Star One, a Latin American satellite joint venture with Brazil's Embratel, and 29% of Latin America's Nahuelsat. Other holdings include Columbia Communications, which provides trans-oceanic service and 50% of NSAB, which services Europe and the Nordic region. SES Global has teamed up with Gilat Satellite Networks to form SATLYNX, a European two-way satellite broadband communications joint venture that will include Alcatel.

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## Key Numbers

Fiscal Year End: December

2004 Sales ($mil.): $1,564.0

One Year Sales Growth: 3.2%

2004 Net Income ($mil.): $313.6

One Year Income Growth: 21.6%

2004 Employees: 985

One Year Employee Growth: 24.8%

Auditor (2005): Ernst & Young

## Stock

Company Type: Public
Foreign Ticker Symbol: SESG; Foreign Exchange: Luxembourg

## Rankings

Euronext 100
SBF 120

## Subsidiaries/Divisions/Affiliates

Ses Americom, Inc.

## Officers

Chairman: René Steichen, Age: 62

Vice Chairman: John F. Connelly, Age: 62

Vice Chairman: Gerd Tenzer, Age: 62

Vice Chairman: Jean-Paul Zens, Age: 52

President and CEO: Romain Bausch, Age: 52

CFO: Jürgen Schulte, Age: 62

EVP, Corporate Development: Robert A. Bednarek, Age: 47

President and CEO, SES AMERICOM: Edward D. (Ed) Horowitz, Age: 57

President and CEO, SES ASTRA: Ferdinand Kayser, Age: 47

General Manager, SES ASTRA TechCom: Jos Giannandrea

General Manager, SES ASTRA TechCom: Pascal Rogiest

## Product Information

### Production

SES Global provides satellite services to the Asia Pacific region, Europe, North America, and South America.

### Operations

| | | | |
|---|---|---|---|
| 2003 Sales | % of total | SES Astra | 55 SES Americom |
| 34 AsiaSat | | 8 Other | 3 Total |
| 100 | Satellite Manufacturers | Alcatel Hughes Electronics | Marconi |

### Selected Products

Radiotelephone Communications
Telegraph and Other Message Commucations
Communication Services, NEC
Information Retrieval Services
Computer Related Services, NEC
Wireless Telecommunications Carriers (except Satellite)
Cellular and Other Wireless Telecommunications
Satellite Telecommunications
Other Telecommunications
Data Processing, Hosting, and Related Services
All Other Business Support Services

### Selected Subsidiaries

Selected Subsidiaries: and Affiliates Americom Asia-Pacific (satellite services in Asia) Asia Satellite Telecommunications Holdings Limited (AsiaSat, 34%) Columbia Communications (trans-oceanic service) Nahuelsat (29%, satellite services in Latin America) ND SatCom (25%, global satellite communication services) Nordiska Satellitaktiebolaget (Nordic Satellite) AB (NSAB, 50%, Sweden) SATLYNX (77%, two-way satellite broadband communications) SES Americom (satellite services in North and South America) SES ASTRA (satellite services in Africa and Europe) Star One (formerly Embratel Satellite Division, 20%, Brazil)

## Key Competitors

APT Satellite
Eutelsat
Intelsat
Loral Space
New Skies Satellites
PanAmSat
Satélites Mexicanos
UGC Europe
UnitedGlobalCom

## Industry

Telecommunications Services
Cable & Satellite Services
Data Services
Wireless Communications Services

## History

In 1984 the Luxembourg government created Société Luxembourgeoise des Satellites (SLS) to manage the proposed Coronet satellite system, which was designed to expand the country's interest in European broadcasting. Financial backers included Home Box Office (HBO) and **Clay Whitehead**, former head of the Nixon administration's telecommunications policy staff.<p>The French government perceived the proposed system as a rival to its own satellite venture, and Luxembourg government officials saw the Coronet group as too American and wanted more Europeans on board. In response to this opposition, the Grand Duchy dumped Coronet in 1985 and created Société Européenne des Satellites (SES), Europe's first private satellite firm, to take on inefficient government-run satellite operators. Dr. Pierre Meyrat, an engineer who had run Switzerland's largest cable operator, was selected as director general.<p>SES soon contracted with France's Arianespace for the launch of its first satellite, which was built by the US's RCA (later sold to General Electric). The company launched the bird in 1988 and began broadcasting programming the next year, including four channels of Rupert Murdoch's Sky Television (now British Sky Broadcasting, known as BSkyB). In 1989 SES leased all 16 of the satellite's transponders and made a profit.<p>In 1990 SES added four German channels to its programming. The next year it launched a second satellite, which had been made by GE in the US. Meyrat pushed SES to focus on adding popular programming (including CNN and MTV) to add customers. It proved to be a successful strategy: SES expanded rapidly and in 1993 began launching one satellite each year (through 1999).<p>Up until that point, private European investors owned two-thirds of SES, while Luxembourg state-owned financial institutions held the other third. Deutsche Bundespost Telekom (now Deutsche Telekom) bought almost 17% of SES for $75 million in 1994. That year Luxembourg officials on the SES board removed Meyrat in a boardroom coup, accusing him of allocating too much satellite capacity to major companies (such as BSkyB).<p>In 1995 VC Romain Bausch was named director general. The next year SES introduced commercial digital TV in Europe. It teamed with Intel

to form European Satellite Multimedia Services (ESMS) in 1997 to deliver video and interactive multimedia content by satellite directly to PCs. Other investors included Deutsche Telekom, Hughes Electronics, and Luxembourg PTT. That year ESMS began providing satellite transmission of broadband data and Internet services for an SES joint venture with Switzerland's Fantastic and Germany's Satway.<p>In 1998 SES held its IPO on the Luxembourg stock exchange. It also bought 100% of ESMS (renamed SES Multimedia), which began providing bandwidth through its ASTRA-NET system to ISPs, broadcasters, and multimedia providers.<p>To expand its coverage, SES acquired a 34% stake in Asia Satellite Telecommunications (AsiaSat) in 1999 and the next year purchased a 20% stake in Star One, a Latin American satellite system joint venture with Brazilian telecom operator Embratel. In 2001 SES purchased GE Americom, General Electric's satellite unit, in a $5 billion deal that was followed by the creation of SES Global. Société Européenne des Satellites was renamed SES ASTRA and GE Americom was renamed SES Americom.<p>SES Global, Gilat Satellite Networks, Alcatel announced plans in 2002 to create a joint venture to provide two-way satellite-based broadband communications in Europe.

---- INDEX REFERENCES ----

COMPANY: SES GLOBAL SA

INDUSTRY: (Business Services (1BU80); Business Services (1BU80); Radio Communication (1RA90); Radio Communication (1RA90); Wireless (1WI99))

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Satellites
1985



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1985 WLNR 547625

Forbes


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Volume 135

# Rare bird. (**Clay Whitehead** and planning Coronet, the first pan-European television satellite)

Berss, Marcia

**Clay Whitehead**, 46, is used to shaking up the satellite industry. As president of Hughes Aircraft's communications subsidiary in the early Eighties, Whitehead realized that selling satellite transponders outright, like condominiums, made more sense than leasing them, as tradition dictated. Freed from regulatory restraints on common carriers, Hughes made a killing on its 1983 Galaxy I bird, selling its 24 transponders for an estimated $200 million. Hughes' U.S. competitors were left gaping, then quickly imitated Whitehead's innovative stratagem.

Nowadays it's the Europeans that Whitehead has sputtering. Shortly after his Galaxy triumph, Whitehead "got tired of working for a big company," left Hughes and decided to try to make some money for himself. For the last year he has been laying the groundwork for the first private pan-European television satellite, dubbed Coronet.

Under a franchise granted by tiny Luxembourg, Coronet hopes to broadcast 16 channels of news and entertainment over Western Europe, financed by advertisers and pay viewers. Each video channel will have four sound channels, so a soccer match can be broadcast in French, German, Italian and English.

Not surprisingly, the $180 million venture has been denounced as "anti-European" and a "Coca-Cola satellite" by European politicians who are highly protective of their government-run television. The French and the Germans have plans to put up their own television bird, free of dubbed Dallas and other examples of U.S. cultural imperialism.

"I think we're seeing wounded national pride," says Whitehead, who still calls Los Angeles home. "There would be more European programming if a large commercial marketplace already existed there," he says in his quiet, professorial manner.

Whitehead doesn't lack for political savvy, at least back home. An engineer with a Ph.D. in management from MIT, he was a special assistant to President Nixon and then served four years as the first chief of the Office of Telecommunications Policy. The real money in a European TV satellite, he insists, will be made manufacturing antennas, and decoders for the system. That could be a $1 billion market, and the components could all be produced in Europe.

In the meantime, in November Whitehead snared his first European investor outside of Luxembourg--a Swedish investment outfit. With pledges from Time Inc.'s Home Box Office and from banks and pension funds in Luxembourg, Whitehead so far has lined up half the $30 million in equity needed to launch Coronet in 1987. Whitehead will take a 10% ownership stake in Coronet . . . if it flies.

**Clay Whitehead.** (portrait)

---- INDEX REFERENCES ----

COMPANY: TIME WARNER INC; BEAULIEU OF AMERICA INC; COCA COLA ENTERPRISES INC

NEWS SUBJECT: (World Organizations (1IN77); Business Management (1BU42); Benelux (1BE50); Sales & Marketing (1MA51))

INDUSTRY: (Satellite Equipment (1SA89); I.T. (1IT96); Advertising (1AD82); Satellite (1SA91); Advertising & Public Relations (1AD83); Satellite Encoders-Decoders (1SA40); Advertising Campaigns (1AD39))

REGION: (Europe (1EU83))

Language: EN

OTHER INDEXING: (**Whitehead, Clay**; Investments) (COCA COLA; CORONET; GALAXY; HOME BOX OFFICE; HUGHES; MIT; OFFICE OF TELECOMMUNICATIONS; TIME INC) (Clay Whitehead; English; Freed; Nixon; Rare; Whitehead) (artificial satellites in telecommunication (Planning); Coronet (artificial satellite) (Planning); Telecommunications industry (Investments); Luxembourg (Business and industry)) (General) (Business, General (BUS)) (LuxembourgEWLU)

PRODUCT: Radio & TV communications equipment; COMMUNICATION

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**April 20, 1998**

It may be coincidence, but at same time Societe Europeenne des

It may be coincidence, but at same time Societe Europeenne des Satellites (SES) confirmed its intention to make initial public offering (IPO) of stock, its creator **Clay Whitehead** filed another multimillion-dollar lawsuit against Luxembourg-based satellite TV operator. He lost previous suit in Luxembourg civil court in July 1995. Latest suit was filed in Court of Justice, Luxembourg. Whitehead charged that SES never paid him 5% of company's profits for its first 20 years of operations as was agreed when he established system. SES has said he violated noncompete clause of his contract by becoming consultant to PanAmSat for telecom project in Pacific. Whitehead told court that PanAmSat isn't competitor in European satellite TV market and his work for that company couldn't violate noncompete clause. Under Whitehead's calculations, he said, SES owes him more than $356 million in dividends. He asked for additional $15 million for SES's contractual default, and unspecified amount of legal fees and court costs. Whitehead said: "I have made extensive attempts to resolve my disputes with SES... SES's action toward me, as outlined in our pleading, are simply indefensible." SES declined to comment. Company did however release statement last week on its starting of process to conduct IPO later this year. Board first will have to approve changes in SES's articles of incorporation. SES spokesman said owners are particularly interested in going public because it will simplify valuation of their holdings and trading of shares.

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COMPANY: SES(SOCIETE NATIONALE ELF AQ)

NEWS SUBJECT: (World Organizations (1IN77); Benelux (1BE50))

REGION: (Europe (1EU83); Western Europe (1WE41))

Language: EN

OTHER INDEXING: (COURT OF JUSTICE; IPO; SES; TV) (Clay Whitehead; Societe Europeenne; Whitehead)

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# Whitehead Files Lawsuit Against Luxembourg's SES

American satellite service pioneer **Clay** T. **Whitehead** has filed a lawsuit in Luxembourg seeking to force the European satellite operator Societe Europeene des Satellites (SES) to pay him dividends he claims to be owed for 50 "founder's shares" in the company.

In his lawsuit, filed in the grand duchy's District Court, Mr. Whitehead says his innovation of the "hot bird" concept of satellite-based television led to the creation of SES and its Astra satellite system in Europe. In return, Mr. Whitehead obtained the 50 shares as part of a "cooperation and association agreement."

Mr. Whitehead alleges that SES unilaterally abrogated that agreement in May 1993, refusing to pay him dividends. SES based that action on a judgment that Mr. Whitehead had violated a noncompetition clause by performing consulting work for Alpha Lyracom, which later became PanAmSat Corp.

In the lawsuit, Mr. Whitehead denies violating the noncompete clause, saying that agreement covered only satellite systems in Europe. The Alpha Lyracom system had been planned for the Pacific Ocean region.

Further, the Lyracom system "was designed for intercontinental telecommunications services for networks and relays of voice and video signals and data, for television studios and production companies, and did not concern a television activity" as described in Mr. Whitehead's agreement with SES, he says.

Mr. Whitehead is asking the Luxembourg court to force SES to pay him 356.92 million Luxembourg francs ($9.49 million), plus "legal interest." He also is seeking an order prohibiting SES from "canceling or altering in any way whatsoever the rights relating to the 50 founders' shares."

A year ago Mr. Whitehead filed a similar lawsuit in the U.S. District Court in Alexandria, Va. But that court ruled late last year that it lacked jurisdiction in the case, a decision Mr. Whitehead has appealed to the U.S. Court of Appeals for the Fourth Circuit (Richmond, Va.).

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COMPANY: PANAMSAT CORP; SES(SOCIETE NATIONALE ELF AQ)

NEWS SUBJECT: (Business Lawsuits & Settlements (1BU19); World Organizations (1IN77); Business Litigation (1BU04); Legal (1LE33); Technology Law (1TE30); Benelux (1BE50))

INDUSTRY: (TV (1TV19); Entertainment (1EN08); Television Production (1TE26))

REGION: (Europe (1EU83); USA (1US73); Americas (1AM92); North America (1NO39); Western Europe (1WE41))

Language: EN

OTHER INDEXING: (ALPHA LYRACOM; FOURTH CIRCUIT; LYRACOM; PANAMSAT CORP; SES; US COURT OF APPEALS; US DISTRICT COURT) (Against Luxembourg; Clay T. Whitehead; Luxembourg; Societe Europeene; Whitehead; Whitehead Files Lawsuit)

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# New Satellite Hall Of Fame Inductees Announced

The Society of Satellite Professionals International (SSPI) announced the five people that will be inducted into the Satellite Hall Of Fame at an invitational ceremony on March 23:

* Steven Dorfman, as an innovator in a series of positions with Hughes Electronics that helped pioneer the cable neighborhood concept and catalyze the growth of the cable and direct-to-home (DTH) industries;

* Eddy Hartenstein, for co-founding and providing the business leadership that built DirecTV into the dominant DTH service in the United States;

* Polly Rash Hollis, for her leadership in the public, educational and health applications of satellites, championing of the ACTS experimental satellite and her service to SSPI;

* **Clay Whitehead**, for contributions as a policy maker who fostered the creation of the U.S. Open Skies policy and as a business executive who was instrumental in founding Hughes Communications in the United States and Astra in Europe; and

* Takuya Yoshida, as the former chairman of JSAT and innovator in the development of digital satellite broadcasting satellite services in Japan.



---- INDEX REFERENCES ----

COMPANY: DIRECTV GROUP INC (THE); JSAT CORP

INDUSTRY: (Entertainment (1EN08); Digital Broadcasting (1DI81); Entertainment Technology (1EN50); Celebrities (1CE65); Broadcast Technology (1BR27))

REGION: (USA (1US73); Americas (1AM92); North America (1NO39))

Language: EN

OTHER INDEXING: (ACTS; DTH; FAME; FAME INDUCTEES; HUGHES ELECTRONICS; JSAT; SOCIETY OF SATELLITE PROFESSIONALS INTL; SSPI; US OPEN SKIES) (Clay Whitehead; Eddy Hartenstein; Hall; Polly Rash Hollis; Satellite Hall; Steven Dorfman; Takuya Yoshida)

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