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August 17, 2007

FILED/ACCEPTED
AUG 17 2007
Federal Communications Commission
Office of the Secretary

VIA HAND DELIVERY

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: ***WC Docket No. 07-73, Stratos Global Corp.***

FCC File Nos. ITC-T/C-20070405-00136, ITC-T/C-20070405-00133,
ITC-T/C-20070405-00135, SES-T/C-20070404-00440 through -00443, 002961737, and
ISP-PDR-20070405-00006

Dear Ms. Dortch:

On behalf of Inmarsat we are submitting, for the public record and *in redacted form*, the enclosed memorandum dated March 19, 2007 and entitled "Project Sprite Proposed Acquisition Structure."

In accordance with the Commission's letter of August 15, 2007,¹ *an unredacted version* of the memorandum is subject to the Protective Order in this proceeding² and is being submitted under separate cover, along with a request for confidential treatment.

We also enclose for the public record an associated PowerPoint presentation dated March 19, 2007 and entitled "Project Sprite Proposed Acquisition Structure."

¹ Letter from John Giusti, Deputy Chief, Int'l Bureau, FCC, to Diane J. Cornell, Vice President, Government Affairs, Inmarsat, Inc., WC Docket No. 07-73, DA 07-2257 (Aug. 15, 2007).

² See Protective Order, Stratos Global Corp., DA 07-3344, WC Docket No. 07-73 (rel. July 20, 2007).

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Respectfully submitted,

A handwritten signature in black ink, reading "Stephanie A. Roy". The signature is written in a cursive style with a large, sweeping initial 'S' and a long, horizontal tail stroke.

John P. Janka

Jeffrey A. Marks

Stephanie A. Roy

*Counsel for Inmarsat Finance III Limited and
Inmarsat, Inc.*

LATHAM & WATKINS^{LLP}

CERTIFICATE OF SERVICE

I, Stephanie A. Roy, hereby certify that on this 17th day of August 2007, I caused to be served a true copy of the foregoing by U.S. first class mail (unless otherwise indicated) upon the following:

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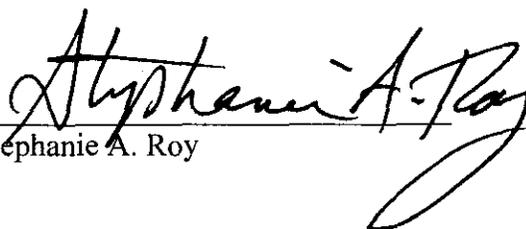
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Stephanie A. Roy

Strictly Private & Confidential

Project Sprite

Proposed Acquisition Structure

19 March 2007

This memorandum is intended to be a companion to a power point presentation, which describes pictorially the preferred acquisition structure agreed between Poseidon plc ("**Poseidon**"), Communications Investment Partners Limited ("**CIP**") and Sprite Global Corporation ("**Sprite**"). References to steps are to the steps described in the power point presentation.

Step 1 – Establishment of the Poseidon Facility

Poseidon, the ultimate holding company in the Poseidon group, has established a new direct subsidiary of Poseidon plc, Poseidon Finance III Limited ("**Poseidon Sub**"). Poseidon Sub will be incorporated in England and Wales.

Poseidon Sub will then conclude external financing under which one or more independent financial institutions will provide funding commitments to Poseidon Sub (the "**Poseidon Facility**") sufficient to enable Poseidon Sub to enter into a loan facility with the CIP group. The Poseidon Facility will be in a minimum amount sufficient to enable Poseidon Sub to fund (a) the entirety of the acquisition consideration for Sprite, together with any and all fees and expenses associated with the completion of the Project Sprite transaction and (b) the potential repurchase of the Sprite bonds which are puttable to Sprite on a change of control of Sprite (although in practice it is not expected that these bonds will be put to Sprite because the put price is expected to be below the market price of the bonds).

It is not envisaged at this stage that the Poseidon Facility will include committed funding relating to the potential refinancing of the Sprite senior loan facility, prepayment of which is triggered by a change of control of Sprite. Instead, Sprite will implement a consent solicitation shortly following announcement of the plan of arrangement transaction, with a view to obtaining sufficient consents from its senior lenders to maintain its senior facility in place following completion. In the event that this consent solicitation process fails, new external financing will be sought by Sprite to refinance the current Sprite senior loan facility on completion. In the event that both these efforts have failed by the date of the Sprite shareholder meeting to approve the plan of arrangement, Poseidon Sub will itself raise new loans to finance its Tranche C under the Acquisition Facility (see below).

The Poseidon Facility will be guaranteed by Poseidon plc and will initially have security in the form of a right of sale pledge over the Call Option (see below), but will have no direct recourse to the shares or assets of Sprite. After 14 April 2009, the Poseidon Facility may be secured directly over the shares and assets of Sprite (subordinated to then-prevailing Sprite obligations to its senior lenders and bondholders).

Step 2 – Establishment of the Acquisition Facility

The CIP group formed to acquire Sprite will be composed of (a) a wholly-owned subsidiary of CIP, CIP UK Holdings Limited, being a company incorporated in England and Wales (“**Holdco**”) and (c) a wholly-owned subsidiary of Holdco, CIP Canada Investment Inc., being a corporation incorporated in Canada (“**Bidco**”). This structure is driven by the need (a) to avoid CIP being a direct bidder, as is customary in such circumstances, (b) to

[REDACTED] and (c) to create a vehicle below CIP that may make multiple investments, to create a satellite-sector fund vehicle.

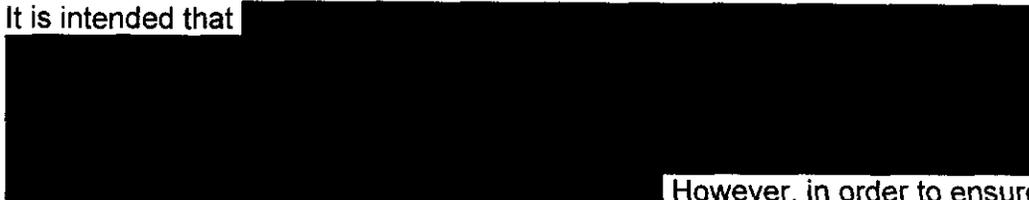
Following completion of the Poseidon Facility, Poseidon Sub will enter into a loan facility agreement with Holdco (the “**Acquisition Facility**”). The Acquisition Facility will have three] tranches:

- Tranche A, which will be the amount necessary to fund the recommended offer consideration and cover any and all deal fees and expenses of Holdco or Bidco.
- Tranche B, which will be the amount necessary to support a required offer to repurchase the Sprite bonds, upon the change of control of Sprite. However, it is not expected that Sprite bondholders will put their bonds in this circumstance, as the mandatory offer price is considered too low to attract selling interest and so it is not expected that Tranche B will be drawn in any substantial amount. This Tranche may only be drawn down in the event that Tranche C is not drawn.
- Tranche C, which will be the amount necessary to support a required refinancing of the \$225 million tranche B Sprite senior loan facility, upon the change of control of Sprite. It is not expected that this Tranche will be needed, as the parties are highly confident either that a planned consent solicitation process, to be initiated on announcement of the transaction, will be successful in obtaining the necessary consents from Sprite’s senior lenders to leave the current facilities in place following completion, or that a new facility can be committed, to refinance the current Sprite senior loan facility upon completion. In the event that such consents or replacement facilities are not procured by the time of the Sprite shareholders meeting to

REDACTED – FOR PUBLIC INSPECTION

approve the transaction, Poseidon will specify the terms applicable to Tranche C (backed off its own external funding terms) and Holdco may draw down upon Tranche C at completion of the transaction to refinance the \$225 million tranche B Sprite senior loan facility.

It is intended that



However, in order to ensure that the management of Sprite have full strategic and operational freedom in the period from closing of the transaction until the Call Option becomes exercisable (see below), interest payments under the Acquisition Facility will be on a PIK basis only during that period, ensuring that any and all cash generated by the operations of Sprite may be applied in the absolute discretion of Sprite management (eg rolled-up in Sprite, applied in repayment of Sprite's current indebtedness, or paid by way of dividend to the Trust). In the event that the Trust receives any monies from Sprite (whether by interest, dividend or any other distribution), any such sums will be required to be applied in prepayment of the Acquisition Facility.

Certain protective provisions in the Acquisition Facility (being those rights and powers vested in Poseidon as a creditor that are believed to create a risk of indirect influence upon Holdco) will be suspended until the Trust (see below) terminates, whereupon they will be brought into effect whether the Call Option is then exercised or not). The Acquisition Facility will initially be secured by means of a right of sale pledge over the shares of Bidco, but this pledge will be enforceable only by means of a sale of Bidco shares to a third party and Poseidon Sub will have no direct recourse to the shares or assets of Sprite until the trust terminates (and the Sprite shares are vested in Bidco), whereupon the Acquisition Facility may be secured directly over the shares and assets of Sprite (subordinated to then-prevailing Sprite obligations to its senior lenders and bondholders).

Holdco will use the Acquisition Facility to subscribe for one ordinary share and multiple redeemable preference shares in Bidco. The capitalisation enables



Both the Poseidon Facility and the Acquisition Facility will be committed on announcement of the transaction on the basis of a commitment letter to which would be appended a detailed loan facility term sheet, in accordance with standard market practice in the banking markets. It is intended that these term sheets will be translated into fully binding, detailed loan documentation immediately prior to the Sprite shareholder meeting to approve the plan of arrangement.

Step 3 – Grant of the Call Option & Execution of Other Transaction Documentation

As part of the acquisition financing, CIP will grant Poseidon Sub a call option over its shareholding in Holdco (the “**Call Option**”). The Call Option will be exercisable by Poseidon between the date on which Poseidon is permitted both to hold a direct or indirect ownership interest in Sprite, and for Sprite to become an Affiliate of other Poseidon group companies (namely Poseidon Ventures Limited and Poseidon Global Limited), in each case under its current distribution agreements (which terminate on 14 April 2009). The Call Option will automatically lapse unless exercised on or before 31 December 2010. Poseidon will pay the sum of \$750,000 in respect of the grant of the Call Option, payable on completion of the transaction.

The exercise price will comprise a sum equal to [REDACTED] per month calculated from the date of grant of the Call Option (announcement of the transaction) to the date of exercise of the Call Option, subject to an overall minimum fee of \$750,000 (the “**Minimum Fee**”) and a maximum fee of \$1,000,000. The Call Option exercise price will be adjusted to reflect any acceleration in the exercise date ahead of its assumed earliest date eighteen months following completion of the transaction.

The Call Option will have standard arms’ length terms and conditions appropriate for such an instrument, including certain standard covenants and restrictions designed to protect the grantee’s contingent interest under the Call Option.

Separately, CIP and Poseidon Sub will agree that [REDACTED]

[REDACTED]

[REDACTED]

In addition to the foregoing, Holdco, Bidco and Sprite will enter into an arrangement agreement under which the parties will agree to implement the plan of arrangement. The arrangement agreement will contain usual market standard provisions, including a break fee payable to Bidco in certain circumstances (the parties have agreed a figure equal to 3% of the equity value offered to Sprite shareholders). Contemporaneously, Poseidon plc and Sprite will enter into a side agreement under which Poseidon will agree inter alia (a) to use all reasonable efforts to support the completion of the transaction, (b) to renew Sprite's distribution agreements with the Poseidon group for a defined period in the event that the transaction fails to complete for certain reasons and (c) the parties will agree to collaborate with each other in relation to any challenges to the acquisition structure arising pursuant to Poseidon's distribution agreements and claiming a breach of such agreements.

Step 4 – Insertion of the Trust

In order to further remove Poseidon from influence over Sprite's management and policies, to provide a tangible demonstration of Sprite's independence, and to facilitate speedy legal and regulatory approvals and clearances, CIP has agreed that a Canadian-law 'blind' trust (the "Trust") will be established shortly following announcement of the transaction, to hold the entirety of Sprite's issued share capital until (a) the Call Option is exercised and completed by Poseidon, or (b) the Call Option lapses and the Sprite shares are vested in Bidco (or a third party, at the direction of Bidco), or (c) the Call Option may become exercisable by Poseidon and Bidco is able to hold shares directly in Sprite. The trustee of the Trust (the "Trustee") will be a highly respected Canadian individual independent of Poseidon, CIP or Sprite.

Accordingly, the Trust will be established within weeks of the announcement of the transaction and it is likely that several US and Canadian regulatory filings will be made by the Trust. Upon completion, (a) Bidco will deliver the acquisition consideration to the Sprite shareholders, and (b) the Sprite shares will be transferred to and registered in the name of the Trust, at the direction of Bidco. In addition, immediately following completion of the acquisition, Bidco will implement the mandatory offer to Sprite bondholders required upon a change of control of Sprite, on behalf of Sprite, and will come to pay for and to hold any bonds tendered as a consequence of such offer, transferring any such tendered bonds to the Trust for the duration of the trust period. Finally, in the event that Bidco refinances the Sprite senior loan facility at completion of the transaction, all indebtedness created thereby between Bidco and Sprite will also be transferred to the Trust,

Following completion of the Sprite acquisition, therefore, the Trustee will hold and exercise all shareholder rights in Sprite upon and subject to the terms of the Trust. The Trust terms will recognise the beneficial interest of Bidco in the Sprite shares (and bonds and new indebtedness, if Tranches B or C are

drawn to fund the acquisition of Sprite bonds tendered following completion of the acquisition, or to refinance the Sprite senior loan facility) but will not otherwise contain any restrictions on the exercise of the voting rights in the Sprite shares by the Trustee.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Trustee will have absolute discretion in the exercise of its trust powers, save only for (a) its fiduciary obligations to Bidco as the beneficial owner under the Trust and (b) a requirement that it ensure that at all times all members of the Board are independent of Poseidon and CIP.

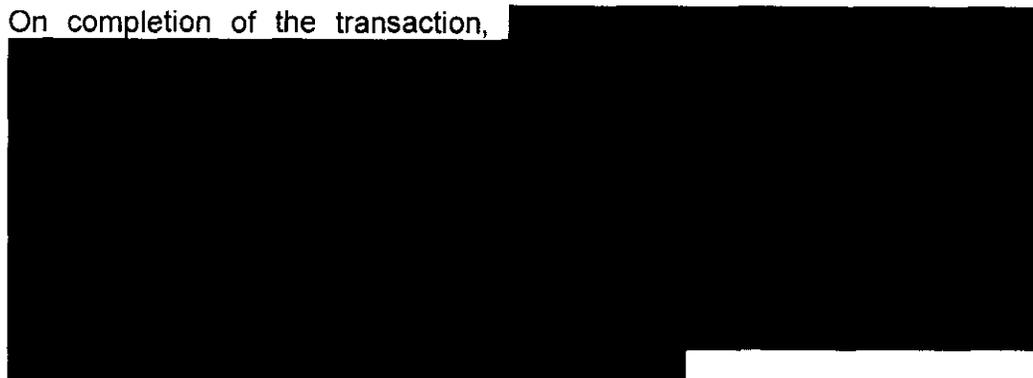
The Trust will automatically come to an end when (a) Poseidon becomes able to exercise the Call Option, in the event that Bidco is able then to be vested with the Sprite shares (ie it has cleared all regulatory hurdles to direct ownership), or (b) Poseidon exercises and completes the Call Option, or (c) the Call Option lapses and Bidco is able then to be vested with the Sprite shares (ie it has cleared all regulatory hurdles to direct ownership).

Completion & [REDACTED]

The acquisition of Sprite will be progressed by means of a plan of arrangement under Canadian corporate and securities laws (a transaction

very similar to a UK court-approved scheme of arrangement). As such, Sprite will be largely responsible to implementing the transaction. Upon closing of the transaction (following in particular Sprite shareholders voting in support of the transaction, clearance of all legal and regulatory approvals and final Court approval being obtained), the transaction will close, the acquisition consideration will be funded and delivered to the Sprite shareholders and the Sprite shares will be registered in the name of the Trust.

On completion of the transaction,



Steady State

Following the acquisition of Sprite, it is intended that the acquisition structure will be maintained in place for some eighteen to twenty four months. During that time:

- Sprite will continue to be run in the ordinary course of business by a management team completely independent of CIP or Poseidon. Indeed, Sprite will continue to be an SEC registrant, as it is expected that its bonds will continue to be in issue.
- The Trustee will continue to monitor and manage all of Bidco's shareholder rights. It is expected that the Trustee's fees for running the trust will be funded by means of regular payments by Bidco. These fees are not expected to be material (est \$60,000 per quarter).
- It is not envisaged that Sprite will pay dividends to the Trust, although it may do so in its absolute discretion.

Step 5 – Exercise of the Call Option

When the Call Option may be exercised (eg from 14 April 2009), the collapse of the Sprite acquisition structure may commence. At that point if Bidco has cleared all necessary regulatory hurdles, the Trust will terminate automatically and Bidco will take direct control of Sprite. In the event that CIP clears those regulatory hurdles and the Trust is terminated (and Poseidon has not yet exercised the Call Option), (a) certain protective provisions in the Acquisition Facility which had hitherto been in suspension, will come out of suspension

and become effective, and (b) the junior security rights available to Poseidon over Sprite will be put in place, providing Poseidon will the full powers of a subordinated junior secured creditor under the Acquisition Facility.

In order to be able to complete the acquisition of Holdco, Poseidon will need to obtain all necessary legal and regulatory clearances and approvals (which will include Investment Canada, Canadian Competition Bureau, US Department of Justice, US CFIUS and US Federal Communications Commission reviews and consents). Once these approvals and consents have been obtained and the Call Option has become exercisable, (a) Poseidon may service notice of exercise of the Call Option, (b) the Trust will automatically terminate and the Sprite shares will be vested in Bidco; (c) Poseidon will pay the Call Option exercise price to CIP and (d) CIP will transfer its shareholding in Holdco to Poseidon.

Steps 6 & 7 – Non Exercise of the Call Option

It is of course possible that the Call Option is not exercised and that it therefore lapses on 31 December 2010, either because Poseidon does not wish to exercise the option, or because it is unable to clear all regulatory hurdles to complete the acquisition of the Holdco shares. In that eventuality:

- the Trust would automatically terminate once required regulatory approvals are received by CIP (to vest Sprite shares in Bidco) and the Sprite shares would be vested in Bidco (or a third party, for example if CIP is unable to obtain regulatory approvals and is obliged to dispose of the asset).
- Upon transfer of the Sprite shares, CIP would then have the choice of either selling Sprite and using the sale proceeds to prepay the Acquisition Facility, or retaining Sprite and paying off the Acquisition Facility in accordance with its terms.

Rupert Pearce

19 March 2007



Project Sprite

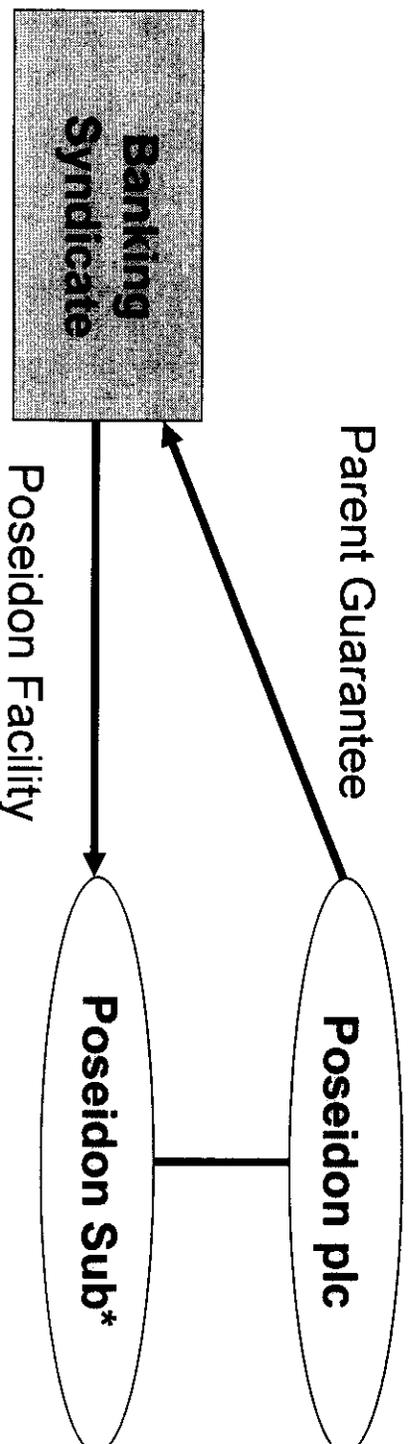
Proposed Acquisition Structure

Rupert Pearce
Group General Counsel, Poseidon

19 March 2007

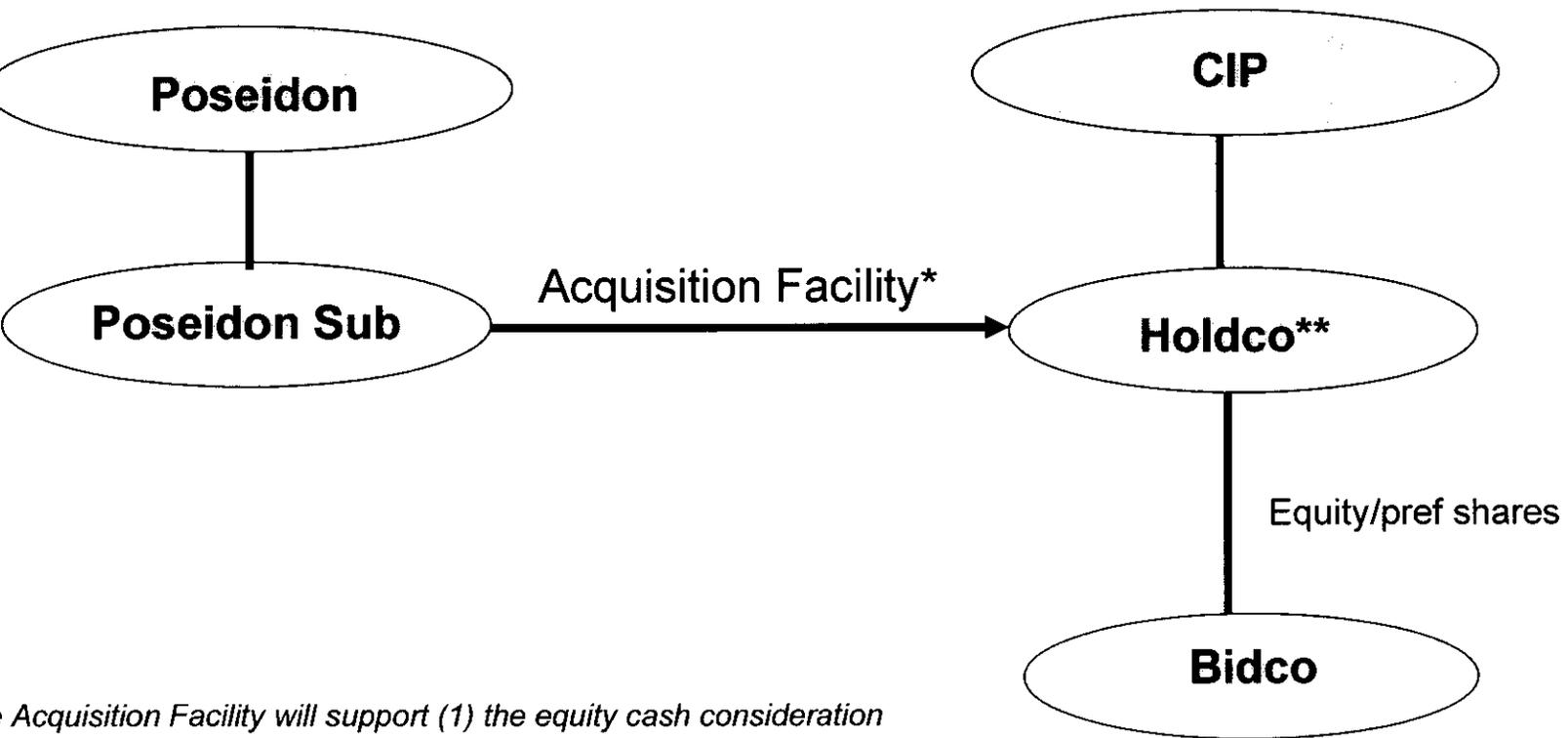
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Step 1 The Poseidon Facility



* The Poseidon Sub is to be a new UK company.

Step 2 The Acquisition Facility

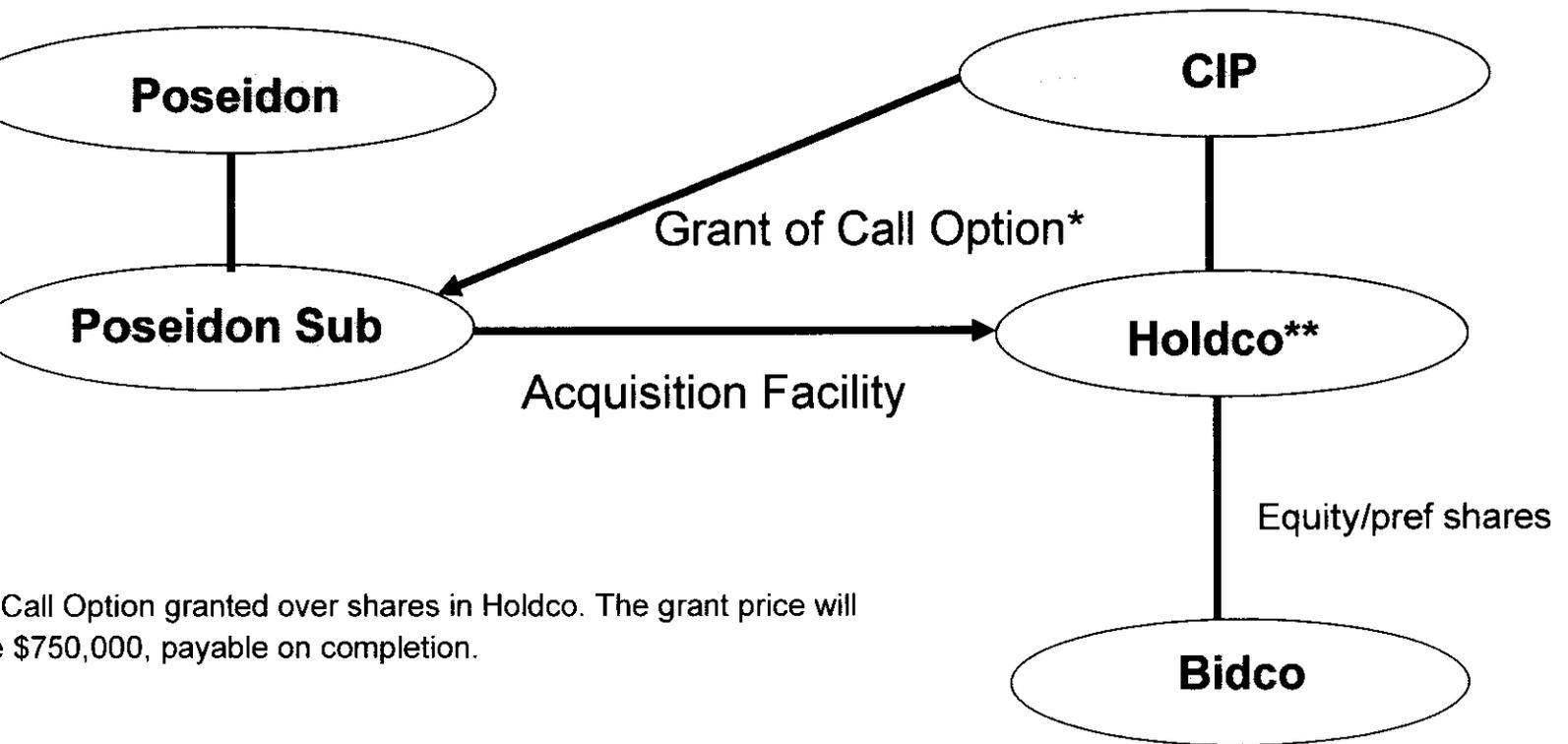


The Acquisition Facility will support (1) the equity cash consideration for Sprite, as well as any and all deal fees, (2) the mandatory consideration required to be made to Sprite bondholders on a change of control and (3) the potential refinancing of the Sprite senior loan facility.

Holdco will be a UK company, whose subsidiary will be Bidco, a Canadian corporation. Holdco will subscribe for one ordinary share and one redeemable preference share in Bidco.

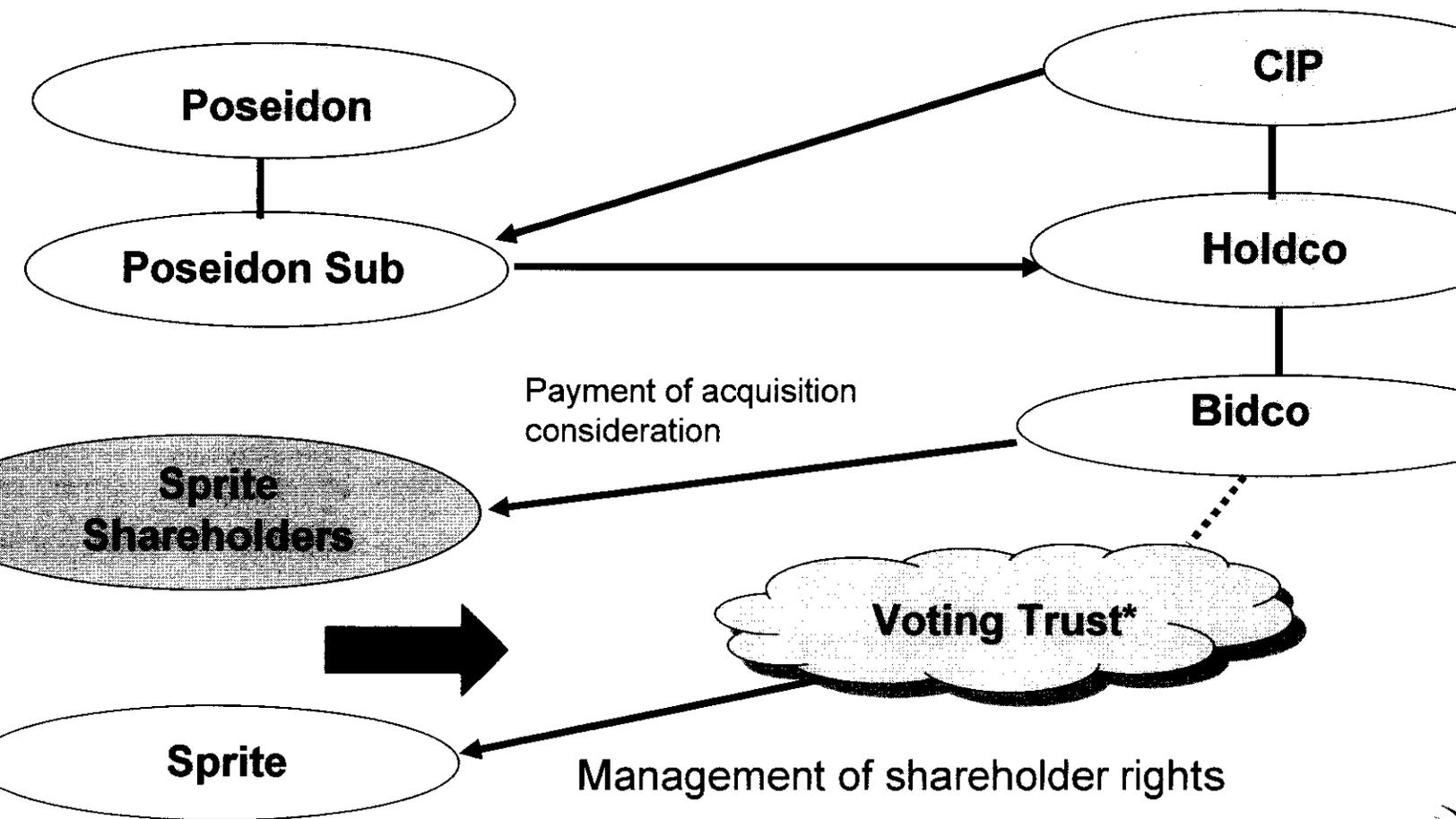
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Step 3 Grant of the Call Option

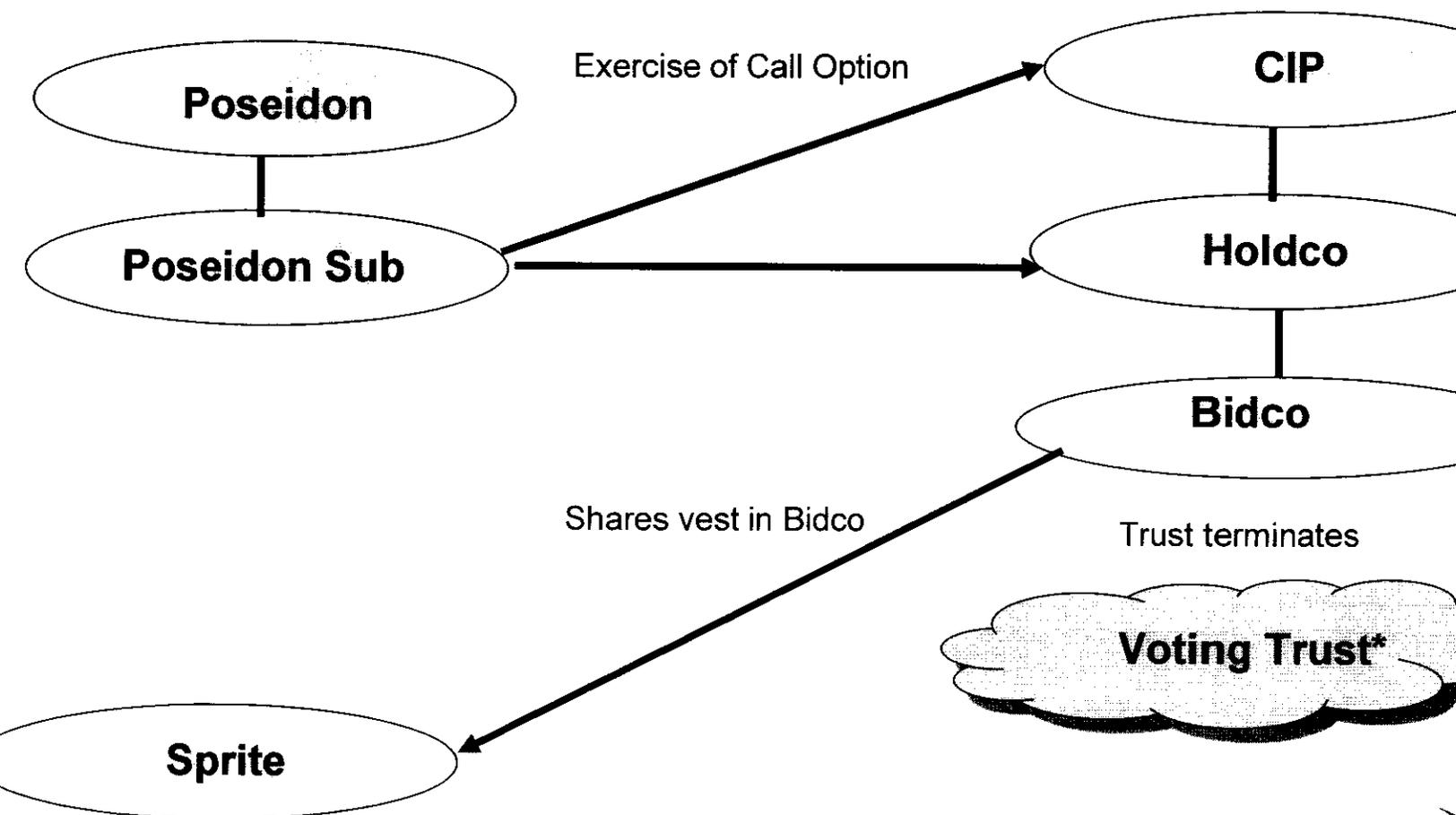


Call Option granted over shares in Holdco. The grant price will be \$750,000, payable on completion.

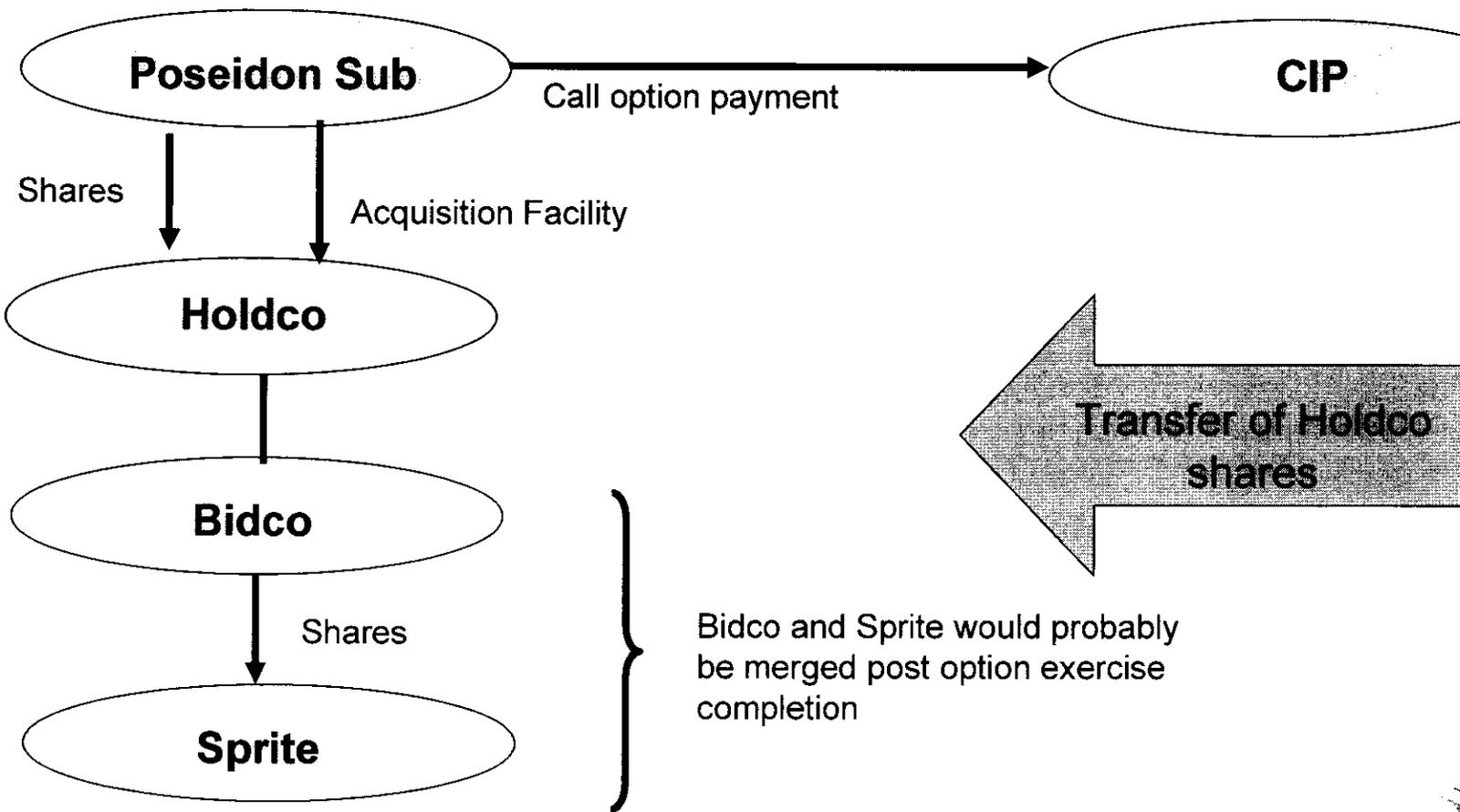
Step 4 Insertion of the Trust



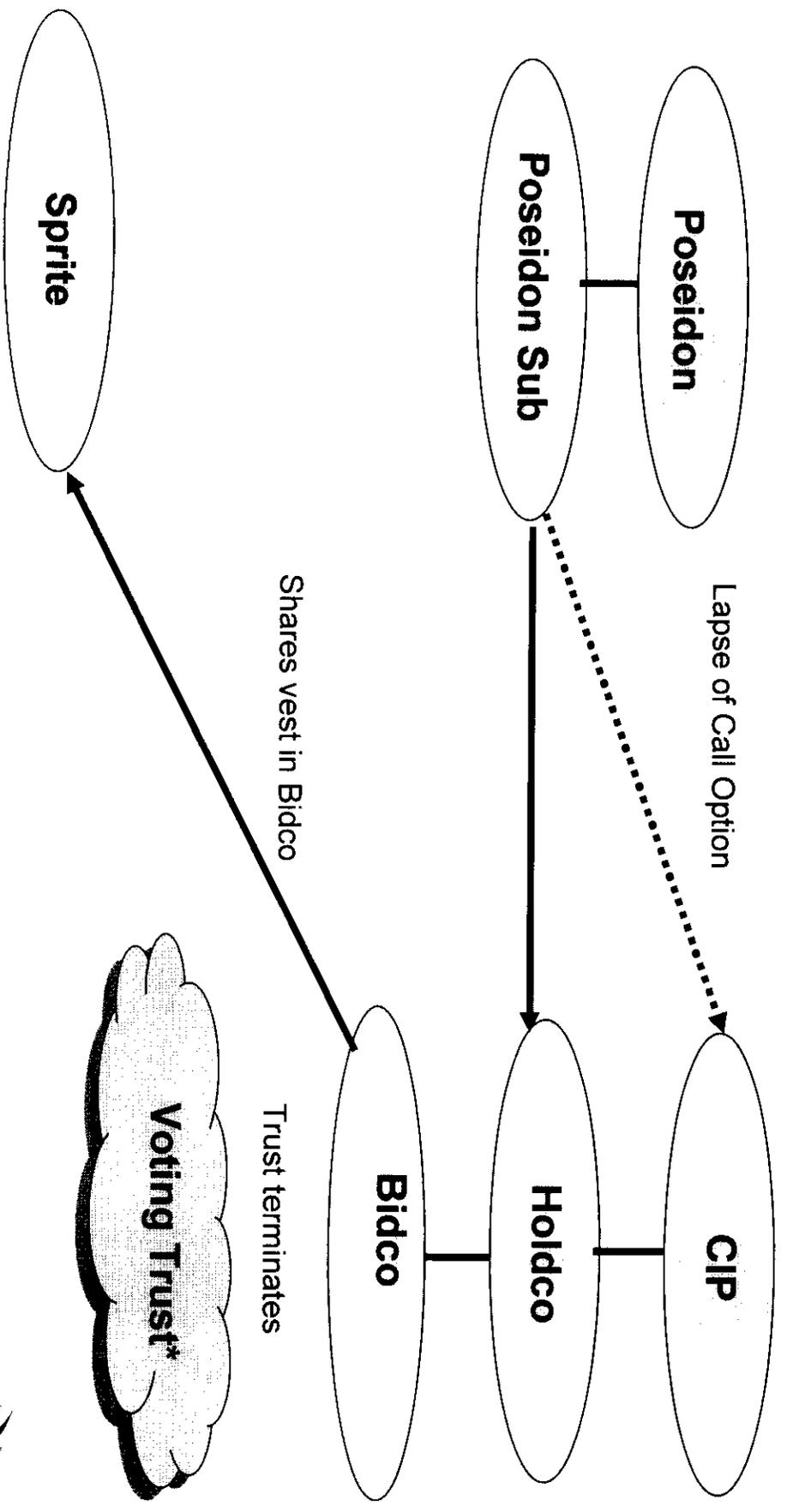
Step 5 Exercise of Call Option



Unwound acquisition structure



Step 6 Lapse of Call Option



Step 7 Unwind of Acquisition Facility

