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September 11, 2007

BY HAND DELIVERY

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

FILED/ACCEPTED

SEP 11 2007

Federal Communications Commission  
Office of the Secretary

Re: **REDACTED – FOR PUBLIC INSPECTION**  
Stratos Global Corporation and Robert M. Franklin, Trustee  
WC Docket No. 07-73

Dear Ms. Dortch:

VIZADA Services LLC (“VIZADA”), by its attorneys, hereby submits two copies of the attached supplemental comments in the above docket subsequent to review of the document entitled “Project Sprite Proposed Acquisition Structure” made available to counsel for VIZADA after the pleading cycle established in this docket. Pursuant to the procedures established in the Protective Order in this docket, released July 20, 2007, as modified on August 15, 2007, two submissions are being made. One submission is of the unredacted supplemental comments of VIZADA. For this submission, we have redacted information for which confidential treatment was claimed by the Submitting Party, Inmarsat Finance III Limited and Inmarsat, Inc. Such redacted information is marked by black masking.

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COMMENTS OF VIZADA SERVICES LLC ON  
"PROJECT SPRITE PROPOSED ACQUISITION STRUCTURE" MEMORANDUM

In its Reply in this docket, submitted on July 31, 2007, VIZADA Services LLC ("VIZADA") noted that the transaction documents belatedly made available to the parties had redacted all references to the "Project Sprite Proposed Acquisition Structure" Memorandum (referenced as the "Structure Memorandum"), notwithstanding that the existence of this document was already disclosed by the May 2007 *Proxy Circular*. 1/ See VIZADA Reply at n.17. [REDACTED]

[REDACTED] 2/ VIZADA reserved the right to supplement the record after it received access to the document. Inmarsat Finance III Limited and Inmarsat, Inc. filed a redacted version of the Structure Memorandum with the Commission on August 17, 2007, and at that time made an unredacted copy available to parties to the Protective Order, as modified on August 15, 2007 to cover the Structure Memorandum. In light of this newly available document, this submission hereby supplements VIZADA's Petition to Deny and Reply. To the extent that leave is required for this submission, given that the parties withheld the Structure Memorandum until recently, it is respectfully requested that such leave be granted.

As noted in VIZADA's previous submissions in this docket, it is critical that the real-party-in-interest be presented to the Commission in any application for its consent pursuant to Section 310. If the Commission here were to neglect to hold Inmarsat to scrutiny as a party in a properly submitted application, then the same transaction structure could be used in the next

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1/ Stratos Global Corporation, "Notice of Annual and Special Meeting of Shareholders to be held on June 12, 2007 and Management Proxy Circular" (May 4, 2007).

2/ Facilities Agreement dated 11 June 2007 for CIP UK Holdings Limited, CIP Canada Investment Inc., and Inmarsat III Limited, [REDACTED].

deal by a party equally wielding *de facto* control, who could be from non-WTO country or a country presenting national security issues.

The Structure Memorandum now made available for review was authored by Rupert Pearce, Group General Counsel of Inmarsat, Inc., and is dated March 19, 2007, the day the Stratos transaction was announced. <sup>3/</sup> The August 17, 2007 submission of Inmarsat also enclosed “an associated PowerPoint presentation dated March 19, 2007” with the same title as the Structure Memorandum, also authored by Inmarsat’s General Counsel, without identifying to whom the presentation was made. Notwithstanding the use of “code names” for Inmarsat (“Poseidon”) and Stratos (“Sprite”), <sup>4/</sup> clearly, the Structure Memorandum was carefully drafted by Inmarsat counsel with an eye for possible public consumption and scrutiny of the transaction by regulators and parties impacted by its Distribution Agreements. Thus, we do not have in the Structure Memorandum the off-the-cuff frankness shown by Inmarsat’s Chairman and Chief Executive Officer while answering questions from the investment community when he stated “We think we have put in a strong fair bid [for Stratos],” <sup>5/</sup> but rather a carefully-crafted presentation piece. The Structure Memorandum must be read in that context, with awareness that the self-serving

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<sup>3/</sup> See *Proxy Circular* at 17 (“The Arrangement Agreement and related Transaction Agreements were entered into on the morning of March 19, 2007, immediately following which the transaction was announced in press releases issued by each of Stratos, CIP and Inmarsat plc.”).

<sup>4/</sup> Apparently, CIP was not deemed worthy of a code name in the Structure Memorandum or PowerPoint, notwithstanding that well before it had been identified as the entity to acquire Stratos. See *Proxy Circular* at 15 (“By the end of 2006, Inmarsat plc had decided to work on an exclusive basis with CIP to structure and develop an acquisition proposal for Stratos.”).

<sup>5/</sup> Inmarsat plc Q1 2007 Earnings Call, May 14, 2007, CallStreet Transcript at 9 ([www.CallStreet.com](http://www.CallStreet.com)).

statements sprinkled throughout the Structure Memorandum are designed for maximum positive spin.

Nevertheless, the Structure Memorandum cannot help but reinforce critical points made by VIZADA and other commenting parties, namely, that Inmarsat is the architect and driving force behind the purchase of Stratos, with CIP and the Trust serving as convenient placeholders, and that Inmarsat, and only Inmarsat, is bearing the financial risk and wielding the financial leverage in this transaction, nullifying any claimed insulation via the trust mechanism.

As expected, the Structure Memorandum highlights how CIP is shielded from both financial risk and financial upside – and how Inmarsat, as the true party-in-interest, stands in its place. Under “Step 3” of the Structure Memorandum, it is disclosed that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] 6/ [REDACTED]

[REDACTED]

[REDACTED]

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6/ As explained in the *Proxy Circular* at page 8: “The Arrangement Agreement provides that Stratos will pay to CIP Limited a Termination Fee of C\$8,000,000 under certain circumstances, including if: (i) Stratos terminates the Arrangement Agreement in order to accept a Superior Proposal; (ii) the Board of Directors changes its recommendation to Shareholders in respect of the Arrangement Resolution, and CIP Limited and CIP Acquireco terminate the Arrangement Agreement in accordance with its terms; or (iii) CIP terminates the Arrangement Agreement as a result of an intentional, wilful or deliberate breach of specified covenants in the Arrangement Agreement by Stratos.”

Moreover, repeatedly throughout the Structure Memorandum, it is made clear that

[REDACTED]

[REDACTED] If there is a closing, under the Facilities Agreement, CIP expenses and costs are rolled-up under the loan. <sup>7/</sup> [REDACTED]

[REDACTED] <sup>8/</sup>

The Structure Memorandum offers other indicia of Inmarsat's control position. As noted in VIZADA's Reply, Section 27 of the Facilities Agreement gives [REDACTED]

[REDACTED]

[REDACTED] <sup>9/</sup> The Structure Memorandum, under "Step 4," [REDACTED]

[REDACTED]

Other redacted portions of the Structure Memorandum cross the line from "positive spin" to "wishful thinking." For example, under "Step 2" of the Structure Memorandum, it is opined that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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<sup>7/</sup> See VIZADA Reply at n.9.

<sup>8/</sup> [REDACTED]

<sup>9/</sup> VIZADA Reply at 10.

[REDACTED]

[REDACTED]

[REDACTED]

The Commission cannot exercise its statutory mandate to examine the public interest benefits of proposed transactions under its jurisdiction unless the real parties present themselves for review. As set forth in VIZADA's Petition to Deny and Reply, and as further reinforced by the content of the Structure Memorandum, unless and until Inmarsat presents itself as a controlling party in an application to the Commission filed pursuant to Section 310 of the Communications Act, the Commission does not have the record on which to conduct the necessary evaluation of this proposed transaction.

Respectfully submitted,

**VIZADA SERVICES LLC**

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Its Counsel

September 11, 2007

## CERTIFICATE OF SERVICE

I, Cecelia Burnett, hereby certify that on this 11<sup>th</sup> day of September, 2007, I caused to be served a true copy of the foregoing redacted version of the "Comments of VIZADA Services LLC on 'Project Sprite Proposed Acquisition Structure' Memorandum" by electronic mail or by first-class, postage-prepaid U.S. mail upon the following:

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