

E950149
Inmarsat plc

SES-T/C-20080618-00820

IB200800142

Approved by OMB
3060-0678

APPLICATION FOR SATELLITE SPACE AND EARTH STATION AUTHORIZATIONS FOR
TRANSFER OF CONTROL OR ASSIGNMENT FCC 312 MAIN FORM FOR OFFICIAL USE
ONLY

FCC Use Only

APPLICANT INFORMATION

Enter a description of this application to identify it on the main menu:

Transfer of Control Application (VSAT Authorization)

1-8. Legal Name of Applicant

Name: Inmarsat plc

Phone Number:

202-248-5155

**DBA
Name:**

Fax Number:

202-248-5186

Street: 99 City Road

E-Mail:

diane_cornell@inmarsat.com

City: London

State:

Country: United Kingdom

Zipcode:

-

Attention: Diane J. Cornell

9-16. Name of Contact Representative

Name:	John Janka	Phone Number:	202-637-2200
Company:	Latham & Watkins LLP	Fax Number:	202-637-2201
Street:	555 Eleventh Street N.W. Suite 1000	E-Mail:	
City:	Washington	State:	DC
Country:	USA	Zipcode:	20004-
Attention:		Relationship:	Legal Counsel

CLASSIFICATION OF FILING

17. Choose the button next to the classification that applies to this filing for both questions a. and b. Choose only one for 17a and only one for 17b.

- a1. Earth Station
- a2. Space Station

- (N/A) b1. Application for License of New Station
- (N/A) b2. Application for Registration of New Domestic Receive-Only Station
- (N/A) b3. Amendment to a Pending Application
- (N/A) b4. Modification of License or Registration
- b5. Assignment of License or Registration
- b6. Transfer of Control of License or Registration
- (N/A) b7. Notification of Minor Modification
- (N/A) b8. Application for License of New Receive-Only Station Using Non-U.S. Licensed Satellite
- (N/A) b9. Letter of Intent to Use Non-U.S. Licensed Satellite to Provide Service in the United States
- (N/A) b10. Other (Please specify)

<p>17c. Is a fee submitted with this application?</p> <p><input checked="" type="radio"/> If Yes, complete and attach FCC Form 159. If No, indicate reason for fee exemption (see 47 C.F.R. Section 1.1114).</p> <p><input type="radio"/> Governmental Entity <input type="radio"/> Noncommercial educational licensee</p> <p><input type="radio"/> Other (please explain):</p>					
<p>17d.</p> <table> <tr> <td>Fee Classification A CZV – Fixed Satellite VSAT System</td> <td>Quantity 1 (First Station)</td> </tr> <tr> <td>Fee Classification B CZV – Fixed Satellite VSAT System</td> <td>Quantity 0 (Each Additional Station)</td> </tr> </table>		Fee Classification A CZV – Fixed Satellite VSAT System	Quantity 1 (First Station)	Fee Classification B CZV – Fixed Satellite VSAT System	Quantity 0 (Each Additional Station)
Fee Classification A CZV – Fixed Satellite VSAT System	Quantity 1 (First Station)				
Fee Classification B CZV – Fixed Satellite VSAT System	Quantity 0 (Each Additional Station)				
<p>18. If this filing is in reference to an existing station, enter:</p> <p>(a) Call sign of station: Not Applicable</p>	<p>19. If this filing is an amendment to a pending application enter:</p> <table> <tr> <td>(a) Date pending application was filed: Not Applicable</td> <td>(b) File number of pending application: Not Applicable</td> </tr> </table>	(a) Date pending application was filed: Not Applicable	(b) File number of pending application: Not Applicable		
(a) Date pending application was filed: Not Applicable	(b) File number of pending application: Not Applicable				

TYPE OF SERVICE

<p>20. NATURE OF SERVICE: This filing is for an authorization to provide or use the following type(s) of service(s): Select all that apply:</p> <ul style="list-style-type: none"><input checked="" type="checkbox"/> a. Fixed Satellite<input type="checkbox"/> b. Mobile Satellite<input type="checkbox"/> c. Radiodetermination Satellite<input type="checkbox"/> d. Earth Exploration Satellite<input type="checkbox"/> e. Direct to Home Fixed Satellite<input type="checkbox"/> f. Digital Audio Radio Service<input type="checkbox"/> g. Other (please specify)	
<p>21. STATUS: Choose the button next to the applicable status. Choose only one.</p> <p><input type="radio"/> Common Carrier <input checked="" type="radio"/> Non-Common Carrier</p>	<p>22. If earth station applicant, check all that apply.</p> <ul style="list-style-type: none"><input checked="" type="checkbox"/> Using U.S. licensed satellites<input type="checkbox"/> Using Non-U.S. licensed satellites
<p>23. If applicant is providing INTERNATIONAL COMMON CARRIER service, see instructions regarding Sec. 214 filings. Choose one. Are these facilities:</p> <p><input type="radio"/> Connected to a Public Switched Network <input type="radio"/> Not connected to a Public Switched Network <input checked="" type="radio"/> N/A</p>	
<p>24. FREQUENCY BAND(S): Place an "X" in the box(es) next to all applicable frequency band(s).</p> <ul style="list-style-type: none"><input type="checkbox"/> a. C-Band (4/6 GHz) <input checked="" type="checkbox"/> b. Ku-Band (12/14 GHz)<input type="checkbox"/> c. Other (Please specify upper and lower frequencies in MHz.) <p>Frequency Lower: Frequency Upper:</p>	

TYPE OF STATION

25. CLASS OF STATION: Choose the button next to the class of station that applies. Choose only one.

- a. Fixed Earth Station
- b. Temporary-Fixed Earth Station
- c. 12/14 GHz VSAT Network
- d. Mobile Earth Station
- e. Geostationary Space Station
- f. Non-Geostationary Space Station
- g. Other (please specify)

26. TYPE OF EARTH STATION FACILITY: Choose only one.

- Transmit/Receive Transmit-Only Receive-Only N/A

PURPOSE OF MODIFICATION

27. The purpose of this proposed modification is to: (Place an "X" in the box(es) next to all that apply.)

Not Applicable

ENVIRONMENTAL POLICY

28. Would a Commission grant of any proposal in this application or amendment have a significant environmental impact as defined by 47 CFR 1.1307? If YES, submit the statement as required by Sections 1.1308 and 1.1311 of the Commission's rules, 47 C.F.R. 1.1308 and 1.1311, as an exhibit to this application. A Radiation Hazard Study must accompany all applications for new transmitting facilities, major modifications, or major amendments.

Yes No

ALIEN OWNERSHIP Earth station applicants not proposing to provide broadcast, common carrier, aeronautical en route or aeronautical fixed radio station services are not required to respond to Items 30-34.

29. Is the applicant a foreign government or the representative of any foreign government?

Yes No

30. Is the applicant an alien or the representative of an alien?

Yes No
 N/A

31. Is the applicant a corporation organized under the laws of any foreign government?

Yes No
 N/A

32. Is the applicant a corporation of which more than one-fifth of the capital stock is owned of record or voted by aliens or their representatives or by a foreign government or representative thereof or by any corporation organized under the laws of a foreign country?

Yes No
 N/A

33. Is the applicant a corporation directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof or by any corporation organized under the laws of a foreign country? Yes No N/A

34. If any answer to questions 29, 30, 31, 32 and/or 33 is Yes, attach as an exhibit an identification of the aliens or foreign entities, their nationality, their relationship to the applicant, and the percentage of stock they own or vote. Foreign Ownership

BASIC QUALIFICATIONS

35. Does the Applicant request any waivers or exemptions from any of the Commission's Rules? Yes No
If Yes, attach as an exhibit, copies of the requests for waivers or exceptions with supporting documents.

36. Has the applicant or any party to this application or amendment had any FCC station authorization or license revoked or had any application for an initial, modification or renewal of FCC station authorization, license, or construction permit denied by the Commission? If Yes, attach as an exhibit, an explanation of circumstances. Yes No
Question 36

37. Has the applicant, or any party to this application or amendment, or any party directly or indirectly controlling the applicant ever been convicted of a felony by any state or federal court? If Yes, attach as an exhibit, an explanation of circumstances. Yes No

<p>38. Has any court finally adjudged the applicant, or any person directly or indirectly controlling the applicant, guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement or any other means or unfair methods of competition? If Yes, attach as an exhibit, an explanation of circumstances</p>	<p><input type="radio"/> Yes <input checked="" type="radio"/> No</p>
<p>39. Is the applicant, or any person directly or indirectly controlling the applicant, currently a party in any pending matter referred to in the preceding two items? If yes, attach as an exhibit, an explanation of the circumstances.</p>	<p><input type="radio"/> Yes <input checked="" type="radio"/> No</p>
<p>40. If the applicant is a corporation and is applying for a space station license, attach as an exhibit the names, address, and citizenship of those stockholders owning a record and/or voting 10 percent or more of the Filer's voting stock and the percentages so held. In the case of fiduciary control, indicate the beneficiary(ies) or class of beneficiaries. Also list the names and addresses of the officers and directors of the Filer.</p>	
<p>41. By checking Yes, the undersigned certifies, that neither applicant nor any other party to the application is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Act of 1988, 21 U.S.C. Section 862, because of a conviction for possession or distribution of a controlled substance. See 47 CFR 1.2002(b) for the meaning of "party to the application" for these purposes.</p>	<p><input checked="" type="radio"/> Yes <input type="radio"/> No</p>
<p>42a. Does the applicant intend to use a non-U.S. licensed satellite to provide service in the United States? If Yes, answer 42b and attach an exhibit providing the information specified in 47 C.F.R. 25.137, as appropriate. If No, proceed to question 43.</p>	<p><input type="radio"/> Yes <input checked="" type="radio"/> No</p>

42b. What administration has licensed or is in the process of licensing the space station? If no license will be issued, what administration has coordinated or is in the process of coordinating the space station?

43. Description. (Summarize the nature of the application and the services to be provided).

(If the complete description does not appear in this box, please go to the end of the form to view it in its entirety.)

This is an application to transfer control of the VSAT authorization held by Stratos Offshore Services Company from the Trustee, Robert Franklin, to Inmarsat plc.

Attachment 1

CERTIFICATION

The Applicant waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and requests an authorization in accordance with this application. The applicant certifies that grant of this application would not cause the applicant to be in violation of the spectrum aggregation limit in 47 CFR Part 20. All statements made in exhibits are a material part hereof and are incorporated herein as if set out in full in this application. The undersigned, individually and for the applicant, hereby certifies that all statements made in this application and in all attached exhibits are true, complete and correct to the best of his or her knowledge and belief, and are made in good faith.

44. Applicant is a (an): (Choose the button next to applicable response.)

- Individual
- Unincorporated Association
- Partnership
- Corporation
- Governmental Entity
- Other (please specify)

45. Name of Person Signing Alison Horrocks	46. Title of Person Signing Company Secretary
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47. Please supply any need attachments.

Attachment 1:	Attachment 2:	Attachment 3:
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WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND / OR IMPRISONMENT
(U.S. Code, Title 18, Section 1001), AND/OR REVOCATION OF ANY STATION AUTHORIZATION
(U.S. Code, Title 47, Section 312(a)(1)), AND/OR FORFEITURE (U.S. Code, Title 47, Section 503).

SATELLITE EARTH STATION AUTHORIZATIONS
 FCC Form 312 – Schedule A
 FOR OFFICIAL USE ONLY

Select one of the following

- | | |
|---|---|
| <input checked="" type="radio"/> CONSENT TO TRANSFER OF CONTROL

<input type="radio"/> NOTIFICATION OF TRANSFER OF CONTROL OF RECEIVE ONLY REGISTRATION | <input type="radio"/> CONSENT TO ASSIGNMENT OF LICENSE

<input type="radio"/> NOTIFICATION OF ASSIGNMENT OF RECEIVE ONLY REGISTRATION |
|---|---|

A1. Name of Licensee (as shown on FCC 312 – Main Form)

Name:	Stratos Offshore Services Company	Phone Number:	301-968-1938
DBA Name:		Fax Number:	301-214-2234
Street:	6550 Rock Spring Drive	E-Mail:	bruce.henoch@stratosglobal.com
	Suite 650		
City:	Bethesda	State:	MD
Country:	USA	Zipcode:	20817 -
Attention:	Mr. Bruce Henoch		

A8. List Callsign(s) of station(s) being assigned or transfered

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Callsign: E950149	Callsign:	Callsign:	Callsign:	Callsign:	Callsign:	Callsign:	Callsign:
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A9. No. of station(s) listed
1

A10. Name of Transferor/ Assignor

Name:	Robert Franklin (Trustee)	Phone Number:	416-363-1139
Company:		Fax Number:	
Street:	6550 Rock Spring Drive Suite 650	E-Mail:	robert.franklin@rogers.com
City:	Bethesda	State:	MD
Country:	USA	Zipcode:	20817 -
Attention:		Relationship:	

A15. Name of Transferee/ Assignee

Name:	Inmarsat plc	Phone Number:	202-248-5155
DBA Name:		Fax Number:	202-248-5186
Street:	99 City Road	E-Mail:	diane_cornell@inmarsat.com
City:	London	State:	
Country:	United Kingdom	Zipcode:	-
Attention:	Diane J. Cornell		

A20. If these facilities are licensed, is the transferee / assignee directly or indirectly controlled by any other entity? If yes, attach as Exhibit E, a statement (including organizational diagrams where appropriate) which fully and completely identifies the nature and extent of control including: (1) the name, address, citizenship, and primary business of the controlling entity and any intermediate subsidiaries or parties, and (2) the names, addresses, citizenship, and the percentages of voting and equity stock of those stockholders holding 10 percent or more of the controlling corporation's voting stock.

- Yes
- No
- N/A

A21. If these facilities are licensed, attach as Exhibit F, a complete statement setting forth the facts which show how the assignment or transfer will serve the public interest.

CERTIFICATION

1. The undersigned, individually and for licensee, certifies that all attached exhibits pertain to Schedule A and all statements made in Schedule A of this application are true, complete and correct to the best of his/her knowledge and belief. The undersigned also certifies that any contracts or other instruments submitted herewith are complete and constitute the full agreement.

2. The undersigned represents that stock will not be delivered and that control will not be transferred until the Commission's consent has been received, but that transfer of control or assignment of license will be completed within 60 days of Commission consent. The undersigned also acknowledges that the Commission must be notified by letter within 30 days of consummation.

A22. Printed Name of Licensee (Must agree with A1) Stratos Offshore Services Company	A24. Title (Office Held by Person Signing) Vice President Legal and Regulatory Affairs
A26. Printed Name of License Transferor / Assignor (Must agree with A10) Robert Franklin	A28. Title (Office Held by Person Signing) Trustee
A26. Printed Name of License Transferee / Assignee (Must agree with A15) Inmarsat plc	A28. Title (Office Held by Person Signing) Company Secretary

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THE FOREGOING NOTICE IS REQUIRED BY THE PAPERWORK REDUCTION ACT OF 1995, PUBLIC LAW 104-13, OCTOBER 1, 1995, 44 U.S.C. SECTION 3507.

ATTACHMENT 2

EXHIBIT REQUIRED BY 47 C.F.R. 25.119(e)

Call Signs, Locations and Expiration Dates of Licenses Transferred

Call Sign	Location	Expiration Date
E950149	CONUS	5/05/2020

Robert M. Franklin/Inmarsat plc
FCC Form 312
Question 36

The applicants submit this response to Question 36 of FCC Form 312 out of an abundance of caution. In 2005, the Commission dismissed a Petition for Declaratory Ruling (the "Petition") filed by the Inmarsat plc's subsidiary, Inmarsat Global Limited ("Inmarsat Global"), seeking United States market access to provide MSS in the 2 GHz band. Subsequent to Inmarsat Global's filing, the Commission assigned all 2 GHz spectrum currently allocated for MSS in the United States to two other satellite operators, and thus dismissed Inmarsat Global's Petition.¹ Inmarsat Global has sought reconsideration of both the Commission's disposition of the 2 GHz band and the accompanying dismissal of its Petition.²

¹ *Use of Returned Spectrum in the 2 GHz Mobile Satellite Service Frequency Bands*, 20 FCC Rcd 19696 (2005); *Inmarsat Global Limited, Petition for Declaratory Ruling to Provide Mobile Satellite Service to the United States Using the 2 GHz and Extended Ku-Bands*, 20 FCC Rcd 19409 (2005).

² *Inmarsat Ventures Limited and Inmarsat Global Limited, Petition for Reconsideration*, File Nos. SAT-PPL-20050926-00184 *et al.* (filed Jan. 9, 2006).

**Robert M. Franklin/Inmarsat plc
FCC Form 312
Question A21 – Public Interest Statement**

Please see Narrative, attached hereto as Attachment 1.

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

In the matter of)
)
Robert M. Franklin, Transferor)
)
and)
)
Inmarsat plc, Transferee)
)
Consolidated Application for Consent to Transfer)
Control)

NARRATIVE

Robert M. Franklin, as trustee of an irrevocable trust, and Inmarsat plc (“Inmarsat”) seek Commission consent to the indirect transfer of control, from Mr. Franklin to Inmarsat, of Stratos Global Corporation (“Stratos Global”) and its subsidiaries that hold FCC authorizations (the “Stratos Licensees” and together with Stratos Global, “Stratos”). The applicants concurrently are submitting the following applications requesting Commission consent to the proposed transaction:

- Four FCC Forms 312 related to various earth station authorizations;
- Two applications related to various international Section 214 authorizations;
- Two applications related to domestic Section 214 authority;
- One FCC Form 603 related to various terrestrial radio authorizations; and
- One FCC Form 44 related to an accounting authority authorization.

I. DESCRIPTION OF THE TRANSACTION

A. Parties to the Transaction

1. Stratos and Related Parties

Stratos provides mobile satellite service ("MSS"), fixed satellite service ("FSS") and terrestrial communications solutions to its customers using, among other things, capacity that it purchases from various satellite operators. With regard to MSS, Stratos currently resells the capacity of various satellite operators, including Globalstar, Inmarsat, Iridium and MSV. Stratos holds Commission licenses for Inmarsat mobile earth terminals, but does not own or operate any MSS gateway earth stations in the United States.¹ Stratos' very small aperture terminal ("VSAT") services employ satellite capacity resold from a number of operators of FSS systems, including Intelsat and SES, and utilize VSAT hubs located in the United States and licensed to Stratos.² In addition, Stratos operates a terrestrial microwave network in the U.S. Gulf of Mexico, over which it serves primarily the offshore rigs and platforms of oil and gas companies. Stratos also provides competitive local exchange, competitive access, and interexchange telecommunications services in Louisiana and Texas primarily to its oil and gas industry customers. As a final matter, Stratos is authorized as an accounting authority under Part 3 of the Commission's rules.

Three of the Stratos Licensees, Stratos Offshore Services Company ("Stratos Offshore"), Stratos Communications Inc. ("Stratos Communications"), and Stratos Mobile Networks, Inc. ("Stratos Mobile") (all Delaware corporations), are wholly-owned subsidiaries of a fourth Stratos Licensee, Stratos Holdings, Inc. ("Stratos Holdings") (also a Delaware

¹ Stratos owns MSS gateway earth stations in Australia, Canada, the Netherlands and New Zealand.

² Stratos also owns VSAT hubs in Germany, Russia and the United Kingdom.

corporation). Stratos Holdings is a wholly-owned subsidiary of Stratos Wireless Inc. ("Stratos Wireless") (a Canadian corporation), which, in turn, is a wholly-owned subsidiary of Stratos Global (also a Canadian corporation). Stratos Global's corporate headquarters and principal place of business are in Bethesda, MD.

Pursuant to the Commission's *Stratos-Trust Order*, a trust formed under the laws of Canada (the "Trust") holds 100 percent of Stratos Global's shares and voting power.³ Mr. Franklin, a Canadian citizen, is trustee of the Trust.

The Trust's beneficiary is CIP Canada Investment Inc. ("CIP Canada") (a Canadian corporation), a wholly-owned subsidiary of CIP UK Holdings Limited ("CIP UK") (a private limited company formed under the laws of England and Wales), which, in turn, is wholly owned by Communications Investment Partners Limited ("CIP") (a limited partnership organized under the laws of the British Virgin Islands). CIP is a professional investment company.

Appendix A depicts the current ownership and control of the Stratos Licensees.

2. Inmarsat

Inmarsat Finance III Limited ("Inmarsat Finance"), a company formed under the laws of England and Wales, was established by its direct parent company, Inmarsat, to provide debt financing to CIP UK to fund the 2007 acquisition of Stratos Global's shares by the Trust. Inmarsat Finance holds an option to acquire all of the shares of CIP UK from CIP.

Inmarsat was created by the Inmarsat Convention in the 1970s as an inter-governmental organization ("IGO") to develop a global maritime satellite system to meet the

³ *Stratos Global Corporation, Transferor; Robert M. Franklin, Transferee; Consolidated Application for Consent to Transfer of Control*, 22 FCC Rcd 21328, 21342-43, ¶¶ 34-36 (2007) ("*Stratos-Trust Order*").

commercial maritime and safety communications needs of the United States and other countries.⁴ Inmarsat privatized in 1999, becoming a UK private company, headquartered in London. In 2005, Inmarsat became a public company, listed on the London Stock Exchange.

Today, Inmarsat provides innovative MSS services around the world on one of the most advanced commercial mobile communications satellite systems now in orbit, and faces vibrant competition from a wide range of other providers of satellite services. Examples of the users who rely on Inmarsat services for their critical communications needs include: the U.S. military, the Department of Homeland Security (including the Federal Emergency Management Agency (FEMA) and the Coast Guard), U.S. Executive Branch and Congressional officials, the New York City Fire Department, CNN, ABC, CBS, National Public Radio, the Red Cross, and nearly every major airline and shipping line throughout the world.

Because Inmarsat is publicly traded on the London Stock Exchange, shareholdings in Inmarsat fluctuate over time. Inmarsat has been informed that the entities listed in Appendix B currently are its 10 percent or greater shareholders.

B. Details of the Transaction

In December 2007, the Commission authorized the transfer of control of Stratos to the Trust, of which Mr. Franklin is the trustee and CIP Canada is the beneficiary.⁵ The Trust holds the shares of Stratos Global for the benefit of CIP Canada, and Mr. Franklin exercises the voting power represented by the Stratos Global shares.

As noted above, Inmarsat's subsidiary, Inmarsat Finance, holds an option to acquire the shares of CIP UK. Inmarsat Finance has decided to exercise its option and intends to

⁴ See *Comsat Corporation d/b/a Comsat Mobile Communications, et al.*, 16 FCC Rcd 21661, 21669, ¶ 3 (2001).

⁵ See *Stratos-Trust Order*, 22 FCC Rcd at 21328, ¶ 1.

consummate the proposed transaction on or shortly after April 15, 2009, subject to receiving necessary regulatory approvals, customary due diligence confirmations and board approvals.⁶ At that time, the Trust will terminate, CIP Canada will become the holder of the shares (and the associated voting power) of Stratos Global, and Inmarsat will indirectly own and control CIP UK, CIP Canada and Stratos.⁷ Thus, this proposed transaction will effectuate an indirect transfer of control of Stratos to Inmarsat. As detailed below, Commission grant of the proposed transaction will serve the public interest because it will enable Inmarsat to improve the efficiency of its MSS distribution structure by integrating Stratos into the Inmarsat family of companies, while still maintaining Inmarsat's current practice of providing service through a variety of distribution partners. This enhancement in Inmarsat's ability to serve the needs of its users will inure to the benefit of Inmarsat users in the United States and throughout the world.

Appendix C depicts the proposed post-transaction ownership and control of the Stratos Licensees.⁸

⁶ The Call Option Agreement between Inmarsat Finance and CIP was filed with the Commission in the docket of the proceeding authorizing the transfer of control of Stratos to the Trust. *See* WC Docket No. 07-73.

⁷ The use of the Trust ensures compliance with contractual restrictions of another Inmarsat subsidiary, Inmarsat Global Ltd. ("Inmarsat Global"), which prevent Inmarsat Global from owning or controlling Stratos or any other distributor of Inmarsat services until April 15, 2009. This application is being submitted in advance of the expiration of Inmarsat Global's contractual restrictions to allow adequate time to process this application and to facilitate consummation of the proposed transaction on or shortly after that date.

⁸ Inmarsat Finance has the ability to assign its right to acquire the CIP UK shares to another Inmarsat subsidiary. If it decides to do so, the applicants will file a minor amendment to this application to reflect any such *pro forma* change to the transaction structure.

II. GRANT OF THE PROPOSED TRANSACTION WILL SERVE THE PUBLIC INTEREST

Pursuant to Section 310(d) of the Communications Act of 1934, as amended (the “Act”), the Commission will approve a proposed transfer of control if, after balancing “the potential public interest harms [of the transaction] against the potential public interest benefits,” it concludes that doing so would serve the public interest, convenience, and necessity.⁹

Accordingly, where the potential harms (if any) are small or limited, the potential benefits need be only of a similar scale.¹⁰ As discussed below, the proposed transfer of control of Stratos to Inmarsat will provide public interest benefits with no offsetting public interest harms. The Commission therefore should grant this Application, and should do so expeditiously.

A. Allowing Inmarsat to Acquire the Established Stratos Distribution Network Will Serve the Public Interest

The proposed transaction will serve the public interest by allowing the vertical integration of Inmarsat and Stratos. Today, Inmarsat is entirely reliant on third parties, such as Stratos, to distribute its MSS services.¹¹ By acquiring control of Stratos and its mature

⁹ See, e.g., *Loral Satellite, Inc. (Debtor-in-Possession) and Loral SpaceCom Corporation (Debtor in Possession), Assignors, and Intelsat North America, LLC, Assignee*, 19 FCC Rcd 2404, 2411-2412, ¶ 18 (2004); *Comcast Corporation, AT&T Corp., and AT&T Comcast Corporation*, 17 FCC Rcd. 23246, 23255, ¶ 26 (2002) (“AT&T/Comcast”); *Time Warner Inc. and America Online, Inc.*, 16 FCC Rcd 6547, 6554, ¶ 19 (2001).

¹⁰ See, e.g., *AT&T/Comcast*, 17 FCC Rcd at 23329, ¶ 218 (observing that “in balancing the public interest harms and benefits, we employ a sliding scale approach” that “examine[s] the likelihood and the magnitude of the potential public interest harms”); *TRW Inc.*, 17 FCC Rcd 24625, 24630, ¶ 15 (2002) (“[W]e find no public interest harms, and thus, the Applicants’ demonstration of potential benefits need not be as great.”).

¹¹ As noted above, Inmarsat’s subsidiary, Inmarsat Global, is contractually restricted from selling Inmarsat services directly to end-users, or from owning or controlling Stratos or any other distributor of its services. Those restrictions, which date back to Inmarsat’s origins as an IGO, expire on April 14, 2009.

distribution network, Inmarsat will be able to immediately incorporate into its business the same type of distribution channel that is available to every other satellite operator.

As an initial matter, the Commission has recently confirmed that Inmarsat operates in a vibrantly competitive environment.¹² Other MSS providers in the United States include Iridium, Globalstar, MSV, and ICO (which launched its MSS spacecraft in April 2008). TerreStar is required to launch its MSS spacecraft by October 2008. Moreover, the FSS industry increasingly provides “mobile” services, as spectrum deregulation and advances in antenna technology allow FSS providers to provide many of the services that once were the exclusive domain of MSS providers—service to ships, airplanes and vehicles.¹³ Accordingly, as the Commission has recognized, the “markets for commercial communications satellite services are subject to effective competition.”¹⁴

The proposed transfer of control of Stratos to Inmarsat is pro-competitive. Vertical transactions such as this one present the ability to provide goods and services more efficiently to the consumer by streamlining the process by which those goods and services get to market. As the Commission has recognized, vertical transactions allow for two specific efficiencies: (i) elimination of transaction costs as the integrated firm more efficiently distributes its goods and services; and (ii) elimination of double marginalization as the vertically integrated

¹² *Stratos-Trust Order*, 22 FCC Rcd at 21355-56, ¶¶ 63-64 & n.197 (quoting *Annual Report and Analysis of Competitive Market Conditions with Respect to Domestic and International Satellite Communications Services*, 22 FCC Rcd 5954, 6011, ¶ 188 (2007) (“*Satellite Competition Report*”).

¹³ See, e.g., *The Boeing Company*, 16 FCC Rcd 22645 (2001); *Service Rules and Procedures to Govern the Use of Aeronautical Mobile Satellite Service Earth Stations in Frequency Bands Allocated to the Fixed Satellite Service*, Notice of Proposed Rulemaking, 20 FCC Rcd 2906 (2005).

¹⁴ *Stratos-Trust Order*, 22 FCC Rcd at 21356, ¶ 64 & n.197 (quoting *Satellite Competition Report*, 22 FCC Rcd at 6011, ¶ 188).

business can better maximize profits without the margin currently being realized at both levels of the distribution chain.¹⁵

The Commission recognized these general principles in approving the transfer of control of Stratos to the Trust, when it considered the possibility that Inmarsat eventually might control Stratos. Specifically, the Commission found that, by acquiring Stratos, “Inmarsat would be able to offer both wholesale and retail satellite services to its customers, and realize the recognized economic efficiencies that vertical integration can offer.”¹⁶ The Commission further found: “Such a change in business organization could improve coordination between the deployment and assignment of satellite capacity and the sales and marketing of retail satellite services.”¹⁷

Significantly, the Commission already has found that the potential vertical integration of Inmarsat and Stratos would pose no countervailing competitive harms:

[W]e fail to see how this will reduce competition. Because Stratos Global is not the only distributor of satellite services, other mobile satellite operators will still have a choice of other distributors should Stratos Global choose to favor Inmarsat.¹⁸

These conclusions are just as valid today. MSS operators such as Iridium, MSV and Globalstar continue to distribute their services through a number of other distribution partners, through service providers, and by selling their services directly to consumers. The FSS industry operates

¹⁵ See, e.g., *SEC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, 20 FCC Rcd 18290, 18387-88, ¶¶ 190-192 (2005) (vertical integration “may produce a more efficient organizational form, which can reduce transaction costs, limit free-riding by internalizing incentives, and take advantage of technological economies” and may “reduce prices in the downstream market” due to the “elimination of ‘double marginalization’”).

¹⁶ *Stratos-Trust Order*, 22 FCC Rcd at 21355, ¶ 62.

¹⁷ *Id.*

¹⁸ *Id.* at 21354-55, ¶ 61.