

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., *SBC 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.

in the same manner. Inmarsat intends to integrate Stratos into the Inmarsat family of companies, while continuing to utilize Inmarsat's existing network of third party distributors. Thus, Inmarsat's proposed acquisition of the established Stratos distribution network will simply facilitate Inmarsat's ability to compete with all other satellite operators, using all of the same methods of distribution as they currently employ, thus enhancing industry competition and benefiting Inmarsat users.

For these reasons, the proposed transfer of control of Stratos would be pro-competitive, benefit users of Inmarsat services, and thus serve the public interest, convenience and necessity.

B. Other Considerations

1. The Proposed Transaction is Consistent with the Act and Commission Policy

Two of the Stratos Licensees, Stratos Offshore and Stratos Communications, hold common carrier earth station and terrestrial wireless licenses, to which the foreign ownership provisions of Section 310(b) of the Act apply. Stratos Holdings and Stratos Offshore hold international Section 214 authority. Pursuant to Section 63.21(h) of the Commission's Rules, 47 C.F.R. § 63.21(h), Stratos Communications, Stratos Mobile Networks and Stratos Government Services, Inc. operate pursuant to the international Section 214 authority held by Stratos Holdings.¹⁹ Stratos Offshore and Stratos Communications also provide domestic telecommunications services pursuant to Section 214 of the Act. The Commission previously has reviewed Stratos Wireless, Stratos Global, CIP Canada, CIP UK, and Inmarsat Finance, as well as Inmarsat and its shareholders, for foreign ownership purposes, and has authorized 100

¹⁹ See International Authorizations Granted, DA 08-477 at 2 (Feb. 28, 2008); Section 63.21(h) Letter from Counsel for Stratos to Secretary, FCC (filed Jan. 30, 2008).

percent non-U.S. ownership of Stratos.²⁰ The Commission also indicated that, if Inmarsat Finance exercised its option to acquire control of Stratos, the Commission would review Inmarsat's ownership again.²¹

As is detailed in Appendix D, each of the proposed direct and indirect non-U.S. shareholders of the Stratos Licensees, up to and including Inmarsat, is organized under the laws of Canada, or of England and Wales. Inmarsat is a widely-held public company, listed on the London Stock Exchange. At least approximately 89 percent of the equity ownership of Inmarsat is held, and approximately 88 percent of the voting power of the Inmarsat shares is controlled, by individuals whose principal place of business or citizenship is the United States or another WTO-member country. Because Inmarsat is over 75 percent owned (measured either by equity or voting interests) by entities with principal places of business in, and individuals who are citizens of, WTO-member countries, there is a strong presumption that Inmarsat's control of Stratos would serve the public interest.²² Indeed, the aggregate ownership of Inmarsat by WTO-based companies and individuals today is substantially similar to the ownership that the Commission previously found to be in the public interest.²³ For these reasons, the Commission should again find that up to 100 percent non-U.S. ownership of Stratos is consistent with the public interest.

2. The Transaction Raises No National Security or Law Enforcement Concerns

U.S. Executive Branch agencies previously have consented to up to 100 percent non-U.S. ownership of Stratos, and both Stratos and Inmarsat have a long history of cooperating

²⁰ *Stratos-Trust Order*, 22 FCC Rcd at 21370, ¶ 101.

²¹ *Id.* at 21370-71, ¶ 102.

²² *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, 12 FCC Rcd 23891 (1997) ("*Foreign Participation Order*").

²³ *Stratos-Trust Order*, 22 FCC Rcd at 21367-70, ¶¶ 95-100.

with the U.S. government on issues of national security. Stratos and Inmarsat will continue to cooperate with the U.S. Executive Branch in the conduct of their respective businesses, and they intend to initiate discussions shortly with national security and law enforcement agencies with respect to the proposed transaction.

3. There are No International Dominant Carrier Issues

The Stratos Licensees are currently considered non-dominant under Section 63.10 of the Commission's rules²⁴ and nothing in the proposed transaction would change that characterization. The Stratos Licensees currently are affiliated with six foreign carriers, but none of the Stratos Licensees' affiliates has a 50 percent or greater share of the market for international transport or local access in any country in which it operates. Moreover, the proposed transaction will not result in the Stratos Licensees acquiring any additional foreign carrier affiliations. Thus, the Commission should continue to find the Stratos Licensees to be non-dominant. (The applicants' responses to Questions 14 through 18 in their Section 214 transfer of control applications address these matters in greater detail.)

4. Stratos Will Remain Qualified as an Accounting Authority

Stratos Mobile holds a certification as an accounting authority currently administered under AAIC Code US09. Pursuant to Section 3.51 of the Commission's rules, Stratos Mobile is submitting an FCC Form 44 Application for Certification as an Accounting Authority, seeking Commission consent to Stratos Mobile's new indirect ownership. In its FCC Form 44 application, Stratos Mobile demonstrates that it will continue to have the legal and financial qualifications to serve as an accounting authority, and that Stratos Mobile's continued authorization as an accounting authority under new ownership would serve the public interest.

²⁴ *Id.* at 21371, ¶ 106.

III. PROCEDURAL MATTERS

Stratos has various license applications pending before the Commission, which may be granted while the proposed transaction is being considered and before it is consummated (the "Interim Period"). Consistent with Commission precedent, the parties request that the grant of this Application include authority with respect to all (i) authorizations issued to Stratos or any of its subsidiaries during the Interim Period; (ii) construction permits held by such companies that mature into licenses during the Interim Period; and (iii) applications that are pending at the time of consummation of the proposed transaction.²⁵

The applicants anticipate consummating the proposed transaction in April 2009, after the contractual restrictions expire that prohibit Inmarsat Global from owning or controlling Stratos. The applicants therefore respectfully request that any grant of authority allow the parties the opportunity to consummate the transaction on or shortly after April 15, 2009.²⁶

²⁵ See, e.g., *id.* at 21371-72, ¶ 107; *General Motors Corporation and Hughes Corporation, Transferors, and The News Corporation Limited, Transferee*, 19 FCC Rcd 6309, 6311-6312, ¶ 6 (2004); *Time Warner Inc. and America Online, Inc.*, 16 FCC Rcd 6547, 6678, ¶ 317 (2001).

²⁶ Commission rules generally allow 180 days to consummate transactions involving terrestrial wireless licenses, 47 C.F.R. § 1.948(d), but provide only 60 days to consummate transactions involving earth station applications, *id.* § 25.119(f). The vast majority of the licenses held by the Stratos Licensees are terrestrial wireless licenses subject to the 180-day timeframe. If the Commission consents to the proposed transaction more than 60 days before April 30, 2009, the Applicants request that the Commission consolidate the timeframe for closing with respect to all of the Stratos Licensees' various authorization types, and provide the applicants up to 180 days from the date of consent to consummate the transaction. See *Sirius Satellite Radio Inc.*, 18 FCC Rcd 215 (2003) (prospectively extending the timeframe for consummating a transfer of control with respect to certain authorizations in light of the expected closing date).

The applicants respectfully request that the Commission designate this proceeding as “*permit-but-disclose*” under the Commission’s rules regarding *ex parte* communications.²⁷

Designating this transaction as a “*permit-but-disclose*” proceeding will serve the public interest by facilitating the development of a complete record upon which a well-reasoned decision can be made, just as the Commission did during consideration of the transfer of control of Stratos to the Trust.²⁸

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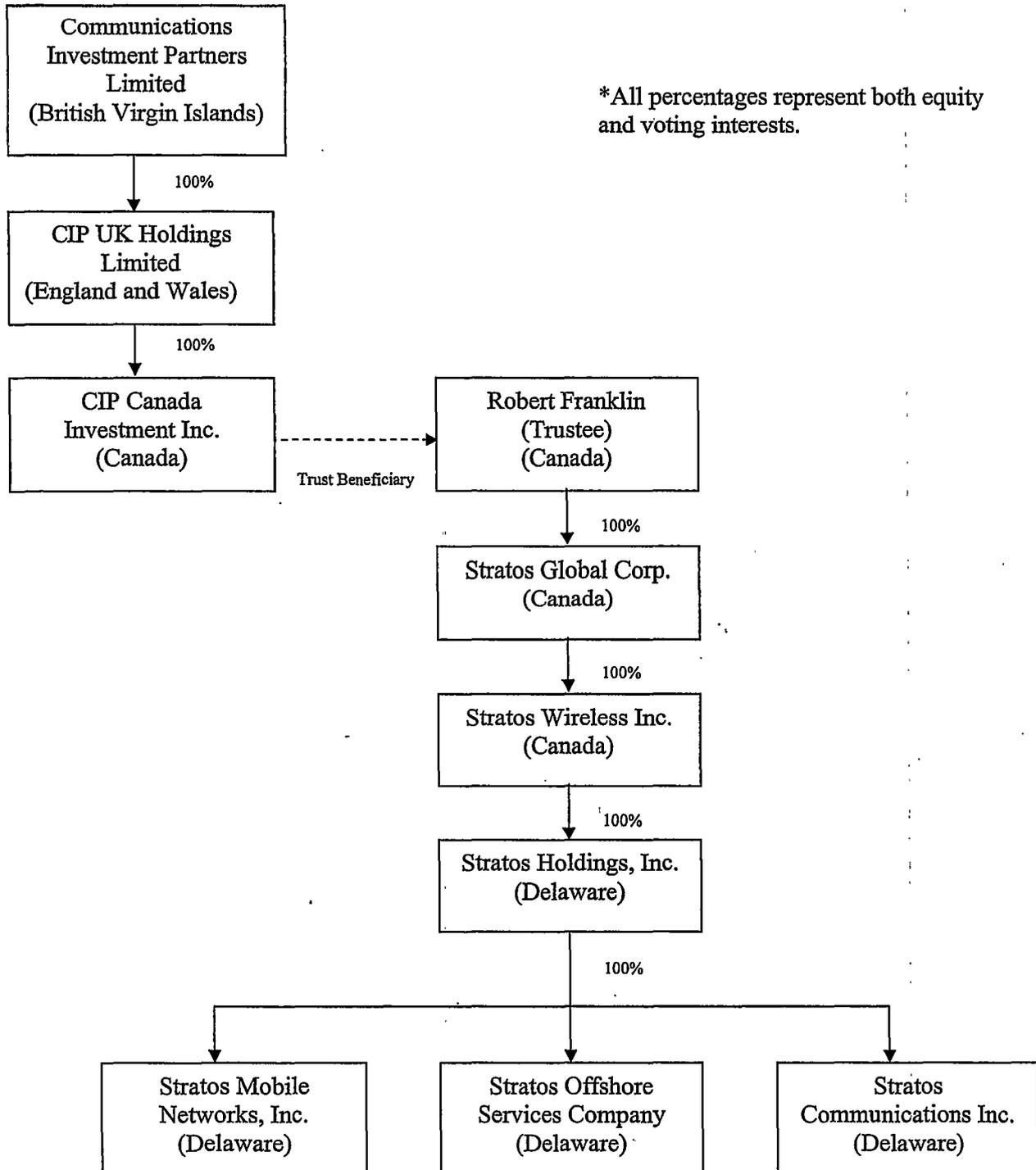
For the foregoing reasons, the applicants respectfully request that the Commission expeditiously approve the indirect transfer of control of Stratos from the Trust to Inmarsat.

²⁷ 47 C.F.R. § 1.1200, *et seq.*

²⁸ Public Notice, *Stratos Global Corp. and Robert M. Franklin, Trustee*, WC Docket No. 07-73, DA 07-2257 (rel. May 30, 2007).

APPENDIX A

CURRENT OWNERSHIP AND CONTROL OF THE STRATOS LICENSEES



APPENDIX B

INMARSAT PLC'S 10 PERCENT OR GREATER SHAREHOLDERS

Name, address, citizenship, principal place of business, and percentage held, directly or indirectly, of Inmarsat plc (to the nearest percent)

Harbinger Capital Partners Master Fund I, Ltd.

Address: c/o International Fund Services (Ireland) Limited, Third Floor,
Bishop's Square, Redmond's Hill, Dublin 2, Ireland
Citizenship: Cayman Islands
Principal Places of Business: United States, Ireland, the United Kingdom
Shareholdings in Inmarsat plc: 20 percent¹

Harbert Fund Advisors, Inc.

Address: 2100 Third Avenue North, Suite 600, Birmingham, AL 35203
Citizenship: Alabama
Principal Place of Business: United States
Shareholdings in Inmarsat plc: 29 percent (aggregate interest as investment advisor to entities that serve as investment managers to two funds: Harbinger Capital Partners Master Fund I, Ltd. (20 percent) and Harbinger Capital Partners Special Situations Fund, L.P. (9 percent))²

Lansdowne Partners Limited

Address: 15 Davies Street, London W1K 3AG, United Kingdom
Citizenship: England and Wales
Principal Place of Business: United Kingdom
Shareholdings in Inmarsat plc: 11 percent (aggregate voting power held through management of various Lansdowne investment funds)

Lehman Brothers (International) Europe

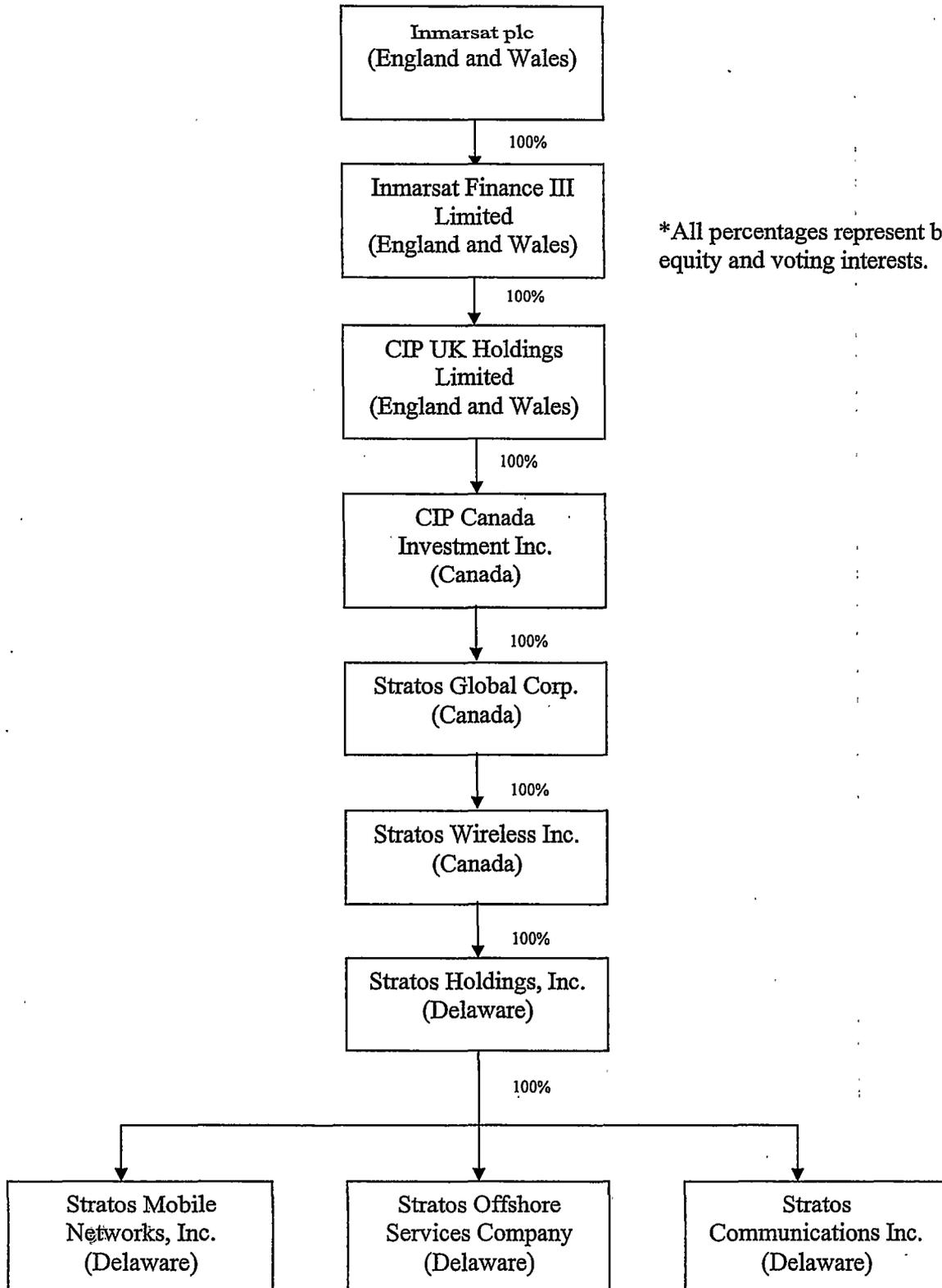
Address: 25 Bank Street, London E14 5LE, United Kingdom
Citizenship: England and Wales
Principal Place of Business: United Kingdom
Shareholdings in Inmarsat plc: 11 percent

¹ The ownership and control of Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P. are matters of public record. See *Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P., Petition for Declaratory Ruling Under Section 310(b) of the Communications Act of 1934, as amended*, File No. ISP-PDR-20080129-00002 (filed Jan. 29, 2008); *Mobile Satellite Ventures Subsidiary LLC and SkyTerra Communications, Inc.*, File Nos. ISP-PDR-20070314-00004; ISP-PDR-20080111-00001, FCC 08-77 (rel. Mar. 7, 2008).

² *Id.*

APPENDIX C

POST-TRANSACTION OWNERSHIP AND CONTROL OF THE STRATOS LICENSEES



APPENDIX D

PETITION FOR DECLARATORY RULING

The applicants respectfully request a declaratory ruling that it would serve the public interest to allow up to 100 percent indirect non-U.S. ownership of the subsidiaries of Stratos Global Corporation ("Stratos Global") that hold Commission authorizations (the "Stratos Licensees," and together with Stratos Global, "Stratos").¹

Stratos Offshore Services Company ("Stratos Offshore") and Stratos Communications Inc. ("Stratos Communications") hold common carrier earth station and terrestrial wireless licenses, to which the foreign ownership provisions of Section 310(b) of the Communications Act of 1934, as amended (the "Act") apply. Stratos Holdings, Inc. ("Stratos Holdings") and Stratos Offshore hold international Section 214 authority. Pursuant to Section 63.21(h) of the Commission's Rules, 47 C.F.R. § 63.21(h), Stratos Communications, Stratos Mobile Networks and Stratos Government Services, Inc. operate pursuant to the international Section 214 authority held by Stratos Holdings.² Stratos Offshore and Stratos Communications also provide domestic telecommunications services pursuant to Section 214 of the Act. In its recent order approving the transfer of control of Stratos to an irrevocable trust of which Robert M. Franklin is the trustee (the "Trust"), the Commission approved up to 100 percent ownership of Stratos by each of the entities listed in Appendix C hereto, including Inmarsat plc and its

¹ The proposed post-transaction ownership and control of the Stratos Licensees is shown in Appendix C.

² See International Authorizations Granted, DA 08-477 at 2 (Feb. 28, 2008); Section 63.21(h) Letter from Counsel for Stratos to Secretary, FCC (filed Jan. 30, 2008).

shareholders.³ The Commission also indicated that, if Inmarsat Finance III Limited (“Inmarsat Finance”) exercised its option to acquire CIP UK Holdings Limited (“CIP UK”), and thereby sought to indirectly acquire control of Stratos, the Commission would review Inmarsat plc’s ownership again.⁴ Therefore, the applicants include this foreign ownership analysis and respectfully request that the Commission find the proposed foreign ownership of Stratos to be consistent with the public interest. The information provided is substantially similar in form and substance to the information provided and approved in the *Stratos-Trust Order*.⁵

Stratos Offshore and Stratos Communications are directly held by Stratos Holdings (a Delaware corporation), which is wholly owned by Stratos Wireless Inc. (“Stratos Wireless”) (a Canadian corporation). Stratos Wireless is wholly owned by Stratos Global (also a Canadian corporation). Upon completion of the proposed transaction, CIP Canada Investment Inc. (“CIP Canada”) (a Canadian corporation) will hold 100 percent of the Stratos Global shares. CIP Canada is wholly owned by CIP UK, which will become a wholly-owned subsidiary of Inmarsat Finance, which, in turn, is wholly owned by Inmarsat plc. Each of CIP UK, Inmarsat Finance, and Inmarsat plc is a company formed under the laws of England and Wales. Each of the entities in the organizational structure between the Stratos Licensees and up to and including Inmarsat plc will hold 100 percent of the equity and 100 percent of the voting interests of the entity below it. Moreover, as demonstrated below in the principal place of business analysis,

³ See *Stratos Global Corporation, Transferor; Robert M. Franklin, Transferee; Consolidated Application for Consent to Transfer of Control*, 22 FCC Rcd 21328, 21370, ¶ 101 (2007) (“*Stratos-Trust Order*”).

⁴ *Id.* at 21370-71, ¶ 102.

⁵ See, e.g., Letter from Counsel for Inmarsat to Secretary, FCC, WC Docket No. 07-73 (filed Oct. 16, 2007).

each of the foregoing entities has its principal place of business in the United States, Canada or the United Kingdom.

Inmarsat plc is a widely-held public company, listed on the London Stock Exchange. As is demonstrated below, at least approximately 89 percent of the equity interests in Inmarsat plc is held, and approximately 88 percent of the voting power in Inmarsat plc is controlled, by individuals who are citizens of, or entities whose principal place of business is, the United States or another WTO-member country.

In its *Foreign Participation Order*,⁶ the Commission determined that it would promote competition in the United States and serve the public interest to allow indirect foreign investment beyond the 25 percent benchmark established by Section 310(b)(4) the Act. Since adopting the *Foreign Participation Order*, the Commission consistently has permitted non-U.S. individuals and entities to hold up to 100 percent of the equity and voting power in holders of FCC authorizations.⁷ In fact, in its order approving the transfer of control of Stratos to the Trust, the Commission permitted up to 100 percent foreign ownership of Stratos by Inmarsat plc and its shareholders, and by each of the intermediate entities that this application proposes to be in the ownership chain between Inmarsat plc and the Stratos Licensees.⁸

As detailed below, each of Stratos Holdings, Stratos Wireless, Stratos Global, CIP Canada, CIP UK, Inmarsat Finance, and Inmarsat plc has its principal place of business in the United States or another WTO-member country. Moreover, Inmarsat plc is over 75 percent

⁶ *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, 12 FCC Rcd 23891 (1997) ("*Foreign Participation Order*").

⁷ *See, e.g., Intelsat, Ltd., Transferor, and Zeus Holdings Ltd., Transferee*, 19 FCC Rcd 24820 (2004); *Applications of Comsat General Corporation*, 19 FCC Rcd 21216 (2004); *Voicestream Wireless Corporation*, 16 FCC Rcd 9779 (2001).

⁸ *See Stratos-Trust Order*, 22 FCC Rcd at 21370, ¶ 101.

owned (measured either by equity or voting interests) by citizens of, or entities with principal places of business in, the United States or another WTO-member country. As a result, the presumption that foreign ownership in excess of the Section 310(b)(4) benchmark serves the public interest applies here. Thus, the proposed foreign ownership of the Stratos Licensees is fully consistent with Commission precedent and should be found to be in the public interest.

Principal Place Of Business Showing (Post-Transaction)

The applicants provide the following information regarding the principal place of business for each of Stratos Holdings, Stratos Wireless, Stratos Global, CIP Canada, CIP UK, Inmarsat Finance and Inmarsat plc. Specifically, in accordance with Commission precedent,⁹ the following information is being provided: (1) place of incorporation; (2) nationality of investment principals (those entities or individuals having a 10 percent or greater interest), officers and directors; (3) the country in which the headquarters are located; (4) country in which the majority of tangible property is located; and (5) the country from which the company derives the greatest amount of sales and revenues from operations. Applying the Commission's five-factor test shows that each of the relevant Stratos, CIP and Inmarsat entities has its principal place of business in the United States, Canada, or the United Kingdom.

Stratos Holdings, Inc.

1. Stratos Holdings is a Delaware corporation.
2. Stratos Holdings is 100 percent owned (both equity and voting interests) by Stratos Wireless. All of the officers and directors of Stratos Holdings are either U.S., Canadian or Dutch citizens.
3. The world headquarters of Stratos Holdings is located in the United States.

⁹ See *Foreign Ownership Guidelines for FCC Common Carrier and Aeronautical Radio Licenses*, DA 04-3610, at 11-12 (Nov. 17, 2004).

4. Stratos Holdings is a holding company. Other than Section 214 authorizations held for the benefit of certain of its subsidiaries and the shares of its subsidiaries, Stratos Holdings has no material tangible property of its own.

5. Stratos Holdings is a holding company, with no sales or revenues of its own.

Stratos Wireless Inc.

1. Stratos Wireless is a Canadian corporation.

2. Stratos Wireless is 100 percent owned (both equity and voting interests) by Stratos Global. All of the officers and directors of Stratos Wireless are Canadian citizens.

3. The world headquarters of Stratos Wireless is located in Canada.

4. The majority of Stratos Wireless's tangible property is in Canada.

5. Stratos Wireless derives the greatest amount of its sales and revenues from its operations in Canada.

Stratos Global Corporation

1. Stratos Global is a Canadian corporation.

2. Stratos Global will be 100 percent owned (both equity and voting interests) by CIP Canada. All of the current officers and directors of Stratos Global are either U.S. or Canadian citizens.

3. The world headquarters of Stratos Global is located in the United States.

4. Stratos Global is a holding company. Other than the shares of its subsidiaries, Stratos Global has no material tangible property of its own.

5. Stratos Global is a holding company, with no sales or revenues of its own.

CIP Canada Investment Inc.

1. CIP Canada is a Canadian corporation.

2. CIP Canada is 100 percent owned (both equity and voting interests) by CIP UK. At closing, it is anticipated that the officers and directors of CIP Canada will be citizens of the following countries: the United States, Canada, the Netherlands, France, or the United Kingdom.

3. The world headquarters of CIP Canada is located in Canada.

4. CIP Canada is a holding company. Other than the shares of Stratos Global that it will acquire upon consummation of the proposed transaction, CIP Canada will have no material tangible property of its own.
5. CIP Canada is a holding company, with no sales or revenues of its own.

CIP UK Holdings Limited

1. CIP UK is a company formed under the laws of England and Wales.
2. CIP UK will be 100 percent owned (both equity and voting interests) by Inmarsat Finance. At closing, it is anticipated that the officers and directors of CIP UK will be citizens of the following countries: the United States, Canada, the Netherlands, France, or the United Kingdom.
3. The world headquarters of CIP UK is located in the United Kingdom.
4. CIP UK is a holding company. Other than the shares of CIP Canada, CIP UK has no material tangible property of its own.
5. CIP UK is a holding company, with no sales or revenues of its own.

Inmarsat Finance III Limited

1. Inmarsat Finance is a company formed under the laws of England and Wales.
2. Inmarsat Finance is 100 percent owned (both equity and voting interests) by Inmarsat plc. The officers and directors of Inmarsat Finance are citizens of the United States or the United Kingdom.
3. The world headquarters of Inmarsat Finance is located in the United Kingdom.
4. The majority of Inmarsat Finance's tangible property is located in the United Kingdom.
5. Aside from income from its loan to CIP UK, Inmarsat Finance has no sales or revenues of its own.

Inmarsat plc

1. Inmarsat plc is a company formed under the laws of England and Wales.
2. Inmarsat plc is widely-held. Each entity that owns or controls 10 percent or more of the equity interests in, or the voting power of, Inmarsat plc has its place of formation or principal place of business in the United States, the Cayman Islands, Ireland or the United Kingdom. The officers and directors of Inmarsat plc are citizens of Australia, the United States or the United Kingdom.

3. The world headquarters of Inmarsat plc is located in the United Kingdom.
4. The majority of Inmarsat plc's tangible property is located in the United Kingdom.
5. Inmarsat plc derives the greatest amount of its sales and revenues from Canada.

Details on Ownership of Shares of Inmarsat plc

As noted above, Inmarsat plc is a public limited company listed on the London Stock Exchange (LSE: ISAT). Inmarsat plc has one class of voting shares – ordinary shares of €0.0005 each with one vote per share, 458,400,172 of which are issued and outstanding. There are currently over 2,200 registered shareholders of Inmarsat plc.

At least approximately 89 percent of the Inmarsat plc shares is beneficially owned, and approximately 88 percent of the voting power in Inmarsat plc is controlled, by U.S. or other WTO-based companies, or by senior Inmarsat plc management who are citizens of the United States or other WTO-member countries. To Inmarsat plc's knowledge, approximately an additional 1.32 percent of its shares is owned and voted by entities from non-WTO-member countries. In the aggregate, holdings where equity and voting interests are known comprise approximately 90 percent (equity) and 89 percent (voting) of the interests in Inmarsat plc.

Inmarsat plc bases its shareholder analysis on data collected by JPMorganCazenove Limited ("Cazenove") at Inmarsat plc's request, which Inmarsat plc requests in the ordinary course of business, and in accordance with the UK Companies Act (which governs Inmarsat plc). This shareholder analysis is based on Cazenove's most recent survey conducted in May 2008.¹⁰

¹⁰ Cazenove surveys only shareholders that own 100,000 or more shares. Shareholdings of 100,000 or less each represent only approximately 0.02 percent of the issued and outstanding shares, which is considered de minimis for Cazenove's review purposes. Inmarsat plc does

Cazenove reviews raw shareholder data maintained by the Inmarsat plc share registrars and classifies this data by known shareholding names. Cazenove also investigates shareholdings to identify, where possible, the underlying beneficial ownership. In accordance with the UK Companies Act, this investigation typically involves writing to the named shareholder, requesting that it provide the relevant information relating to the underlying ownership. Cazenove also takes steps to determine the country of "domicile"¹¹ for Inmarsat plc's shareholders and any third parties that manage those shareholdings. As with the Commission's "principal place of business" test, Cazenove conducts research to look beyond the street address associated with the shares. Among other things, Cazenove looks to available information such as: investment purpose, country of organization, location of headquarters, and country from which the funds being managed were contributed.

Cazenove does not analyze holdings of private individuals. However, data maintained by the share registrars indicates that a small percentage (less than 1 percent) of Inmarsat plc shares is owned by individuals, other than Inmarsat management, whose citizenship is not known. The vast majority of these individuals own less than 0.01 percent each. Certain members of Inmarsat plc's senior management (who are citizens of the United States or other WTO-member countries) own in the aggregate approximately 1.08 percent.

In many instances, Inmarsat plc shares are managed by a different entity than the beneficial owner, with the investment manager typically exercising the voting power. This shareholder analysis accounts for this distinction by attributing beneficial holdings to equity

not in most cases know the principal place of business of beneficial owners who own fewer than 100,000 shares each.

¹¹ Although Cazenove uses the term "domicile," the applicants refer to "principal place of business," consistent with the Commission's terminology.

ownership and management holdings to voting interests.¹² All percentages listed below are approximate, and derived as described above.

1. Aggregate percentage of total equity and voting stock held by or on behalf of individuals that are citizens of the United States.

Except as noted below with respect to Inmarsat plc management, approximately 0.01 percent of shares is owned by individuals whose citizenship has not been ascertained, but whose shares are registered in their names to United States addresses.¹³ Cazenove has not investigated whether additional shareholdings may be held by individuals through a street name.

2. The aggregate percentage of total equity and voting stock held by or on behalf of individuals that are citizens of foreign countries.

Except as noted below, approximately 0.6 percent of Inmarsat plc shares is owned by individuals whose citizenship has not been ascertained, but whose shares are registered in their names to non-U.S. addresses.¹⁴ Cazenove has not investigated whether additional shareholdings may be held by individuals through a street name.

Certain individuals in Inmarsat plc senior management (who are citizens of the United States or other WTO-member countries) hold, in the aggregate, approximately 1.08

¹² In certain cases in which the beneficial owner is known, either it is not certain whether that beneficial owner relies on a manager, or Inmarsat plc does not have complete information about the manager that might exercise voting power. In the aggregate, those circumstances exist for approximately 1 percent of Inmarsat plc's shares.

¹³ Because citizenship has not been ascertained for these individuals, their shareholdings are not included in the above calculation of aggregate equity or aggregate voting interests in Inmarsat plc held by citizens of, or entities with their principal place of business in, the United States or other WTO-member countries.

¹⁴ Because citizenship has not been ascertained for these individuals, their shareholdings are not included in the above calculation of aggregate equity or aggregate voting interests in Inmarsat plc held by citizens of, or entities with their principal place of business in, the United States or other WTO-member countries.

percent of Inmarsat plc shares (voting and equity). These individuals are citizens of Australia, the United Kingdom, or the United States.

3. Aggregate percentage of total equity and voting stock held by banks, insurance companies, pension plans and foundations/endowments organized in the United States and controlled by U.S. citizens.

Banks, insurance companies, pension plans and foundations/endowments (including holdings by analogous entities such as custodians, market makers and charities) organized in the United States and controlled by U.S. entities or individuals hold approximately 0.78 percent of the equity and 0.29 percent of the voting interests in Inmarsat plc.¹⁵

4. Aggregate percentage of total equity and voting stock held by banks, insurance companies, pension plans and foundations/endowments controlled by foreign citizens or organized in foreign countries.

Banks, insurance companies, pension plans and foundations/endowments (including holdings by analogous entities such as custodians, market makers and charities) organized in foreign countries or controlled by foreign individuals or entities hold approximately 13.89 percent of the equity and 13.49 percent of the voting interests in Inmarsat plc.¹⁶ Entities in this category have their principal place of business in one of the following countries, all of which

¹⁵ Shares of Inmarsat plc that fall into this category, where it is unknown whether the beneficial owner relies on a manager that exercises voting power, comprise approximately 0.5 percent of the outstanding equity interests in Inmarsat plc. Thus, these shareholdings are not included in calculating known voting power.

¹⁶ Shares of Inmarsat plc that fall into this category, where it is unknown whether the beneficial owner relies on a manager that exercises voting power, comprise approximately 0.4 percent of the outstanding equity interests in Inmarsat plc. Thus, these shareholdings are not included in calculating known voting power.

are members of the WTO: Channel Islands, Finland, France, Germany, Ireland, Italy, Luxembourg, Norway, Scotland, Switzerland, or the United Kingdom.¹⁷

- 5. The aggregate percentage of total equity and voting stock held by private equity funds and management investment companies (i.e., closed end funds and mutual funds) investing in Inmarsat plc that are organized in the United States and that have their principal places of business in the United States.**

Private equity funds and management investment companies (including holdings by analogous entities such as hedge funds and unit trusts) that are organized in the United States and that have their principal places of business in the United States hold approximately 13.60 percent of the equity and 33.19 percent of the voting interests in Inmarsat plc.¹⁸

- 6. The aggregate percentage of total equity and voting stock held by private equity funds and management investment companies (i.e., closed end funds and mutual funds) investing in Inmarsat plc that are organized in a foreign country or that have their principal places of business in a foreign country.**

Private equity funds and management investment companies (including holdings by analogous entities such as hedge funds and unit trusts) that are organized in a foreign country or that have their principal places of business in a foreign country hold approximately 53.81

¹⁷ Shares of Inmarsat plc that fall into this category, where the beneficial owners' shares are managed by an entity with its principal place of business in a different country, comprise approximately 0.6 percent of the outstanding equity interests in Inmarsat plc. In each such case, the manager has its principal place of business in one of the WTO-member countries listed above.

¹⁸ As indicated in Appendix B, Harbert Fund Advisors, Inc., an Alabama corporation with its principal place of business in the United States ("Harbert"), serves as investment advisor to an entity that serves as investment manager to Harbinger Capital Partners Master Fund I, Ltd., a fund organized in the Cayman Islands ("Harbinger Master Fund") that owns approximately 19.59 percent of the outstanding shares of Inmarsat plc. Therefore, this analysis ascribes (i) to Harbert the voting power with respect to this 19.59 percent ownership interest (accounted for in category 5 of this shareholder analysis), and (ii) to Harbinger Master Fund the equity with respect to this 19.59 percent ownership interest (accounted for in category 6 of this shareholder analysis).

percent of the equity and 33.94 percent of the voting interests in Inmarsat plc.¹⁹ Entities in this category have their principal place of business in one of the following countries, all of which are members of the WTO: Australia, France, Germany, Ireland, Isle Of Man, Italy, Luxembourg, Norway, Scotland, Switzerland, or the United Kingdom.²⁰

7. Other types of investors not covered above.

To the best of Inmarsat plc's knowledge, none of its shares is owned and voted by investors not covered above that are both organized in the United States and have their principal places of business in the United States.

Approximately 7.1 percent of Inmarsat plc shares is owned and voted by entities not covered above that have a principal place of business in a foreign country, including Bangladesh, China, Gabon, Italy, Japan, Liberia, Libyan Arab Mamahiriya, Russian Federation, and Vietnam. These shareholders, including those discussed in the next paragraph, are either representatives of governments or privatized telecommunications companies.

Of the foregoing interests, the following is the aggregate percentage of equity and voting interests attributable to non-WTO investment: one Liberian investor (0.14 percent), one Libyan Arab Mamahiriya investor (0.03 percent), and one Russian Federation investor (1.15 percent). These are legacy shareholders from the period when Inmarsat plc was an intergovernmental organization. These shareholders then held shares in Inmarsat plc when it

¹⁹ *See id.* Shares of Inmarsat plc that fall into this category, where it is unknown whether the beneficial owner relies on a manager that exercises voting power, comprise approximately 0.28 percent of the outstanding equity interests in Inmarsat plc. Thus, these shareholdings are not included in calculating known voting power.

²⁰ Shares of Inmarsat plc that fall into this category, where the beneficial owners' shares are managed by an entity whose principal place of business is in a different country, comprise approximately 20.58 percent of the outstanding equity interests in Inmarsat plc. In each such case, the manager's principal place of business is in the United States or another WTO-member country listed above.

became a private company in 1999 and subsequently when it became a quoted company on the London Stock Exchange. To date, these shareholders have not traded their original shareholdings.

Stratos Offshore Services Company
Application to Transfer Control

Response to Questions 97-99

Inmarsat plc, the transferee of control, is a company formed under the laws of England and Wales and more than 20% of its shares are held and voted by non-US companies and individuals. Inmarsat plc is not controlled by any other corporation. However, post-transaction, the licensee Stratos Offshore Services Company will be indirectly more than 25% owned and controlled by non-US entities. Please see Appendix D to the Narrative attached to this application for the required foreign ownership disclosure.