

October 3, 2007

**FILED ELECTRONICALLY WITH ECFS**

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

**Re: Ex Parte Presentation**

**In the Matter of Stratos Global Corporation and Robert M. Franklin, Trustee  
WC Docket No. 07-73, DA 07-2257**

Dear Ms. Dortch:

This letter is being submitted on behalf of Stratos Global Corporation ("Stratos"), Robert M. Franklin ("Trustee"), CIP Canada Investment Inc. ("CIP Canada"), and Inmarsat Finance III Limited ("Inmarsat Finance") to respond to certain issues raised in a meeting in the above-captioned matter with the International Bureau and General Counsel staff on September 27, 2007.

**Trust Agreement**

The term "Working Balance" in Section 8a of the Trust Agreement is not defined. In Section 8a, the parties intend that the Trustee should deduct from any dividends or other distributions any amounts owed the Trustee under Sections 7b and 7c of the Trust Agreement. Following this deduction (if any), the amounts remaining from the dividend or distribution are paid to Bidco (the Trust beneficiary).

**Purchase Price**

The purchase price can be calculated as follows. CIP Canada has agreed to pay CDN \$7.00 a share for each of the Stratos shares.<sup>1</sup> The total number of outstanding Stratos shares is 41,998,207.<sup>2</sup> Accordingly, the total purchase price is CDN \$293,987,449. Under the Facilities Agreement, Inmarsat Finance has committed to provide this amount of acquisition consideration to CIP UK in Canadian Dollars. *See* Facilities Agreement at Section 5.3.

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<sup>1</sup> *See* Stratos Opposition at 6 (July 9, 2007) ("Stratos Opposition"); Arrangement Agreement Amendment at 1 (June 11, 2007) (Attachment B to Stratos Opposition).

<sup>2</sup> *See* Stratos Global Q2 Consolidated Financial Statements at 24 (July 31, 2007) available at [http://www.stratosglobal.com/documents/factsheets/corp\\_financial\\_quarterlyReport\\_2007Q2.pdf](http://www.stratosglobal.com/documents/factsheets/corp_financial_quarterlyReport_2007Q2.pdf)

### **Additional Collateral**

The Facilities Agreement provides for CIP Canada to do one of two things if and when Inmarsat Finance exercises its option to acquire the shares of CIP UK (and indirectly acquire CIP Canada and Stratos): (i) already be in the process of seeking regulatory approval to transfer the Stratos shares from the Trustee to CIP Canada (having commenced that process at least six months before the option becomes exercisable)<sup>3</sup>, or (ii) provide additional collateral to secure CIP Canada's obligations as a guarantor of the Facilities Agreement. The additional collateral would consist of a pledge of the Stratos shares, security interests in the assets of certain material Stratos subsidiaries, and guarantees of certain material Stratos subsidiaries. As long as CIP Canada is pursuing those regulatory approvals, it is not required to provide that additional collateral. *See* Facilities Agreement at Section 26.5(d), Section 1 (definition of "Grace Period"), and Schedule 11 at Section 14. Of course, until CIP Canada acquires control of Stratos (after obtaining Commission consent), CIP Canada has no power to cause Stratos (or any Stratos subsidiary) to do anything, nor can CIP Canada pledge Stratos shares that it does not yet own.

### **Third Party Lenders**

If the Stratos Board determines to borrow money and the Trustee does not (through his right of first refusal) loan that money, Stratos may borrow from a third party lender. Because Stratos has existing indebtedness (public debt), any collateral in favor of a new lender would likely be subordinate to the collateral that secures Stratos' public debt. As is customary, the terms of any intercreditor agreement between the public debt holders and that new third party lender would be established at the time.

If CIP UK were to borrow funds from a third party, any CIP UK assets pledged in favor of that third party would likely be subordinate to Inmarsat Finance's existing security interests in CIP UK. Similarly, as well, the terms of any intercreditor agreement between Inmarsat Finance and that third party would be established at the time. CIP would need Inmarsat's consent to borrow additional funds from another lender.

### **Debt Service**

Once Inmarsat's option to acquire control of Stratos becomes exercisable (currently on April 14, 2009), CIP UK is obligated to commence paying principal under the Facilities Agreement. However, CIP UK does not need to make those principal payments if CIP Canada is then seeking regulatory approval to transfer the Stratos shares from the Trustee to CIP Canada (having commenced that process by October 14, 2008). Once the option becomes exercisable, CIP UK also is required to commence paying interest to Inmarsat Finance, but if CIP UK does not have sufficient cash to do so, such interest will be capitalized and added to the outstanding

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<sup>3</sup> *I.e.*, by October 14, 2008, based on the option currently becoming exercisable on April 14, 2009.

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loan balance until December 31, 2010. *See* Facilities Agreement at Section 6.1(a), Section 11.2(b), and Section 1 (definitions of “Grace Period” and “Facility A Repayment Date”).

### **Distribution Agreement Restrictions**

Inmarsat Global Ltd. (“Inmarsat Global”) has a series of standard distribution agreements. Each of its distributors has a Commercial Framework Agreement (“CFA”), which covers the distribution of any service. In addition, Inmarsat Global has distribution agreements specifically covering different services. There is a Land Earth Station Operating Agreement (“LESO Agreement”), which covers the distribution of Inmarsat’s on-demand services through the Land Earth Station Operators (“LESOs”). Inmarsat also has additional distribution agreements covering the distribution of Lease Services, RBGAN, BGAN, Fleet Broadband and Swift Broadband.

The trust structure was established to ensure that Inmarsat Global complied with restrictions in the distribution agreements. The principal restrictions are in the LESO Agreement and CFA.

Clause 2.8 of the LESO Agreement provides that:

During the Extended Term, the Company [Inmarsat Global] shall not be entitled to establish an LES or to acquire an existing LES or to become the Affiliate of (or have any other direct or indirect ownership interest in) an entity that operates an LES, save in the circumstances set out in Clauses 2.9, 2.10, 2.11 and 2.12 below.

In turn, Clause 1.1 of the LESO Agreement defines an “Affiliate” as:

a Person that directly, or indirectly through one (1) or more intermediaries, controls or is controlled by, or is under common control with, the specified Person. For purposes of the foregoing, “control” (including the terms “controlling,” “controlled by,” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, or by contract.

Clause 10.1 of the CFA provides that:

“[Inmarsat Global] shall not distribute BGAN Services or New Services either directly or through an Affiliate to End Users within 24 months of the commercial launch of the BGAN Service of any New Service launched during the term of this Agreement...”<sup>4</sup>

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<sup>4</sup> The CFA employs the same definition of “Affiliate” as the LESO Agreement. The term “New Service” means any services introduced by Inmarsat after April 15, 2004, other than a service

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The trust structure is intended to ensure that the proposed transaction complies with these distribution agreement provisions by vesting control over Stratos in the Trustee.

Please let us know if we can provide any additional information to process the pending applications.

Respectfully submitted,

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that meets the definition of one of the existing services.

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