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

In the Matter of	)	
	)	
INMARSAT VENTURES LIMITED	)	File No. SAT-MSC-20040210-00027
	)	

COMMENTS OF STRATOS MOBILE NETWORKS, INC.

Stratos Mobile Networks, Inc. and Stratos Communications Inc. (collectively, "Stratos"), holders of U.S. licenses to operate mobile earth terminals that communicate with various Inmarsat satellites, hereby fully support the request of Inmarsat Ventures Limited ("Inmarsat") for a determination that it has satisfied the independence and initial public offering ("IPO") requirements of the Open-Market Reorganization for the Betterment of International Telecommunications Act ("ORBIT Act").[1]

Stratos is a leading provider of mobile satellite services using the space segment capacity on satellites operated by Inmarsat, Iridium LLC ("Iridium"), Mobile Satellite Ventures LLP ("MSV"). Stratos and the corporate parent, Stratos Global Corporation, are headquartered in Bethesda, Maryland. Inmarsat services are very important to Stratos' customers, which include the U.S. military, State Department, Department of Homeland Security, Federal Bureau of Investigation, Drug Enforcement Administration, Coast Guard, and U.S. state and local

[1] *See* Letter from Alan Auckenthaler, Inmarsat Ventures Limited, to Marlene H. Dortch, Federal Communications Commission (Feb. 10, 2004) ("Inmarsat Letter"). The Inmarsat Letter was placed on public notice on March 5, 2004 and assigned file number SAT-MSC-20040210-00027. *See* Public Notice, SAT-00197 (Mar. 5, 2004).

governments. U.S. Government reliance on Stratos' Inmarsat services has increased significantly since 9/11. The U.S. maritime, fishing, oil and gas, broadcasting and natural resources industries also rely on the Inmarsat services provided by Stratos for their remote communications needs. For Stratos and its customers, Inmarsat provides important competition in the U.S. market to U.S.-based satellite operators. A determination that Inmarsat has satisfied the independence and IPO requirements of the ORBIT Act would ensure the continuity of such competition and important services to Stratos' government and private sector customers.

I. BACKGROUND

In October 2001, the Federal Communications Commission authorized various Inmarsat service providers, including several Stratos affiliates, to provide mobile satellite service via Inmarsat satellites.[2] In doing so, the Commission determined that Inmarsat had met all of the criteria for privatization under the ORBIT Act, except the independence requirement under section 621(2) of that Act, which in turn required the conduct of an IPO in accordance under section 621(5)(A) & (B). Accordingly, the Commission conditioned the grant of the authorizations to Stratos and other Inmarsat providers on Inmarsat's compliance with these requirements.

As described in more detail in Inmarsat's request, on December 17, 2003, private equity funds advised by Apax Partners and Permira acquired a combined 52.28% beneficial ownership interest in the newly-formed Inmarsat Group Holdings Limited, which is now the ultimate parent of Inmarsat Ventures Limited and its affiliates. This acquisition was financed in part through an IPO of Inmarsat debt securities, which closed on February 3, 2004. Inmarsat's

---

[2] *See Comsat Corporation, et al.*, 16 FCC Rcd. 21661 (2001) ("*Inmarsat Market Access Order*").

debt securities have already been listed on the Luxembourg Stock Exchange and are now being registered with the U.S. Securities Exchange Commission ("SEC"). As a result of these transactions and agreements ancillary thereto, Inmarsat is now majority-owned and controlled by equity funds advised by Apax Partners and Permira. Neither the Apax Partners' funds nor Permira's funds are affiliated with any former INMARSAT signatories.[3] As a result, former INMARSAT signatories no longer control Inmarsat.

II. INMARSAT HAS MET THE ORBIT ACT'S INDEPENDENCE AND SUBSTANTIAL DILUTION REQUIREMENTS OF SECTION 621(2)

Section 621(2) of the ORBIT Act requires Inmarsat to "operate as [an] independent commercial entit[y], and have a pro-competitive ownership structure . . . ." To achieve such independence, Inmarsat is required to conduct an IPO of securities in accordance with section 621(5). In determining whether a public offering attains such substantial dilution, the Commission must "take into account the purposes and intent, privatization criteria, and other provisions of [the ORBIT Act], as well as market conditions."[4]

The December 2003 transaction and the February 2004 IPO gave Inmarsat the independence contemplated by Section 621(2) of the ORBIT Act. The main concern of Congress in requiring independence was to ensure that the government telecommunications monopolies that were typically INMARSAT signatories should not be able to control the privatized Inmarsat in a manner that could frustrate competition in the market for global satellite services. This concern has now been allayed with the Apax Partners and Permira funds acquiring a 52.28% beneficial interest in Inmarsat's new parent company, Inmarsat Group

---

[3] Inmarsat Letter at 3.

[4] ORBIT Act § 621(2).

Holdings Limited, and certain members of Inmarsat management acquiring a further 4.75%. As a result, the total level of private, non-signatory ownership in Inmarsat is now 57% – more than double the level of dilution approved by the Commission when New Skies conducted its IPO pursuant to the ORBIT Act.[5] In addition, seventy of the eighty-five former signatories of INMARSAT no longer hold any ownership interest in the privatized Inmarsat as a result of these transactions. A Stratos affiliate, who succeeded Teleglobe as the Canadian signatory about six months prior to Inmarsat privatization, sold all but a nominal amount of shares in this transaction.

. As a result of all this dilution, the former INMARSAT signatories can no longer exercise *de jure* or *de facto* control over the privatized Inmarsat. Accordingly, Inmarsat has met the independence and substantial dilution requirements of Section 621(2).

III. INMARSAT HAS MET THE IPO REQUIREMENTS OF SECTION 621(5)(A) OF THE ORBIT ACT

Section 621(5)(A) of the ORBIT Act requires Inmarsat to conduct an "initial public offering of securities." The term "securities" is not defined by the ORBIT Act, but in both common and statutory usage includes both equity and debt securities, as explained in Inmarsat's filing.[6] Thus, on a plain reading of the ORBIT Act, the IPO requirement in section 621(5)(A) may be satisfied by either an offering of debt as well as equity securities.

The text of the ORBIT Act makes it clear that the twin purposes of the IPO requirement were (1) to create an Inmarsat independent of the Signatories through substantial

---

[5] *New Skies Sattellites, N.V.*, 16 FCC Rcd. 7482 (2001) (approving under the ORBIT Act an IPO in which non-INTELSAT signatories acquired a 23% ownership stake in New Skies).

[6] Inmarsat Letter at 8 n.27.

dilution; and (2) to achieve transparency through effective securities regulation.[7] As explained in Part II, above, Inmarsat has more than exceeded the substantial dilution requirement.

Inmarsat's public debt offering is entirely consistent with these purposes. As the Commission has previously explained, Inmarsat's privatization need only be "consistent with" the criteria in section 621 of the ORBIT Act. This standard connotes "a degree of flexibility" necessary for the Commission to "avoid frustrating Congressional intent to enhance competition in the U.S. telecommunications market by an overly narrow interpretation."[8] To the extent that a public offering of debt securities leads to a substantial dilution of ownership by former INMARSAT signatory, it should be considered consistent with the ORBIT Act and sufficient to satisfy its requirements.

In this case, the public debt offering was an essential component of the financing necessary to dilute the ownership of the former Inmarsat Signatories. As Inmarsat explained:

> In order to fund their acquisition of Inmarsat Venturers, and thereby dilute the ownership of the former Inmarsat Signatories, funds advised by Apax Partners and by Permira needed to raise financing from third parties. As is common in transactions of this type, they arranged for a bridge loan that facilitated a prompt closing of the equity investment. This bridge loan, in the amount of $365 million and with a maturity date of December 16, 2004, was used to fund partially the acquisition of Inmarsat Ventures and thereby dilute the ownership by former Inmarsat Signatories. This bridge loan was repaid in full on February 3, 2004 from the proceeds of the Series A Notes (described below). Moreover, the financial institutions providing this financing expressly contemplated that this bridge loan would be repaid from the proceeds of an IPO of Inmarsat debt securities.

---

[7] *See* ORBIT Act § 621(2) ("The successor entities . . . of . . . Inmarsat shall conduct an initial public offering in accordance with paragraph (5) to achieve such independence."); § 621(5)(B) (requiring listing on one or more major stock exchanges with "transparent and effective securities regulation.").

[8] *See Inmarsat Market Access Order* at 21682 ¶ 35.

In this case, Inmarsat has achieved substantial dilution through a public offering of debt securities when it has been unable to complete a public offering of equity. As the Commission knows, Inmarsat has tried several times to conduct a public share offering to satisfy the ORBIT Act. On each occasion, it had to postpone the offering due to poor market conditions. By conducting an offering of debt securities in aid of the transaction with the Apax Partners and Permira funds, Inmarsat has achieved substantial dilution within the timeframe established by the ORBIT Act.

Accordingly, the Commission should find that Inmarsat has met the requirements of section 621(5)(A) of the ORBIT Act.

IV. INMARSAT HAS COMPLIED WITH SECTION 621(5)(B) OF THE ORBIT ACT

Section 621(5)(B) of the ORBIT Act requires the shares of Inmarsat's successor entities to be listed for trading on one or more major stock exchanges with transparent and effective securities regulations.

While the listing of Inmarsat's debt securities on the Luxembourg Stock Exchange is not a listing of "shares" as such, it is nevertheless "consistent with" the statutory purpose of Section 621(5)(B) to provide transparency through effective securities regulation.

As more fully described in Inmarsat's filing, the listing of the debt securities and their registration with the SEC will subject Inmarsat to transparent and effective securities regulation.[9] In particular, Inmarsat will be required to provide essentially the same kinds of market disclosures as would a company whose shares were publicly listed on the Luxembourg exchange and registered with the SEC, including disclosures about "changes in shareholders'

[9] *Id.* at 9-15.

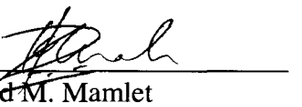
equity"[10] and "changes in business, management or control."[11] This should allay any concern that Inmarsat's shares would be subject to manipulation or that former INMARSAT signatories would regain control of the privatized Inmarsat surreptitiously.

As a result, because the public listing and registration of Inmarsat's debt securities would produce substantially the same benefits as the listing and registration of Inmarsat's shares, the Commission should find that Inmarsat has also satisfied the requirements of section 621(5)(B) of the ORBIT Act.

V. CONCLUSION

For the reasons stated above, Stratos respectfully supports Inmarsat's request for a determination that it has satisfied the independence and initial public offering ("IPO") requirements of the ORBIT Act.

Respectfully submitted,



Alfred M. Mamlet
Chung Hsiang Mah
Steptoe & Johnson LLP
1330 Connecticut Avenue, NW
Washington, D.C. 20036
Tel: (202) 429-3000
Fax: (202) 429-3902

Counsel for Stratos Mobile Networks, Inc. and Stratos Communications, Inc.

Date: April 5, 2004

[10] *Id.* at 14.

[11] *Id.*

CERTIFICATE OF SERVICE

I, Chung Hsiang Mah, hereby certify that on this 5th day of April, 2004, copies of the Comments of Stratos Mobile Networks, Inc. were sent by hand-delivery (*) and by first class, postage pre-paid mail, to the following:

John P. Janka
Latham & Watkins LLP
555 11th Street, N.W., Suite 1000
Washington, D. C. 20004-1304

Alan Auckenthaler
Vice President - General Counsel
c/o Immarsat Inc.
1050 Connecticut Ave., N.W.
Suite 1000
Washington, D.C. 20036

Chairman Michael K. Powell*
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Commissioner Kathleen Q. Abernathy*
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Commissioner Michael J. Copps*
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Commissioner Kevin J. Martin*
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Commissioner Jonathan S. Adelstein*
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

CERTIFICATE OF SERVICE

Donald Abelson, Chief*
International Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

James Ball, Chief*
Policy Division
International Bureau
Federal Communications Commission
455 12th Street, SW
Washington, DC 20554

Sam Feder*
Legal Advisor
Office of Commissioner Martin
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Alexandra Field*
Senior Legal Advisor
International Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Jennifer Manner*
Senior Counsel
Office of Commissioner Abernathy
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Paul Margie*
Legal Advisor
Office of Commissioner Copps
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

CERTIFICATE OF SERVICE

Barry Ohlson*
Legal Advisor
Office of Commissioner Adelstein
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Marilyn J. Simon*
Satellite Division
International Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Thomas S. Tycz, Chief*
Satellite Division
International Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Douglas W. Webbink*
Chief Economist
International Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Sheryl J. Wilkerson*
Legal Advisor
Office of Chairman Powell
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

David Meltzer
General Counsel
INTELSAT
3400 International Drive, N.W.
Washington, DC 20008-3006

CERTIFICATE OF SERVICE

Stephen L. Goodman
Wilkinson Barker Knauer, LLP
2300 N Street, N.W., Suite 700
Washington, DC 20037
Counsel for SITA Information Computing Canada, Inc.

Eliot J. Greenwald
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, DC 20007-5116
Counsel for Deere & Company

Kalpak S. Gude
PanAmSat Corporation
1133 Connecticut Ave., N.W.
Suite 675
Washington, D.C. 20036

Bruce Henoch
Telenor Satellite Services Holdings
6560 Rock Spring Drive
Bethesda, MD 20817

Len C. Levin
Mobile Satellite Ventures LP
10802 Parkridge Boulevard
Reston, VA 20191-5416

Alfred M. Mamlet
Steptoe & Johnson, LLP
1330 Connecticut Avenue, N.W.
Washington, DC 20036-1795
Counsel for Richtec, Inc.

Ian D. Volner
Venable Baetjer Howard & Civiletti, LLP
575 7th Street, N.W.
Washington, DC 20004
Counsel for Honeywell, Inc.

Chung Hsiang Mah