

From: [Redacted]  
Sent: Friday, January 26, 2007 2:02 PM  
To: Verne, B. Michael  
Cc: [Redacted]  
Subject: FW: draft confirmatory email to Verne

Mike,

We would like to confirm the conversation [Redacted] and I had with you yesterday concerning the acquisition of a foreign issuer holding certain assets relating to a to-be-launched satellite. When launched, the satellite will have a physical location in an orbital slot allocated to and regulated by the US under international treaty but physically located over South America. You indicated that the physical location of the orbital slot (specifically whether it is over US territory or not) for the satellite is determinative of whether the satellite is a US asset or non-US asset. In this case, the satellite when launched will be a foreign asset because it will be in a geosynchronous orbit over South America.

We then discussed the fact that the satellite is under construction and that the foreign issuer to be acquired in fact holds not the satellite but two contracts governed by US state law: one relating to the satellite construction and one relating to the provision of launch services. You indicated that contracts governed by US state law are generally considered US assets, but because the satellite when launched will be a foreign asset and the launch services will be provided by a foreign person and occur outside the US, you agreed that these contracts could be treated as akin to leases. In particular, you indicated that the PNO view is that when assessing the assignment of a lease, the parties may look through the lease to the underlying assets being leased. On this basis, you agreed that we could look through the contracts to the underlying assets to which the contracts relate and on that basis conclude that a contract relating to construction of a satellite which when launched will be a foreign asset and a contract for launch services to be performed outside the US are not US assets. Please let me know if you agree with the above summary and its conclusions.

Many thanks,

[Redacted]

[Redacted]

[Redacted]

Agree  
Buehler  
1/26/07