

Morgan Lewis

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November 8, 2021

VIA E-FILING

Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, SD 57501

Re: Notification of Proposed Transfer of Direct Control of Stratus Networks, Inc.

Dear Ms. Van Gerpen:

Stratus Networks, Inc. ("Stratus Networks") and Saturn Acquisition Company, Inc. ("Acquisition Company") (together, the "Parties") notify the Commission of a proposed transfer of direct control of Stratus Networks to Acquisition Company. Since Commission action is not required for the transaction,¹ the Parties submit this letter for informational purposes.

Description of the Parties

A. Stratus Networks, Inc.

Stratus Networks is an Illinois corporation with its business headquarters at 4700 North Prospect Lane, Peoria Heights, IL 61616. Currently, Stratus Networks is owned by John Petrakis and Kevin Morgan.

Stratus Networks offers competitive long distance, VoIP, private line, data and/or Internet services in approximately 35 states including South Dakota. In South Dakota, Stratus Networks is authorized to provide resold interexchange telecommunications services pursuant to authority granted in Docket No. TC15-068 on January 6, 2016.

B. Saturn Acquisition Company, Inc.

Acquisition Company is a corporation formed under the laws of Delaware. Acquisition Company is a wholly owned indirect subsidiary of Saturn Networks Holdings, Inc., which will be majority owned and controlled by Novacap Saturn Holdings, L.P., a limited partnership formed under the laws of the State of Delaware ("Novacap Saturn"), while the current owners of Stratus Networks will take a minority, non-controlling interest in Acquisition Company.

¹ See S.D. Codified Laws § 49-31-20.

Novacap Saturn is, as discussed below, ultimately controlled by certain principals of Novacap Management Inc. ("Novacap"). Novacap is a leading North American-based private equity group founded in 1981 and has extensive experience purchasing, owning and operating diverse businesses, including its current ownership interest in, and control of, Horizon Telecom, Inc. and its wholly-owned subsidiaries, Horizon Technology, Inc. and The Chillicothe Telephone Company, which operate principally in Ohio.

Designated Contacts

Questions, correspondence or other communications concerning this filing should be directed to:

For Stratus Networks to:

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with copies to:

Kevin Morgan
Stratus Networks, Inc.
4700 North Prospect Lane
Peoria Heights, IL 61616
regulatory@stratusnet.com

For Acquisition Company to:

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John Gasparini
Paul Hastings LLP
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sherresesmith@paulhastings.com
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with copies to:

Thadeus J. Mocarski
Josiane Turcotte
Saturn Acquisition Company, Inc.
3400, rue de l'Éclipse, Bur. 700
Brossard, Québec, J4Z 0P3,
Canada
Phone: (450) 651-5000
Fax: (450) 651-7585

Description of the Transaction

Pursuant to the Purchase Agreement by and among Stratus Networks, certain of its affiliates, the current owners of Stratus Networks, and Acquisition Company, dated as of October 14, 2021 (the "Agreement"), the Parties propose to transfer control of Stratus Networks through a transaction by which Acquisition Company will acquire 100% of the outstanding shares and membership interests in Stratus Networks (the "Transaction"). Stratus Networks will become a direct, wholly-owned subsidiary of Acquisition Company. Novacap Saturn and ultimately Novacap will control 58.4% of the equity of Acquisition Company post-closing, while the current owners of Stratus Networks will take a 41.6% interest in Acquisition Company. Pre- and Post-Transaction charts are provided as **Exhibit A** for the Commission's convenience.

After the proposed Transaction, Stratus Networks will continue to operate in the same service territories, and will in the immediate future continue to provide services to its customers under the same rates and on the same terms and conditions following the Transaction as it currently does today. There are no plans in place to transfer any of Stratus Networks' customers to a new carrier or to change any customer service or billing contact information as a result of the Transaction. Accordingly, the proposed Transaction will be transparent to consumers.

Public Interest Considerations

The Parties submit that the proposed Transaction described herein is consistent with the public interest. The proposed ownership structure and investment participation will enable the continued provision of high-quality communications services to Stratus Networks' customers. Consummation of the proposed Transaction should enhance the ability of Stratus Networks to innovate and provide advanced network services to its customers, which will in turn advance the telecommunications and information infrastructure of the states in which Stratus Networks operates and those states' economic health.

Moreover, the Transaction will be conducted in a manner that will be transparent to Stratus Networks' customers. The Transaction will not result in any immediate change of carrier for customers or any assignment of authorizations, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers. Following consummation of the Transaction, Stratus Networks will continue to provide high-quality communications services to its customers without interruption and without immediate change in rates, terms or conditions.

* * * *

Please acknowledge receipt and acceptance of this electronic filing. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,

/s/ Danielle Burt

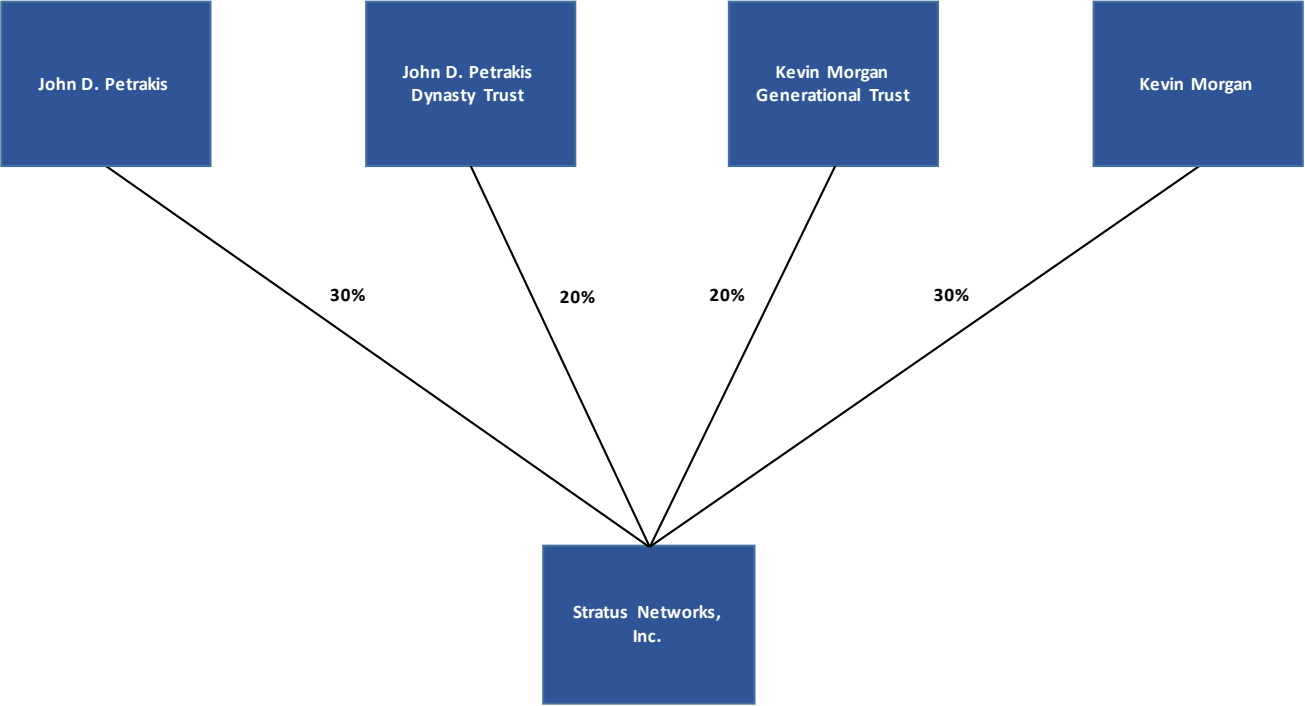
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Counsel for Stratus Networks, Inc.

EXHIBIT A

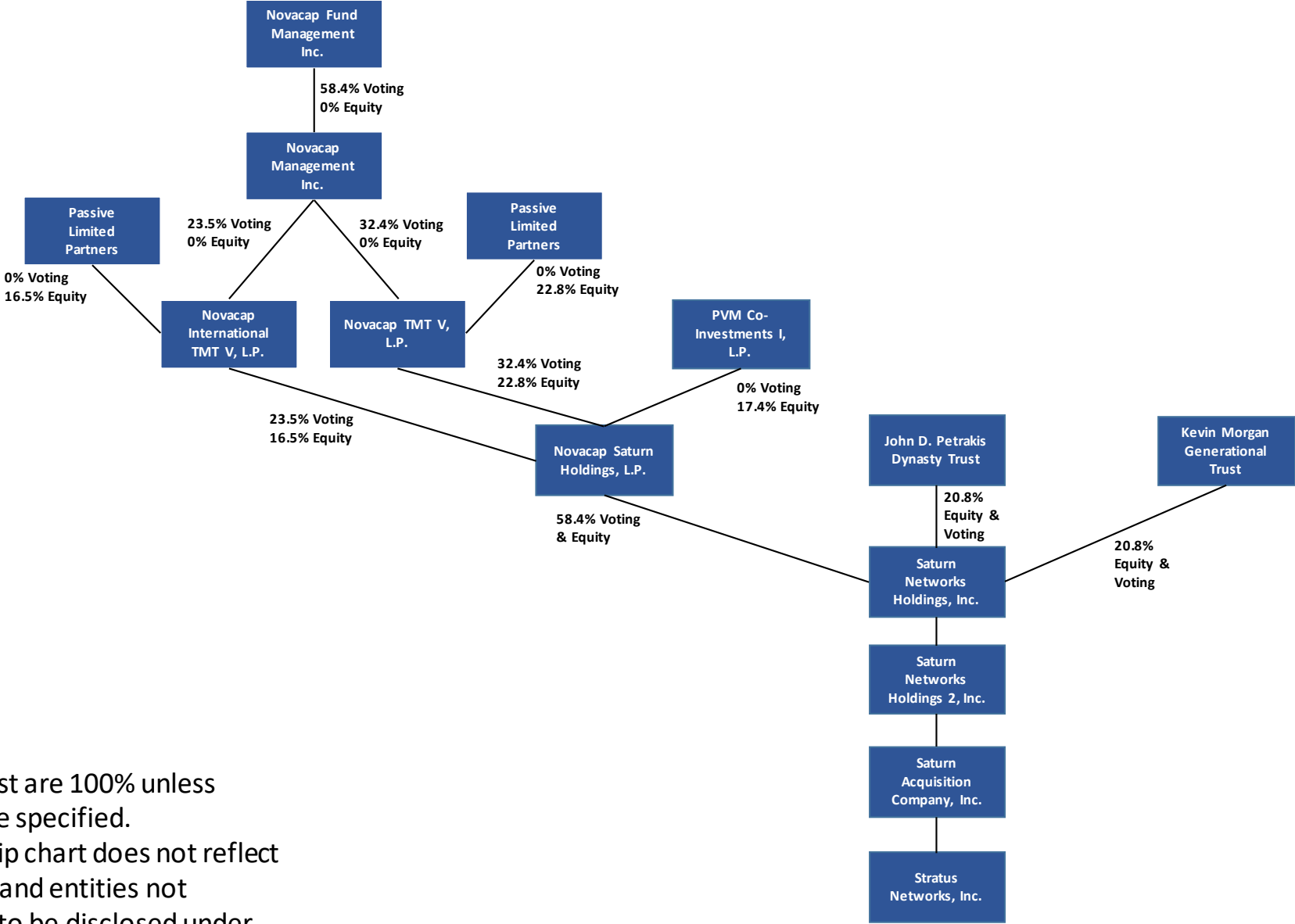
Pre- and Post-Transaction Charts

Pre-Closing Organizational Chart



All percentages reflect both voting and equity interests.

Post-Closing Organizational Chart



All interest are 100% unless otherwise specified.
 Ownership chart does not reflect interests and entities not required to be disclosed under applicable Commission rules.

Verifications

VERIFICATION

I, John Petrakis, state that I am Co-President and CEO of Stratus Networks, Inc. (the “Company”); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents thereof and the certifications contained therein regarding the Company, are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 5 day of November, 2021.

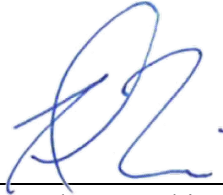
A handwritten signature in black ink, appearing to read 'John Petrakis', is written over a horizontal line.

Name: John Petrakis
Title: Co-President and CEO
Stratus Networks, Inc.

VERIFICATION

I, Ted Mocarski, state that I am President and Chairman of Saturn Acquisition Company, Inc. (the “Company”); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents thereof and the certifications contained therein regarding the Company, are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 5 day of November, 2021.



Name: Ted Mocarski
Title: President and Chairman
Saturn Acquisition Company, Inc.