

The Chapter 11 Reorganization of Sea Launch, LLC

The Sea Launch Company LLC is a relic of the Cold War – a joint venture formed by Boeing, a Russian rocket manufacturer, two Ukrainian rocket manufacturers and a Norwegian shipbuilding company. The company provided a unique service – the launching of heavy commercial satellites from a floating platform on the equator in the Pacific Ocean. Established in 1995, the company achieved 27 successful sea-based launches from 1999 through 2009. In 2007, however, an explosion during launch resulted in the loss of both a Russian rocket and satellite, and extensive damage to the critical launch equipment was sustained. This series of events led to the termination of the next-scheduled launch of a Hughes Network satellite and ultimately an international arbitration decision that required Sea Launch to repay Hughes \$53 million to cover prepayments and associated costs. But with only \$6.7 million in cash and liabilities in excess of \$1.98 billion, Sea Launch determined that bankruptcy was their only recourse.

After terminating their relationship with existing counsel, New York partner Brian Betancourt was contacted by Sea Launch to arrange a meeting regarding the firm's bankruptcy resources and the firm's counsel regarding what became a highly complex and unique reorganization. Brian turned to A&B's bankruptcy team, led by Dennis Connolly, and the team of Dennis, tax partner Sam Kaywood and international trade partner Tom Crocker began the work.

Sea Launch's management and professionals, including Alston & Bird LLP, were successful in negotiating through significant issues including debtor-in-possession financing, litigation issues with the majority claim holders (including Boeing and Aker), and the proposal of a plan that satisfied Sea Launch's customers, the official unsecured creditors' committee and other stakeholders. Confirmation required resolution of the tax issue and the "migration" of the Company first to Luxemburg and finally to Switzerland. This migration was conditioned upon, among other things, approval by the Committee on Foreign Investment in the United States (CFIUS). The assets owned by Sea Launch created other regulatory and defense-related issues, including the fact that the equipment (the vessel and the platform utilized to launch rockets) is subject to the International Trafficking in Arms Regulations (ITAR). The ITAR regulations created issues in connection with obtaining DIP financing as lenders were concerned about the ability to liquidate and monetize those assets. Today Sea Launch is now reorganized and operating in Luxemburg and Switzerland (with the physical assets still in Long Beach, California, the reorganization was successful and created significant value for the stakeholders and customers.