



Director's Report

November 14, 2006

The Satellite Industry Association (SIA) Director's Report is a weekly executive capsule covering current satellite industry news and events. See the bottom of page for additional information.

Recent News

The Boeing Company has received a \$299.8 million U.S. Air Force contract for the production of the fourth Wideband Gapfiller Satellite (WGS). This is the first option to be exercised on the WGS Block II contract, which was finalized last month. The Block II contract is valued at \$1.067 billion, if all options are exercised. The 13-kilowatt WGS satellites are based on Boeing's 702 models and are designed to provide improved communications support for America's warfighters. WGS-4 is expected to launch in early 2011. [Link to Additional Information](#)

Boeing and MEASAT Satellite Systems Sdn Bhd (MEASAT) announced that the MEASAT-3 communications satellite has been shipped from the Boeing Space and Intelligence Systems satellite manufacturing facility in El Segundo, Calif., to the historic Baikonur Cosmodrome in Kazakhstan, where it will be readied for a December launch aboard an International Launch Services Proton/Breeze M rocket. [Link to Additional Information](#)

Mobile Satellite Ventures, LP (MSV) and **Hughes Network Systems, LLC** (HUGHES) announced the signing of an agreement under which Hughes will develop and supply MSV's Satellite Base Transceiver Sub-System(S-BTS), in exchange for payments by MSV expected to total \$43 million over its term. The S-BTS is the central element of the base station, which will facilitate communication between MSV's satellites and terrestrial communications network. Hughes has committed to deliver the S-BTS in 2009, concurrent with the availability of MSV's next-generation satellite platform. It will be located in MSV's North American satellite gateways, and together with the spacecraft currently under construction by **Boeing**, will represent the key components of MSV's next-generation satellite network. [Link to Additional Information \(Hughes\)](#) [\(MSV\)](#)

ICO Global Communications (Holdings) Limited ("ICO") announced that it filed a request with the U.S. Federal Communications Commission ("FCC") to extend for a short period the remaining four milestone dates outlined in its authorization for the construction and launch of its satellite. The brief extension is needed to accommodate manufacture and delivery issues encountered by subcontractors for its satellite manufacturer, **Space Systems/Loral, Inc.** ICO requested that the launch of its satellite be extended until November 30, 2007 (rather than the current milestone date of July 1, 2007) and that certification that the mobile satellite services system is in operation be extended until December 31, 2007 (rather than July 17, 2007). ICO also asked that two remaining intermediate milestone dates be extended as follows: complete reference performance test (April 30, 2007, instead of January 1, 2007), and complete thermal vacuum test (June 15, 2007, instead of March 1, 2007). [Link to Additional Information](#)

Intelsat, Ltd. reported results for the three-month and nine-month periods ended September 30, 2006. Results for both periods include Intelsat, Ltd. and its subsidiaries, referred to as Intelsat or the company. Results incorporate the impact of the July 3, 2006 acquisition (the "PanAmSat

Acquisition”) of PanAmSat Holding Corporation (“PanAmSat”), which was subsequently renamed Intelsat Holding Corporation. Intelsat, Ltd. reported revenue of \$528.5 million and a net loss of \$172.5 million for the quarter ended September 30, 2006. The net loss reflects the impact of an asset impairment charge of \$49.0 million to write down the net book value of one of the company’s satellites that experienced an anomaly in September 2006. The net loss also reflects the impact of restructuring costs of \$19.9 million related to the PanAmSat Acquisition. [Link to Additional Information](#)

Iridium Satellite LLC announces that it has approximately 169,000 subscribers worldwide as of September 30, 2006 versus approximately 137,500 subscribers at the same time last year. For the nine months end September 30, 2006, Iridium posted total revenue of \$159.3 million. Iridium's total revenue in the third quarter was \$54.7 million. Iridium results show increased demand for voice and data services from commercial customers. Commercial Service revenue continued to grow, and it now comprises approximately 70 percent of total revenue. [Link to Additional Information](#)

Space Systems/Loral (SS/L) announced that it delivered WildBlue-1 to the Arianespace spaceport in Kourou, French Guiana, where it is scheduled for launch in early December. Built for WildBlue Communications, Inc., a provider of satellite broadband access for rural areas, small cities, and locations with limited existing broadband infrastructure, the satellite will enable WildBlue to triple its customer capacity in the United States. [Link to Additional Information](#)

Loral Space & Communications Inc. reported its financial results for the third quarter and nine months ended September 30, 2006. The company's results reflect Loral's continued role in the revitalized commercial satellite manufacturing industry and the steady, reliable performance of its fixed satellite services business. Revenue for the third quarter of 2006 rose 42 percent to \$227 million, compared to revenue of \$160 million last year. For the first nine months of 2006, revenue was \$592 million, an increase of 38 percent over the \$429 million reported in the same period in 2005. Non-recurring items increased revenue growth by \$10 million in both current periods. [Link to Additional Information](#)

Arianespace and **TerreStar Networks Inc.** signed a “Launch on Demand” contract for TerreStar I, which will be the largest commercial communications satellite ever launched into geostationary orbit. [Link to Additional Information](#)

Group Inc. announced that they have been selected as a strategic technology partner and contributing force to **TerreStar Networks Inc.**'s architecture that will support the launch of the first all IP-enabled mobile network. TerreStar Networks Inc. is a subsidiary of Motient Corporation (MNCP) and an emerging North American mobile communications operator. [Link to Additional Information](#)

The DIRECTV Group, Inc. reported that third quarter revenues increased 13% to \$3.67 billion and operating profit before depreciation and amortization more than doubled to \$894 million compared to last year's third quarter. The DIRECTV Group reported that third quarter 2006 operating profit quadrupled and net income more than tripled to \$628 million and \$370 million, respectively, when compared to the same period last year. Earnings per share were \$0.30

compared with \$0.07 in the same period last year. These financial results include the effect of \$325 million of equipment that DIRECTV U.S. capitalized during the third quarter under its lease program, which was implemented March 1, 2006. [Link to Additional Information](#)

SAT Corporation, a wholly-owned subsidiary of **Integral Systems, Inc.**, announced that it is under contract to deliver a SAT-DSA Carrier Monitoring and Interference Detection Instrument to SkyPort International, Inc. The SAT-DSA is uniquely suited to provide Satellite Carrier monitoring and interference detection to help SkyPort provide the highest level of quality service to its customers. SAT-DSA includes the unique ability to: detect, display and fully characterize interfering signals (even when hidden under existing carriers), access historical spectral data and signal characteristics as well as support remote user access and carrier line-up activities. SAT's Carrier under Carrier interference detection and analysis capability, which is available in the Monics and DSA product lines, provides the worlds' most accurate and fastest identification of unknown satellite signals. [Link to Additional Information](#)

Integral Systems, Inc. announced that it has been awarded a contract by AsiaSat to add operations of the AsiaSat 5 satellite (a Loral FS1300 class satellite) to AsiaSat's existing satellite control system. This is Integral Systems' second contract with AsiaSat and will expand AsiaSat's EPOCH IPS (Integrated Product Suite) control system to operate a total of four AsiaSat satellites that are made by three different satellite manufacture. [Link to Additional Information](#)

Eutelsat Communications reports first quarter 2006-2007 revenues. First quarter revenues up 6.0% year-on-year on strong growth in Video Applications up 10.7%, following deployment of HOT BIRD™ 7A and ATLANTIC BIRD™ 4 satellites. Performance in line with FY 2006-2007 revenue objective of above 800 million euros. [Link to Additional Information](#)

Emirates Airlines is poised to become the first airline to introduce a commercial in-flight cellular phone service via **Inmarsat** from January 2007. Dubai-based Emirates says it expects to launch the service - provided by Inmarsat solutions provider AeroMobile - on board one of its Boeing 777s in the New Year, once all necessary approvals have been granted. [Link to Additional Information](#)

Rocketplane Kistler (RpK) and **Alliant Techsystems** announced that ATK will become the lead contractor for RpK's K-1 launch vehicle, which was recently awarded a Space Act Agreement by NASA for the Commercial Orbital Transportation Services (COTS) program. The K-1 is a fully reusable space transportation system designed to provide cost-effective and reliable transport of cargo and science payloads to and from the International Space Station (ISS). [Link to Additional Information](#)

Stratos Global Corp. announced financial results for the third quarter ended September 30, 2006. Revenue totals US\$138.6 million, a 46 percent increase from the same quarter a year ago. Gross margin (excluding favorable commercial settlements) improves to 26.3 percent compared to 23.6 percent in the second quarter of 2006. [Link to Additional Information](#)

A new study of the mobile satellite sector sees a re-emergence of the market and has tagged a few recent, significant industry moves as proof of a comeback. With both Globalstar and

Orbcomm conducting IPOs last week, and the joint venture between SES and Eutelsat bringing mobile satellite broadcasting to Europe, the report said the awakening of the sector should be a major nod to investors and suppliers. According to mobile satellite services consulting firm Telecom, Media and Finance Associates, the recent news coming from the industry have confirmed its positive take about the handheld MSS market's potential. The new report gives details on the prospects for handheld services and analyzes the "near doubling of MSS subscribers and revenues over the next five years." *Story courtesy of SkyREPORT.*

Emerging Markets Communications (EMC) is now part of the Top Teleport Operators of 2006 Ranking which was recently announced by World Teleport Association. EMC is listed in two out of three WTA rankings: The Independent Top Twenty Teleport Operators and The Fastest Growing Twenty Teleport Operators. [Link to Additional Information](#)

World turnover generated from commercial space services and government space programs reached \$103 billion in 2004 and is forecast to exceed \$158 billion in 2010 as more than \$18 billion is spent annually on the development of space systems. According to the "2005 State of the Space Industry" report from Research and Markets, U.S. Defense spending on space has grown from around \$15 billion in 2000 to more than \$22 billion today and is forecast to reach \$28 billion by 2010. The report noted that India and China have joined the U.S., Europe, Russia, and Japan as having fully independent capabilities. It described satellite-to-consumer television as a \$40 billion worldwide market. *Story courtesy of SkyREPORT.*

Alliant Techsystems announced that James Halsell, former NASA Astronaut and space shuttle program launch integration manager, has been named Vice President and Program Manager of the ATK-led ARES I Upper Stage team, based in Huntsville, Alabama. [Link to Additional Information](#)

Upcoming Meetings and Events

13-15 November 2006 – Global MilSatCom, Millennium Conference Centre, London
<http://www.smi-online.co.uk/goto/milsatcom.asp?emref=R25ER91632695>

16 November 2006 - WSBR Roundtable, "The President's Space Policy: The Facts, The Truth, and The Myths," The University Club, 1135 16th St NW, Washington DC. www.wsbr.org

17 November 2006 – Center for Strategic and International Studies, "U.S. – India Space Cooperation," CSIS, 1800 K Street, NW, Washington DC. Contact Techpolicy@csis.org for additional information.

28 November 2006 - ISCe Satellite Investment Symposium NYC '06, New York City
<http://www.isis-nyc.com/>

28 November 2006 - SSPI Future Leaders Dinner, New York City www.satfuture.com.

28 November 2006 – Global VSAT Forum, "Disaster Recovery Satellite Summit," New York City.

29-30 November 2006 – SATCON 2006, New York City www.satconexpo.com

30 November – 1 December 2006 - California Space Authority, "Transforming Space" Conference, www.californiaspaceauthority.org

5-7 December 2006 – DoD SATCOM Users Workshop, Key Bridge Marriott, Rosslyn, VA. For more information see www.sia.org.

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