



Director's Report

March 21, 2006

The Satellite Industry Association (SIA) Director's Report is a weekly executive capsule covering current satellite industry news and events.

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Recent News

Loral Skynet announced that as of March 18, 2006, it has resumed offering fixed satellite services (FSS) to customers in North America. Pursuant to the terms of Loral's agreement to sell certain of its North American assets to **Intelsat** in March 2004, Skynet was precluded from offering basic FSS capacity leasing services in North America for two years. Loral Skynet recently announced the start of construction on Telstar 11N, a powerful new multi-region Ku-band communications satellite to be located at 37.5 degrees West longitude.

SES AMERICOM announced an agreement with **NDS** to provide end-to-end IPTV content protection aboard SES AMERICOM's IP-PRIME(TM) distribution platform. The alliance represents a key component of the turnkey, IP-PRIME solution, which allows telcos to deliver on the dream of the triple play and programmers to guard against unauthorized access to material. As part of the agreement, NDS is integrating its VideoGuard(R) conditional access and Synamedia(TM) IPTV software into the IP-PRIME network, a centralized, satellite-delivered IP television delivery system that permits telcos to bundle traditional standard and HD television programming on a single line with their voice and broadband services.

SES ASTRA and **Arena**, owner of live-TV rights for the German first soccer league announced that they have signed a satellite capacity agreement. The long term contract secures Arena the capacity of a full digital transponder on an ASTRA satellite at the prime orbital position 19.2 degrees East. With its seven satellites at this position, SES ASTRA can reach more than 16 million German households which receive their TV programs directly via satellite of which more than 6 million use the digital reception mode.

ICO North America announced that it has signed an agreement to launch its geostationary satellite on an Atlas V rocket provided by **International Launch Services** (ILS). The Atlas V is manufactured by **Lockheed Martin**, which is a partner in the ILS joint venture. ICO's satellite launch, scheduled for a period beginning May 31, 2007, will be performed from the Cape Canaveral Air Force Station in Florida using the Atlas V-421. ICO North America's Hybrid Satellite/Terrestrial MSS system is scheduled to be operational in July of 2007. ICO's satellite is being built by **Space Systems/Loral**.

Northern Sky Research has highlighted some critical issues based on the February 15th Prospectus filed by **Hughes Network Systems** regarding its ownership change. One issue was the fact that HNS had not

yet obtained licenses to launch and operate its Spaceway-3 satellite. The lack of a launch license at this date is not believed by NSR to be a major issue. Also, given that HNS states it has access to a number of orbital slots and that the relative lack of in orbit or planned Ka-band systems eases the frequency coordination process, NSR is relatively confident that HNS will be able to come up with an operating license in a timely manner without any major roadblocks. Another issue NSR noted was that as of April 22nd 2006, HNS is to lose the right to use the trademarked "DIRECWAY" brand name.

Northern Sky Research also recently released the market survey and forecast report *Mobile Satellite Services, 2nd Edition*, in which NSR concluded that ancillary terrestrial component (ATC) services will revolutionize the MSS industry. The report concludes that from an estimated \$42.5 million in revenues for 2006, the market is expected to reach over \$2.3 billion by 2010 yielding total revenues of \$4.1 billion over a five-year period. Revenue growth will be driven by government demand in the early years of service for applications that improve disaster preparedness and address public safety needs. By the end of the decade, demand is expected to shift rapidly in favor of consumer markets. The recent experience in Hurricane Katrina showed that communication services are critical before, during and after disaster strikes. The FCC licensed **MSV** and authorized **Globalstar**, and is likely to issue ATC licenses to other players in the very near term.

Wal-Mart Stores, Inc. and the Trailer Fleet Services division of **GE Equipment Services** announced an

agreement whereby GE will supply Wal-Mart with trailer tracking technology from **Stellar Satellite Communications** for its fleet of 46,000 over-the-road trailers. GE's telematics product, called **VeriWise™ Asset Intelligence**, is a dual satellite system that enables precise and timely monitoring of trailer assets -- even when they are not connected to a tractor. The system uses the **Orbcomm** low earth orbit satellite network.

Senators Olympia Snowe (R-Maine), Max Baucus (D-Mont.) and Trent Lott (R-Miss.) have introduced the "Local Emergency Radio Service Preservation Act of 2006." The legislation, which is nearly identical to House legislation, would require the Federal Communications Commission to rule whether satellite radio companies may offer locally originated services on nationally distributed channels. Currently, both **XM** and **Sirius** offer local traffic and weather services for a number of markets. The National Association of Broadcasters has been pursuing legislation that would address local programming efforts from satellite radio companies.

Stratos Global Corp. announced it has been awarded a National Individual Standing Offer (NISO) by the Canadian Department of National Defense (DND) to provide **Inmarsat** leased satellite capacity services in support of land and sea-based operations. The three-year award, with an estimated total value of CDN\$25 million, will facilitate the renewal of longer-term leased capacity services that the Canadian DND currently has with Stratos, as well as providing a mechanism for additional capacity as required. The offer also



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includes two one-year options for extension after the conclusion of the initial term in 2009.

Ciel Satellite announced that **Alcatel Alenia Space** has been chosen to construct a new spacecraft to be known as Ciel-2. The geosynchronous satellite will be operated by Ciel from 129 degrees West and deliver services throughout North America. A number of innovations will complement the design; the all Ku-band satellite will feature high frequency re-use and both regional and spot beams. The Ciel-2 satellite is scheduled to launch in late 2008 and to operate for at least 16

years. Ciel Satellite was awarded the license for 129 degrees West from Industry Canada in October 2004.

DigitalGlobe has been awarded a \$12 million satellite imagery capacity contract modification by the **National Geospatial-Intelligence Agency** (NGA). This ClearView contract enables the NGA to acquire additional commercial imagery from DigitalGlobe's QuickBird satellite. DigitalGlobe's map-accurate imagery is used for a number of mapping and planning activities within the defense and intelligence and commercial markets around the world.

Upcoming Meetings and Events

22 March 2006 – Washington Space Business Roundtable Luncheon, Speaker: Robert H. Brumley, President and CEO TerreStar Networks; The University Club, Washington, D.C. Details at www.wsbr.org

30 March 2006 - SIA Regulatory Working Group (RWG) Meeting, 2 p.m.

4 April 2006 - SIA Government Working Group (GWG) Meeting with USNORTHCOM, Peterson Air Force Base, Colorado Springs, Colorado, 9 a.m. – 11 a.m.

3-6 April 2006 - United States Space Foundation Symposium, “22nd National Space Symposium”, Colorado Springs, Colorado www.spacefoundation.org

24-25 April 2006 – AIAA and The Space Foundation; Inside Aerospace: An International Perspective, Washington, D.C. www.insideaerospace.com

24-27 April 2006 – California Space Authority, 4th Responsive Space Conference, Los Angeles, California, www.californiaspaceauthority.org

11-15 June 2006 - ISCe Conference, San Diego, CA www.isce.com

10-12 October 2006 - United States Space Foundation Symposium, “Strategic Space 2006”, Omaha, Nebraska www.spacefoundation.org

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