



Director's Report

May 30, 2006

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

Your comments are appreciated. Please contact Christina Langlois at (202) 349-3632.

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Recent News

The **Boeing Company** announced the successful launch of the first of three Boeing-built next-generation Geostationary Operational Environmental Satellites (GOES-N) for **NASA** and the **National Oceanic and Atmospheric Administration** (NOAA). The multi-mission GOES series of satellites will provide NOAA and NASA scientists with data to support weather, solar and space operations, and will enable future science improvements with weather prediction and remote sensing. GOES-N also will provide data on global climate changes.

Hughes Network Systems, LLC announced that it has recently completed delivery of an additional 12,000 broadband satellite terminals to **GTECH Corporation** a provider of lottery, gaming and transaction processing solutions under a contract valued at \$17 million. This brings the total number of terminals provided by Hughes to more than 50,000.

Intelsat, Ltd. announced it has been informed that the **United States Department of Justice** is closing its antitrust investigation of Intelsat's proposed merger with **PanAmSat** Holding Corporation. The Justice Department is not seeking any conditions on the proposed merger and is not otherwise commenting on it. The transaction remains under review by the U.S. **Federal**

Communications Commission. Intelsat and PanAmSat announced their merger agreement on August 29, 2005. Under the agreement, Intelsat will acquire PanAmSat for \$25 per share in cash, or \$3.2 billion. In addition, approximately \$3.2 billion in debt of PanAmSat and its subsidiaries will remain outstanding or be refinanced. Closing of the transaction is subject, among other things, to the receipt of financing by Intelsat and to obtaining regulatory approval from the FCC. All other regulatory approvals required prior to closing have been obtained.

Lockheed Martin and **EADS Astrium** announced they have signed a teaming agreement to ensure interoperability of the Global Positioning System (GPS) III and the European Galileo Satellite Navigation programs – the world's two most important upcoming satellite navigation systems. The companies will perform systems engineering and technical assistance tasks for each other in the areas of interoperability, integrity and optimization of joint constellation performance. Additionally, the companies will offer reciprocal bids on operational hardware and software within the policy and export constraints of both programs

Mobile Satellite Ventures (MSV) and its joint venture partner, **MSV Canada**, announced that it had reached an agreement with **Boeing** to accelerate the

deployment of its two North American satellites, which will form the backbone of its satellite-cellular wireless communications network. The agreement will move up, by approximately eight months, the construction, launch and operations of each of the two North American satellites, with the launch of the United States satellite scheduled for mid-2009 and the Canadian satellite in early 2010. These two new satellites will replace and expand upon the current MSAT satellite system operated by MSV and MSV Canada and offer consumers the most highly advanced wireless communications services available. The development of the third satellite for South America, MSV-SA, has been deferred to the third delivery position for the MSV system.

Eutelsat Communications and **Arianespace** announced the signature of a contract for the launch of the W2M satellite. The satellite will be launched by an Ariane 5 in the second quarter of 2008 from the Guiana Space Center, Europe's Spaceport in Kourou, French Guiana. The new contract consolidates collaboration between the two companies which has lasted more than 22 years: the European launcher has orbited more than half of Eutelsat's fleet. The contract is the 274th won by Arianespace since being founded in March 1980.

Inmarsat is pleased to confirm that following commercial introduction of **BGAN** (Broadband Global Area Network) services in the Americas, its voice and high-speed data network is now available across over 85% of the planet's surface, a reach that encompasses over 98% of the world's population. The BGAN footprint now extends across the Americas. This

development follows the successful service launch of BGAN on the Inmarsat 4 (I-4) F2, in April 2006. BGAN services have been available on the I-4 F1 since December 2005, covering Europe, Africa, the Middle-East and Asia Pacific regions. BGAN delivers voice and data services at speeds of up to half a megabit per second using the world's most advanced commercial geostationary satellites. It is the first mobile communications service to provide voice and broadband data simultaneously through a truly portable device on a global basis. BGAN offers users high-speed connectivity in the most inhospitable and remote of areas. The service is delivered via light-weight terminals that are small enough to fit in a backpack and can be deployed in minutes.

The Israeli satellite operator **Space-Communication Ltd** (Spacecom) granted the SWE-DISH Suitcase a type approval certificate as a standard **AMOS-SPACECOM** earth terminal. The AMOS Satellite system, with its multiple service-area coverage, including the Atlantic bridge linking the US east coast to the Middle East, offers a wide range of solutions to corporate & government networks. AMOS-Spacecom operates AMOS-1 and AMOS-2 in orbit (Ku-band), and intends to launch AMOS-3 (Ku- and Ka-band) in the near future. Typical users are governmental organizations, using satellite communication for disaster relief or defense applications, as well as broadcasters using the equipment in breaking news and coverage of major events around the world.

EMC continues its expansion trend, with sites installed and supported for the UN in more than 120 countries. The site number

200 is part of the network of sites for the UN that EMC has designed, installed and provided with 24x7 high-class support services. After the completion of the connection of the 200th site for the United Nations, EMC took another step forward by acquiring a strategically located teleport in Germany with 120,000 square feet of data center facilities and 19 antennas.

The Senate confirmed by unanimous consent Robert McDowell to become a member of the **Federal Communications Commission**. McDowell would be the third Republican of the five-member FCC, joining Chairman Kevin Martin and Commissioner Deborah Taylor Tate. Jonathan Adelstein and Michael Copps are the commission's two Democrats. *Story courtesy of SkyREPORT.*

The **FCC**'s Independent Panel Reviewing the Impact of Hurricane Katrina on Communications Networks will hold its final meeting on June 9, 2006 at 10:00 a.m. in the FCC's Commission Meeting Room which is located at 445 12th Street, SW, Room TW-C305, Washington, DC. The Panel will consider and vote on a report that addresses the impact of Hurricane Katrina on communications infrastructure, including public safety communications, and includes recommendations for improving disaster preparedness, network reliability and communications among first responders ("Panel Report"). The Panel Report is due to the FCC by June 15, 2006. As part of its consideration, the Panel may vote on proposed amendments to the Panel Report, if any.

Content Services, Inc. (CSI) and **Intelsat** jointly announced that CSI has signed a distribution agreement for **Ampiage**, **Intelsat's** satellite-based, open-architecture, video transport platform. Under the agreement, CSI will be the first Ampiage distributor to focus on delivering wholesale video, voice and data services to retail providers in the multi-dwelling unit, hospitality, municipality, university and master planned community markets. Content Services, through its CSI Digital subsidiary, will initially focus on distribution to multiple system operators (MSOs) seeking to cost-effectively upgrade video content to MPEG-4 as well as telecommunications operators (telcos) and Internet Service Providers looking to enter the IPTV or triple-play (voice, video and data) market.

American Government Services, Inc. (AGS), a wholly-owned subsidiary of **SES AMERICOM**, announced it is partnering with prime contractor **Harris Corporation** to support the FTI Satellite (FTI-SAT) program on behalf of the Federal Aviation Administration. AGS will be providing Ku-band and C-band connectivity under a multi-year contract to the FTI-SAT program, combined with redundant teleport facilities. Satellite equipment replaced through the FTI-SAT program will provide backup telecommunications for radar, weather and cockpit to air traffic controller communications. AGS will be supporting the program with the AMC-9 and AMC-6 spacecrafts.

NSR released its newest market survey and forecast report: "**Government and Military Demand on Commercial Satellites, 3rd Edition**." The report provides an in-depth overview of demand

trends for commercial satellite communications services in the globe over a 10-year period by tracking government and military needs, as well as trends in governmental program development to address the shortfall in internal bandwidth communications capabilities. The report concludes that, from close to \$1 billion in satellite communications revenues for 2003, the market is expected to exceed \$4.8 billion by 2012 yielding total revenues of \$25.0 billion over a 10-year period. Revenue growth continues to be driven largely by U.S. Military demand as the Pentagon's bandwidth needs have increased substantially. Reliance on commercial bandwidth will remain a core component of military planning to include non-critical and mission-critical needs over time. In addition, the growing complexity of the Middle East region, as well as terrorism, homeland security and public safety initiatives that address natural disasters such as Hurricane Katrina, should drive demand and sustain the market within the report's forecast period.

Helius Inc., a developer of distributed IP video solutions for business announced that **Spacenet Inc.**, a services group of **Gilat Satellite Networks Ltd.**, has joined the Helius Strategic Partner program and will offer Helius products for IP-Video services including digital signage, training and digital distribution applications.

Denver-based **Frontier Airlines** said it will provide free **DirecTV** service for all passengers who book their travel online. It's part of the company's push to promote its new Web site re-design. Frontier offers 24 channels of DirecTV service in every seatback. The airline serves 56

destinations from its Denver hub. *Story courtesy of SkyREPORT.*

High-quality customers are paying off for **DirecTV**, said one executive at the company. DirecTV CFO Mike Palkovic told an investor conference held by Lehman Brothers the company continues to focus on signing up stronger subscribers and staying away from riskier ones. The move not only will help keep churn low but also generate more money for the service. When looking at key products, better quality customers are driving penetration rates for DVRs and HDTV. Palkovic said 25 percent of DirecTV customers are using advanced services such as digital recorders and/or HDTV, and that subscriber base is sticking with the company. Advanced products are keeping churn rates below 1 percent within the customer base purchasing the extra services. *Story courtesy of SkyREPORT.*

SES ASTRA, an **SES GLOBAL** company, announced that it raises its stake in the satellite communications supplier **ND SatCom** from 25.1 to 100 per cent by acquiring the 74.9 per cent share from the German-based high-tech group **AUGUSTA Technologie AG**. SES ASTRA acquires the majority stake for a consideration of EUR 35.6 million. The transaction is subject to the necessary regulatory approvals. The purchase agreement also foresees a contingent additional consideration dependent on the award and value of a significant government contract opportunity. This additional consideration cannot exceed approximately 36 per cent of the definitive purchase price of EUR 35.6 million.

XM Satellite Radio told investors it expects to end the year with 8.5 million customers, a revision of a previous estimate of 9 million customers forecasted for year-end 2006. The revision came as the company faces litigation from shareholders and the recording industry, a Federal Trade Commission investigation, and a failed attempt to acquire WCS Wireless. Nonetheless, XM said it remains on track to become positive cash flow from operations in the fourth quarter and on an annual basis for 2007. *Story courtesy of SkyREPORT.*

Satelinx has received a purchase order to supply 2000 personal tracking units to GPS Guardian LLC for the purposes of tracking the elderly and disabled. This is the initial order and it is anticipated that another 5000 units, \$1.2 Million, will be ordered in the next few months. Satelinx will also provide training support services for GPS Guardian as well as tracking and dispatching software.

SES GLOBAL announces that it has contracted with the Sea Launch Company for a mission on its Land Launch system, to send the AMC-21 spacecraft into orbit in mid-2008. Land Launch will use a Zenit-3SLB vehicle to launch the AMC-21 satellite into geosynchronous transfer orbit from the Land Launch site at the Baikonur Space Center in Kazakhstan. Both the satellite and the launch vehicle will be integrated and launched from the Zenit processing and launch facilities at the Baikonur complex. Optimizing on heritage hardware, systems and expertise, Land Launch uses a Zenit-3SLB version of the reliable Sea Launch Zenit-3SL rocket.

Stratos Global Corporation announced that Sir Robert Walmsley and Mr. Michael Bayer were elected as new members of the Corporation's Board of Directors at its annual general meeting held May 11, 2006.

Upcoming Meetings and Events

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

20-23 June 2006 – CommunicAsia 2006, Singapore Expo www.communicasia.com

26-28 September 2006 – APSCC 2006 Satellite Conference and Exhibition, “Satellites – Growing with Asia”, Hotel Lotte World, Seoul, Korea; info@apscc.or.kr; <http://www.apscc.or.kr/event/apscc2006.asp>

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

12-15 November 2006 - IAEM's 2006 Annual Conference and Emergency Management and Homeland Security EXPO Exhibition (EMEX), Orlando, Florida <http://www.emex.org/> and <http://www.iaem.com/>

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

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



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