



- A monthly round-up of space industry developments for the information of our clients and friends -

Intelsat Augments 2007 Capex Plan

During a quarterly reporting call on March 30, **Intelsat Ltd.** officials announced a \$235 million increase to the previously announced 2007 capital expenditure plan of \$380 million to accelerate the construction and deployment of new satellites in light of surprisingly strong demand for satellite services in North and South America, Europe, the Middle East and Africa. A substantial portion of the capital will be applied to shift launch of the **Intelsat 11** and **Horizons 2** satellites from **Land Launch** vehicles to an **Ariane 5 ECA** launch mission scheduled for September 2007. Intelsat is also accelerating the construction of an Intelsat 11 ground spare, expanding the **Intelsat 14** satellite (under order with **Space Systems/Loral**) payload capacity and has placed an order for **Intelsat 15**, a new satellite to be delivered by **Orbital Sciences Corporation** in 2009 and deployed in the Pacific/Indian Ocean region to replace the existing **Intelsat 709** spacecraft. The boost to Intelsat's capital expenditure plan has surprised certain industry analysts who expected the company to focus on de-leveraging the business and improving margins.

JSAT - SKY Perfect Combination

On March 2, **JSAT Corporation** and **SKY Perfect Communications, Inc.** announced details of their planned business combination through the establishment of a joint holding company, **SKY Perfect JSAT Corporation**, and adoption of a mid-term management plan. As a vertically integrated media and communications services provider, the resulting company is positioning itself to compete against terrestrial cable service operators by introducing a 10 channel high-definition (HD) service in 2Q 2008 with a planned service expansion to include over 30 HD channels by 3Q 2009.

Inmarsat Funds Acquisition of Stratos

Stratos Global Corp., a leading provider of mobile and fixed remote communications solutions and the largest reseller of **Inmarsat** services, announced on March 19 a definitive agreement to be acquired by **CIP Canada Investment Inc.** The transaction, valued at \$576 million (including net debt), will be indirectly financed by a subsidiary of Inmarsat and includes a call option exercisable between April 2009 and December 2010 to acquire 100% of Stratos from CIP. The call option provides Inmarsat leverage and flexibility to restructure its reseller distribution model and exercise additional control over sales channels when its multiyear distributor agreement comes up for renewal in April 2009.

Optus Orders Satellite, Closes Financing

On March 29, **Orbital Sciences Corporation** announced that Australia's **Optus Networks** has placed a firm order for the **Optus-D3** direct broadcast satellite. The spacecraft, like **Optus-D1** (in orbit) and **Optus-D2** (scheduled for launch this year), will be based on the Orbital **STAR™** platform and is equipped with 32 Ku-band transponders for the provision of direct television broadcasting, Internet, telephony and data transmission services to Australia and New Zealand from the 156°E orbital position. That same day, Optus parent **SingTel** announced a two-year A\$700 million loan facility arranged through **Optus Finance Pty.** involving **ABN Amro, BNP Paribas, Barclays Bank PLC, Citibank NA, Commonwealth Bank** and **Westpac Banking Corp.**, the proceeds of which will be applied to general working capital needs.

March Launch Services Update

On March 1, **Hughes Network Systems, LLC** announced the award of a launch services contract to **Arianespace** for the next generation **Spaceway 3** broadband satellite. Scheduled for launch in August 2007, the **Boeing** model 702 spacecraft is equipped with on-board traffic switching and routing capabilities and advanced antennas allowing for dynamic spot beam formation and shaping. Spaceway 3 will deliver a wide range of single-hop, high speed IP data and multimedia services to consumer, enterprise and governmental customers in North America. On March 20, **Space Exploration Technologies Corporation** (SpaceX) conducted its second demonstration flight of the **Falcon 1** launch vehicle from the **Kwajalein Atoll** in the Marshall Islands. While the launch vehicle did not achieve full orbital velocity due to a premature engine shutdown, SpaceX determined that the flight was a near complete success and has announced its first operational mission to launch the U.S. Navy **TacSat-1** satellite in September. The Falcon 1 vehicle is designed to lift approximately 570 kg to Low Earth Orbit and the larger, follow-on **Falcon 9** vehicle, with a lift capability of between 4,550-12,450 kg to Geostationary Transfer Orbit, is scheduled to begin operations in 2008-2009. On March 22, **Sea Launch Company** announced an agreement with **SES** to repurpose a **Land Launch Zenit-3SLB** contract, originally assigned to the **AMC-21** satellite, for another spacecraft to be designated by SES and launched in mid-2009. Sea Launch has separately announced that it expects to resume flight operations in 4Q 2007 and conduct one Land Launch and two Sea Launch missions before year-end.

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