



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

Cinven Acquires Avio for €2.57 Billion

On August 7, British private equity firm **Cinven Ltd.** announced that it had signed an agreement to acquire aerospace-propulsion specialist **Avio S.p.A.** of Italy from **The Carlyle Group** and **Finmeccanica** for €2.57 billion (\$3.3 billion). As part of the transaction, Finmeccanica will cede its 30% stake in Avio to Cinven for €430 million and repurchase a 15% share for €150 million. Avio is a major component builder for Europe's **Ariane 5** rockets and majority owner of **ELV S.p.A.**, which is building Europe's **Vega** small-satellite launcher. The Company is forecasting 2006 sales of €1.4 billion and an EBITDA of €275 million. The acquisition will be funded through a combination of equity from Cinven and Finmeccanica and debt financing provided by **Banca Intesa**, **Citigroup**, **JP Morgan**, **Lehman Brothers**, **The Royal Bank of Scotland** and **Unicredit**.

WildBlue \$350 Million Debt Financing

On August 21, **WildBlue Communications, Inc.** announced that it completed a \$350 million secured debt financing led by **Liberty Media Corporation** and **Tennenbaum Capital Partners LLC**. The financing enhances the Company's capital structure and provides additional resources to fund the continuing growth of WildBlue's broadband infrastructure and business, including the planned 4Q 2006 launch of **WildBlue-1**, an all-Ka-band, multiple spot beam, satellite manufactured by **Space Systems/Loral**. WildBlue currently has over 85,000 customers for its two-way, satellite-based broadband service. Certain existing WildBlue shareholders, such as the **National Rural Telecommunications Cooperative**, also participated in the new debt financing facility.

SS/L Awarded TerreStar-2 Contract

Space Systems/Loral (SS/L) announced on August 15 that it had signed a contract to build the **TerreStar-2** satellite for **TerreStar Networks Inc.** TerreStar's two satellite system, which includes the TerreStar-1 satellite currently under construction at SS/L, together with an **Ancillary Terrestrial Component**, is designed to provide next-generation, 2-GHz mobile voice, data, monitoring and messaging services throughout the United States and Canada. Scheduled for delivery in 2009, TerreStar-2 will be based on SS/L's **1300** platform and carry a state-of-the-art payload featuring a large unfurlable reflector. The satellite will generate hundreds of spot beams covering the Continental U.S., Canada, Alaska, Hawaii, Puerto Rico and the U.S. Virgin Islands.

August Satellite Launches

On August 4, **Eutelsat's HOT BIRD 8** direct-broadcast satellite was successfully launched by an **International Launch Services Proton Breeze M** rocket from the **Baikonur Cosmodrome** in Kazakhstan. The satellite, built by **EADS Astrium** and based on its **Eurostar E3000** bus, is equipped with 64 Ku-band transponders and is the most powerful satellite ever built in Europe. The 4,900 kilogram satellite will be located at the 13°EL orbital position to provide in-orbit backup for other Eutelsat satellites co-located at that slot. On August 11, an **Ariane 5 ECA** launch vehicle successfully placed **JSAT Corporation's JCSAT-10** commercial communications satellite and the **French Ministry of Defense's Syracuse 3B** military communications satellite into geostationary transfer orbit. Manufactured by **Lockheed Martin** and based on its **A2100AX** satellite bus, JCSAT-10 is a high-power hybrid satellite equipped with 30 Ku- and 12 C-band transponders providing coverage to Japan, the Asia-Pacific region and Hawaii from the 128°EL orbital position. Syracuse 3B, built by **Alcatel Alenia Space** and based on its **Spacebus 4000B3** platform, features a state-of-the-art payload operating nine secure 40 MHz channels in the SHF (super high frequency) and six 40-MHz channels in the EHF (extremely high frequency) bands and supports a wide range of services, including telephony, access to military intranets, videoconferencing and interoperability between the allied forces. The satellite will be deployed at the 5°EL orbital position, and along with **Syracuse 3A**, completes the **Syracuse III** system. On August 22, a **Sea Launch Zenit-3SL** rocket with a **Block DM** upper stage successfully launched the **Koreasat 5** satellite for **KT Corporation** and **Korea's Agency for Defense Development**. The satellite, also built by **Alcatel Alenia Space** and based on its new-generation **Spacebus 4000C1** platform, is equipped with 24 Ku-, 8 SHF- and 4 Ku-band transponders. Koreasat-5 will be part of South Korea's new high-capacity **Spacecom System** over the Asia-Pacific and deliver digital television, broadband multimedia and military communications services from the 113°EL orbital position.

Boeing to Discontinue Connexion

On August 17, **The Boeing Company** announced that following a detailed business and market analysis, it has decided to discontinue its **Connexion** aircraft high-speed broadband communications service and expects to recognize a pre-tax charge of up to \$320 million, or \$0.26 per share, in the second half of 2006.

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