



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

Thales To Acquire Alcatel's Space Assets

Within the framework of the proposed \$13 billion merger between **Alcatel** (Paris: CGEP.PA & NYSE: ALA) and **Lucent Technologies** (NYSE: LU), the Board of **Thales Group** on April 5 approved the acquisition of Alcatel's 65% interest in **Alcatel Alenia Space** (spacecraft manufacturing), 33% interest in **Telespazio** (space and satellite services) and Alcatel's transport security and integration unit. The combined businesses reported sales of €2 billion in 2005. Alcatel will receive a payment of €670 million and new shares in Thales to increase its position as a reference shareholder from the current 9.5% to 21.6% (the French government will retain its 27.1% controlling stake). The transaction remains subject to approval by Alcatel's Board of Directors, **Finmeccanica** (Alcatel's partner in Alcatel Alenia Space and Telespazio), various regulatory authorities and is expected to be consummated before the end of 2006.

MSV, HNS & Globalstar Financings

In early April, **Mobile Satellite Ventures LP** and affiliate **MSV Finance Co.** issued \$750 million in 14% senior secured discount notes due 2013 in a private placement. MSV will apply the \$436 million in gross proceeds to support the development of its next generation integrated satellite and terrestrial (ATC) communications network. **Merrill Lynch & Co.** and **Morgan Stanley** acted as leads on the transaction and **Jefferies & Company** participated as joint lead manager. On April 13, **Hughes Communications, Inc.** announced the consummation of a senior notes offering by its wholly owned subsidiaries, **Hughes Network Systems, LLC** (HNS) and **HNS Finance Corp.** (HNS Finance). HNS and HNS Finance issued \$450 million aggregate principal amount of 9.5% senior notes due 2014 in a private placement. The net proceeds of the offering were used to repay term loan borrowings under HNS' credit facilities and for general corporate purposes. The transaction was led by **Bear, Stearns & Co. Inc.** and **Morgan Stanley** with **Banc of America Securities LLC** acting as a co-manager. On April 25, **Globalstar, Inc.**, announced that it had closed a \$400 million debt and equity financing consisting of \$200 million of debt (five-year term loan) and a four-year revolving credit facility, both underwritten by **Wachovia Securities**. The \$200 million in equity capital is being invested by affiliates of the **Thermo Companies**. Proceeds of the financing will be applied to fund the design and deployment of Globalstar's second-generation satellite constellation and integrated ATC ground segment.

April Satellite & Launch Service Orders

On April 10, **Mitsubishi Electric Corporation** (MELCO) announced the selection of **Arianespace** to launch the **SUPERBIRD-7** satellite for its customer, Japanese satellite operator **Space Communications Corporation**. The 5,000 kg (approximate mass) satellite, based on MELCO's **DS2000** platform, will include 28 Ku-band transponders and is scheduled for launch by an Ariane 5 vehicle in the first quarter of 2008 to replace the **SUPERBIRD C** satellite operating at 144°E. On April 25, **Orbital Sciences Corporation** (NYSE: ORB) announced that it had signed a contract with **Alcatel Alenia Space** to supply a **STAR-2™** spacecraft bus and provide final spacecraft and system integration and testing services for **SES Americom's AMC-21** satellite. AMC-21 will be equipped with 24 Ku-band transponders, deliver 6 kW of gross power and support a 16-year mission life. The spacecraft is scheduled for delivery and launch in early 2008 and will be positioned at 125°W.

JCSAT-9, Astra 1KR & EROS B Launched

On April 12, a **Boeing Sea Launch Zenit-3SL** vehicle successfully delivered **JSAT Corporation's JCSAT-9** satellite into orbit from the **Odyssey** launch platform positioned in the equatorial Pacific. Built by **Lockheed Martin Commercial Space Systems**, the high-power 4,401 kg model **A2100AX** spacecraft carries 20 C-band and 20 Ku-band transponders for fixed satellite services and one S-band transponder for mobile communications services. JCSAT-9 will be positioned at 132°E and joins nine other JSAT spacecraft currently in orbit, covering North America, Hawaii, Asia and Oceania. On April 20, an **International Launch Services Atlas V** launcher successfully deployed the **ASTRA 1KR** satellite into orbit for **SES Astra** of Luxembourg. The spacecraft, based on the Lockheed Martin **A2100** platform, features 32 Ku-band transponders configured to provide direct-to-home broadcast services across Europe from 19.2°E. A few days later, on April 25, **ImageSat International** announced the successful launch of its **EROS B** commercial imaging satellite from the **Svobodni Cosmodrome** in Siberia by a **Start-1** (SS-25/RS-12M ballistic variant vehicle) launcher. The spacecraft, manufactured by **Israel Aircraft Industries** with an optical sensor payload provided by **Elbit/EIOP Electro Optics Industries** (both shareholders of ImageSat) is capable of generating 70 cm high-resolution imagery for a wide range of applications. EROS B will operate in a 500 km sun synchronous orbit and is expected to support a mission life of 8-10 years.

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