

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

Space Business Review

EchoStar to Acquire Satmex

On February 26, **EchoStar Satellite Services, L.L.C.**, a subsidiary of **EchoStar Corporation**, and **Satélites Mexicanos, S.A. de C.V.** (Satmex), Mexico's leading satellite operator, announced an agreement pursuant to which EchoStar will acquire an ownership interest in Satmex. **MVS Comunicaciones**, a media and telecommunications company in Mexico and EchoStar's partner in the growing Mexican direct-to-home TV service **Dish Mexico**, will also participate in the ownership of Satmex via a joint venture with EchoStar which will acquire all of the outstanding stock of Satmex. The acquisition, expected to close early in the third quarter of 2010, is for approximately \$267m in cash, plus up to \$107m in cash on Satmex's balance sheet at closing, resulting in up to \$374m of total cash available for distribution to Satmex's stakeholders. Satmex owns and operates three satellites (**Solidaridad 2**, **Satmex 5** and **Satmex 6**) and associated terrestrial facilities. The transaction is contingent on the achievement of certain closing conditions and the receipt of consents from holders of Satmex's senior secured notes.

IS-16 Successfully Launched

On February 11, **Intelsat S.A.** announced the successful launch of its **Intelsat 16** (IS-16) satellite by **International Launch Services** on a **Proton Breeze M** launcher lifting off from the **Baikonur Cosmodrome** in Kazakhstan. Given its relatively light launch mass (2,450 kg), the satellite was injected directly into the geostationary orbit, thereby preserving sufficient on-board propellant for more than 25 years of in-orbit operations. Built by **Orbital Sciences Corporation** based on its **Star™ 2** platform, IS-16 is equipped with 24 Ku-band transponders to provide expansion capacity for **SKY Mexico's** direct-to-home services, including high definition programming, from the 58°W orbital location. The spacecraft will also be available to provide backup in-orbit capacity for **SKY Brazil**.

SATELLITE 2010 Conference

The **SATELLITE 2010 Conference** is being held at the Gaylord National Convention Center near Washington, D.C. on March 15-18. **Milbank** partners **Peter Nesgos** and **Dara Panahy** will participate in the **Satellite Finance Forum 2010** Pre-Conference Program panel discussions.

February Launch Orders

On February 11, **International Launch Services** and **SES** announced the signing of an agreement to launch the **SES-3** satellite using a **Proton** launcher as part of a shared mission with the **Kazsat-2** communications satellite in 2011. SES-3 is being built by **Orbital Sciences Corporation** based on its **Star™ 2.4** platform and will be equipped with 24 active C-band and 24 Ku-band transponders to provide communications services to the U.S. and Caribbean region. **Arianespace S.A.** announced on February 25 that **Eutelsat Communications** has re-manifested its **W3B** satellite from a **China Great Wall Industry Corp. Long March 3B** launcher to an **Ariane 5ECA** rocket (Eutelsat will instead use the contracted Long March 3B mission to launch its **W3C** satellite, which is to be co-located at the 7°E orbital location with the **W2A** satellite, in mid-2011). Arianespace plans to launch **W3B**, a satellite built by **Thales Alenia Space** based on its **Spacebus 4000** platform, in August or September 2010. **W3B** is equipped with 56 Ku-band transponders to provide direct-to-home broadcast services to Europe, Africa, the Middle East and Central Asia.

Satellite Broadband Growth

In February, **ViaSat Inc.** reported that its recently-purchased **WildBlue** consumer Ka-band satellite broadband service surpassed 450,000 subscribers (a 15% increase in the past 12 months), and competitor **Hughes Communications** recently reported surpassing 500,000 subscribers (a 19% increase in the past 12 months) for its rival **HughesNet** broadband service. Both **ViaSat** and **Hughes** have next-generation Ka-band satellites under construction, scheduled to be launched in 2011 and 2012, respectively, to meet the expected growth in demand for consumer, mobile and military applications.

Sea Launch Additional DIP Financing

Sea Launch Company L.L.C. announced that it will receive a second tranche of up to \$12m in debtor-in-possession (DIP) financing from **Space Launch Services** (SLS) that will allow the company to continue operating through its current reorganization process under Chapter 11 of the U.S. Bankruptcy Code. **Sea Launch** also reports that it is in discussions with SLS regarding a potential bankruptcy exit financing facility and an equity investment in the reorganized **Sea Launch** entity.

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