

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

Space Business Review

Liberty Media Pursues Control of Sirius XM

On August 17, **Liberty Media Corporation** (Liberty) filed a petition with the **Federal Communications Commission** to assume *de jure* control of **Sirius XM Radio Inc.** (Sirius XM). Liberty plans to accomplish the takeover through the purchase of additional shares of common stock and the conversion of its preferred stock. Prior to its filing, Liberty acquired 94.3m shares of Sirius XM between August 10 and 16, to raise its stake in the satellite radio company from 46.2% to 48.1%. Later, in an August 28 filing with the **Securities and Exchange Commission**, Liberty announced that it acquired an additional 40.5m shares in Sirius XM. While Liberty has a history of forming companies to hold its investments and then spinning those companies off to investors, analysts posit that Liberty's share purchases indicate that it will not dispose of its interest in Sirius XM in the short term. In an unrelated development, on August 8, Sirius XM sold \$400m of 5.25% senior notes due 2022 in a private placement. Sirius XM intends to use the proceeds from the sale to retire \$681.5m of outstanding 13% senior notes due 2013. Analysts view the new debt issuance as part of a broader Sirius XM strategy, enabled by the company's improved cash flow position, to lower leverage and reduce its overall debt profile. **JP Morgan** and **Bank of America Merrill Lynch** served as joint bookrunners for the sale.

Roscosmos to Undergo Overhaul

The Russian government has ordered a reorganization of **Roscosmos**, Russia's space agency, following a recent failure of the **Proton** launch vehicle. Russian Prime Minister Dmitry Medvedev demanded that the space agency formulate ways to improve industrial quality control, particularly in connection with its launch operations, within one month. On August 6, a **Proton Breeze-M** upper stage shut down prematurely, failing to place the Indonesian **Telkom-2** and Russian **Express-MD-2** satellites in the correct transfer orbit. Proton Breeze-M launches have been temporarily suspended by Roscosmos, with the expectation that scheduled upcoming launches for **Intelsat S.A.**, **EchoStar Corporation**, **Gazprom Space Systems JSC** and **Satélites Mexicanos S.A. de C.V.** will resume without significant delays.

July Launch Services

August 2 – **Arianespace S.A.** successfully launched the **Intelsat 20** and **HYLAS 2** satellites for **Intelsat S.A.** and **Avanti Communications Group plc**, respectively, on an **Ariane 5 ECA** launch vehicle from **Europe's Spaceport** in Kourou, French Guiana. Intelsat 20, manufactured by **Space Systems/Loral, Inc.** based on its venerable **SS/L 1300** platform, carries 1 Ka-, 24 C- and 60 Ku-band transponders and replaces the **Intelsat 7** and **Intelsat 10** satellites to provide DTH, cellular backhaul and VSAT services to customers in Asia, Africa, Europe, the Middle East and Russia from the 68.5°E orbital location. Avanti's HYLAS 2 satellite, manufactured by **Orbital Sciences Corporation** based on its **Star-2** platform, carries 24 active Ka-band transponders and will offer high-speed data capacity for corporate networking, broadband Internet access, business continuity and video distribution services to customers in Europe, Africa and the Middle East.

August 19 – **Sea Launch AG** successfully launched the **Intelsat 21** satellite for **Intelsat S.A.** on a **Zenit-3SL** launch vehicle from the ocean-based **Odyssey** launch platform in the equatorial Pacific Ocean. Manufactured by **Boeing Satellite Systems Inc.**, Intelsat 21 carries C- and Ku-band transponders, as well as a Ku-band mobility beam, and replaces the **Intelsat 9** satellite to provide a variety of services, including broadband and DTH, to customers in North and South America, the Caribbean, the South Atlantic, Western Africa and Europe from the 302°E orbital location.

World Summit for Satellite Financing

As part of the **Euroconsult World Satellite Business Week**, the **2012 World Summit for Satellite Financing** will be held at the Westin Hotel in Paris from September 11-13. This year's summit is expected to attract over 120 senior executive speakers and 500 attendees from 40 countries representing FSS, MSS and earth observation system operators, media and broadcasting companies, satellite manufacturers, launch services providers, equipment providers, banks and investors and government agencies. Milbank is proud to be once again an official partner for this highly-regarded industry event and participate in the opening session on satellite finance and banking.

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