

In Brief

Selected industry & financial news briefs culled from various on-line sources.

ISCe India Event Launched

India is witnessing an unprecedented expansion of its economy and is the world's fastest growing free market with an 8.5% GDP growth in 2005-2006. With a population of well over one billion spread over three million square kilometers; India represents the second largest consumer base in the world.

ISCe India SatCom Forum @ INFOCOM 2007 is an exciting new event by Hannover Fairs USA, organizer of the successful ISCe and ISIS conferences and U.S. organizing arm of CeBIT, the world's number one marketplace for digital technology business. In exclusive partnership with INFOCOM, this one-day event will assemble senior satellite industry leaders and users from India and around the world to discuss satellite-based applications, services, technologies and opportunities in the Indian marketplace. The ISCe India Forum takes place November 30, 2007 in Hyderabad, India. Visit www.isce-india.com for more information.

XM Satellite to Focus on Cash Flow, Profit

Nate Davis, who assumed the CEO role of XM Satellite Radio Holdings in August, said Friday the group plans to introduce new portable radios next year and expects car buyers to account for more than 65% of new subscribers by the end of 2007. Davis, said XM would grow because of automobile subscribers, new devices and aggressive marketing partnerships even if its planned sale to rival Sirius Satellite Radio fails to pass U.S. regulatory muster.

"Our strategy will be that we need to partner with more people (such as) portable navigation devices and cell phone providers," said Davis. The company will focus on boosting cash flow and turning a profit, he added.

\$60M Tab to Russia on Failed Launch

Kazakhstan is seeking 1.5 billion rubles (\$60 million) from Russia in compensation for a rocket crash on its territory, a Kazakh regional governor said Monday. On September 6, a Proton-M rocket was launched from the Baikonur space center, which Russia leases in Kazakhstan. However, engine malfunction and second-stage separation failure led to its crash 40 kilometers (25 miles) southeast of the town of Zhezkazgan in the Karaganda Region with almost 219 metric tons of toxic fuel on board. The incident was the sixth Russian rocket crash after takeoff from Baikonur. Preliminary estimates say the crash was caused by a thrust steering mechanism failure.

Reality Check

by Robert Bell, Executive Director, SSPI & WTA

When private-equity firms raised a lot of money and used it to buy satellite companies, they had a transformative impact on the business. A positive impact? A negative one? People in the industry have been arguing about it since the 2004 acquisition of PanAmSat by KKR, Carlyle and Providence Equity Partners, and will doubtless keep doing it for years to come.

One inarguable fact is that the satellite business had a tremendous amount of value locked up inside it. As companies



Robert Bell, Executive Director of the Society of Satellite Professionals International and the World Teleport Association

Hughes Communications, Western Union and RCA.

Then the bottom dropped out, when investors backing subprime mortgages got cold feet about the sustainability of the housing boom. The big banks reporting big losses last week - \$5.5 billion for Merrill Lynch, \$1.4 billion for Citigroup and \$250 million for Bear Sterns, with more to come - are paying the price for helping the markets do what they do: getting out ahead of reality. The net result is that many big private-equity deals are now being renegotiated, delayed or even scrapped as credit has tightened around the world.

It's worth noting that the total tonnage of what I don't know about the debt markets would sink a hedge fund manager's yacht. But I am sure about one thing. The recent credit crunch, though it

were bought and sold and sold again, the sums become staggering, as did the speed with which transactions took place. It was a great validation of the vision of the original strategic investors like

had nothing to do with satellites, is good news for the satellite business. Because it will force a pause in deal-making. The cost of money on which deals are based will be revalued more realistically. Companies that planned to go to the cash-out window in 6 to 12 months may have to wait.

Why is that good?

It will give everyone in the industry a chance to catch their breath and think. There is so much we don't know. Since 2004, this business has entered uncharted territory - something it has done repeatedly since the launch of Sputnik 1 half a century ago. It has been exciting. It has doubtless brought great advances as well as creating new dangers. But when you are completely absorbed in riding the wave, who can tell the difference? Nobody. Not the financiers, the managers, the researchers or the pundits. Nobody.

As they pause to reflect on what has been accomplished and what more is ahead, the people who run satellite businesses will have a chance to do a reality check. And that's never a bad thing.

Robert Bell serves as Executive Director of the Society of Satellite Professionals International (www.sspi.org) and the World Teleport Association (www.worldteleport.org). Robert welcomes your comments at rbell@sspi.org or rbell@worldteleport.org.

Integral No Longer for Sale

Satellite ground systems provider Integral Systems announced it is no longer actively seeking an acquirer or otherwise actively engaged in the strategic alternative review process began by the company in 2006. The company also appointed William M. Bambarger, Jr. as Chief Financial Officer. Bambarger replaces William R. Lewis, who resigned from his position as interim Chief Financial Officer. Lewis will continue on an interim basis with the company. Bambarger was previously Senior Vice-President, Corporate Controller and Chief Accounting Officer of Energy Solutions.

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