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CEOs' View the Year that Was and Prospects for 2007

There is probably no better informed group of people in the industry than the CEOs of leading satellite companies. For the third time since we started publication in 2003, we conducted our annual survey of the chief executives of major satellite companies and gathered their views on the year that was and the prospects and opportunities in the coming year. This year, we received a good response from almost every sector of the industry from the operators, service providers and equipment manufacturers. The result is a comprehensive and optimistic picture of the industry in 2007.

John Celli,

President, Space Systems/Loral

2005 was a good solid year for the satellite industry and 2006 was a year of robust growth. We are seeing a substantial replacement market as well as growth in both broadcast television and radio services. Mobile Satellite Services (MSS) and Digital Multimedia Broadcasting (DMB) are taking off and the market is also stimulated by increased demand for satellite broadband and high-definition television. The industry in general can be very proud of the increases in reliability in both satellites and launch vehicles.

Space Systems/Loral reported significant growth in 2006 and we have been very effective in increasing resources, through adding engineering and technical talent to our highly experienced and successful teams. Our customers tell us that the best thing about working with SS/L is the people and that we are always extremely responsive to their needs from the proposal stage throughout the life of the satellite. In 2006 we have continued to build on our customer focused culture through performance, schedule integrity and providing unquestionable reliability for our satellites that often exceed their contractual life.

We see continued market growth in 2007. I think that meeting the growing worldwide demand for new satellites will be the biggest challenge across the industry.

We see satellite operators demanding more powerful satellites in order to meet their business objectives. There is also a trend toward more flexibility in satellite design. Space Systems/Loral has a track record of already providing satellites that work in multiple orbital slots and offer both broadcast and spot-beam payloads on the same platform. We regularly provide satellites with the capacity to switch between geographic areas and frequencies. Our ability to address new and changing requirements is always coupled with the reliability of our heritage designs and a practical, cost-effective approach.

Satellite technology is broadening the world's ability to communicate. The impact of globalization means that there is a demand for all kinds of advanced services in regions with very little existing infrastructure. Satellite delivered telephone and Internet services are providing cost effective ways for these regions to meet the growing demands of the global economy.

Christian Pinon,

CEO, GlobeCast

I feel that market conditions in the satellite industry have slightly improved since 2005, although the basics for capacity demand remain the same. On one hand the satellite industry has experienced regular growth in TV distribution, but on the other, there has been a decrease in the number of telecommunications related services. On the supply side, the consolidation of major satellite operators, fleet optimization and a decrease in investment have led to a more balanced situation, which in turn has

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contributed to some price stabilization. This is good news, especially for a content management and delivery company like GlobeCast.

Price stagnation, which has been the most significant trend, is proof that satellite supply now better reflects the global demand. For the big satellite operators, this trend confirms the need to restore profitability and to favor the creation of an efficient asset management policy rather than making more risky "service" investments. The floor is more open now than ever before for service providers like GlobeCast, which are able to operate mixed networks of global fiber rings and satellite uplinks, and develop IP initiatives and related services - packages increasingly sought by broadcasters.

GlobeCast strengthened its strategy in 2006, becoming more and more global (present on all the continents, commercially and technically), more and more interconnected via fiber (from Asia to Europe through to the US) and more and more service oriented. We have the right fit because we've realized that while transportation is a pure commodity, bringing value to the customer beyond transportation pays back. In our field of broadcast transportation, providing upstream services (capturing, aggregating, encoding and encrypting the TV signal) or downstream services (storing, playing, displaying), are vital "add-ons" helping to secure the customer and protect the central transportation service. Innovative services, like contribution over IP which is incidentally more complementary than alternative to classical satellite contribution, can also generate recurrent high margins once the one-shot developments are completed.

I am quite confident about the satellite industry in 2007 and do not anticipate any major disturbances. Satellite operators will go on consolidating their fleets, which is not a big concern for us, fiber carriers will continue to dedicate time and resources to the IP boom and GlobeCast, as the only global "TV carrier" (network integrator and service innovator), will go on growing in a profitable way to better bring value to its customers.

Mark Dankberg,

CEO, VIASAT

Overall, there was probably continued improvement for the industry – though not dramatic. The completion of the Intelsat-PanAmSat merger may finally represent the peak of the private equity led consolidation. For us, the continued success of Wildblue communications Ka band broadband service was a major positive. It was very noteworthy that both Echostar and DirecTV, executed exclusive distribution agreements with Wildblue, despite having unsatisfactory experiences with other Ku band broadband services.

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We celebrated our 20th anniversary with our best year ever. We also achieved our best ever financial results, with 25% growth in revenue to $434 million, a 22% growth in net earnings, and record new orders of $440 million. We were especially pleased by growth in Ka-band broadband, and our entry into the Mobile Satellite Services sector with a contract from Boeing to develop the Ground Based Beam Forming system for Mobile Satellite Ventures (MSV).

We anticipate another record year for ViaSat in 2007. We anticipate continued strong adoption of Ka band broadband services, with new advanced Ka band satellite program announcements likely. We also are optimistic about new applications in the MSS bands. The biggest challenge for the industry, in general, is to continue to innovate in both ground & space systems to keep pace with alternative terrestrial technologies.

We perceive awakening recognition of the value of broadband spot beam satellites for data services – which could lead to changes in the way satellites are designed and used in the future. The concept of reconfigurable satellites, with the ground based beam forming MSS initiatives as a leading example, can also have a big impact on satellite design and deployment in the future.

Matt Desch ,

Chairman and CEO , Iridium Satellite

The evolution of services and devices that the satellite industry has launched just in the past year alone astounds me. Whole new industries that didn't traditionally tap satellite-based services in the past opened up for us in 2006. For example, in the past year, the Machine-to-Machine (M2M) industry has really taken notice of Iridium's evolution from a handheld voice service to a full suite of voice and data solutions. This unprecedented demand for our services in the M2M arena has truly has impressed upon me our opportunity to enter even more new markets as the world's most robust, pervasive and fully-integrated global communications network. We will unleash our full potential, and it can only be good for the industry that new markets will afford other satellite service providers to do the same.

It's been a major growth story for Iridium Satellite over the past few years, and we see nothing but the same going forward. As shown by our recent Q3 results released in November 2006, we experienced significant growth with 169,000+ subscribers (2,000 - 3,000 new subscribers per month). Commercial revenue now represents approximately 70 percent of total revenue and the commercial subscriber base is four times the size of defense. Third quarter revenue was $54.7 million and EBITDA was $14.0 million. Additional 2006 numbers include a data traffic increase of 44 percent over Q3 2005; aviation subscribers grew 66 percent over mid-year 2005; and maritime subscribers grew 54 percent over mid-year 2005.

Iridium Satellite, like some other players in the industry, is solidifying our plans for new services we will provide in 2007 and beyond. Independent studies indicate that Iridium can expect full operations of our network into the next decade. Though that may seem years away, we must act now to ensure a smooth transition to this next phase. This will be a major focus of ours in 2007. Internally we have started a corporate initiative - what we call "INX" (or "Iridium Next Generation Network") - to bring together leading minds inside *and* outside our industry to plan for the launch of our next generation constellation. We must build a new Iridium constellation that will be flexible, be cost effective and enable new services. It needs to maintain the security and global coverage that Iridium customers count on, while increasing the bandwidth available to the users and supporting powerful devices. At the same time, we have embarked on enhancing our current constellation in ways we never thought possible, to offer higher speed services, as well as new opportunities for data services and embedded systems.

Certainly the last year brought to fruition that customers are tasking our industry to serve up *convergent communications* - the delivery of voice, data and video services over high speed networks. Iridium must shift with the industry and has an important role to play in this arena, not just through INX but with the enhancements to our existing constellation currently underway. The opportunities are limited only by our imagination. Combining the lessons learned from running the world's most global mobile satellite network, and working with the best and brightest Iridium employees and partners engaged in INX, we're confident about the future. Our partners are already telling us that by developing INX as an IP-based constellation, we will make it much easier to add capabilities they can leverage towards their customer base - the end-users of global mobile satellite communications services. As the end-user base demands new capabilities in the future, we are ready for the ride.

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Jude Panetta,

Group President, Satellite Communications Group, Andrew Corporation

In comparison to the previous year, 2006 appears to have been another growth year for the satellite industry as a whole. Network expansion in consumer, enterprise, and government sectors has yielded many revenue opportunities for equipment and services around the globe.

During this past year, the successful launch of Ka-band services in the United States has been a key event in the satellite industry. This effort has proved that the commercial use of these frequencies is not only possible, but also offers significant benefits that will positively impact the future growth of satellites as a competing technology to deliver services economically.

Andrew's Satellite Communications Group is experiencing growth (approximately 10% over the previous year in ongoing businesses) that is consistent with the industry projections.

We believe that 2007 will offer many global opportunities for the satellite communications sector. In particular, North America will remain an important market for new networks and services, while Asia has just begun to emerge as the next largest economic growth area for our industry. In addition, Andrew continues to see growth in developing communications markets such as Eastern Europe, Russia, the Middle-East and Africa.

Significant changes for 2006 include the expansion of consumer broadband via satellite and the ever increasing use of satellite technology in disaster recovery and homeland security.

The triple play convergence of technologies that include terrestrial, wireless, and satellite are becoming more of the norm for networks. Our industry needs to be flexible and accepting of a working partnership with competing technologies in order for us all to achieve better products and services to fuel the growth of satellite communications for the future.

Morten Tengs,

President, Telenor Satellite Services

Telenor Satellite Services has experienced solid growth in a variety of fixed and mobile services throughout 2006. Specifically, our maritime VSAT services have increased in 2006 with the signing of several fleet-wide contracts such as BP and Norwegian shipping company DOF. We also purchased systems integrator Norse Electronics to help keep up with demand for our Sealink maritime VSAT installations. Also, subscriptions and terminal activations for our BGAN (Broadband Global Area Network) services have shown a steady increase since the commercial launch of the service late in 2005. We have seen a decline in some event driven "on-demand" mobile services, such as Inmarsat GAN, as end users begin to migrate to mobile broadband alternatives such as BGAN.

Telenor Satellite Services has continued to expand its network of global service providers offering a mixture of fixed and mobile satellite services. We now have more than 400 service providers worldwide. In addition to substantial growth in our Sealink maritime VSAT solutions, our Corporate Networks land-based broadband services have also grown, especially in Europe and the Middle East. And, in the face of aggressive competition and competitor consolidations, we have maintained our share of the Inmarsat mobile services market. Additionally, both of our wholly-owned retail sales subsidiaries, Marlink and GMPCS Personal Communications, have experienced consistent sales and revenues throughout 2006. Overall, Telenor Satellite Services expects to end 2006 at revenue levels similar to 2005.

2007 will be an exciting year for Telenor Satellite Services. Telenor ASA announced on October 26, 2006 an agreement to sell Telenor Satellite Services to Apax Partners for $400 million. Apax Partners is a global private equity group that invests in five industry sectors that include technology and telecommunications. Upon completion of the sale, which we expect to close during the first half of 2007, TSS will become an integral part of Apax's investments in satellite communications. Earlier this year, Apax entered an agreement to acquire 100% of France Telecom Mobile Satellite Communications. Apax also currently owns an interest in Intelsat.

The satellite communications industry is continuing to evolve and change. The individuals and organizations that can

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successfully adapt to change are the ones that will win in the competitive marketplace. The sale of Telenor Satellite Services to Apax is a unique opportunity that enables the company to continue to be a key player in the ongoing consolidation efforts in the industry. The challenge for Telenor Satellite Services in 2007 will be to work to effectively integrate our business with other satellite industry assets owned by Apax and achieve business synergies as quickly as possible.

As I said previously, the satellite communications industry is continuing to evolve and change as consolidation continues to take place. The sale to Apax enables Telenor Satellite Services to continue to be a key player in the ongoing consolidation efforts. The sale will also result in business synergies that will improve market competition resulting in the delivery of innovative, cost-efficient products, services, and applications to customers.

Amiram Levinberg,

CEO, Gilat Satellite Networks

In 2006, the satellite industry demonstrated solid growth over 2005. During the year, we saw more business in emerging markets, especially through Universal Service Obligations (USOs) and other similar government-funded bids, as well as initiatives dedicated toward the consumer sector.

A major initiative within the government sector that significantly impacted the industry is the Mexican Ministry of Education (SEP) Enciclomedia program. Here, in a massive effort and investment by the government to reach more than 140,000 Mexican classrooms, satellite industry players were called upon to provide satellite-based connectivity to schools.

Significant growth in the consumer market can be seen not only in the U.S, but also in international markets such as Australia, where Optus is providing rural broadband services to thousands of customers throughout that continent's most remote locations.

Reflecting the industry's overall strength, Gilat Satellite Networks reported three successive quarters of improved financial results in 2006 so far. In the third quarter, Gilat's revenues reflected a 30 percent year-over-year growth. Net income and positive cash flow were also up for the first nine months of the year, compared to the same period last year. We also announced that York Capital Management exercised its option to convert its $70.4 million loan into equity. This demonstrates a strong vote of confidence in Gilat and significantly strengthens our balance sheet.

In addition, the introduction of the Cisco VSAT Network Module was a significant event in supporting the awareness of VSAT technology to serve business-continuity needs of major corporations and the disaster-recovery needs of government agencies. The VSAT NM operates with the SkyEdge Hub to provide integrated satellite communications via Cisco routers. Cisco's move enables selected VSAT service providers worldwide to collaborate with Cisco to help new and existing Cisco customers deploy broadband satellite networking solutions.

In 2007, we expect the VSAT market to continue its growth. We see an impact on the U.S. consumer market through the planned launch of two Ka-band satellites dedicated to that market. In addition, there is a growing trend in hybrid networks for business-continuity and disaster-recovery applications. This is where our initiative with Cisco will come into play. With the Cisco router's capability to provide satellite connectivity, these important emergency-restoral applications will be served.

Our growth strategy includes enhancing our leadership position in core markets; expanding our presence across the communications value chain; a focus on emerging markets and on business continuity, and entering into new strategic markets. We have identified a number of markets which we believe will be strategic to our future growth, including Broadband Wireless Access, or BWA, solutions and additional government markets. Within the international market, we are also seeing VSAT technology expanding into new markets, such as, cellular backhaul and SCPC services.

The trend toward mobility is a significant change. Hence, the continued effort by VSAT vendors to work with mobile operators to enable global wireless coverage. We also foresee the need for convergence – where wireless satellite technology and non-satellite alternatives will continue to combine forces to provide triple-play services. We also expect the growing trend toward USOs to continue. This demonstrates governments' recognition of the importance of investing in their national infrastructure, to provide telephony and Internet access to all citizens.

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Serge van Herck,

CEO, Newtec

2006 has been an exciting year for our industry and a historical one for Newtec. The introduction of DVB-S2 has been one of the major trends in our industry. At IBC2006 we have introduced yet another new product and technology break-through, with the world's first implementation of DVB-S2 ACM for DSNG applications. Customers around the world have shown impressive interest in our industry leading DVB-S2 based products and systems, boosting our core product sales with more than 40%.

Over the last year our customers have confirmed more than ever that they endorse our ambitious mission 'To Shape the Future of Satellite Communications'. With over 1,500 units sold since its introduction last year, our DVB-S2 equipment is now being considered as a reference in the broadcast and SATCOM industries. Not only did we deliver several 2Way-Sat networks - our leading DVB-RCS compliant broadband system for small and medium enterprises and large corporations – but several leading satellite industry players around the world have already adopted our newest and most innovative network solutions. SES-Astra and the Arab State Broadcasting Union (ASBU), two market leaders and technology trendsetters in their respective markets, recently signed major multi million cooperation agreements with Newtec for the delivery of our new Sat3Play® and MENOS® systems:

· Sat3Play® revolutionizes the industry by offering low cost triple play services (TV, Internet, VoIP) to consumers, as well as easy-to-use satellite services for businesses. It will enable SES-ASTRA to provide cost effective two-way-satellite-internet access services for home users at prices comparable to those of terrestrial broadband services.

· MENOS® is the next generation Multimedia Exchange Network over Satellite that will enable ASBU and its broadcaster members to easily exchange live and recorded video and audio feeds while benefiting from a range of integrated data and voice services.

We foresee that the deployment of our Sat3Play® and MENOS® systems will be major events shaping the future of our industry.

Our ambitious mission requires us to excel and to grow. It also requires us to be closer to our customers. Over the past year our staff has grown with more than 35 new enthusiastic members, and now numbers more than 210. We have opened in 2005 and 2006 new offices in China, UAE, Brazil and South Africa and are now present in 8 countries over 5 continents.

We are very confident that 2007 will be another year of growth for our industry and our company. We expect growth figures that will be close to the 2006 results.

Dr. Denis Curtin,

COO, XTAR, LLC

I think 2006 will go down in the history books as the year of Consolidation. The closure of the Intelsat purchase of PanAmSat at the beginning of the year followed by SES Global's mid-year purchase of New Skies Satellite, were very significant for the industry.

Another noteworthy development late in the year was the Defense Information Systems Agency's (DISA) announcement that commercial X-band is now available for U.S. and Allied government users through the Defense Information Systems Network Satellite Transmission Services-Global (DSTS-G) contract. Approved DSTS-G contractors act as "neutral agents" for the government and can negotiate and acquire bandwidth services from any global or regional satellite operator. This was a very promising development for commercial providers of X-band services, such as XTAR.

The successful launch of SPAINSAT in March, which carries our XTAR-LANT payload, was a significant event for XTAR in 2006. With the addition of these eight transponders at 30^0 West to our XTAR-EUR inventory at 29^0 East, we have extended the reach of our X-band services from a region spanning Denver, Colorado in the U.S. all the way east to Singapore. We also are pleased to have closed additional sales in both the Federal and International marketplace this year.

For XTAR, the opening of the DSTS-G contract to include X-band bodes well for our business in 2007. Our commercial X-band capacity is backwards compatible with all legacy X-band terminals and operates at a higher power level, allowing terminals to operate at full capacity with no modifications. We

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are coordinating closely with the three companies contracted through DISA to provide satellite bandwidth and related services to government customers through the DSTS-G contract to help fulfill requirements for commercial SATCOM capacity at X-band.

For the industry in general, trends in HDTV and its demands on satellite bandwidth will heat up dramatically. We saw the signs of this in late November when Discovery Communications announced it would use Intelsat's PAS-12 satellite to deliver HD programming across Europe. We anticipate that HDTV's high bandwidth requirements and growing demand will shift capacity from defense to commercial markets, possibly leaving an even greater shortfall of commercial SATCOMS available to the military.

The Intelsat/PanAmSat and SES/New Skies deals dominated the industry headlines in 2006. They were indicative of the growing influence of private equity firms and the continued consolidation of operators and perhaps even suppliers. Many operators are reviewing and reducing their fleet replacement plans, which in turn will continue to depress the manufacturing business. We also saw a virtual withdrawal from the commercial market of satellite builders Boeing and Lockheed Martin, which points towards a de facto market consolidation that has been discussed for much of this decade.

The addition of X-band to the DSTS-G contract is also promising for the future. It further validates our business case for commercially provided X-band services and we anticipate it will open the door to DoD operators seeking additional X-band capacity.

SCOTT CALDER,

CEO, MAINSTREAM DATA

2006 was the year of large bets in the satellite industry. As often happens when large, reliable industries mature, in 2006 we saw a wave of financial engineers step in to place billion dollar wagers on industry consolidation.

Mainstream Data, as in years past, placed *its* bets on adding *application* value and hybrid technology solutions to satellite transmission, providing outstanding customer service to a highly diversified set of premier information company customers, and profitably expanding its business with the leading players in digital cinema, digital signage, and interactive distance learning

We see 2007 as a year when satellite and the Internet continue to be complementary and converging technologies. Our new products reflect that. While the bulk of our product line used to be satellite-centric, today we are really transmission-agnostic, with many of our customers utilizing both technologies. One of our unique products, our Medias Server, is reflective of this. It accepts both satellite and Internet feeds, which provides both enhanced functionality and redundancy. This allows clients of ours, such as the European PressPhoto Agency with the comfort of knowing that its digital photos will arrive at their destination, no matter what, over our "No Compromise Digital Network." The challenge will be the customer's continued demands for this type of reliability when it comes time to deliver absolutely mission-critical content.

Major satellite operators were gobbled up, of course, and disappeared in mergers with their competitors. This was largely financed with huge debt loads, a sure sign that Wall Street sees slowing industry growth, declining requirements for capital investment, and stable satellite prices in the "tea leaves. " This year's unprecedented consolidation among satellite operators, and an apparent decline in available Ku-band satellite capacity. seem to point to a continuing shift in power from those who buy satellite capacity to those who provide it…

…But consider this going forward: today's common wisdom often becomes tomorrow's mistake by virtue of a collision of events. TAlready there is a strong contingent of industry contrarians predicting rough waters ahead for the suddenly highly-leveraged operators lumbering low in the water. This could come in the form of a spacecraft failure on the one hand or, just months away, the spectre of serious overcapacity as the DTH giants decide to enter the merchant market for satellite capacity. And how do we view the impact of plentiful, low-cost Ka-band capacity in the coming years? Or continued rapid penetration of terrestrial alternatives for IP capacity at low prices? The coming of WiMax? These would certainly alter the landscape and make the big bets look more dicey. Stay tuned…SM