

Spacecom CEO Plans Independent Future

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[Satellite News – 2-28-08] Israeli satellite operator **Space-Communication Ltd** (Spacecom) attracted the attention of **SES** in January, and the world's second largest satellite operator made a bid for the owners of the Amos constellation.

But Spacecom turned down SES's bid due to the price and the conditions of the deal. "Concerning the company's debts, including those related to Amos-3, and based on redemption of the company's warrants at their face value only, SES' offer shows an asset value of the company's purchased operations at only around \$100 million (pre-tax) and not \$160 million as SES wrote in its approach," Spacecom said in a statement. "In the board of director's opinion, this price does not reflect the company's value without Amos-4."

Spacecom President and CEO David Pollack spoke with Satellite News about the operator's growth strategy, the plans for Amos-3 and beyond, and how Spacecom will grow its business now that it has chosen to remain an independent regional operator.

Satellite News: How the SES situation been a distraction for Spacecom?

Pollack: My philosophy in running and operating a business is that there are never distractions. Every thing you do and every thing that comes to you are part of the business and must be dealt with properly. Thus, I do not see acquisition issues separate from the operation of a successful and exciting business.

Satellite News: Do you think Spacecom represents an attractive asset to other companies?

Pollack: Obviously we may be attractive to others, but our strategy is focused on growth.

Satellite News: How much capacity do you hope to pre-sell on the Amos-3 and Amos-4 satellites?

Pollack: Focusing on pre-sales for Amos-3 — we are very happy to have sold more than 80 percent before its scheduled launch and are

meeting and exceeding all of our deadlines and milestones as we move towards the satellite's launch to 4 degrees West, scheduled for the end of March or beginning of April. Amos-3 expands our TV channel neighborhoods in Central and Eastern Europe as well as provides an excellent channel of communications linking North America with the Middle East. Obviously we would like to fill up the satellite as much as possible.

In parallel, we are continuing to work on our Amos-4 program. We are researching and meeting potential partners and pursuing attractive options for our Asian network. Amos -4 will be a much larger satellite than Amos -1, -2 and -3 and thus we believe that its commercial capabilities are an important part of near future.

... Concerning new satellites – we are looking at a number of options – one of which includes launching Amos -5 prior to Amos -4 that is scheduled for delivery in 2012. This intermediate bird will be in our discussions during 2008.

Satellite News: What are the major challenges for Spacecom throughout the next 12 months?

Pollack: In 2008, we will continue to strengthen our client base throughout Europe and move towards greater business development in the [United States] and the Middle East as well as in new regions. Our team is developing some exciting ventures concerning working in Asia and Africa, and we will be pushing them forward and driving to bring them to fruition in 2008. I believe that we will see more business traction in the [United States] as we continue to boast one of the highest power beams over Europe and the Middle East. One of our future challenges will also be to be innovative in growing our business and increasing our capacity in our traditional regions as well as expanding into new regions such as Asia and Africa with partners.

Satellite News: Do you expect revenues and profits to grow in 2008 compared to 2007?

Pollack: Spacecom's revenues are expected to considerably increase after Amos-3 is launched due to the fact that Amos-3 is fully owned by Spacecom, and it replaces Amos-1, which is owned by [Israel Aerospace Industry] and operated by Spacecom. I can also add that as we approach the launch of Amos-3, the demand for our satellites' services in the Eastern and Central Europe regions as well as the Middle East is growing.

The markets we have chosen to work in are great markets. Broadcasters and operators in Central and Eastern Europe are adding capacity, channels and new services at a steady pace, and we are looking at these and new players to join our growing neighborhoods. Spacecom is actively pursuing new [direct-to-home] platforms in Central and Eastern Europe as well as all manners of broadband operations because the Amos platform provides a solution for operators needing advanced and cost-effective solutions to reach these regions.

Satellite News: Could you tell us about your plans to develop revenues in Eastern Europe?

Pollack: Eastern and Central Europe remain growth areas in our projections. [High-definition] expansion will soon be picked up as players move forward along side Western Europe. The Olympics may also provide a push in that direction for which we are prepared. [Direct-to-home] providers also play a major part of our program to develop and increase revenue in the region.

Satellite News: Is there a market opportunity for Spacecom in satellite broadband?

Pollack: Our main focus in the immediate future will likely continue to be video, and this includes additional [direct-to-home] platforms we want to add on our Amos satellites. Satellite broadband is and will continue to be a growing part of our business, as we expect it to be derived from both emerging governmental and commercial programs.

Satellite News: Do you see Spacecom entering the mobile-TV market?

Pollack: This is an area that may be in our future. However, our immediate plans are looking at more prominent areas of operation.

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