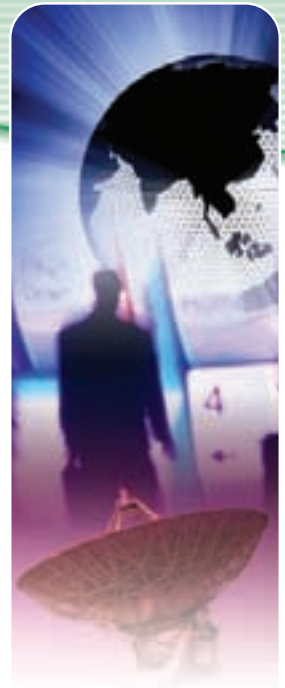


Follow the leaders



►► **If you want** to know where the flock is heading to, check out what the leaders are doing! A look at recent moves by the world's major satellite operators, in fact, could be revealing of the direction being taken by the satellite industry as a whole.

Just days before going to press, PanAmSat Corp and its 80.5 per cent stakeholder, the DirectTV Group, Inc. announced that they signed a definitive transaction agreement with affiliates of Kohlberg Kravis Roberts & Co (KKR) for the sale of PanAmSat Corp at \$23.50 in cash per share. The aggregate transaction value, including the assumption of US\$750 million of net debt, is approximately \$4.3 billion.

This announcement puts an end to months of speculation about the future of the satellite giant, as it was clear since the very beginning that Rupert Murdoch, the new owner of DirectTV, had little interest in keeping PanAmSat under the umbrella of its media conglomerate. DirectTV Group President and Chief Executive Officer (CEO) Chase Carey, commented on the deal with the following words: "The sale of PanAmSat is a significant step towards the completion of our plan to transform the former Hughes corporate structure to a single business, with a single focus on DirectTV, the nation's leading digital multichannel television service."

PanAmSat is moving forward on its own then, but going where? Today, the company is the leading distributor of video signals in the world, transmitting more than 2,100 broadcast TV channels globally. Its top brass will surely take advantage of this position of market leadership and profit from it. However, there are also signs that the 'new' PanAmSat will be somewhat different from the 'old' satellite operator. Joe Wright, President and CEO of PanAmSat, commented on the sale of the company with the following words: "With KKR as our partner, we will have the opportunity to enhance

our competitive position and significantly expand PanAmSat's capabilities. KKR understands our mission of servicing a strong customer base in the entertainment, communications and government sectors, and will support our efforts to grow by developing new products and services, forging strategic alliances and developing new markets."

While Wright does not spell out what he means by 'new products and services', a recent announcement by another satellite giant could cast some light on the matter. The same week PanAmSat's buyout was revealed, Intelsat issued a press release announcing its latest initiative: the launch of a North American video fibre network, enabled by communications network provider Level 3 Communications, offering broadcasters worldwide the opportunity to transmit video content to, from or within North America with enhanced reliability.

The network, dubbed Intelsat's Terrestrial Media Transport (TMT), is the North American extension of its GlobalConnexSM suite of services, which are provided using a worldwide hybrid terrestrial and satellite infrastructure. The extended network is among the first of its kind specifically designed to support both standard and high-definition digital video transmissions for news and sports distribution, contribution and syndication. Ramu Potarazu, Chief Operating Officer (COO) of Intelsat, commented on the announcement: "Broadcasters are driving demand for a new type of fibre-based network; one that can flexibly accommodate their diverse needs from standard definition to high-definition via a single interface, in an end-to-end, digital environment."

Could Intelsat's new service offering herald the way the 'new' PanAmSat will take? It could well be. And if it does, remember you first read about it in *Satellite Evolution Asia (SEA)*! ■

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