

THE WALL STREET JOURNAL.

THURSDAY, FEBRUARY 15, 2007

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Iridium Weighs Upgrade of Satellites

By **ANDY PASZTOR**

Mobile satellite-services provider **Iridium Satellite LLC**, hoping to expand into new markets, is considering spending more than \$2 billion to replace its current aging fleet, including spacecraft that could provide imaging and other new capabilities.

Such extra services potentially could aid global weather forecasting, augment navigation signals and provide communication links with satellites operated by other entities, according to Chairman and Chief Executive **Matt Desch**. By moving beyond its existing voice- and data-transmission services, closely held Iridium seeks to attract not only more U.S. corporate and government customers, but possibly foreign governments and agencies as well, Mr. Desch said in an interview.

Replacements for Iridium's fleet of 66 low-Earth-orbit satellites could begin launching by 2013, depending on technical and financing details. Iridium's push into imaging will be closely watched by the rest of the industry, partly because it could set the stage for simpler, lower-cost commercial and government surveillance systems. While looking at expanded capabilities compared with its current fleet, no decisions have been made yet about satellite suppliers or launch providers.

Iridium's satellite-replacement plan, expected to be officially rolled out at an industry conference next week, comes at a pivotal time for the entire mobile satellite-services sector.

Globalstar Inc., one of Iridium's main competitors, recently announced that premature aging of its satellite fleet could significantly degrade service as soon as next year.

Inmarsat PLC, another mobile satellite-services player, has announced plans to enter the mobile hand-held telephone business and has experienced growing pains with its existing high-speed data offerings. And **Thuraya Satellite Telecommunications Co.**, based in the Middle East, which previously encountered satellite defects, more recently faces delays in launching a replacement satellite.

Iridium, the best-known symbol of failed commercial-satellite communication projects during the late 1990s, was backed by Motorola Inc. and cost an estimated \$5 billion to begin operations. It later went through a federal bankruptcy-court restructuring and emerged as a niche provider of satellite services to the U.S. government and various industrial customers. Mr. Desch, who took over last fall, said the company is still considering plans for a possible initial public offering of stock, though he said projections indicate the proposed new satellite fleet probably could be financed without such a step.

"We've determined that our approach to communications" by covering the entire globe "is a lot more powerful" and flexible in attracting customers, "even than we thought it was," Mr. Desch said.

With the help of **Boeing Co.** and other outside technical experts, Iridium, based in Bethesda, Md., is exploring ways to leverage its global satellite coverage to jump into new areas dominated by other types of satellite fleets and operators. Iridium is mulling whether it would supply the additional sensors, cameras and imaging

devices, or customers would pay to have them installed on the new satellites. Partnerships could be one way to help defray extra expenses.

In discussing the company's considerations, Mr. Desch said that adding imaging capabilities to the next-generation Iridium satellites to detect moisture in the atmosphere could "dramatically improve" weather forecasting. With some additional software and revisions to receivers, he said, the anticipated new satellites also could be used to improve the accuracy of current global positioning system, or GPS, navigation signals and make such military signals harder to jam.

While Iridium officials previously talked about replacing satellites when they are slated to reach the end of their useful life in 2014 and beyond, the company didn't disclose more wide-ranging plans to investigate potential new markets.

Iridium, as the only satellite operator able to cover the entire globe without requiring expensive additional ground facilities and with its ability to switch traffic among its orbiting spacecraft, holds promise for add-on applications, Mr. Desch said. Internet-like routers and coverage in remote areas lacking cellular-phone service are likely to drive future growth for Iridium, he said.

Iridium, which just announced it has more than 175,000 subscribers, has seen the number of data and aviation users grow most quickly. U.S. government subscribers account for about one-third of customers, and Mr. Desch said that percentage is expected to stay relatively stable over the next few years. Before locking in new satellite designs, Iridium plans to roll out interim improvements to increase the speed of data transmissions.



Matt Desch