

Connections

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ISSUE 3



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Chief Executive Officer
O3b Networks Ltd.

CEO INSIGHT AFRICA, THE MIDDLE MILE, AND EMERGING MARKETS

Welcome to the third edition of CONNECTIONS, our company newsletter that aims to keep our customers, partners and friends up-to-date with our progress.

Since starting with O3b little over a month ago, I have been listening with interest to the industry commentary about the African telecommunications market. I thought this would be a good place for me to reflect on O3b's value proposition, and how it addresses the changing market dynamics in Africa.

Firstly, it is pretty clear that significant change is sweeping Africa. Numerous submarine fiber projects, many of which

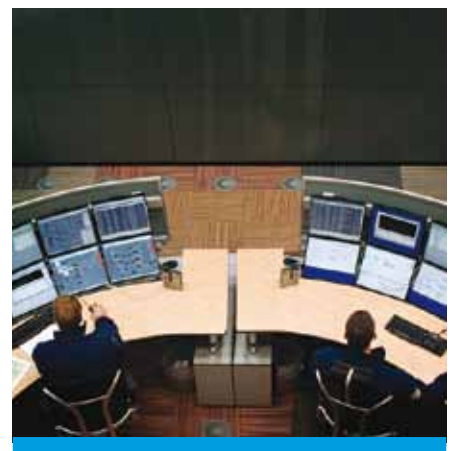
have been in the planning phase for years, have finally come to fruition, leading to a rapid drop in the price of IP, and subsequent pressure on conventional satellite capacity pricing. Geostationary FSS operators such as Intelsat, who, until recently were still supporting large international trunk links on broad regional beams, are now feeling the squeeze. The arrival of submarine fiber has left many of those transponders empty, and is pushing the price down on those that are not. Satellite needs a new set of applications in Africa.

"Our unique combination of low cost, high throughput, low latency and high mobility makes O3b a compelling proposition in many markets."

But those predicting "the end" of satellite connectivity on the continent are not only oversimplifying a complex situation, they are not paying heed to history. Africa is amidst a telecommunications transformation, of the same type that hit Latin America and India in the early 2000s. For the first time in history, cities dotting Africa's east and west coasts have access to international connectivity that had been unheard of just a few years ago. However, far from signaling the end of satellite's role in Latin America and India, the arrival of submarine fiber subsequently served to stimulate a new surge in satellite demand, as an array of consumers, businesses, state and local governments operating further inland demanded the same connectivity as their compatriots now had in the large metros and coastal cities.

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Onshore control room retrieving data.

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Latin America today is among the most vibrant telecommunications markets in the world, but the story was different a decade ago. Struck hard by an economic crisis, and suffering what was then characterized as an 'oversupply' of submarine fiber, analysts were quick to pronounce that satellite operators would be heading for the door. Those fears proved unfounded. Similarly, India, which was hooked up to several new submarine cables in the early 2000s, today continues to demand as much fiber, microwave and satellite capacity it can get its hands on to feed an insatiable demand for telecommunications. History tells us that it is generally unwise to read too much into short term market spikes

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but rather to look to the underlying fundamentals and the truism that more bandwidth begets more bandwidth. Africa is no different.

So where does this leave us at O3b? Well, these developments in many ways validate our thinking. It is true that as fiber hits the coasts, satellite trunking will now be pushed further inland but satellite operators must also offer competitively priced bandwidth to continue to address this market. Telecom operators will no longer tolerate an order of magnitude difference in the price of IP on the coast (via fiber) and the price of IP inland (via satellite). Satellite operators must evolve to maximize the value delivered per megabit and that is where O3b steps in. We offer a meaningfully different proposition to 'conventional' geostationary satellite capacity. With smaller, targeted beams and high-volume throughput we can radically close the gap between fiber and satellite pricing. And critically, we will compete effectively with pricing offered by fiber and microwave technologies to rural, underserved and land-locked inland regions.

Our unique combination of low cost, high throughput, low latency and high mobility makes O3b a compelling proposition in many markets. Netcom is a great example in the increasingly fibered Nigeria. You will read later in this issue how Netcom will be using O3b to provide state-of-the-art telecom infrastructure to important oil exploration and drilling rigs in the Nigerian delta.

Equally exciting – and equally important – is O3b's role as a "middle mile" link for Mobile Network Operators (MNOs). The growth of mobile has been nothing short of staggering: Latin America and Africa are each adding over 15 million mobile subscribers per quarter, while India increases by a staggering 50 million every three months. These nations are building their economies around mobile networks: consumers and businesses will increasingly talk, surf, bank, trade, buy, sell, network and interact using the mobile Web. Yet only 5% of the more than 3 billion mobile subscribers in the emerging world have access to 3G or other broadband services today. So, there is a huge opportunity for O3b, lowering the cost of the "middle mile" to allow

MNOs to rapidly, and efficiently roll-out 3G coverage for these new subscribers in areas where bandwidth costs may otherwise have prevented them from doing so.

So while short-term variations in supply and demand will always cause uncertainty, I could not be more excited about the opportunities that lie ahead for O3b. O3b is a unique system and our priority is to help our customers connect new regions across the emerging world, and play our part in bringing mobile broadband to billions of new users over the next decade and beyond.

“O3b is a unique system and our priority is to help our customers connect new regions across the emerging world.”



Omar Trujillo
VP, Africa
O3b Networks Ltd.

EMPLOYEE PROFILE

Q&A WITH OMAR TRUJILLO

What does your job entail?

I am in charge of sales for Africa and lead an experienced multidisciplinary team. Key aspects of my role include: developing the strategy for the region, supporting my team, and engaging and developing relationships with customers to close deals/contracts. I also provide market intelligence to the organization and identify specific areas where support from other

departments is needed. While I focus on Africa, during the last two years I have supported sales efforts in different areas of the world ranging from Latin America to Europe to South East Asia.

What is your background?

I grew up in Colombia and studied Electrical Engineering; I worked in this field for several years. I moved to Montreal, Canada to study my MBA and later joined a VSAT manufacturer handling sales for the Americas. I moved to the UK in 2004 to work with a system integrator, focusing on the wireless and satellite fields. I was the Commercial Director in charge of selling International Gateways Stations and VSAT networks to mobile operators in developing countries. I joined O3b Networks in June 2009.

What made you join O3b Networks?

From the moment I heard about O3b I knew it was an organization I wanted to be involved with. I've been working in satellite for many years and typically changes in this industry are incremental. O3b is unique, in that it's an innovative and exciting concept that will also provide millions of people with the basic right to have access to communications.

How do you see the future of O3b?

We have a tremendous opportunity to provide communications to people around

the world that need us. We also have a big challenge with the ever changing market conditions. We will adapt and react quickly; taking advantage of the strengths of our platform, the support and wisdom from our shareholders, and the talent within the company, to focus our efforts to develop and sell new products that can make us become a successful profitable company while still maintaining the vision behind O3b.

What's the greatest thing about your job?

This job has given me the opportunity to interact and learn from extremely talented and interesting people, both within O3b and with customers, with a vision of what communications can and should do for the world. In addition, selling a service that is not yet available for a company that until recently was not fully funded has been a tremendous experience. This has been challenging, exiting and an incredible learning opportunity.



Typical offshore oil and gas platforms in full operation.

CUSTOMER SPOTLIGHT

NETCOM & O3B NETWORKS SET TO CONNECT NIGERIA'S OIL & GAS MARKET

“The connectivity that O3b’s unique constellation of MEO satellites will provide allows us to offer a quality of service to our oil and gas customers operating in the Niger Delta region which was never before possible.”
Yen Choi, Group EVP and CTO, Netcom Africa.

Netcom Africa recently signed a multi-year, multi-million dollar agreement to utilize O3b’s MEO (Medium Earth Orbit) technology to provide broadband connectivity to ships and offshore platforms in Nigeria. The agreement will allow Netcom to offer high capacity, low latency connectivity to their oil and gas customers operating in the Niger Delta region.

Netcom Africa is a leading communication infrastructure provider of IP networking services. They offer a unique product suite using cutting-edge technologies in satellite, fiber and microwave communications to provide solutions to telecommunications carriers, GSM/CDMA operators, ISPs, multinationals, banks, oil & gas operators and government institutions. Netcom has a redundant network peered with multiple tier one network providers in the USA and UK. The company has

developed partnerships with international operators, allowing cross border MPLS and International Private Leased Circuit (IPLC) to any part of the world to serve its corporate customers’ connectivity. Netcom is also the first in Africa to achieve a TL9000 (The telecom quality management system) certificate.

Nigeria is one of the world’s largest oil producing nations with most multinational oil and gas corporations operating in the region. Despite the availability of multiple submarine cable networks on the coast of the country, service providers have struggled to meet the unique needs of the oil and gas sector. Using O3b’s MEO technology, Netcom will overcome this hurdle and start a new era for communications services. Our capacity will enable them to provide service both offshore on the coast and in deepwater which is further out.

“The connectivity that O3b’s unique constellation of MEO satellites will provide allows us to offer a quality of service to our oil and gas customers operating in the Niger Delta region which was never before possible. Offshore workers will be able to talk to friends and family at home with no delay” Yen Choi, Group EVP and CTO, Netcom Africa.

The agreement with Netcom is very important to O3b, being our first deal in the oil and gas market. Their customers will enjoy high throughput, low latency connectivity allowing them to send high volumes of data onshore for interpretation in real time, a critical requirement in this industry.



PROGRAMME UPDATE THE GROUND SYSTEM AND SPACE SEGMENT PROGRESS CONTINUES ON SCHEDULE

GROUND UPDATE



Europe Media Port site in Nemea, Greece.

Progress continues on schedule to develop the O3b Ground System. In January this year the O3b Ground team held an initial design review of the Network Operations Center (NOC). The review focused on requirements for the NOC and operational processes. In particular, the team evaluated the customer support requirements to ensure the NOC provides a customer service experience consistent with O3b's customer expectations. The NOC will be set up in late 2011 to support system testing in 2012.

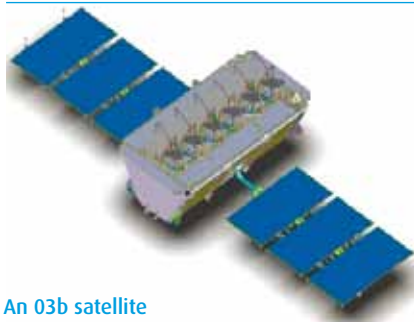
Teleports are also a major focus of the Ground efforts at this stage in the schedule, and we recently held a Kick-Off meeting at the Europe Media Port site in Nemea, Greece. This site will be where the initial set of O3b Gateway equipment will be deployed. During the meeting O3b's ground team got the chance to review the proposed Gateway antenna layout, shelter location, indoor equipment locations, power, and internet connectivity. "This was a successful meeting which demonstrates that we are on track for Gateway equipment installation in early 2012", Jay Bloom, Senior VP Ground System, O3b Networks.

In addition we have been holding meetings with world class international telecommunications providers in Greece to ensure that high capacity internet connectivity is available for all customers using the Greece gateway.

In the upcoming months O3b plans to have similar meetings with operators of their Hawaii and Australia teleports and related telecommunications providers.

On the terminal side, we continue the development of Tier 1 terminals with ViaSat and we have recently released a partnership request for proposal for the Tier 2 Terminals. The Tier 1 terminal production is ramping up with the procurement of subsystems and components. Tier 1 terminals begin to be available in the second quarter of 2012. "We anticipate announcing agreements with one or more Tier 2 vendors by the summer so that terminals are available for our customers to install starting late 2012", Jay Bloom.

SPACE NEWS



An O3b satellite

The O3b Space team is progressing on multiple fronts towards the Satellite System Critical Design Review occurring mid-May. As part of the system engineering classic "V" approach, initiating with the Satellite System Preliminary Design Review in January 2009, the O3b/Thales team has successfully completed over 16 equipment level critical design reviews including the Traveling Wave Tube Assembly, Ka Band Receiver, Solar Array, Power Distribution and Control Unit, Antenna Pointing Mechanism Electronics and the Gimballed Antennas. As we progress forward into the Avionics, Payload and System CDR over the next few months, the O3b/Thales team

will continue to apply the same high standards of quality to ensure mission success.

In parallel with the Satellite critical design activities, the design and interface development activities for the Satellite Control Center within the SES-provided Satellite Operations Center have been in full swing. The culmination of this work will be the Preliminary Design which will take place within the next month. We have been very fortunate to have seasoned operation veterans from all of the teams. The depth of experience has made interface issue resolution and communication appear seamless across multiple companies, countries and nationalities.

Meanwhile, on the Launch Vehicle program, the O3b/Arianespace team has completed the Mission Analysis Kick-off review and is converging toward an Interface Control Document release in the next month. The satellite dispenser design is continuing through the critical design phase on track for an early autumn CDR. "Interface meetings among O3b, Thales and Arianespace have been continuous, efficient and effective incorporating return of experience lessons learned from the heritage program", Robert Morris, Senior VP Space Systems O3b Networks.

"We anticipate announcing agreements with one or more Tier 2 vendors by the summer so that terminals are available for our customers to install starting late 2012."
Jay Bloom, Senior VP Ground System, O3b Networks.

EVENTS CALENDAR

03b Networks' Industry Event participation for the second quarter of 2011.



From	To	Event	Location
05-Apr	07-Apr	NG Oil & Gas Africa Summit	Heranus, South Africa
11-Apr	15-Apr	PITA	Noumea, New Caledonia
23-Apr	25-May	ITW	Washington DC
30-May	02-Jun	Satcom Africa 2011	Johannesburg, South Africa
15-Jun	16-Jun	West & Central Africa Com	Dakar, Senegal
21-Jun	24-Jun	CommunicAsia 2011	Marina Bay Sands, Singapore

UPCOMING EVENTS

03B IN Q2 2011

NG OIL & GAS SUMMIT

The Next Generation Oil & Gas Africa Summit held April 5-7th in Heranus, South Africa will serve as an arena for senior level executives to engage in clear and focused dialogue with their peers and examine their management objectives. The event also gives 03b the opportunity to meet with key decision makers. 03b is an event sponsor for the Summit and will have Marketing Director, Ladi Okuneye deliver a workshop titled "Overcoming Oil & Gas communications challenges using 03b's MEO platform".

PITA

The PITA 15th Annual General Meeting (AGM) Telecommunications Conference & Tradeshow will be held April 11-15th in Noumea, New Caledonia. This event aims to provide benefits to the telecom operators and carriers serving the Pacific Islands in having a one-stop-shop at the AGM. The focus of discussions will range from satellite and wireless communications to submarine cable and policy regulation. 03b will be the Tea

Break sponsor and have Chief Product Development Officer, Christian Patouraux presenting "Creative Ways to Cost Effectively Address Pacific Connectivity with 03b".

ITW

International Telecoms Week (ITW) is held May 23-25th in Washington DC. This conference is the meeting point for the global wholesale telecommunications community to buy and sell both voice and data products and services. ITW is an event for the entire industry with participants from all areas of the wholesale industry from Tier 1, Tier 2 and Tier 3 carriers, to mobile/wireless operators and ISPs. 03b will be co-exhibiting with SES at the event.

SatCom Africa 2011

SatCom Africa is held in Johannesburg, South Africa from May 30th – June 2nd. This is the largest satellite communications conference and exhibition, focusing specifically on the communications needs of the African continent. It brings together end-users and suppliers of satellite technology to find cost effective and reliable communication solutions. 03b is a Gold Sponsor at the event and a sponsor of the prestigious SatCom Awards night. 03b's CCO, John Finney will be on a panel discussion "Where is the capacity landscape headed", while the VP Sales Africa, Omar Trujillo will be participating on a panel discussion titled "Satellite Broadband".

West & Central AfricaCom

The 8th Annual West & Central Africa Com is held 15-16th June in Dakar, Senegal. The conference offers unique market perspectives and insights from a 40 strong speaker line-up including 25+ Operator leaders. 03b is an event sponsor and will have a booth in the exhibition hall. 03b's VP Sales Africa, Omar Trujillo will be on panel discussion "Building the infrastructure to connect the region – what next?"

Communicasia

Communicasia 2011 is held 21-24th June in Marina Bay Sands, Singapore. The Summit will feature extended sessions on Cloud Computing, Mobile Value Added Services cover and the latest on Next Generation Broadband, Security issues and the ever growing Mobile Marketing Industry. 03b will be co-exhibiting with SES at this event and have CEO Steve Collar and CCO, John Finney participating on panel discussions.

Please contact us to schedule a meeting at any of these future events by sending an email to getconnected@o3bnetworks.com