

BUSINESS

Troubled Loral rejects EchoStar buy-out bids

Bankrupt satellite manufacturer and operator Loral Space & Communications has rejected bids from satellite-television provider EchoStar Communications and intends to proceed with a series of deals agreed with DirecTV, PanAmSat and Intelsat. The deals are subject to approval at a bankruptcy court hearing scheduled for 21 October, and Loral's North American satellite fleet is most certain to be auctioned off after EchoStar bid \$1.03 billion, topping Intelsat's \$1 billion offer.

Hughes Electronics, the parent of DirecTV and majority owner of PanAmSat, has authorised Space Systems/Loral (SS/L) to proceed with the construction of two high-power direct broadcast satellites, DirecTV 8 and 9S, as well as the Galaxy 16 communications satellite, with an option for an in-orbit spare, for PanAmSat. If the deals receive court approval, the satellite operators will advance Loral payments totalling \$75 million.

DirecTV 8 will be delivered in the first quarter of 2005, followed in the second quarter by DirecTV 9S. Together the satellites are valued at \$220 million. The \$100 million Galaxy C/Ku-band satellite will be delivered at the end of 2005. SS/L is already building DirecTV 7S, but is behind schedule and under pressure to deliver the satellite by year-end.

Loral has rejected an offer from EchoStar to acquire DirecTV 7S for \$100 million and to authorise the construction of two additional satellites. With debts exceeding \$3 billion, bankrupt Loral has also rejected EchoStar's offer of \$1.85 billion for the entire company, as well as its separate \$1.03 billion bid for the six North American satellites operated by Loral Skynet – one of which, Telstar 7, was declared a total loss last month after a short circuit in its primary power bus.

AIR TRANSPORT JUSTIN WASTNAGE / LONDON

Safety audit poses threat to Olympic's game plan

Greek flag carrier's efforts to boost US capacity in 2004 could be scuppered by FAA ruling

Nascent Greek flag carrier Olympic Airlines' intention to add capacity to US destinations in the run-up to the 2004 Olympic Games looks likely to be hampered by Greece's expected poor showing in a safety oversight system audit. At present the country is rated Category 2 under the US Federal Aviation Administration's International Aviation Safety Assessment (IASA) system, but following improvements and an FAA re-audit, it was hoping for Category 1 before the Olympics.

IASA auditors are rechecking Greece's airport safety improvements and security measures. Industry sources say the FAA will confirm the nation's safety oversight system as Category 2 after the audits, despite Greece's efforts to improve. Any increase of services to the USA is banned under Category 2 rules, but use of wet-leased aircraft from Category 1 countries is allowed.

Current carrier Olympic Airways is to be transformed into an aviation services company under plans to launch Olympic Airlines in Decem-

ber, and privatised within 12 months. So far only two routes from Athens – to New York Kennedy and Johannesburg, South Africa – have the potential for extra capacity before the games. It adds, however, that any route expansion is a matter for the new airline. "We're trying to maintain a network to the USA and if we couldn't fly to the USA that would somewhat affect our master-plan," it says.

Olympic Airways adds that route expansion is a matter between the

two aviation safety agencies, and would not affect its new ground operations, as its new maintenance centre has separate FAA approval.

Greek regional carrier Aegean Airlines says: "It is frustrating when the civil aviation authority is not up to the same standard as we are."

The FAA rates Category 1 those countries whose civil aviation authority complies with International Civil Aviation Organisation standards, and Category 2 those it believes not to do so.



Olympic Airways is heading for privatisation as a services company

SPACEFLIGHT GUY NORRIS / LOS ANGELES

NASA set for second X-43 attempt

NASA's second attempt to fly an X-43A air-breathing hypersonic test aircraft is set for mid-December. The first effort ended with the destruction of the vehicle over the Pacific on 2 June 2001.

Details of the test and of a captive carry test set for 15 November on NASA's Boeing B-52 emerged as the agency awarded a \$150 million contract to Tennessee-based Allied Aerospace Industries for three follow-on X-43C demonstrators. The three vehicles will demonstrate free flight of a scramjet-powered aircraft with acceleration capability from Mach 5 to 7, as well as operation of the joint Pratt & Whitney, US Department of Defense and NASA-developed hydrocarbon fuel-cooled scramjet.

The placing of the order before the X-43A test is seen as a major confidence booster for the hypersonic effort, which includes the US Air Force's HyTech scramjet development programme and NASA's related X-43 research. NASA says the renewed impetus behind the X-43C is due partly to "more of a USAF participation" than was the case with the X-43A. Concerns have been expressed over the future of X-43C, but should a second hypersonic failure occur in December, USAF's interest in pushing flight tests of scramjets is more than compensating.

The USAF is accelerating scramjet concept tests and plans to develop a single-engined hypersonic demonstrator (SED) for flight in 2006, one

year before the first X-43C. The SED will use the same P&W scramjet engine as the X-43C, but with one propulsion system rather than three. The SED version will have a simpler fixed-geometry inlet demonstrator test engine version of the variable inlet GDE-2 dual-mode scramjet derivative aimed at the X-43C.

The Allied Aerospace team on X-43C includes P&W, Boeing Phantom Works and Virginia-based RJK Technologies. For the demonstrations, an Orbital Sciences Pegasus rocket booster will be air-launched from the B-52 to boost the X-43C to Mach 5 at 80,000ft (24,400m). The X-43C will separate and accelerate to Mach 7 under its own power and autonomous control.