

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F

(Mark One)

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number: 001-35878

INTELSAT S.A.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Grand Duchy of Luxembourg

(Jurisdiction of incorporation or organization)

4 rue Albert Borschette

Luxembourg

Grand-Duchy of Luxembourg

L-1246

(Address of principal executive offices)

Michelle V. Bryan, Esq.

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(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Shares, nominal value \$0.01 per share	New York Stock Exchange
5.75% Series A mandatory convertible junior non-voting preferred shares, nominal value \$0.01 per share	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.

106,789,315 common shares, nominal value \$0.01 per share

3,450,000 5.75% Series A mandatory convertible junior non-voting preferred shares, nominal value \$0.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note—checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☐

Accelerated Filer ☒

Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒

International Financial Reporting Standards as issued
by the International Accounting Standards Board ☐

Other ☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an Annual Report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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FORWARD-LOOKING STATEMENTS

Some of the statements in this Annual Report on Form 20-F, or Annual Report, and oral statements made from time to time by our representatives constitute forward-looking statements that do not directly or exclusively relate to historical facts. The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for certain forward-looking statements as long as they are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements.

When used in this Annual Report, the words “may,” “will,” “might,” “should,” “expect,” “plan,” “anticipate,” “project,” “believe,” “estimate,” “predict,” “intend,” “potential,” “outlook” and “continue,” and the negative of these terms, and other similar expressions are intended to identify forward-looking statements and information. Examples of these forward-looking statements include, but are not limited to, statements regarding the following: our belief that if ultra-high definition services are adopted on a broad scale, this trend would offset the negative trend we are facing as a result of U.S. media customers’ accelerated adoption of new compression methodologies that reduce the quantum of bandwidth necessary to transmit standard and high definition programming; our belief that the growing worldwide demand for reliable bandwidth, together with our leadership position in our attractive sector, global scale, efficient operating and financial profile, diversified customer sets and sizeable contracted backlog, provide us with a platform for long-term success; our belief that our next generation Intelsat EpicNG satellites will in the future provide inventory to offset the relatively lower level of business activity expected in our network services sector in the near to mid-term; our expectation of continued growth in our media business in 2015, and our expectation that over time new demand for capacity to support the new ultra high definition will compensate for reductions in demand related to compression in our media business; our belief that progress in U.S. government procurement practices, and interest in exploring creative contracting constructs will enhance commercial opportunities in our government business over the long term; our belief that building infrastructure, introducing services and investing in related technology will allow us to address sectors that are much larger, and growing much faster, than the sectors we support today; our belief that our efficient operating structure and our strategies will position us to continue to deliver high operating margins; our belief that as we place into service our next generation capacity starting in 2016, we will have increased opportunity to generate organic revenue growth; our expectation that we will not replace our existing fleet of approximately 50 satellites on a one-for-one basis; our expectation that our cost per bit delivered will decrease significantly with our EpicNG satellites, the number of station-kept satellites we maintain in our fleet will decline over the course of a 15 year cycle, our capital expenditure efficiency will thereby be enhanced over time, our competitiveness with existing applications will improve, the value we can provide to customers will increase, and that these improvements will also allow us to expand our addressable market into new fixed and mobile broadband applications; the expectation that our investing in a new generation of ground hardware will simplify access to satellite communications, potentially opening much larger and faster growing sectors than those traditionally served by our industry; our expectation that our development partnership with Kymeta Inc. will result in an affordable, flat antenna that could be installed in the automotive sector, enabling connected cars on a global basis; our expectations of pricing for our services in the future; our ability to efficiently incorporate new technologies into our network to capture growth; our intention to maximize our revenues and returns by managing our capacity in a disciplined and efficient manner; our intention to leverage our satellite launches and orbital rights to supply specialized capabilities for certain customers; the trends we believe will increase demand for satellite services and that we believe will allow us to capture new business opportunities in the future; our intent to consider select acquisitions of complementary businesses or technology; the trends that we believe will impact our revenue and operating expenses in the future; our assessments regarding how long satellites that have experienced anomalies in the past should be able to provide service on their transponders; our assessment of the risk of additional anomalies occurring on our satellites; our expectation that certain anomalies will not result in the acceleration of capital expenditures; our plans for satellite launches in the near term; our expected capital expenditures in 2015 and during the next several years; our belief that the diversity of our revenue and customer base allows us to recognize trends, capture new growth opportunities, and gain experience that can be transferred

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to customers in other regions; our belief that the scale of our fleet can reduce the financial impact of any satellite or launch failures and protect against service interruption; and the impact on our financial position or results of operations of pending legal proceedings.

Forward-looking statements reflect our intentions, plans, expectations, assumptions and beliefs about future events. These forward-looking statements speak only as of their dates and are not guarantees of future performance or results and are subject to risks, uncertainties and other factors, many of which are outside of our control. These factors could cause actual results or developments to differ materially from the expectations expressed or implied in the forward-looking statements and include known and unknown risks. Known risks include, among others, the risks discussed in Item 3D—Risk Factors, the political, economic and legal conditions in the markets we are targeting for communications services or in which we operate and other risks and uncertainties inherent in the telecommunications business in general and the satellite communications business in particular.

Other factors that may cause results or developments to differ materially from the forward-looking statements made in this Annual Report include, but are not limited to:

- risks associated with operating our in-orbit satellites;
- satellite launch failures, satellite launch and construction delays and in-orbit failures or reduced satellite performance;
- potential changes in the number of companies offering commercial satellite launch services and the number of commercial satellite launch opportunities available in any given time period that could impact our ability to timely schedule future launches and the prices we pay for such launches;
- our ability to obtain new satellite insurance policies with financially viable insurance carriers on commercially reasonable terms or at all, as well as the ability of our insurance carriers to fulfill their obligations;
- possible future losses on satellites that are not adequately covered by insurance;
- U.S. and other government regulation;
- changes in our contracted backlog or expected contracted backlog for future services;
- pricing pressure and overcapacity in the markets in which we compete;
- our ability to access capital markets for debt or equity;
- the competitive environment in which we operate;
- customer defaults on their obligations to us;
- our international operations and other uncertainties associated with doing business internationally;
- litigation; and
- other risks discussed under Item 3D—Risk Factors.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee our future results, level of activity, performance or achievements. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged not to rely on forward-looking statements in this Annual Report and to view all forward-looking statements made in this Annual Report with caution. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

INDUSTRY AND MARKET DATA

This Annual Report includes information with respect to regional and sector share and industry conditions from third-party sources, public filings and based upon our estimates using such sources when available. While we believe that such information and estimates are reasonable and reliable, we have not independently verified the data from third-party sources, including *21st Satellite Communications & Broadcasting Markets Survey, Forecasts to 2023*, dated September 2014, by *Euroconsult*; *DTH Platforms: Key Economics and Prospects*, dated November 2013, by *Euroconsult*; *Global Assessment of Satellite Demand*, 11th Edition, dated July 2014, by *NSR*; *Global Military Satellite Communications*, 11th Edition, dated November 2014, by *NSR*; *Wireless Backhaul via Satellite*, 8th Edition, dated May 2014, by *NSR*; *Pyramid Research Fixed Communications Demand—Asia Pacific*, dated September 2013, *Pyramid Research Fixed Communications Demand—Latin America*, dated June 2014, and *Contribution and Occasional Use TV Markets*, 2nd Edition, dated December 2014, by *NSR*. Similarly, our internal research is based upon our understanding of industry conditions, and such information has not been verified by independent sources. Specifically, when we refer to the relative size, regions served, number of customers contracted, experience and financial performance of our business as compared to other companies in our sector, our assertions are based upon public filings of other operators and comparisons provided by third-party sources, as outlined above.

Throughout this Annual Report, unless otherwise indicated, references to market positions are based on third-party market research. If a regional position or statement as to industry conditions is based on internal research, it is identified as management's belief. Throughout this Annual Report, unless otherwise indicated, statements as to our relative positions as a provider of services to customers and regions are based upon our relative share. For additional information regarding our regional share with respect to our customer sets, services and regions, and the bases upon which we determine our share, see Item 4B—Business Overview.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

In this Annual Report unless otherwise indicated or the context otherwise requires, (1) the terms “we,” “us,” “our,” “the Company” and “Intelsat” refer to Intelsat S.A., and its subsidiaries on a consolidated basis, (2) the term “Intelsat Holdings” refers to our indirect subsidiary, Intelsat Holdings S.A., (3) the term “Intelsat Investments” refers to Intelsat Investments S.A., Intelsat Holding’s direct wholly-owned subsidiary, (4) the term “Intelsat Luxembourg” refers to Intelsat (Luxembourg) S.A., Intelsat Investments S.A.’s direct wholly-owned subsidiary, (5) the term “Intelsat Jackson” refers to Intelsat Jackson Holdings S.A., Intelsat (Luxembourg) S.A.’s direct wholly-owned subsidiary, (6) the term “Sponsors Acquisition Transactions” refers to the acquisition of Intelsat Holdings by Serafina Acquisition Holdings on February 4, 2008 and related transactions. We refer to Intelsat General Corporation, one of our subsidiaries, as “Intelsat General.” In this Annual Report, unless the context otherwise requires, all references to transponder capacity or demand refer to transponder capacity or demand in the C-band and Ku-band only.

A. Selected Financial Data

The following selected historical consolidated financial data should be read in conjunction with, and is qualified by reference to, Item 5—Operating and Financial Review and Prospects and our audited consolidated financial statements and their notes included elsewhere in this Annual Report. The consolidated statement of operations data and consolidated cash flow data for the years ended December 31, 2012, 2013 and 2014, and the consolidated balance sheet data as of December 31, 2013 and 2014 have been derived from audited consolidated financial statements included elsewhere in this Annual Report. The consolidated statement of operations data and consolidated cash flow data for the years ended December 31, 2010 and 2011 and the consolidated balance sheet data as of December 31, 2010, 2011 and 2012 have been derived from audited consolidated financial statements that are not included in this Annual Report.

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	Year Ended December 31,				
	2010	2011	2012	2013	2014
	(in thousands, except share and per share amounts)				
Consolidated Statement of Operations Data					
Revenue	\$ 2,544,652	\$ 2,588,426	\$ 2,610,152	\$ 2,603,623	\$ 2,472,386
Operating expenses:					
Direct costs of revenue (excluding depreciation and amortization)	413,400	417,179	415,900	375,769	348,348
Selling, general and administrative	227,271	208,381	204,025	288,467	197,407
Depreciation and amortization	798,817	769,440	764,903	736,567	679,351
Impairment of asset value	110,625	—	—	—	—
Gain on satellite insurance recoveries	—	—	—	(9,618)	—
Total operating expenses	1,550,113	1,395,000	1,384,828	1,391,185	1,225,106
Income from operations	994,539	1,193,426	1,225,324	1,212,438	1,247,280
Interest expense, net	1,469,346	1,335,198	1,310,783	1,122,261	944,787
Loss on early extinguishment of debt	(76,849)	(326,183)	(73,542)	(368,089)	(40,423)
Earnings (loss) from previously unconsolidated affiliates	503	(24,658)	—	—	—
Other income (expense), net	9,124	1,955	(10,128)	(4,918)	(2,593)
Income (loss) before income taxes	(542,029)	(490,658)	(169,129)	(282,830)	259,477
Provision for (benefit from) income taxes	(26,668)	(55,393)	(19,631)	(30,837)	22,971
Net income (loss)	(515,361)	(435,265)	(149,498)	(251,993)	236,506
Net (income) loss attributable to noncontrolling interest	2,317	1,106	(1,639)	(3,687)	(3,974)
Net income (loss) attributable to Intelsat S.A.	(513,044)	(434,159)	(151,137)	(255,680)	232,532
Cumulative preferred dividends	—	—	—	(10,196)	(9,917)
Net income (loss) attributable to common shareholders	\$ (513,044)	\$ (434,159)	\$ (151,137)	\$ (265,876)	\$ 222,615
Other Data					
Capital expenditures	\$ 982,127	\$ 844,688	\$ 866,016	\$ 600,792	\$ 645,424
Basic income (loss) per common share attributable to Intelsat S.A.	\$ (6.18)	\$ (5.23)	\$ (1.82)	\$ (2.70)	\$ 2.09
Diluted income (loss) per common share attributable to Intelsat S.A.	\$ (6.18)	\$ (5.23)	\$ (1.82)	\$ (2.70)	\$ 1.99
Basic weighted average shares outstanding (in millions)	83.0	83.0	83.0	98.5	106.5
Diluted weighted average shares outstanding (in millions)	83.0	83.0	83.0	98.5	116.6
Dividends declared per 5.75% series A mandatory convertible junior non-voting preferred shares	—	—	—	\$ 2.96	\$ 2.87
Consolidated Cash Flow Data					
Net cash provided by operating activities	\$ 1,018,163	\$ 915,897	\$ 821,310	\$ 716,892	\$ 1,046,170
Net cash used in investing activities	(958,747)	(840,431)	(783,601)	(134,061)	(645,250)
Net cash provided by (used in) financing activities	129,786	(478,659)	(139,619)	(516,523)	(519,003)
Consolidated Balance Sheet Data					
Cash and cash equivalents, net of restricted cash	\$ 698,542	\$ 296,724	\$ 187,485	\$ 247,790	\$ 123,147
Restricted cash	—	94,131	—	—	—
Satellites and other property and equipment, net	5,997,283	6,142,731	6,355,192	5,805,540	5,880,264
Total assets	17,593,017	17,356,613	17,265,846	16,589,670	16,469,355
Total debt	15,920,247	16,003,405	15,904,194	15,287,414	14,811,142
Shareholders' deficit	(804,330)	(1,198,885)	(1,357,760)	(975,353)	(776,268)
Net assets	(802,428)	(1,147,959)	(1,312,090)	(934,667)	(742,567)
Number of common shares (in millions)	83.2	83.2	83.2	106.0	106.7
Number of 5.75% series A mandatory convertible junior non-voting preferred shares (in millions)	—	—	—	3.5	3.5

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B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

The risks described below are not the only ones that we may face. Additional risks that are not currently known to us or that we currently consider immaterial may also impair our business, financial condition or results of operations.

Risk Factors Relating to Our Business

We are subject to significant competition from within the FSS sector, from alternative satellite service providers and from other providers of communications capacity, such as fiber optic cable capacity. Competition from other telecommunications providers could have a material adverse effect on our business and could prevent us from implementing our business strategy and expanding our operations as planned.

We face significant competition in the fixed satellite services (“FSS”) sector in different regions around the world. We compete against other satellite operators and against suppliers of ground-based communications capacity. The increasing availability of satellite capacity and capacity from other forms of communications technology has historically created an excess supply of telecommunications capacity in certain regions from time to time. Additionally, there is emerging interest from new entrants to launch new constellations in different orbits that could potentially compete with portions of our business. Increased competition in the FSS sector could lower prices, which could reduce our operating margins and the cash available to fund our operations and service our debt obligations. In addition, there has been a trend toward consolidation of major FSS providers as customers increasingly demand more robust distribution platforms with network redundancies and worldwide reach, and we expect to face increased competition as a result of this trend. Our direct competitors are likely to continue developing and launching satellites with greater power and more transponders, which may create satellite capacity at lower costs. In order to compete effectively, we invest in similar technology.

We also believe that there are many companies that are seeking ways to improve the ability of existing land-based infrastructure, such as fiber optic cable, to transmit signals. Any significant improvement or increase in the amount of land-based capacity, particularly with respect to the existing fiber optic cable infrastructure and point-to-point applications, may cause our video services customers to shift their transmissions to land-based capacity or make it more difficult for us to obtain new customers. If fiber optic cable networks or other ground-based high-capacity transmission systems are available to service a particular point, that capacity, when available, is generally less expensive than satellite capacity. As land-based telecommunications services expand, demand for some satellite-based services may be reduced.

In addition, we face challenges to our business apart from these industry trends that our competition may not face. A portion of our revenue has historically been derived from channel services. Because fiber optic cable capacity is generally available at lower prices than satellite capacity, competition from fiber optic cable has historically caused a migration of our point-to-point customers from satellite to fiber optic cable on certain routes, resulting in erosion in our revenue from point-to-point services over the last ten years. Some other FSS operators have service mixes that are less weighted towards point-to-point connectivity than our current service mix. We have been addressing this erosion and sustaining our business by expanding our customer base in point-to-multipoint services, such as video, and growing our presence in serving wireless communications providers and the mobility sector.

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Failure to compete effectively with other FSS operators and to adapt to new competition and new technologies or failure to implement our business strategy while maintaining our existing business could result in a loss of revenue and a decline in profitability, a decrease in the value of our business and a downgrade of our credit ratings, which could restrict our access to the capital markets.

The market for fixed satellite services may not grow or may shrink and therefore we may not be able to attract new customers, retain our existing customers or implement our strategies to grow our business. In addition, pricing pressures may have an adverse impact on FSS sector revenue.

The FSS sector, as a whole, has experienced growth over the past few years. However, the future market for FSS may not grow or may shrink. Competing technologies, such as fiber optic cable, are continuing to adversely affect the point-to-point segment of the FSS sector. In the point-to-multipoint segment, economic downturns, the transition of video traffic from analog to digital and continuing improvements in compression technology, which allows for improved transmission efficiency, have negatively impacted demand for certain fixed satellite services. Developments that we expect to support the growth of the satellite services industry, such as continued growth in data traffic and the proliferation of direct-to-home (“DTH”) platforms, high definition television (“HDTV”) and niche programming, may fail to materialize or may not occur in the manner or to the extent we anticipate. Any of these industry dynamics could negatively affect our operations and financial condition.

Because the market for FSS may not grow or may shrink, we may not be able to attract customers for the services that we are providing as part of our strategy to sustain and grow our business. Reduced growth in the FSS sector may also adversely affect our ability to retain our existing customers. A shrinking market could reduce the number and value of our customer contracts and would have a material adverse effect on our business and results of operations. In addition, there could be a substantial negative impact on our credit ratings and our ability to access the capital markets.

The FSS sector has in the past experienced periods of pricing pressures that have resulted in reduced revenues of FSS operators. Current pricing pressures and potential pricing pressures in the future could have a significant negative impact on our revenues and financial condition.

Our financial condition could be materially and adversely affected if we were to suffer a satellite loss that is not adequately covered by insurance.

We currently carry in-orbit insurance only with respect to a small portion of our satellite fleet. As of December 31, 2014, four of the satellites in our fleet were covered by in-orbit insurance. Amounts recoverable from in-orbit insurance coverage may initially be comparable to amounts recoverable with respect to launch insurance coverage; however, such amounts generally decrease over time and are typically based on the declining book value of the satellite.

As our satellite insurance policies expire, we may elect to reduce or eliminate insurance coverage relating to certain of our satellites to the extent permitted by our debt agreements if, in our view, exclusions make such policies ineffective or the costs of coverage make such insurance impractical and we believe that we can more reasonably protect our business through the use of in-orbit spare satellites, backup transponders and self-insurance. A partial or complete failure of a revenue-producing satellite, whether insured or not, could require additional, unplanned capital expenditures, an acceleration of planned capital expenditures, interruptions in service, a reduction in contracted backlog and lost revenue and could have a material adverse effect on our business, financial condition and results of operations. We do not currently insure against lost revenue in the event of total or partial loss of a satellite.

We also maintain third-party liability insurance on our satellites to cover damage caused by our satellites. As of December 31, 2014, certain satellites in our fleet were covered by third-party liability insurance. This

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insurance, however, may not be adequate or available to cover all third-party liability damages that may be caused by any of our satellites, and we may not in the future be able to renew our third-party liability coverage on reasonable terms and conditions, if at all.

We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business, remain in compliance with debt covenants and make payments on our indebtedness.

As of December 31, 2014, on a consolidated basis, we had approximately \$14.8 billion principal amount of third-party indebtedness, approximately \$3.1 billion of which was secured debt. Our subsidiaries were the issuers or borrowers of this debt as follows: (a) Intelsat (Luxembourg) S.A. (“Intelsat Luxembourg”), had approximately \$14.8 billion principal amount of total third-party indebtedness on a consolidated basis, approximately \$3.1 billion of which was secured debt, and (b) Intelsat Jackson Holdings S.A. (“Intelsat Jackson”) had approximately \$11.3 billion principal amount of total third-party indebtedness on a consolidated basis, approximately \$3.1 billion of which was secured debt. Intelsat Luxembourg debt and Intelsat Jackson debt are included in our consolidated debt.

The indentures and credit agreements governing a substantial portion of the outstanding debt of Intelsat Luxembourg and Intelsat Jackson and their respective subsidiaries permit each of these companies to make payments to their respective direct and indirect parent companies to fund the cash interest payments on such indebtedness, so long as no default or event of default shall have occurred and be continuing or would occur as a consequence thereof.

Our substantial indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy obligations with respect to indebtedness, and any failure to comply with the obligations of any of our debt instruments, including financial and other restrictive covenants, could result in an event of default under the indentures governing our notes and the agreements governing such other indebtedness;
- require us to dedicate a substantial portion of available cash flow to pay principal and interest on our outstanding debt, which will reduce the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- limit flexibility in planning for and reacting to changes in our business and in the industry in which we operate;
- limit our ability to engage in strategic transactions or implement our business strategies;
- limit our ability to borrow additional funds; and
- place us at a disadvantage compared to any competitors that have less debt.

Any of the factors listed above could materially and adversely affect our business and our results of operations. Furthermore, our interest expense could increase if interest rates rise because certain portions of our debt bear interest at floating rates. If we do not have sufficient cash flow to service our debt, we may be required to refinance all or part of our existing debt, sell assets, borrow more money or sell securities, none of which we can guarantee we will be able to do.

We may be able to incur significant additional indebtedness in the future. Although the agreements governing our indebtedness contain restrictions on the incurrence of certain additional indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. If we incur new indebtedness, the related risks, including those described above, could intensify.

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The terms of the Intelsat Jackson Secured Credit Agreement, the indentures governing our existing notes and the terms of our other indebtedness may restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions.

On January 12, 2011, Intelsat Jackson, our wholly-owned subsidiary, entered into a secured credit agreement (as amended, the “Intelsat Jackson Secured Credit Agreement”). The Intelsat Jackson Secured Credit Agreement, the indentures governing our existing notes and the terms of our other outstanding indebtedness contain, and any future indebtedness of ours would likely contain, a number of restrictive covenants imposing significant operating and financial restrictions on Intelsat S.A. and some or all of its subsidiaries, including restrictions that may limit our ability to engage in acts that may be in our long-term best interests. The Intelsat Jackson Secured Credit Agreement includes two financial covenants. Intelsat Jackson must maintain a consolidated secured debt to consolidated EBITDA ratio of less than or equal to 3.50 to 1.00 at the end of each fiscal quarter as well as a consolidated EBITDA to consolidated interest expense ratio of greater than or equal to 1.75 to 1.00 at the end of each fiscal quarter, in each case as such financial measures are defined in the Intelsat Jackson Secured Credit Agreement.

In addition, the Intelsat Jackson Secured Credit Agreement requires Intelsat Jackson to use a portion of the proceeds of certain asset sales, in excess of a specified amount, that are not reinvested in its business to repay indebtedness under the agreement.

The Intelsat Jackson Secured Credit Agreement, the indentures governing our existing notes and the terms of our other outstanding indebtedness include covenants restricting, among other things, the ability of Intelsat S.A. and its subsidiaries to:

- incur or guarantee additional debt or issue disqualified stock;
- pay dividends (including to fund cash interest payments at different entity levels), or make redemptions, repurchases or distributions, with respect to ordinary shares or capital stock;
- create or incur certain liens;
- make certain loans or investments;
- engage in mergers, acquisitions, amalgamations, asset sales and sale and leaseback transactions; and
- engage in transactions with affiliates.

These covenants are subject to a number of qualifications and exceptions. The operating and financial restrictions and covenants in our existing debt agreements and any future financing agreements may adversely affect our ability to finance future operations or capital needs or to engage in other business activities. A breach of any of the restrictive covenants in the Intelsat Jackson Secured Credit Agreement could result in a default under such agreement. If any such default occurs, the lenders under the Intelsat Jackson Secured Credit Agreement may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable, enforce their security interest or require us to apply all available cash to repay these borrowings. If this occurred under the Intelsat Jackson Secured Credit Agreement, this would result in an event of default under our existing notes. The lenders under the Intelsat Jackson Secured Credit Agreement will also have the right in these circumstances to terminate any commitments they have to fund further borrowings. If Intelsat Jackson were unable to repay outstanding borrowings when due, the lenders under the Intelsat Jackson Secured Credit Agreement would have the right to proceed against the collateral granted to them to secure the debt owed to them. If the debt under the Intelsat Jackson Secured Credit Agreement were to be accelerated, our assets might not be sufficient to repay such debt in full or to repay our notes and our other debt.

Our business is capital intensive and requires us to make long-term capital expenditure decisions, and we may not be able to raise adequate capital to finance our business strategies, or we may be able to do so only on terms that significantly restrict our ability to operate our business.

Implementation of our business strategy requires a substantial outlay of capital. As we pursue our business strategies and seek to respond to opportunities and trends in our industry, our actual capital expenditures may

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differ from our expected capital expenditures and there can be no assurance that we will be able to satisfy our capital requirements in the future. The nature of our business also requires us to make capital expenditure decisions in anticipation of customer demand, and we may not be able to correctly predict customer demand. We have only a fixed amount of transponder capacity available to serve a particular region. If our customer demand exceeds our transponder capacity, we may not be able to fully capture the growth in demand in the region served by that capacity. We currently expect that our liquidity requirements in 2015 will be satisfied by cash on hand, cash generated from our operations, borrowings under our revolving credit facility and refinancing of our third party debt. However, if we determine we need to obtain additional funds through external financing and are unable to do so, we may be prevented from fully implementing our business strategy.

The availability and cost to us of external financing depend on a number of factors, including general market conditions, our financial performance and our credit rating. Both our credit rating and our ability to obtain financing generally may be influenced by the supply and demand characteristics of the telecommunications sector in general and of the FSS sector in particular. Declines in our expected future revenue under contracts with customers and challenging business conditions faced by our customers are among factors that may adversely affect our credit. Other factors that could impact our credit include the amount of debt in our current capital structure, activities associated with our strategic initiatives, our expected future cash flows and the capital expenditures required to execute our business strategy. The overall impact on our financial condition of any transaction that we pursue may be negative or may be negatively perceived by the financial markets and ratings agencies and may result in adverse rating agency actions with respect to our credit rating. A disruption in the capital markets, a deterioration in our financial performance or a credit rating downgrade could limit our ability to obtain financing or could result in any such financing being available only at greater cost or on more restrictive terms than might otherwise be available. Our debt agreements also impose restrictions on our operation of our business and could make it more difficult for us to obtain further external financing if required. See—The terms of the Intelsat Jackson Secured Credit Agreement, the indentures governing our existing notes and the terms of our other indebtedness may restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions.

Long-term disruptions in the capital and credit markets as a result of uncertainty due to recent recessions, changing or increased regulation or failures of significant financial institutions could adversely affect our access to capital. If financial market disruptions intensify, it may become difficult for us to raise additional capital or refinance debt when needed, on acceptable terms or at all. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Such measures could include deferring capital expenditures and reducing or eliminating other discretionary uses of cash, which could adversely impact our business and our ability to execute our business strategies.

We may become subject to unanticipated tax liabilities that may have a material adverse effect on our results of operations.

Intelsat S.A and certain of its subsidiaries are Luxembourg-based companies and are subject to Luxembourg taxation for corporations. We believe that a significant portion of the income derived from our communications network will not be subject to tax in certain countries in which we own assets or conduct activities or in which our customers are located, including the United States and the United Kingdom. However, this belief is based on the presently anticipated nature and conduct of our business and on our current position under the tax laws of the countries in which we own assets or conduct activities. This position is subject to review and possible challenge by taxing authorities and to possible changes in law that may have a retroactive effect.

In addition, we conduct business with customers and counterparties in multiple countries and jurisdictions. Our overall tax burden is affected by tax legislation in these jurisdictions and the terms of income tax treaties between these countries and the countries in which our subsidiaries are qualified residents for treaty purposes as in effect from time to time. Tax legislation in these countries and jurisdictions may be amended and treaties are regularly renegotiated by the contracting countries and, in each case, may change. If tax legislation or treaties

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were to change, we could become subject to additional taxes, including retroactive tax claims or assessments of withholding on amounts payable to us or other taxes assessed at the source, in excess of the taxation we anticipate based on business contracts and practices and the current tax regimes. The extent to which certain taxing jurisdictions may require us to pay tax or to make payments in lieu of tax cannot be determined in advance. Our results of operations could be materially adversely affected if we become subject to a significant amount of unanticipated tax liabilities.

We are subject to political, economic, regulatory and other risks due to the international nature of our operations.

We provide communications services in approximately 200 countries and territories. Accordingly, we may be subject to greater risks than other companies as a result of the international nature of our business operations. We could be harmed financially and operationally by tariffs, taxes, government sanctions and regulatory actions, and other trade barriers that may be imposed on our services, or by political and economic instability in the countries in which we provide services, for instance in countries heavily reliant on revenues from natural resources. If we ever need to pursue legal remedies against our customers or our business partners located outside of Luxembourg, the United States or the United Kingdom, it may be difficult for us to enforce our rights against them depending on their location.

Substantially all of our on-going technical operations are conducted and/or managed in the United States, Luxembourg and Germany. However, providers of satellite launch services, upon which we are reliant to place our satellites into orbit, locate their operations in other countries, including Kazakhstan. Political disruptions in this country could increase the risk of launching the satellites that provide capacity for our operations, which could result in financial harm to us.

Our business is subject to foreign currency risk.

Almost all of our customers pay for our services in U.S. dollars, although we are exposed to some risk related to customers who do not pay in U.S. dollars. Fluctuations in the value of non-U.S. currencies may make payment in U.S. dollars more expensive for our non-U.S. customers. For instance, our Russian customers and others may face difficulties paying for our services because of recent deterioration in the Russian currency and the relative strength of the U.S. dollar compared to many other currencies. In addition, our non-U.S. customers may have difficulty obtaining U.S. currency and/or remitting payment due to currency exchange controls.

Our Sponsors own a significant amount of our common shares and may have conflicts of interest with us in the future.

Our Sponsors (as defined below in Item 4A—History and Development of the Company—The Sponsors Acquisition Transactions) beneficially own in the aggregate approximately 72% of our common shares. By virtue of their share ownership, the Sponsors may be able to influence decisions to enter into any corporate transaction or other matter that requires the approval of shareholders. Additionally, the Sponsors are in the business of making investments in companies and, although they do not currently hold interests in any business that competes directly or indirectly with us, may from time to time acquire and hold interests in businesses that compete with us. The Sponsors may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

We have several large customers and the loss of, or default by, these customers could materially reduce our revenue and materially adversely affect our business.

A limited number of customers provide a substantial portion of our revenue and contracted backlog. For the year ended December 31, 2014, our ten largest customers and their affiliates represented approximately 25% of our revenue. The loss of, or default by, our larger customers could adversely affect our current and future revenue and operating margins.

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Some customers have in the past defaulted and, although we monitor our larger customers' financial performance and seek deposits, guarantees and other methods of protection against default where possible, our customers may in the future default on their obligations to us due to bankruptcy, lack of liquidity, operational failure, devaluation of local currency or other reasons. Defaults by any of our larger customers or by a group of smaller customers who, collectively, represent a significant portion of our revenue could adversely affect our revenue, operating margins and cash flows. If our contracted backlog is reduced due to the financial difficulties of our customers, our revenue, operating margins and cash flows would be further negatively impacted.

Reductions or changes in U.S. government spending, including the U.S. defense budget, could reduce our revenue and adversely affect our business.

The U.S. government, through the Department of Defense and other agencies, is one of our largest customers. Spending authorizations for defense-related and other programs by the U.S. government have fluctuated in the past, and future levels of expenditures and authorizations for these programs may decrease, remain constant or shift to programs in areas where we do not currently provide services. We provide services to the U.S. government and its agencies through contracts that are conditioned upon the continuing availability of Congressional appropriations. Congress usually appropriates funds on a fiscal year basis, even though contract performance may extend over many years. In recent years, there has been a pattern of delays in the finalization and approval of the U.S. government budget, which can create uncertainty over the extent of future government demand for our services. Furthermore, in light of the current geopolitical situation, with reductions in US operational presence in Iraq, Afghanistan and potentially the Middle East more generally, there may be additional future declines in the U.S. government's demand for and use of our services. To the extent the U.S. government and its agencies reduce spending on commercial satellite services, this could adversely affect our revenue and operating margins.

Risk Factors Relating to Our Industry

We may experience in-orbit satellite failures or degradations in performance that could impair the commercial performance of our satellites, which could lead to lost revenue, an increase in our cash operating expenses, lower operating income or lost backlog.

Satellites utilize highly complex technology and operate in the harsh environment of space and, accordingly, are subject to significant operational risks while in orbit. These risks include malfunctions, commonly referred to as anomalies that have occurred in our satellites and the satellites of other operators as a result of:

- the satellite manufacturer's error, whether due to the use of new and largely unproven technology or due to a design, manufacturing or assembly defect that was not discovered before launch;
- problems with the power systems of the satellites, including:
 - circuit failures or other array degradation causing reductions in the power output of the solar arrays on the satellites, which could cause us to lose some of our capacity, require us to forego the use of some transponders initially and to turn off additional transponders in later years; and/or
 - failure of the cells within the batteries, whose sole purpose is to power the payload and spacecraft operations during the daily eclipse periods which occur for brief periods of time during two 40-day periods around March 21 and September 21 of each year; and/or
- problems with the control systems of the satellites, including:
 - failure of the primary and/or backup satellite control processor ("SCP"); and
 - failure of the Xenon-Ion Propulsion System ("XIPS") used on certain Boeing satellites, which is an electronic propulsion system that maintains the spacecraft's proper in-orbit position; and/or
- general failures resulting from operating satellites in the harsh space environment, such as premature component failure or wear out, including:
 - failure of one or more gyroscope and/or associated electronics that are used to provide satellite attitude information during maneuvers.

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We have experienced anomalies in each of the categories described above. Although we work closely with the satellite manufacturers to determine and eliminate the cause of these anomalies in new satellites and provide for on-satellite backups for certain critical components to minimize or eliminate service disruptions in the event of failure, we may experience anomalies in the future, whether of the types described above or arising from the failure of other systems or components. These anomalies can manifest themselves in scale from minor reductions of equipment redundancy to marginal reductions in capacity to complete satellite failure. Some of our satellites have experienced significant anomalies in the past and some have components that are now known to be susceptible to similar significant anomalies. Each of these is discussed in Item 4B—Business Overview—Satellite Health and Technology. An on-satellite backup for certain components may not be available upon the occurrence of such an anomaly.

Any single anomaly or series of anomalies could materially and adversely affect our operations, our revenues, our relationships with our current customers and our ability to attract new customers for our satellite services. In particular, future anomalies may result in the loss of individual transponders on a satellite, a group of transponders on that satellite or the entire satellite, depending on the nature of the anomaly and the availability of on-satellite backups. Anomalies and our estimates of their future effects may also cause a reduction of the expected service life of a satellite and contracted backlog. Anomalies may also cause a reduction of the revenue generated by that satellite or the recognition of an impairment loss, and in some circumstances could lead to claims from third parties for damages, if a satellite experiencing an anomaly were to cause physical damage to another satellite, create interference to the transmissions on another satellite, cause other satellite operators to incur expenses to avoid such physical damage or interference or lower operating income as a result of an impairment charge. Finally, the occurrence of anomalies may adversely affect our ability to insure our satellites at commercially reasonable premiums, if at all. While some anomalies are covered by insurance policies, others are not or may not be covered. See—Risk Factors Relating to Our Business—Our financial condition could be materially and adversely affected if we were to suffer a satellite loss that is not adequately covered by insurance.

Many of the technical problems we have experienced with our current fleet have been component failures and anomalies. Our IS-804 satellite experienced a sudden and unexpected electrical power system anomaly that resulted in the total loss of the satellite in January 2005. The IS-804 satellite was an LM 7000 series satellite, and as of December 31, 2014, we operated one other satellite in the LM 7000 series, IS-805. We believe that the IS-804 satellite failure was most likely caused by a high current event in the battery circuitry triggered by an electrostatic discharge that propagated to cause the sudden failure of the high voltage power system.

Our IS-802 satellite, which was also an LM 7000 series satellite, experienced a reduction of electrical power capability that resulted in a degraded capability of the satellite in September 2006. A significant subset of transponders on IS-802 was subsequently reactivated and operated normally until the end of its service life in September 2010, when it was decommissioned. We believe that the IS-802 anomaly was most likely caused by an electrical short internal to the solar array harness located on the south solar array boom.

Our Galaxy 26 and Galaxy 27 satellites experienced sudden anomalies in their electrical distribution systems that resulted in the loss of control of the satellites and the interruption of customer services on the satellites in June 2008 and November 2004, respectively. We believe the likely root cause of the anomalies is a design flaw that is affected by a number of parameters and in some extreme cases can result in an electrical system anomaly. This design flaw exists on two of our satellites, Galaxy 27 and IS-8. Galaxy 26 was decommissioned in June 2014.

Our Galaxy 15 satellite experienced an anomaly in April 2010 resulting in our inability to command the satellite. We transitioned all media traffic on this satellite to our Galaxy 12 satellite, which was our designated in-orbit spare satellite for the North America region. Galaxy 15 is a Star-2 satellite manufactured by Orbital Sciences Corporation. On December 23, 2010, we recovered command of the spacecraft and subsequently completed diagnostic testing and uploading of software updates that protect against future anomalies of this type. In February 2011, Galaxy 15 initiated a drift to 133.1°W and returned to service, initially as an in-orbit spare. In October 2011, media traffic was transferred from Galaxy 12 back to Galaxy 15, and Galaxy 15 resumed normal service.

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We may also experience additional anomalies relating to the failure of the SCP in our BSS 601 satellite (IS-26), various anomalies associated with XIPS in our BSS 601 HP satellites or a progressive degradation of the solar arrays in certain of our BSS 702 satellites.

Three of the BSS 601 satellites that we operated in the past, as well as BSS 601 satellites operated by others, have experienced a failure of the primary and backup SCPs. On February 1, 2010, our IS-4 satellite experienced an anomaly of its backup SCP and was taken out of service. This event did not have a material impact on our operations or financial results. As of December 31, 2014, we operate only one BSS 601 satellite, IS-26.

Certain of the BSS 601 HP satellites have experienced various problems associated with their XIPS. We currently operate four satellites of this type, three of which have experienced failures of both XIPS. We may in the future experience similar problems associated with XIPS or other propulsion systems on our satellites.

Two of the three BSS 702 satellites that we operate, as well as BSS 702 satellites of a similar design operated by others, have experienced a progressive degradation of their solar arrays causing a reduction in output power. Along with the manufacturer, we continually monitor the problem to determine its cause and its expected effect. The power reduction may require us to permanently turn off certain transponders on the affected satellites to allow for the continued operation of other transponders, which could result in a loss of revenues, or may result in a reduction of the satellite's service life. In 2004, based on a review of available data, we reduced our estimate of the service lives of both satellites due to the continued degradation.

On April 22, 2011, the IS-28 satellite was launched into orbit. Subsequent to the launch, the satellite experienced an anomaly during the deployment of its west antenna reflector, which controls communications in the C-band frequency. The anomaly had not been experienced previously on other STAR satellites manufactured by Orbital Sciences Corporation, including those in our fleet. The New Dawn joint venture filed a partial loss claim with its insurers relating to the C-band antenna reflector anomaly and all of the insurance proceeds from the partial loss claim were received in 2011. The Ku-band antenna reflector deployed and that portion of the satellite is operating as planned, entering service in June 2011. A failure review board established to determine the cause of the anomaly completed its investigation in July 2011 and concluded that the deployment anomaly of the C-band reflector was most likely due to a malfunction of the reflector sunshield. As a result, the sunshield interfered with the ejection release mechanism, and prevented the deployment of the C-band antenna. The failure review board also recommended corrective actions for Orbital Sciences Corporation satellites not yet launched to prevent reoccurrence of the anomaly. Appropriate corrective actions were implemented on IS-18, which was successfully launched on October 5, 2011, and on IS-23, which was successfully launched in October 2012.

On June 1, 2012, our IS-19 satellite experienced damage to its south solar array during its launch operations. Although both solar arrays are deployed, the power available to the satellite is less than is required to operate 100% of the payload capacity. The Independent Oversight Board ("IOB") formed by Space Systems Loral, LLC ("SSL") and Sea Launch to investigate the solar array deployment anomaly concluded that the anomaly occurred before the spacecraft separated from the launch vehicle, during the ascent phase of the launch, and originated in one of the satellite's two solar array wings due to a rare combination of factors in the panel fabrication and unrelated to the launch vehicle. While the satellite is operational, the anomaly resulted in structural and electrical damage to one solar array wing, which reduced the amount of power available for payload operation. We filed a partial loss claim with our insurers relating to the solar array anomaly and all of the insurance proceeds from the partial loss claim were received in 2013. As planned, the operational portion of IS-19 replaced IS-8 at 166°E, in August 2012.

We may experience a launch failure or other satellite damage or destruction during launch, which could result in a total or partial satellite loss. A new satellite could also fail to achieve its designated orbital location after launch. Any such loss of a satellite could negatively impact our business plans and could reduce our revenue.

Satellites are subject to certain risks related to failed launches. Launch failures result in significant delays in the deployment of satellites because of the need both to construct replacement satellites, which can take 24

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months or longer, and to obtain other launch opportunities. Such significant delays could materially and adversely affect our operations and our revenue. In addition, significant delays could give customers who have purchased or reserved capacity on that satellite a right to terminate their service contracts relating to the satellite. We may not be able to accommodate affected customers on other satellites until a replacement satellite is available. A customer's termination of its service contracts with us as a result of a launch failure would reduce our contracted backlog. Delay caused by launch failures may also preclude us from pursuing new business opportunities and undermine our ability to implement our business strategy.

Launch vehicles may also under-perform, in which case the satellite may still be placed into service by using its onboard propulsion systems to reach the desired orbital location, resulting in a reduction in its service life. In addition, although we have had launch insurance on all of our launches to date, if we were not able to obtain launch insurance on reasonable terms and a launch failure were to occur, we would directly suffer the loss of the cost of the satellite and related costs, which could be more than \$250 million.

On February 1, 2013, the launch vehicle for our IS-27 satellite failed shortly after liftoff and the satellite was completely destroyed. A Failure Review Board was established and subsequently concluded that the launch failed due to the mechanical failure of one of the first stage engine's thrust control components. The satellite and launch vehicle were fully insured, and all of the insurance proceeds from the loss claim were received in 2013.

Since 1975, we and the entities we have acquired have launched 124 satellites. Including the IS-27 satellite, nine of these satellites were destroyed as a result of launch failures, six of which occurred prior to 1995. In addition, certain launch vehicles that we have used or are scheduled to use have experienced launch failures in the past. Launch failure rates vary according to the launch vehicle used.

As of December 31, 2014, we had seven satellites in development that are expected to be launched from 2015 to 2017. See Item 4B—Business Overview—Our Network—Satellite Systems—Planned Satellites.

New or proposed satellites are subject to construction and launch delays, the occurrence of which can materially and adversely affect our operations.

The construction and launch of satellites are subject to certain delays. Such delays can result from delays in the construction of satellites and launch vehicles, the periodic unavailability of reliable launch opportunities, possible delays in obtaining regulatory approvals and launch failures. We have in the past experienced delays in satellite construction and launch which have adversely affected our operations. Future delays may have the same effect. A significant delay in the future delivery of any satellite may also adversely affect our marketing plan for the satellite. If satellite construction schedules are not met, a launch opportunity may not be available at the time a satellite is ready to be launched. Further, any significant delay in the commencement of service of any of our satellites could enable customers who pre-purchased or agreed to utilize transponder capacity on the satellite to terminate their contracts and could affect our plans to replace an in-orbit satellite prior to the end of its service life. The failure to implement our satellite deployment plan on schedule could have a material adverse effect on our financial condition and results of operations. Delays in the launch of a satellite intended to replace an existing satellite that results in the existing satellite reaching its end of life before being replaced could result in loss of business to the extent an in-orbit backup is not available. As of December 31, 2014, we had seven satellites in development that are expected to be launched from 2015 to 2017. See Item 4B—Business Overview—Our Network—Satellite Systems—Planned Satellites.

Our dependence on outside contractors could result in increased costs and delays related to the launch of our new satellites, which would in turn adversely affect our business, operating results and financial condition.

There is a limited number of companies that we are able to use to launch our satellites and a limited number of commercial satellite launch opportunities available in any given time period. Adverse events with respect to our launch service providers, such as satellite launch failures or financial difficulties (which some of these

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providers have previously experienced), could result in increased costs or delays in the launch of our satellites. General economic conditions may also affect the ability of launch providers to provide launch services on commercially reasonable terms or to fulfill their obligations in terms of launch dates, pricing, or both. In the event that our launch service providers are unable to fulfill their obligations, we may have difficulty procuring alternative services in a timely manner and may incur significant additional expenses as a result. Any such increased costs and delays could have a material adverse effect on our business, operating results and financial condition.

A natural disaster could diminish our ability to provide communications service.

Natural disasters could damage or destroy our ground stations, resulting in a disruption of service to our customers. We currently have the technology to safeguard our antennas and protect our ground stations during natural disasters such as a hurricane, but the collateral effects of such disasters such as flooding may impair the functioning of our ground equipment. If a future natural disaster impairs or destroys any of our ground facilities, we may be unable to provide service to our customers in the affected area for a period of time and may incur an impairment charge lowering our operating income.

Risk Factors Relating to Regulation

We are subject to orbital slot/spectrum access requirements of the International Telecommunication Union (“ITU”) and regulatory and licensing requirements in each of the countries in which we provide services, and our business is sensitive to regulatory changes internationally and in those countries.

The telecommunications industry is highly regulated, and we depend on access to orbital slots and spectrum resources to provide satellite services. The ITU and national regulators allocate spectrum for satellite services, and may change these allocations, which could change or limit how Intelsat’s current satellites are able to be used. In addition, in connection with providing satellite capacity, ground network uplinks, downlinks and other value-added services to our customers, we need to maintain regulatory approvals, and from time to time obtain new regulatory approvals, from various countries. Obtaining and maintaining these approvals can involve significant time and expense. If we cannot obtain or are delayed in obtaining the required regulatory approvals, we may not be able to provide these services to our customers or expand into new services. In addition, the laws and regulations to which we are subject could change at any time, thus making it more difficult for us to obtain new regulatory approvals or causing our existing approvals to be revoked or adversely modified. Because the regulatory schemes vary by country, we may also be subject to regulations of which we are not presently aware and could be subject to sanctions by a foreign government that could materially and adversely affect our operations in that country. If we cannot comply with the laws and regulations that apply to us, we could lose our revenue from services provided to the countries and territories covered by these laws and regulations and be subject to criminal or civil sanctions.

If we do not maintain regulatory authorizations for our existing satellites and associated ground facilities or obtain authorizations for our future satellites and associated ground facilities, we may not be able to operate our existing satellites or expand our operations.

The operation of our existing satellites is authorized and regulated by the U.S. Federal Communications Commission (“FCC”), the U.K. Office of Communications, the telecommunications licensing authority in Papua New Guinea, the telecommunications ministry of Japan, and the regulatory agency of Germany.

We believe our current operations are in compliance with FCC and non-U.S. licensing jurisdiction requirements. However, if we do not maintain the authorizations necessary to operate our existing satellites, we will not be able to operate the satellites covered by those authorizations, unless we obtain authorization from another licensing jurisdiction. Some of our authorizations provide waivers of technical regulations. If we do not maintain these waivers, we will be subject to operational restrictions or interference that will affect our use of existing satellites. Loss of a satellite authorization could cause us to lose the revenue from services provided by that satellite at a particular orbital location to the extent these services cannot be provided by satellites at other orbital locations.

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Our launch and operation of planned satellites requires additional regulatory authorizations from the FCC or a non-U.S. licensing jurisdiction. Likewise, if any of our current operations are deemed not in compliance with applicable regulatory requirements, we may be subject to various sanctions, including fines, loss of authorizations, or denial of applications for new authorizations or renewal of existing authorizations. It is not uncommon for licenses for new satellites to be granted just prior to launch, and we expect to receive such licenses for all planned satellites. If we do not obtain required authorizations in the future, we will not be able to operate our planned satellites. If we obtain a required authorization but we do not meet milestones regarding the construction, launch and operation of a satellite by deadlines that may be established in the authorization, we may lose our authorization to operate a satellite using certain frequencies in an orbital location. Any authorizations we obtain may also impose operational restrictions or permit interference that could affect our use of planned satellites.

If we do not occupy unused orbital locations by specified deadlines, or do not maintain satellites in orbital locations we currently use, those orbital locations may become available for other satellite operators to use.

If we are unable to place satellites into currently unused orbital locations by specified deadlines and in a manner that satisfies the ITU, or national regulatory requirements, or if we are unable to maintain satellites at the orbital locations that we currently use, we may lose our rights and/or priority to use these orbital locations, and the locations with ITU priority could become available for other satellite operators to use. The loss of one or more of our orbital locations could negatively affect our plans and our ability to implement our business strategy.

Coordination results may adversely affect our ability to use a satellite at a given orbital location for our proposed service or coverage area.

We are required to record frequencies and orbital locations used by our satellites with the ITU and to coordinate with other satellite operators and national administrations the use of these frequencies and orbital locations in order to avoid interference to or from other satellites. The results of coordination may adversely affect our use of satellites at particular orbital locations, as well as the type of applications or services that we can accommodate. If we are unable to coordinate our satellites by specified deadlines, we may not be able to use a satellite at a given orbital location for our proposed service or coverage area. The use of our satellites may also be temporarily or permanently adversely affected if the operation of adjacent satellite networks does not conform to coordination agreements resulting in the acceptable interference levels being exceeded (e.g., due to operational errors associated with the transmissions to adjacent satellite networks).

Our failure to maintain or obtain authorizations under the U.S. export control and trade sanctions laws and regulations could have a material adverse effect on our business.

The export of satellites and technical data related to satellites, earth station equipment and provision of services are subject to U.S. State Department, U.S. Commerce Department and U.S. Treasury Department regulations. If we do not maintain our existing authorizations or obtain necessary future authorizations under the export control laws and regulations of the United States, we may be unable to export technical data or equipment to non-U.S. persons and companies, including to our own non-U.S. employees, as required to fulfill existing contracts. If we do not maintain our existing authorizations or obtain necessary future authorizations under the trade sanctions laws and regulations of the United States, we may not be able to provide satellite capacity and related administrative services to certain countries subject to U.S. sanctions. Our ability to acquire new satellites, launch new satellites or operate our satellites could also be negatively affected if our suppliers do not obtain required U.S. export authorizations.

If we do not maintain required security clearances from, and comply with our agreements with, the U.S. Department of Defense, or if we do not comply with U.S. law, we may not be able to continue to perform our obligations under U.S. government contracts.

To participate in classified U.S. government programs, we sought and obtained security clearances for one of our subsidiaries from the U.S. Department of Defense. Given our foreign ownership, we entered into a proxy

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agreement with the U.S. government that limits our ability to control the operations of this subsidiary, as required under the national security laws and regulations of the United States. If we do not maintain these security clearances, we will not be able to perform our obligations under any classified U.S. government contracts to which our subsidiary is a party, the U.S. government would have the right to terminate our contracts requiring access to classified information and we will not be able to enter into new classified contracts. As a result, our business could be materially and adversely affected. Further, if we materially violate the terms of the proxy agreement or if we are found to have materially violated U.S. law, we or the subsidiary holding the security clearances may be suspended or barred from performing any government contracts, whether classified or unclassified, and we could be subject to civil or criminal penalties.

Item 4. Information on the Company

A. History and Development of the Company

The Company

Our legal and commercial name is Intelsat S.A. The Company was organized as a public limited liability company (*Société Anonyme*) under the laws of the Grand-Duchy of Luxembourg on July 8, 2011. Our principal executive office is located at 4, rue Albert Borschette, L-1246, Luxembourg, telephone number +352 27 84 1600.

Our History

Intelsat, Ltd. was the successor entity to the International Telecommunications Satellite Organization (the “IGO”). The IGO was a public intergovernmental organization created on an interim basis by its initial member states in 1964 and formally established in February 1973 upon entry into force of an intergovernmental agreement. The member states that were party to the treaty governing the IGO designated certain entities to market and use the IGO’s communications system within their territories and to hold investment share in the IGO.

The Privatization

In November 2000, the IGO’s Assembly of Parties unanimously approved our management’s specific plan for our privatization and set the date of privatization for July 18, 2001. On July 18, 2001, substantially all of the assets and liabilities of the IGO were transferred to us.

The IGO, referred to post-privatization as the International Telecommunications Satellite Organization (“ITSO”), was established and was to exist as an intergovernmental organization for a period of at least 12 years after July 18, 2001, and then could be terminated by a decision of a governing body of ITSO called the Assembly of Parties. The Assembly of Parties voted in 2012 to continue ITSO until at least 2021. Pursuant to a Public Services Agreement among ITSO and Intelsat, Ltd. and certain of our subsidiaries, we have an obligation to provide our services in a manner consistent with the core principles of global coverage and connectivity, lifeline connectivity and non-discriminatory access, and ITSO monitors our implementation of this obligation.

The 2005 Acquisition Transactions

On January 28, 2005, Intelsat, Ltd. was acquired by Intelsat Holdings, Ltd. (“Intelsat Holdings”) for total cash consideration of approximately \$3.2 billion, with pre-acquisition debt of approximately \$1.9 billion remaining outstanding. Intelsat Holdings was initially formed as a Bermuda company.

The PanAmSat Acquisition Transactions

On August 28, 2005, Intelsat (Bermuda), Ltd. (“Intelsat Bermuda”), our indirect wholly-owned subsidiary now known as Intelsat (Luxembourg) S.A., PanAmSat and Proton Acquisition Corporation, a wholly-owned

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subsidiary of Intelsat Bermuda, signed a definitive merger agreement pursuant to which Intelsat Bermuda acquired all of the outstanding equity interests in PanAmSat for \$25.00 per common share in cash, or approximately \$3.2 billion in the aggregate (plus approximately \$0.00927 per share as the pro rata share of undeclared regular quarterly dividends).

The Sponsors Acquisition Transactions

On February 4, 2008, Serafina Acquisition Limited completed its acquisition of 100% of the equity ownership of Intelsat Holdings for total cash consideration of approximately \$5.0 billion, pursuant to a share purchase agreement among Serafina Acquisition Limited, Intelsat Holdings, certain shareholders of Intelsat Holdings and Serafina Holdings Limited (“Serafina Holdings”). Serafina Holdings is an entity formed by funds controlled by BC Partners Holdings Limited (the “BCEC Funds”) and certain other investors. Subsequent to the execution of the share purchase agreement, two investment funds controlled by Silver Lake Partners, L.P. (“Silver Lake Partners”) and other equity investors joined the BCEC Funds as the equity sponsors of Serafina Holdings. We refer to the BCEC Funds, the Silver Lake Partners funds and the other equity sponsors collectively as the Sponsors. As a result of completion of the Sponsors Acquisition Transactions and related financing transactions, we and our subsidiaries assumed aggregate net incremental debt of approximately \$3.7 billion.

The Luxembourg Migration

On December 15, 2009, Intelsat, Ltd. and certain of its parent holding companies and subsidiaries migrated their jurisdiction of organization from Bermuda to Luxembourg (the “Migration”). As a result of the Migration, our headquarters are located in Luxembourg. Each company that migrated has continued its corporate and legal personality in Luxembourg. Subsequent to the Migration, Intelsat Global, Ltd. became known as Intelsat Global S.A., Intelsat Global Subsidiary, Ltd. became known as Intelsat Global Subsidiary S.A., Intelsat Holdings, Ltd. became known as Intelsat Holdings S.A., Intelsat, Ltd. became known as Intelsat S.A., Intelsat (Bermuda), Ltd. became known as Intelsat (Luxembourg) S.A. and Intelsat Jackson Holdings, Ltd. became known as Intelsat Jackson Holdings S.A.

The Initial Public Offering

On April 23, 2013, we completed our initial public offering, in which we issued 22,222,222 common shares, and a concurrent public offering, in which we issued 3,450,000 5.75% Series A mandatory convertible junior non-voting preferred shares (the “Series A Preferred Shares”), at public offering prices of \$18.00 and \$50.00 per share, respectively (the initial public offering together with the concurrent public offering, the “IPO”) for total proceeds of \$572.5 million (or approximately \$550 million after underwriting discounts and commissions). In connection with the IPO, on April 16, 2013, the name of the Company was changed from Intelsat Global Holdings S.A. to Intelsat S.A.

B. Business Overview

Overview

We operate the world’s largest satellite services business, providing a critical layer in the global communications infrastructure.

We provide diversified communications services to the world’s leading media companies, fixed and wireless telecommunications operators, data networking service providers for enterprise and mobile applications in the air and on the seas, multinational corporations, and ISPs. We are also the leading provider of commercial satellite communication services to the U.S. government and other select military organizations and their contractors.

Our customers use our global network for a broad range of applications, from global distribution of content for media companies to providing the transmission layer for commercial aeronautical consumer broadband connectivity, to enabling essential network backbones for telecommunications providers in high-growth emerging regions.

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Our network solutions are a critical component of our customers' infrastructures and business models. Generally, our customers need the specialized connectivity that satellites provide so long as they are in business or pursuing their mission. For instance, our satellite neighborhoods provide our media customers with efficient and reliable broadcast distribution that maximizes audience reach, a benefit that is difficult for terrestrial services to match. In addition, our satellite solutions provide higher reliability than is available from local terrestrial telecommunications services in many regions and allow our customers to reach geographies that they would otherwise be unable to serve.

We hold one of the largest collections of rights to well-placed orbital slots in the most valuable C- and Ku-band spectrums. From these locations, our satellites are able to offer services in the established regions historically using the most satellite capacity, as well as the higher growth emerging regions, where approximately 53% of our capacity is currently focused.

We believe our leadership position, valuable customer relationships and global network enable us to benefit from growing demand for reliable bandwidth, resulting from trends such as:

- Global distribution of television entertainment and news programming to fixed and mobile devices;
- Completion and extension of international, national and regional voice and data networks, fixed and wireless, notably in emerging regions;
- Universal access to broadband connectivity through fixed and mobile networks by consumers, corporations and other organizations;
- Increasing deployment of in-flight and on-board broadband access for consumer applications in the commercial and private flight and maritime sectors;
- Requirements for cost-efficient space-based network solutions for fixed and mobile government and military applications; and
- Global demand for services which enable connected devices, such as machine-to-machine communications and the Internet of Things ("IoT").

We believe that we have one of the largest, most reliable and most technologically advanced commercial communications networks in the world. As of December 31, 2014, our global communications system features a fleet of 50 geosynchronous satellites that covers more than 99% of the world's populated regions. Our satellites primarily provide services in the C- and Ku-band frequencies, which form the largest part of the FSS sector. Our satellite capacity is complemented by our suite of IntelsatOne® managed services, including our terrestrial network comprised of leased fiber optic cable, access to Internet points of presence ("PoPs"), multiplexed video and data platforms and owned and operated teleports. Our satellite-based network solutions offer distinct technical and economic benefits to our target customers and provide a number of advantages over terrestrial communications systems, including the following:

- Fast, scalable, secure and high performance infrastructure deployments;
- Superior end-to-end network availability as compared to the availability of terrestrial networks, due to fewer potential points of failure;
- Highly reliable bandwidth and consistent application performance, as satellite beams effectively blanket service regions;
- Ability to extend beyond terrestrial network end points or to provide an alternative path to terrestrial infrastructure;
- Efficient content distribution through the ability to broadcast high quality signals from a single location to many locations simultaneously;
- Video neighborhoods, or capacity at orbital locations with a large number of consumer dishes or cable headend dishes pointed to them maximizing potential distribution of television programming; and

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- Rapidly deployable communications infrastructure for disaster recovery.

We believe that our hybrid satellite-terrestrial network, combined with one of the world's largest collection of FSS spectrum rights, is a unique and valuable asset.

Our network architecture is flexible and, coupled with our global scale, provides strong capital and operating efficiency. We are able to re-deploy capacity, moving satellites or repositioning beams to capture demand. In 2015, we expect to begin launching satellites of our next-generation fleet design, branded as Intelsat Epic^{NG}, a high throughput platform that will further increase our flexibility while decreasing our cost of transmission. The first of these satellites is expected to enter service in mid-2016. Our technology has utility across a number of applications, with minimal customization to address diverse applications. We operate our global network from a fully-integrated, centralized satellite operations facility, with regional sales and marketing offices located close to our customers. The operational flexibility of our network is an important element of our differentiation and our growth.

We have a reputation for operational and engineering excellence, built on our experience of 50 years in the communications sector. Our network delivered 99.999% network availability on station-kept satellites to our customers in 2014.

As of December 31, 2014, our contracted backlog, which is our expected future revenue under existing customer contracts, was approximately \$10.0 billion, roughly four times our 2014 annual revenue. For the year ended December 31, 2014, we generated revenue of \$2.47 billion and net income attributable to Intelsat S.A. of \$232.5 million. Our Adjusted EBITDA, which consists of EBITDA as adjusted to exclude or include certain unusual items, certain other operating expense items and certain other adjustments, was \$1.96 billion, or 79% of revenue, for the year ended December 31, 2014.

In 2014, our business encountered a number of challenges that are reflected in our operating results, and we believe these trends are likely to continue for some time:

- Legacy business: the acceleration of contract expirations and terminations for point-to-point trunking services, which are related to our heritage in providing fixed telecommunications infrastructure, in response to improved fiber availability in certain regions;
- Intense pricing pressure related to increased transponder services supply in certain regions, which initially affected our business in Africa, but which could spread to other regions experiencing new or increased supply;
- Continued weakness in our government business related to troop withdrawals and reduced spending by the U.S. government;
- Recent indications by our U.S. media customers' of their plans to accelerate adoption of new compression methodologies that reduce the quantum of bandwidth necessary to transmit standard and high definition programming, in advance of the expected adoption of ultra high definition services. If ultra high definition services are adopted on a broad scale, this trend could compensate for the negative compression trend; as well as
- Geopolitical and geo-economic conditions, disruptions or changes in Russia and the improving strength of the dollar, which results in our services being more expensive as compared to alternatives priced in local currencies in non-U.S. dollar denominated regions.

We believe we benefit from a number of characteristics that allow us to effectively manage our business despite these competitive and geo-economic pressures:

- Significant long-term contracted backlog, providing a foundation for predictable revenue streams;
- The upcoming launch of our next generation Intelsat Epic^{NG} platform, which will support new services targeted to growth applications;

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- High operating leverage, which has allowed us to generate an average Adjusted EBITDA margin of 78% in the past three years;
- Reduced interest expense following our IPO and successful debt refinancing transactions in 2013 and continued debt reduction in 2014; and
- A stable, efficient and sustainable tax profile for our global business.

We believe that our leadership position in our attractive sector, global scale, efficient operating and financial profile, diversified customer sets and sizeable contracted backlog, together with the growing worldwide demand for reliable bandwidth, provide us with a platform for long-term success.

Our Sector

Satellite services are an integral and growing part of the global communications infrastructure. Through unique capabilities, such as the ability to effectively blanket service regions, to offer point-to-multipoint distribution and to provide a flexible architecture, satellite services complement, and for certain applications are preferable to, terrestrial telecommunications services, including fiber and wireless technologies. The FSS sector is expected to generate revenues of approximately \$12.0 billion in 2015, and C- and Ku-band transponder service revenue is expected to grow by a compound annual growth rate (“CAGR”) of 3.8% from 2014 to 2019 according to a study issued in 2014 by NSR, a leading international market research and consulting firm specializing in satellite and wireless technology and applications.

In recent years, the addressable market for FSS has expanded to include mobile applications because existing mobile satellite systems cannot provide the broadband access required by high bandwidth mobile platforms, such as ships and aircraft, including unmanned aerial vehicles. Satellite services provide secure bandwidth capacity ideal for global in-theater communications since military operations are often in locations without reliable communications infrastructure. According to a study by NSR, global revenue from C- and Ku-band services used for government and military applications is expected to grow at a CAGR of 5.3% from 2014 to 2019.

Our sector is noted for having favorable operating characteristics, including long-term contracts, high renewal rates and strong cash flows. The fundamentals of the sector—solid growth in demand, moderate price improvements and high operating margins—were maintained throughout the recent economic downturn, demonstrating resilient growth during a period that resulted in recession or slower growth in many regions of the world.

There is a finite number of geostationary orbital slots in which FSS satellites can be located, and many orbital locations already hold operating satellites pursuant to complex regulatory processes involving many international and national governmental bodies. These satellites typically are operated under coordination agreements designed to avoid interference with other operators’ satellites. See—Regulation below for a more detailed discussion of regulatory processes relating to the operation of satellites.

Our sector has consolidated over the course of the last decade, as the combination of large capital commitments, operational infrastructure requirements and access to spectrum has created challenges for smaller operators. Today, there are only four FSS operators, including us, providing global services, which is important as multinationals and governments seek a one-stop solution for obtaining global connectivity. In addition, there are a number of operators with fewer satellites that provide regional and/or national services. We currently hold the largest number of rights to orbital slots in the most valuable C- and Ku-band spectrums.

We believe a number of fundamental trends are creating increasing demand for satellite services:

- *Globalization* of economic activities is increasing the geographic expansion of corporations and the communications networks that support them while creating new audiences for content. Globalization also increases the communications requirements for governments supporting embassy and military applications;

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- *Connectivity and broadband access* are essential elements of infrastructure supporting the rapid economic growth of developing nations. Globally dispersed organizations often turn to satellite-based infrastructure to provide better access, reliability and control. The penetration of broadband connectivity for businesses is expected to grow from 57% to 98% and from 58% to 64% in the Latin America and Asia Pacific regions, respectively, over the period 2014 to 2019 according to Pyramid Research, a research consultant. Wireless telecommunications companies often use satellite-based solutions to extend networks into areas where geographic or low population density makes it economically unfeasible to deploy other technology. Further deployments of wireless telecom infrastructure and the migration from 2G to 3G and 4G networks, which carry content and data, in addition to voice, also create demand for satellite bandwidth. In 2014, a number of large procurement requests featuring satellite technology were initiated, by global social media and Internet leaders seeking to bring broadband connectivity to emerging regions, contemplating new business models. This acknowledgement of the near-instant infrastructure provided by, and ubiquitous reach of satellite communications, represents potential future demand for satellite connectivity.
- *The emergence of new content consumers resulting from economic growth in developing regions* results in increased demand for free-to-air and pay-TV content, including cable and DTH. Demand for capacity to support DTH applications is expected to grow at a CAGR of 4.8% for the period 2014 to 2019, according to NSR.
- *Proliferation of formats and new sources of entertainment content* results in increased bandwidth requirements as content owners seek to maximize distribution to multiple viewing audiences across multiple technologies. HDTV, and now the introduction of Ultra HD television, Internet distribution of traditional television programming, known as “Over the Top” or “OTT”, and video to mobile devices are all examples of the expanding format and distribution requirements of media programmers, the implementation of which varies greatly from developed to emerging regions. In its 2014 study, NSR forecasted that the number of standard and high definition television channels distributed worldwide for cable, broadcast and DTH is expected to grow at a CAGR of 6.8% from 2014 to 2019;
- *Mobility applications*, such as wireless infrastructure, maritime communications, and aeronautical services for commercial and government applications are fueling demand for mobile bandwidth. Commercial applications, such as broadband services for consumer air flights and cruise ships, as well as broadband requirements from the maritime and oil and gas sectors, provide increased demand for satellite-based bandwidth. Rapid growth in cellular services for developing regions is expected to transition from demand for voice only services to demand for data and video services over time, with 2G, 3G and 4G network deployments, resulting in increased network bandwidth requirements. Fixed satellite services revenue growth related to capacity demand for broadband mobility applications from land, aeronautical and maritime is expected to grow at a CAGR of 18.1% for the period 2014 to 2019, according to NSR; and
- *Connected Devices*, such as those contemplated by machine to machine communications, the IoT and other future technology trends, will require ubiquitous coverage that might be best provided by satellite technology for certain applications in certain regions, and also for applications where ubiquitous, global access is required. This represents an important potential source of longer-term demand.

In total, C- and Ku-band transponder service revenue is expected to grow at a CAGR of 3.8% from 2014 to 2019, according to NSR.

Our Customer Sets and Growing Applications

We focus on business-to-business services, indirectly enabling enterprise, government and consumer applications through our customers. Our customer contracts offer four different service types: transponder services, managed services, channel services and mobile satellite services and other. See Item 5—Operating and Financial Review and Prospects—Revenue for further discussion of our service types. Characteristics of our customer sets are summarized below:

Customer Set	Representative Customers	Year	Annual Revenue (1)(2)	% of 2014 Total Revenue (2)	% of 2014 Backlog (1)(2)	Backlog to 2014 Revenue Multiple
Network Services	Airbus Defence & Space, Bharti, Orange, Harris	2010	\$ 1,248			
	Caprock UK Limited, Verizon, Vodafone, America Movil	2011	\$ 1,218			
		2012	\$ 1,193			
		2013	\$ 1,202			
		2014	\$ 1,150	46%	48%	2.3x
Media	Discovery Communications, Fox	2010	\$ 788			
	Entertainment Group, MultiChoice, Home Box Office, DIRECTV, The Walt Disney Company, Turner Broadcasting Company	2011	\$ 818			
		2012	\$ 859			
		2013	\$ 884			
		2014	\$ 881	36%	40%	7.5x
Government	Australian Defence Force, U.S. Department of Defense, U.S. Department of State, U.S. Navy, U.S. Air Force, Finnmeccanica	2010	\$ 483			
		2011	\$ 517			
		2012	\$ 524			
		2013	\$ 486			
		2014	\$ 410	17%	11%	1.3x

(1) Dollars in millions; backlog as of December 31, 2014.

(2) Does not include satellite related services and other.

We provide satellite capacity and related communications services for the transmission of video, data and voice signals. Our customer contracts cover on- and off-network capacity with four different service types:

On-Network:

- Transponder services
- Managed services
- Channel services

Off-Network:

- Transponder services
- Mobile satellite services and other

We also perform satellite-related consulting services and technical services for various third parties, such as operating satellites for other satellite owners.

Network Services

We are the world's largest provider of satellite capacity for network services, according to Euroconsult, with a 32% global share. Our satellite capacity, paired with our terrestrial network comprised of leased fiber, teleports

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and data networking platforms, enables the transmission of video, data and voice to and from virtually any point on the surface of the earth. There is an increasing need for basic and high-speed connectivity in developed and emerging regions around the world. We provide an essential element of the infrastructure supporting the rapid expansion of wireless services in many emerging regions. Furthermore, as mobile communications becomes essential to global networking and Internet use, we are increasingly providing capacity to be used for mobility applications such as maritime enterprise and maritime and aeronautical broadband services for passenger access services.

Network services is our largest customer set and accounted for 46% of our revenue for the year ended December 31, 2014 and \$2.7 billion of our contracted backlog as of December 31, 2014. Our business generated from the network services sector is generally characterized by non-cancellable, one to five year contracts with many of the world's leading communications providers, including fixed and wireless telecommunications companies, such as global carriers and regional and national providers in emerging regions, corporate network service providers, such as VSAT services providers to vertical markets including banks, value-added services providers, such as those serving the oil and gas and maritime industries, and multinational corporations and other organizations operating globally.

Our network services offerings are an essential component of our customers' services, providing backbone infrastructure, expanded service areas and connectivity where reliability or geography is a challenge. We believe that we are a preferred provider because of our global service capability and our expertise in delivering service operator-grade network availability and efficient network control.

Our IntelsatOne network includes regional shared data networking platforms at our teleports that are connected to approximately 40 of our satellites. As a result, our customers can quickly establish highly reliable services across multiple regions, yet operate them on a centralized basis. Our satellite-based solutions allow customers to rapidly expand their service territories, increase the access speed and capabilities for their existing networks and efficiently address new customer and end-user requirements.

Highlights of our network services business include the following:

- We are the world's largest provider of satellite capacity for satellite-based private data networks, including VSAT networks, according to Euroconsult;
- We believe we are the leading provider of satellite capacity for cellular backhaul applications in emerging regions, connecting cellular access points to the global telecommunications network, a global segment expected to generate over \$1.0 billion in revenue in 2015, according to NSR. Over 80 of our customers use our satellite-based backhaul services as a core component of their network infrastructure due to unreliable or non-existent terrestrial infrastructure. Our cellular backhaul customers include the top 10 mobile groups in Africa, which represent 81% of the region's subscribers;
- We believe we hold the leading share of the aeronautical broadband services powering in-flight passenger connectivity. Fixed satellite services revenue growth related to capacity demand for broadband aeronautical services is expected to grow from approximately \$70 million to \$1,207 million, for the period 2014 to 2023, at a CAGR of 37%; and
- Approximately 150 value-added network operators use our IntelsatOne broadband hybrid infrastructure to deliver their regional and global services. Applications for these services include corporate networks for multinationals, Internet access and broadband for maritime applications. C- and Ku-band revenue from capacity demand for mobility applications is expected to grow at a CAGR of 18.1% from 2014 to 2019, according to NSR.

Our leading position in this part of our business has been under pressure as new capacity from satellite operators and improved access to fiber links has changed the competitive environment in certain regions. The increase in satellite supply has resulted in significant declines in pricing, particularly in our Africa region. The

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increase in the availability of fiber has resulted in the accelerated retirement of our channel and trunking businesses, a trend that we expect will have less relevance as we near the end of the product lifecycle in 2016. As a result, we believe that the level of business activity in this sector in the near to mid-term will remain lower than that of recent years. Our next generation Intelsat Epic^{NG} satellites will provide inventory to offset these recent trends, providing bandwidth for mobility and enterprise applications. The first of these satellites is expected to enter service in mid-2016.

Media

We are the world's second largest provider of satellite capacity for media services, according to Euroconsult, with a 20% global share. We have delivered television programming to the world since the launch of our first satellite, Early Bird, in 1965. We provide satellite capacity for the transmission of entertainment, news, sports and educational programming for over 350 broadcasters, content providers and DTH platform operators worldwide. We have well-established relationships with our media customers, and in some cases have distributed their content on our satellites for over 25 years.

Media customers are our second largest customer set and accounted for 36% of our revenue for the year ended December 31, 2014 and \$6.6 billion of our contracted backlog as of December 31, 2014. Our business generated from the media sector is generally characterized by non-cancellable, long-term contracts with terms of up to 15 years with premier customers, including national broadcasters, content providers and distributors, television programmers and DTH platform operators.

Broadcasters, content providers and television programmers seek efficient distribution of their content to make it easily obtainable by affiliates, cable operators and DTH platforms; satellites' point-to-multipoint capability is difficult to replicate via terrestrial alternatives. Our strong cable distribution neighborhoods offer media customers high penetration of regional and national audiences.

Broadcasters, content providers and television programmers also select us because our global capabilities enable the distribution or retrieval of content to or from virtually any point on earth. For instance, we regularly provide fully integrated global distribution networks for content providers that need to distribute their products across multiple continents. DTH platform operators use our services because of our attractive orbital locations and because the scale and flexibility of our fleet can provide speed to market and lowers their operating risk, as we have multiple satellites serving every region.

We believe that we enjoy a strong reputation for delivering the high network reliability required to serve the demanding media sector.

Our fully integrated satellite, fiber and teleport facilities provide enhanced quality control for programmers. In addition to basic satellite services, we offer bundled, value-added services under our IntelsatOne brand that include managed fiber services, digital encoding of video channels and up-linking and down-linking services to and from our satellites and teleport facilities. Our IntelsatOne bundled services address programmers' interests in delivering content to multiple distribution channels, such as television and Internet, and their needs for launching programs to new regions in a cost-efficient manner.

Highlights of our media business include the following:

- 29 of our satellites host premium video neighborhoods, offering programmers superior audience penetration, with nine serving the United States, five serving Europe, eight serving Latin America, four serving Asia and three serving Africa and the Middle East;
- We are a leading provider of capacity used in global content distribution to media customers, according to Euroconsult. Our top 10 video distribution customers buy service on our network, on average, across three or more geographic regions, demonstrating the value provided by the global reach of our network;

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- We believe that we are the leading provider of satellite service capacity for the distribution of cable television programming in North America, with thousands of cable headends pointed to our satellites. Our Galaxy 13 satellite provided the first high definition neighborhood in North America, and today, our Galaxy fleet distributes nearly 325 high definition channels, and we distribute approximately 5,500 TV channels, including 700 high definition channels, on a global basis. In its 2014 study, NSR forecasted that the number of standard and high definition television channels distributed worldwide for cable, broadcast and DTH is expected to grow at a CAGR of 6.8% from 2014 to 2019;
- We are a leading provider of satellite services for DTH providers, according to NSR, delivering programming to over 31 million subscribers and supporting more than 30 DTH platforms around the world, including DIRECTV in Latin America, Orion in Russia, GVT in Brazil and Multichoice in Africa;
- We are a leading provider of capacity used in video contribution managed occasional use services, supporting coverage of major events for news and sports organizations, according to NSR. For instance, we have carried programming on a global basis for every Olympiad since 1968. Our services for media companies covering the 2014 winter games included the use of four Intelsat satellites and our IntelsatOne terrestrial network, offering them a robust and secure method for transporting their content. Similarly, during the 2014 World Cup, rights holders and programmers committed to approximately 500 MHz of capacity reserved on seven satellites for full-time services for the duration of the event; and
- Global C- and Ku-band transponder revenue from video applications is forecasted to grow at an overall CAGR of approximately 3.8% from 2014 to 2019, according to NSR.

We expect continued growth in this part of our business in 2015, supported by the late 2014 launch of the Intelsat 30 satellite, which supports DTH services in Latin America. Further supporting growth is the expected launch of three satellites in late 2015 and 2016 benefitting our media business. This will be offset somewhat by acceleration of compression technologies, which reduce bandwidth requirements in our North American business. In time, we expect new demand for capacity to support the new 4K format, also known as Ultra HD, which could compensate for reductions in demand related to compression.

Government

We are the leading provider of commercial satellite services to the government sector, according to NSR, with a 33% share of the U.S. military and government use of commercial satellite capacity worldwide. With 50 years of experience serving this customer set, we have built a reputation as a trusted partner for the provision of highly customized, secure satellite-based solutions. The government sector accounted for 17% of our revenue for the year ended December 31, 2014 and \$535.4 million of our contracted backlog as of December 31, 2014.

Our satellite communication services business generated from the government sector is generally characterized by single year contracts that are cancellable by the customer upon payment of termination for convenience charges and include annual options to renew for periods of up to four additional years. In 2014, the U.S. government budget sequestration, and troop withdrawals from regions of conflict, reduced the level of activity in our government business.

In addition to communication services, our business generated from hosted payloads is generally characterized by contracts with service periods extending up to the 15 year life of the satellite, cancellable upon payment of termination penalties defined by the respective contracts.

Our customer base includes many of the leading government communications providers, including U.S. military and allied partners, civilian agencies and commercial customers serving the defense sector. We consider each party within the Department of Defense and other U.S. governmental agencies that has the ability to initiate a purchase requisition and select a contractor to provide services to be a separate customer, although such party may not be the party that awards us the contract for the services.

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We attribute our strength in serving military and government users to our global infrastructure of satellites and our IntelsatOne network of teleports and fiber that complement the government's own networks and satellites. Our fleet is flexible and provides global network capacity, resilience and critical surge capabilities. In some instances, we provide our government customers managed, end-to-end secured networks, combining our resources in space and on the ground, for fixed and mobile applications.

In responding to certain unique customer requirements, we also procure and integrate satellite services provided by other satellite operators, either to supplement our capacity or to obtain capacity in frequencies not available on our fleet, such as L-band, X-band and other spectrums not available on our network. These off-network services are primarily low risk in nature, typically with the terms and conditions of the third party capacity and services we procure matched to contractual commitments from our customer. We are an attractive supplier to the government sector because of our ability to leverage not only our assets but also other space-based solutions, providing a single contracting source for multiple, integrated technologies.

Highlights of our government business include the following:

- We are the prime contractor or a leading contractor on a number of multi-year contract vehicles under which multiple branches of the government can order our commercial satellite services, including the Commercial Broadband Satellite Program and the Future COMSATCOM Services Acquisition program;
- The reliability and scale of our fleet and planned launches of new and replacement satellites allow us to address changing demand for satellite coverage and to provide mission-critical communications capabilities. For instance, our Intelsat 22 satellite hosts a UHF payload under a 15-year agreement with the Australian Defence Force;
- The U.S. government and military is one of the largest users of commercial satellites for government/military applications on a global basis. In 2014, we served approximately 100 customers that are government customers, resellers to government customers or integrators; and
- According to a study by NSR, global revenue from C- and Ku-band services used for government and military applications is expected to grow at a CAGR of 5.3% from 2014 to 2019.

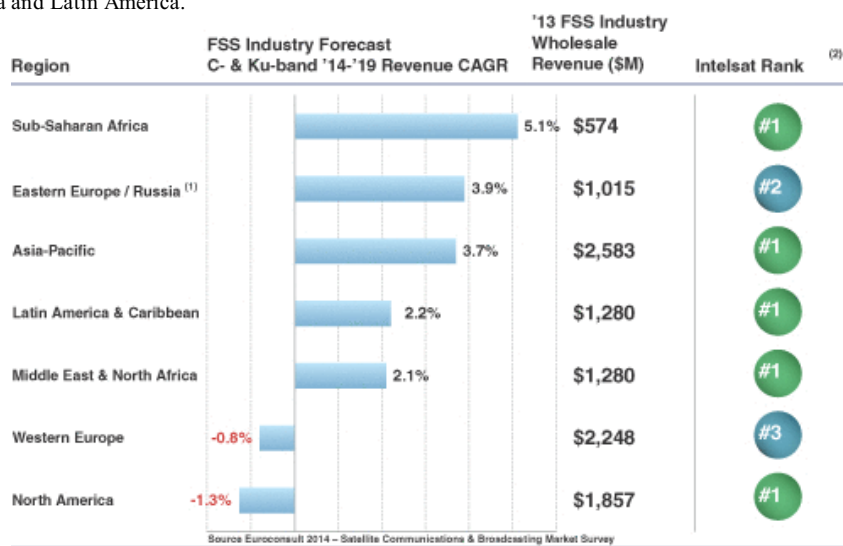
Although an approved U.S. budget has ended the sequestration environment, we believe that the level of business activity in this sector in the near to mid-term will remain lower than that of recent years, as the final troop withdrawals from Afghanistan reduce needs for in-region support, and continuing spending restraints result in lower program budgets. We believe our reputation as a provider of secure solutions, our global fleet, our customer relationships, our ability to provide turn-key services and our demonstrated willingness to reposition or procure capacity to support specific requirements position us to successfully compete for commercial satellite solutions for bandwidth intensive military and civilian applications. We also note progress in U.S. government procurement practices, with some specific instances of contracting for services for periods in excess of the more typical 1 year term, and interest in exploring creative contracting constructs such as hosted payloads and outsourcing of certain space-based functions.

Our Diverse Business

Our revenue and backlog diversity spans customer sets and applications, as discussed above, as well as geographic regions and satellites. We believe our diversity allows us to recognize trends to capture new growth opportunities, and gain experience that can be transferred to customers in different regions. For further details regarding geographic distribution of our revenue, see Note 17 to our consolidated financial statements included elsewhere in this Annual Report.

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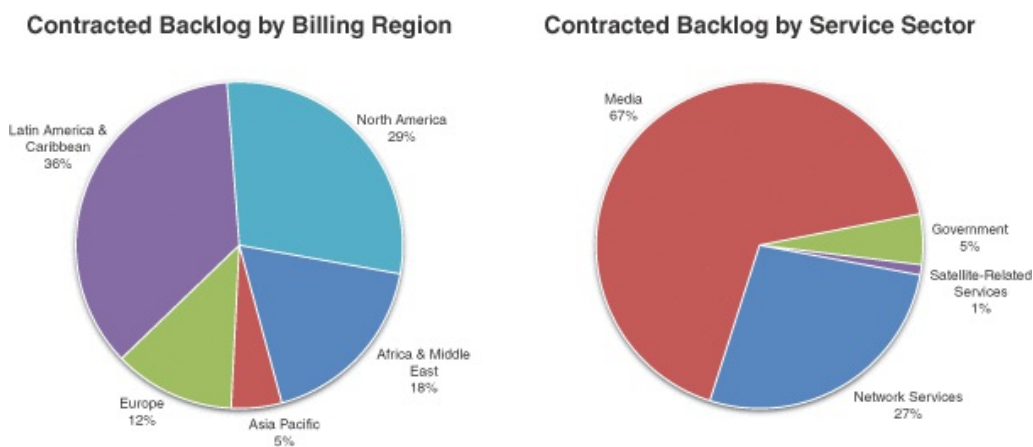
We believe we are the sector leader by transponder share in all but two of the geographic regions covered by our network, and our leading positions align to the regions identified by industry analysts as those that either purchase the most satellite capacity or are emerging regions that have the highest growth prospects, such as Africa and Latin America.



⁽¹⁾ Eastern Europe / Russia includes Central Europe and Central Asia; Asia-Pacific includes Southern Asia, North East Asia, South East Asia.
⁽²⁾ Based on 20MHz transponder equivalent in-service units as of 12/31/13 per Euroconsult

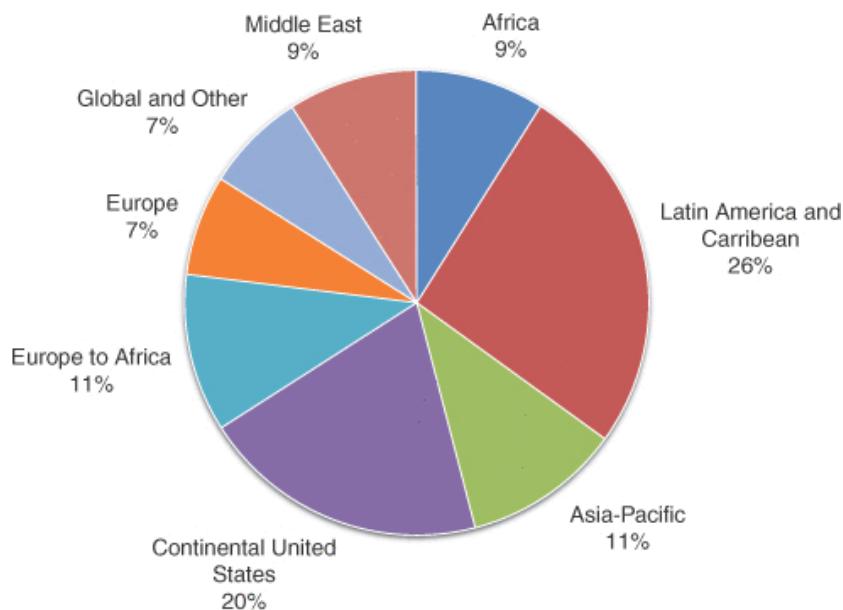
The scale of our fleet can also reduce the financial impact of satellite failures and protect against service interruption. No single satellite generated more than 6% of our revenue and no single customer accounted for more than 5% of our revenue for the year ended December 31, 2014.

The following chart shows the geographic diversity of our contracted backlog as of December 31, 2014 by region and service sector, based upon the billing address of the customer.



The majority of our on-network revenue aligns to emerging regions, based upon the position of our satellites and beams. The following chart shows the breakdown of our on-network revenue by the region in which the service is delivered as of December 31, 2014:

On-Network Revenue by Service Delivery Region



Our Strategy

We seek revenue growth by expanding our broadband infrastructure business in high growth regions and applications while maintaining our focus on operational discipline.

We believe that building infrastructure, introducing services and investing in related technology will allow us to address sectors that are much larger, and growing much faster, than the sectors we support today. This includes:

- Providing network infrastructure for 2G, 3G and 4G wireless in developing regions;
- Establishing new content distribution networks enabling OTT programming in emerging regions;
- Providing broadband services for aeronautical, maritime and other mobile services; and
- Providing ubiquitous broadband for global deployment of connected consumer devices, with the continuing formation of the IoT.

While our business encounters short-term challenges, including the limited amount of marketable capacity in our fleet until we begin launching and placing into service our Intelsat EpicNG satellite platform, our strategy is designed to position us to capture short-term and long-term growth.

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Given our efficient operating structure, we believe our strategies will position us to continue to deliver high operating margins. As we place into service our next generation capacity starting in 2016, as described below, we will have increased opportunity to generate organic revenue growth. The key components of our business strategy include the following:

Focus our core business on attractive and growing broadband, mobility and media applications and innovative government solutions

We are a business-to-business provider of high performance, secure critical communications infrastructure. We intend to leverage our leading position, customer relationships, global network and regional strengths to capture new business opportunities as a result of the following:

Network Services:

- New broadband connectivity requirements for mobility applications such as aeronautical, offshore energy and maritime applications;
- The continued expansion of cellular networks, migration of these cellular networks from 2G to 3G and 4G and voice and data growth in emerging regions with inadequate infrastructure;
- Demand from global social media and Internet leaders seeking to provide emerging market broadband access under new business models;
- The requirement for highly reliable backup to fiber and other terrestrial links for certain geographies; and
- Growth in multinational enterprise broadband access requirements resulting from globalization.

Media:

- Programmers and broadcasters seeking new global distribution capabilities to deliver content in new regions;
- New and expanding DTH platforms in fast growing emerging regions; and
- Content and format proliferation, such as standard definition, high definition and ultra-high definition formats, increasing the capacity needs of our programmer customers, as well as requirements for more efficient infrastructure for distribution of OTT programming, especially in developing regions.

Government:

- The need for a cost efficient complement to government-owned satellite capacity, such as innovative fixed and mobile broadband and turn-key network solutions for global communications;
- Bandwidth requirements resulting from the use of manned and unmanned aerial vehicles; and
- Hosted payload opportunities as government customers increasingly seek speedy and cost efficient access to space, filling capacity gaps by co-locating their space assets on commercial satellites.

Optimize and leverage our space-based assets, including orbital locations and spacecraft

We intend to maximize the revenues and returns generated by our assets by managing capacity in a disciplined and efficient manner. Key elements of our strategy include:

- Relocating bandwidth in order to support growth for mobile and network services customers, particularly in emerging markets;
- Joining with other satellite operators and business partners interested in combining interests at certain orbital locations to capture new opportunities;
- Optimizing our space-based assets by creating additional marketable capacity through re-assigning traffic (grooming), repointing steerable beams and relocating satellites; and

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- Allocating capital based on expected returns and market demand, and being disciplined in the selection of the number, size and characteristics of replacement and new satellites to be launched. We do not expect to replace our existing fleet of 50 satellites, on a one-for-one basis.

Design and deploy our next generation satellite fleet, including Intelsat EpicNG, to capture growth from new applications and evolving customer requirements

Our fleet is large and diversified by coverage, manufacturer and age. As satellites reach the end of their service lives, we have an ongoing opportunity to refresh the technology we use to serve our customers, resulting in flexibility to address new opportunities as they are identified.

Our customers require increasing amounts of bandwidth, with more efficiency, in order to expand the types of applications they can support and expand their addressable markets. Our next generation network investment strategy seeks to deploy space and terrestrial network elements that will allow us to deliver more bandwidth while improving unit costs.

Our next generation satellite technology, Intelsat EpicNG, will be incorporated into our fleet as we complete the scheduled replacement of our IX-series satellites. The Intelsat EpicNG platform features high throughput spot beam technology, utilizing frequency reuse in order to dramatically increase the amount of throughput on the satellites. The innovative design is in contrast to other high throughput platforms; Intelsat EpicNG emphasizes open architecture and backward compatibility, which provides our customer base with complete flexibility with respect to leveraging existing ground hardware capital investment, a significant element when analyzing total cost of ownership.

While these EpicNG satellites are expected to cost more per satellite, our cost per bit delivered is expected to decrease significantly. Because EpicNG satellites are significantly larger in terms of capacity and throughput than traditional satellites, we expect the number of station-kept satellites we maintain in our fleet to decline over the course of a 15 year cycle. This will enhance our capital expenditure efficiency over time. The Intelsat EpicNG platform introduced in 2012 was initially anchored by three customer contracts, representing nearly \$500 million in backlog. As the satellite launch nears, renewals of additional customers at that orbital location will include the transition to the Epic platform. Our newer assets, including our enhanced terrestrial network, IntelsatOne, are used to address current market requirements, allowing older assets to be redeployed to serve legacy customer applications still efficiently served by those assets.

We believe that new satellite technologies, including high throughput satellites such as our Intelsat Epic NG platform, should significantly improve the performance of our network and thereby decrease our cost per bit delivered, improving our competitiveness with existing applications and increasing the value we can provide to customers. These improvements will also allow us to expand our addressable market into new fixed and mobile broadband applications. We are also investing in enhanced technology that is incorporated in our terrestrial network to deliver converging video and IP content, thus expanding the services we provide to the media and telecommunications industries. We intend to continue to implement compression technologies into our ground network to reduce the bandwidth necessary for network service applications, increasing our customers' efficiency and expanding our market potential, particularly in emerging regions.

Finally, we intend to leverage our frequent satellite launches and collection of orbital rights to address opportunities to supply specialized capabilities for large media companies and government applications. This could include launching and operating satellites with specific regional footprints and capabilities, such as our agreement with DIRECTV Latin America to provide customized capacity for DTH services on two satellites, the first of which was placed into service in 2014. Another example is our agreement with MultiChoice Inc. for capacity for DTH services on a satellite expected to be launched in 2016, serving South Africa and the Indian Ocean Region. With respect to government applications, this could include advanced satellites and space-based services, as well as the ability to integrate hosted payloads with our spacecraft, providing fast and cost-effective capabilities in space. For instance, we integrated a specialized payload for the Australian Defence Force ("ADF") into our IS-22 satellite, which we launched in 2012.

Drive innovation through investments in ecosystem, creative business development and new business models

Complementing our innovation on our space-based assets, we are investing in a new generation of ground hardware that is expected to simplify access to satellite communications, potentially opening much larger and faster growing sectors than those traditionally served by our industry. In the first quarter of 2015, we announced the first of a series of investments in ground antennas that use metamaterials and other innovations to simplify deployment. For instance, we have entered into a development partnership with Kymeta Inc. which we expect to result in an affordable, flat antenna that could be installed in the automotive sector, enabling connected cars on a global basis.

Going forward, we will also consider select acquisitions of complementary businesses or technologies that enhance our product and geographic portfolio and can benefit from our scale, scope and status as a global leader.

Sales, Marketing and Distribution Channels

We strive to maintain a close working relationship with our customers. Our primary sales and marketing operations are located in the United Kingdom and the United States. In addition, we have established local sales and marketing support offices in the following countries around the world:

- | | |
|-------------|------------------------|
| • Australia | • Mexico |
| • Brazil | • Senegal |
| • China | • Singapore |
| • France | • South Africa |
| • Germany | • United Arab Emirates |
| • India | • Japan |

By establishing local offices closer to our customers and staffing those offices with experienced personnel, we believe that we are able to provide flexible and responsive service and technical support to our customers. Our sales and marketing organization reflects our corporate focus on our three principal customer sets of network services, media and government. Our sales team includes technical marketing and sales engineering application expertise and a sales approach focused on creating integrated solutions for our customers' communications requirements.

We use a range of direct and wholesale distribution methods to sell our services, depending upon the region, applicable regulatory requirements and customer application.

Our Network

Our global network is comprised of 50 satellites as of December 31, 2014 and ground facilities, including teleports, access to Internet PoPs and leased fiber that support our commercial services and the operation and control of our satellites.

Our customers depend on our global communications network and our operational and engineering leadership. Highlights of our network include:

- Prime orbital locations, reflecting a valuable portfolio of coordinated fixed satellite spectrum rights;
- Highly reliable services, including network availability of 99.999% on station-kept satellites for the year ended December 31, 2014;
- Flexibility to relocate satellites to other orbital locations as we manage fleet replacement, demand patterns change or in response to new customer requirements;

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- Design features and steerable beams on many of our satellites that enable us to reconfigure capacity to provide different areas of coverage; and
- Resilience, with multiple satellites serving each region, allowing for improved restoration alternatives should a satellite anomaly occur.

As we design our new satellites, we work closely with our strategic customers to incorporate technology and service coverage that provides them with a cost-effective platform for their respective requirements.

The table below provides a summary of our satellite fleet as of December 31, 2014, except where noted.

Satellite	Manufacturer	Orbital Location	Launch Date	Estimated End of Service Life (1)
<i>Station Kept in Primary Orbital Role (2):</i>				
Intelsat 805	LM (3)	304.5°E	Jun-98	Q2 2018
Galaxy 11	BSS (4)	304.4°E	Dec-99	Q1 2019
Intelsat 12	SSL (5)	45°E	Oct-00	Q1 2017
Intelsat 901	SSL	342°E	Jun-01	Q4 2018
Intelsat 902	SSL	62°E	Aug-01	Q3 2019
Intelsat 904	SSL	60°E	Feb-02	Q2 2019
Intelsat 903	SSL	325.5°E	Mar-02	Q3 2018
Intelsat 905	SSL	335.5°E	Jun-02	Q2 2020
Galaxy 3C	BSS	95.05°W	Jun-02	Q1 2023
Intelsat 906	SSL	64.15°E	Sep-02	Q2 2021
Intelsat 907	SSL	332.5°E	Feb-03	Q3 2020
Galaxy 23 (6)	SSL	121°W	Aug-03	Q1 2023
Galaxy 13/H1(7)	BSS	127°W	Oct-03	Q3 2022
Intelsat 1002 (8)	AIRBUS	359°E	Jun-04	Q2 2021
Galaxy 28	SSL	89°W	Jun-05	Q3 2022
Galaxy 14	ORB (9)	125°W	Aug-05	Q2 2021
Galaxy 15	ORB	133°W	Oct-05	Q3 2023
Galaxy 16	SSL	99°W	Jun-06	Q2 2024
Galaxy 17	Thales (10)	91°W	May-07	Q1 2024
Intelsat 11	ORB	317°E	Oct-07	Q2 2022
Horizon 2 (11)	ORB	84.85°E	Dec-07	Q3 2024
Galaxy 18	SSL	123°W	May-08	Q2 2026
Intelsat 25	SSL	328.5°E	Jul-08	Q2 2024
Galaxy 19	SSL	97°W	Sep-08	Q3 2026
Intelsat 14	SSL	315°E	Nov-09	Q2 2027
Intelsat 15	ORB	85.15°E	Nov-09	Q3 2026
Intelsat 16	ORB	79°W	Feb-10	Q1 2028
Intelsat 17	SSL	66°E	Nov-10	Q2 2027
Intelsat 28 (12)	ORB	32.8°E	Apr-11	Q3 2024
Intelsat 18	ORB	180°E	Oct-11	Q3 2028
Intelsat 22 (13)	BSS	72.1°E	Mar-12	Q1 2030
Intelsat 19	SSL	166°E	Jun-12	Q2 2028
Intelsat 20	SSL	68.5°E	Aug-12	Q3 2030
Intelsat 21	BSS	302°E	Aug-12	Q3 2030
Intelsat 23	ORB	307°E	Oct-12	Q3 2030
Intelsat 30	SSL	95°W	Oct-14	Q3 2030

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Satellite	Manufacturer	Orbital Location	Launch Date	Estimated End of Service Life (1)
<i>Station Kept Satellites, Redeployed (14):</i>				
Galaxy 25	SSL	93.1°W	May-97	Q2 2019
Intelsat 8	SSL	169°E	Nov-98	Q2 2016
Intelsat 1R	BSS	310°E	Nov-00	Q2 2017
Intelsat 10	BSS	47.5°E	May-01	Q1 2016
Galaxy 12	ORB	129°W	Apr-03	Q2 2018
<i>Inclined Orbit:</i>				
Intelsat 603 (15)	BSS	80.6°W	Mar-90	Q1 2015
Intelsat 702	SSL	32.9°E	Jun-94	Q4 2021
Intelsat 26	BSS	65.8°E	Feb-97	Q3 2017
Galaxy 27	SSL	66.2°E	Sep-99	Q3 2015
Intelsat 7	SSL	341.8°E	Sep-98	Q4 2016
LEASAT 5	BSS	72°E	Jan-90	Q3 2015
Intelsat 5	BSS	157°E	Aug-97	Q4 2020
Intelsat 9	BSS	316.9°E	Jul-00	Q4 2016
Intelsat 701	SSL	330.5°E	Oct-93	Q4 2018

- (1) Engineering estimates of the service life as of December 31, 2014 as determined by remaining fuel levels, consumption rates and other considerations (including power) and assuming no relocation of the satellite. Such estimates are subject to change based upon a number of factors, including updated operating data from manufacturers.
- (2) Primary orbital roles are those that are populated with station-kept satellites, generally, but not always, in their initial service positions, and where our general expectation is to provide continuity of service over the long-term.
- (3) Lockheed Martin Corporation.
- (4) Boeing Satellite Systems, Inc., formerly Hughes Aircraft Company.
- (5) Space Systems/Loral, LLC ("SSL").
- (6) EchoStar Communications Corporation owns all of this satellite's Ku-band transponders and a portion of the common elements of the satellite.
- (7) Horizons Satellite Holdings, LLC ("Horizons Holdings"), our joint venture with JSAT International, Inc. ("JSAT"), owns and operates the Ku-band payload on this satellite. We are the exclusive owner of the C-band payload.
- (8) Telenor owns 18 Ku-band transponders (measured in equivalent 36 MHz transponders) on this satellite. EADS Astrium was renamed AIRBUS Defence & Space.
- (9) Orbital Sciences Corporation.
- (10) Thales Alenia Space.
- (11) Horizons Holdings owns the payload on this satellite and we operate the payload for the joint venture.
- (12) IS-28 was formerly known as Intelsat New Dawn.
- (13) IS-22 includes a UHF payload owned by the Australian Defence Force.
- (14) Certain of our orbital roles are populated with satellites that generally, but not always, have been redeployed from their primary orbital role but still have significant remaining station-kept life.
- (15) Leasat F5 provides services in the X-band and UHF-band frequencies for military applications.

Satellite Systems

There are three primary types of commercial communications satellite systems: low-earth orbit systems, medium-earth orbit systems and geosynchronous systems. All of our satellites are geosynchronous satellites and are located approximately 22,300 miles, or 35,700 kilometers, above the equator. These satellites can receive radio frequency communications from an origination point, relay those signals over great distances and distribute those signals to a single receiver or multiple receivers within the coverage areas of the satellites' transmission beams.

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Geosynchronous satellites send these signals using various parts of the radio frequency spectrum. The spectrum available for use at each orbital location includes the following frequency bands in which most commercial satellite services are offered today:

- *C-band*—low power, broad beams requiring use of relatively larger antennae, valued as spectrum least susceptible to transmission impairments such as rain;
- *Ku-band*—high power, narrow to medium size beams facilitating use of smaller antennae favored by businesses, but somewhat less reliable due to weather-related impairments; and
- *Ka-band*—very high power, very narrow beams facilitating use of very small transmit/receive antennae, but less reliable due to high transmission weather-related impairments. The Ka-band is utilized for various applications, including broadband services.

Substantially all of the station-kept satellites in our fleet are designed to provide capacity using the C- and/or Ku-bands of this spectrum.

A geosynchronous satellite is referred to as geostationary, or station-kept, when it is operated within an assigned orbital control, or station-keeping box, which is defined by a specific range of latitudes and longitudes. Geostationary satellites revolve around the earth with a speed that corresponds to that of the earth's rotation and appear to remain above a fixed point on the earth's surface at all times. Geosynchronous satellites that are not station-kept are in inclined orbit. The daily north south motion of a satellite in inclined orbit exceeds the specified range of latitudes of its assigned station-keeping box, and the satellite appears to oscillate slowly, moving above and below the equator every day. An operator will typically operate a satellite in inclined orbit toward the end of its service life because the operator is able to save significant amounts of fuel by not controlling the north-south position of the satellite and is thereby able to substantially extend the service life of the satellite. The types of services and customers that can access an inclined orbit satellite have traditionally been limited due to the movement of the satellite relative to a fixed ground antenna. However, recent technology innovations now allow the use of inclined orbit capacity for certain applications. As a result, we anticipate demand for inclined orbit capacity may increase over the next few years if these applications are successfully introduced. As of December 31, 2014, nine of our satellites were operating in an inclined orbit, with most continuing to earn revenue beyond our original estimated life for each of these satellites.

In-Orbit Satellites

We believe that our strong operational performance is due primarily to our satellite procurement and operations philosophy. Our operations and engineering staff is involved from the design through the decommissioning of each satellite that we procure. Our staff works at the manufacturers' and launchers' sites to monitor progress, allowing us to maintain close technical collaboration with our contractors during the process of designing, manufacturing and launching a satellite. We continue our engineering involvement throughout the operating lifetime of each satellite. Extensive monitoring of earth station operations and around-the-clock satellite control and network operations support ensure our consistent operational quality, as well as timely corrections when problems occur. In addition, we have in place contingency plans for technical problems that may occur during the lifetime of a satellite.

These features also contribute to the resilience of our network, which enables us to ensure the continuity of service that is important for our customers and to retain revenue in the event that we need to move customers to alternative capacity. The design flexibility of some of our satellites enables us to meet customer demand and respond to changing market conditions.

As of December 31, 2014, our in-orbit fleet of satellites had approximately 1,275 and 925 36-MHz equivalent transponders available for transmitting in the C-band and the Ku-band, respectively. These totals measure transponders on station-kept satellites. The average system fill factor for our satellites, which represents the percentage of our total available transponder capacity that is in use or that is reserved at a given time

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(including guaranteed reservations for service), was 77%, 76%, 75% and 75% in the quarters ended March 31, 2014; June 30, 2014; September 30, 2014 and December 31, 2014, respectively. The factors resulting in the trends in average system fill factor over this period were primarily related to a net decline of in-use transponders related to the release of restoration capacity following the resolution of an anomaly, the non-renewal and terminations of certain services and a decision to relocate a satellite, which resulted in it being temporarily out of service, partially offset by new and expanded customer services. Total available capacity decreased slightly over this period as a result of a new satellite launch offset by satellites deorbited and satellites temporarily out of service due to relocation at the end of the period.

The design life of a satellite is the length of time that the satellite's hardware is designed by the manufacturer to remain operational under normal operating conditions. In contrast, a satellite's orbital maneuver life is the length of time the satellite has enough fuel to remain operational. A satellite's service life is based upon fuel levels and other considerations, including power. Satellites launched in the recent past are generally expected to remain in service for the lesser of maneuver life and 16 years. Satellites typically have enough fuel to maintain between 16 and 18 years of station-kept operations. The average remaining service life of our satellites was approximately 8.3 years as of December 31, 2014, weighted on the basis of nominally available capacity for the station-kept satellites we own.

Planned Satellites

As of December 31, 2014, we had orders for the following 12 satellites. Generally, these satellites are being built over a period of three years.

Satellite	Manufacturer	Role	Earliest Launch Date	Expected Launch Provider
IS - 34	SSL	C-Ku replacement satellite for IS-805 and Galaxy-11 located at 304.5°E	Q3 2015	Arianespace
IS - 31	SSL	New satellite serving Latin America to be located at 95°W	Q1 2016	Proton
IS - 29e	Boeing	Next generation satellite offering high-throughput, open-architecture platform to be located at 310°E	Q1 2016	Arianespace
IS - 33e	Boeing	Next generation satellite offering high-throughput, open-architecture platform to be located at 60°E	2H16	Arianespace
IS - 36	SSL	New satellite serving Asia, Europe and Africa at 68.5°E	2H16	Arianespace
IS - 35e	Boeing	Next generation satellite offering high-throughput, open-architecture platform to be located at 325.5°E	2017	(TBD)
IS - 37e	Boeing	Next generation satellite offering high-throughput, open-architecture platform	2017	(TBD)
EpicNG class	Boeing	Next generation satellite offering high-throughput, open-architecture platform	2018	(TBD)
Traditional	(TBD)	Replacement satellite	2019	(TBD)
EpicNG class	Boeing	Next generation satellite offering high-throughput, open-architecture platform	2019	(TBD)
Traditional	(TBD)	Replacement satellite for Galaxy-14 at 125°W	2020	(TBD)
Traditional	(TBD)	Replacement satellite	2020	(TBD)

In addition to these planned satellites, we have a custom payload being built on a third party-owned satellite, to be known as IS-32e. To be located at 43.1°W, this payload is planned for launch in the first half of 2016.

Future Satellites

We would expect to replace other existing satellites, as necessary, with satellites that meet customer needs and that have a compelling economic rationale. We periodically conduct evaluations to determine the current and projected strategic and economic value of our existing and any planned satellites and to guide us in redeploying satellite resources as appropriate.

Network Operations and Current Ground Facilities

We control and operate each of our satellites and manage the communications services for which each satellite is used from the time of its initial deployment through the end of its operational life, and we believe that our technical skill in performing these critical operations differentiates us from our competition. We provide most of these services from our satellite operations centers in McLean, Virginia and Long Beach, California, and our customer service center in Ellenwood, Georgia. In the event of a natural disaster or other situation disabling one of the facilities, each satellite operations center has the functional ability to provide instantaneous restoration of services on behalf of the other, demonstrating the efficiency and effectiveness of our network. Utilizing state of the art satellite command and control hardware and software, our satellite operations centers analyze telemetry from our satellites in order to monitor their status and track their location.

Our satellite operations centers use a network of ground facilities to perform their functions. This network includes 19 earth stations that provide tracking, telemetry and commanding (“TT&C”) services for our satellites and various other earth stations worldwide. Through our ground facilities, we constantly monitor signal quality, protect bandwidth from piracy or other interference and maintain customer installed equipment.

Our customer service center located in Ellenwood, Georgia includes a specialized video operations center, data operations center, and rapid access center. This facility is responsible for managing the communications services that we provide to our customers and is the first point of contact for customers needing assistance in using our network. We also maintain a back-up operations facility and data center a relatively short distance from our McLean, Virginia facility in Hagerstown, Maryland. This facility provides back-up emergency operational services in the event that our Ellenwood, Georgia customer service center experiences an interruption.

We have invested heavily in our fully integrated IntelsatOne terrestrial network which complements our satellite network. Our network includes teleport, leased fiber and network performance monitoring systems and enables us to provide end-to-end managed solutions to our customers. In addition to leased fiber connecting high-density routes, our ground network also features strategically located PoPs, which are drop-off points for our customers’ traffic that are close to major interconnection hubs for telecommunications applications, video transmissions and trunking to the Internet backbone. Our terrestrial network is an all IP network environment that results in improved ground support of high bandwidth applications such as HD video. The network architecture allows us to converge our media and network services terrestrial network infrastructures, resulting in reduced costs, and provides opportunities for generating additional revenue from existing and new customers by bundling combinations of media and network services products that can be offered through a single access circuit into our network.

Capacity Sparing and Backup and General Satellite Risk Management

As part of our satellite risk management, we continually evaluate, and design plans to mitigate, the areas of greatest risk within our fleet, especially for those satellites with known technical risks. We believe that the availability of spare transponder services capacity, together with the overlapping coverage areas of our satellites and flexible satellite design features described in—Our Network—Satellite Systems above, are important aspects of our ability to provide reliable service to our customers. In addition, these factors could help us to mitigate the financial impact to our operations attributable to the occurrence of a major satellite anomaly, including the loss of a satellite. Although we do not maintain backup for all of our transponder services operating capacity, we generally maintain some form of backup capacity for each satellite designated as being in primary operating service. Our restoration backup capacity may include any one or more of the following:

- designated reserve transponders on the satellite or other on-board backup systems or designed-in redundancies,
- an in-orbit spare satellite, or
- interim restoration capacity on other satellites.

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In addition, we provide some capacity on a preemptible basis and could preempt the use of this capacity to provide backup capacity in the event of a loss of a satellite.

We typically obtain launch insurance for our satellites before launch and will decide whether or not to obtain such insurance taking into consideration launch insurance rates, terms of available coverage and alternative risk management strategies, including the availability of backup satellites and transponders in the event of a launch failure. Launch insurance coverage is typically in an amount equal to the fully capitalized cost of the satellite, which generally includes the construction costs, the portion of the insurance premium related to launch, the cost of the launch services and capitalized interest (but may exclude any unpaid incentive payments to the manufacturer).

As of December 31, 2014, four of the satellites in our fleet were covered by in-orbit insurance. In-orbit insurance coverage may initially be for an amount comparable to launch insurance levels, generally decreases over time and is typically based on the declining book value of the satellite. We do not currently insure against lost revenue in the event of a total or partial loss of a satellite.

Satellite Health and Technology

Our satellite fleet is diversified by manufacturer and satellite type, and is generally healthy, with 99.999% availability of station-kept satellite capacity during the year ended December 31, 2014. We have experienced some technical problems with our current fleet but have been able to minimize the impact of these problems on our customers, our operations and our business in recent years. Many of these problems have been component failures and anomalies that have had little long-term impact to date on the overall transponder availability in our satellite fleet. All of our satellites have been designed to accommodate an anticipated rate of equipment failures with adequate redundancy to meet or exceed their orbital design lives, and to date, this redundancy design scheme has proven effective. After each anomaly we have generally restored services for our customers on the affected satellite, provided alternative capacity on other satellites in our fleet, or provided capacity that we purchased from other satellite operators.

Significant Anomalies

On November 28, 2004, our Galaxy 27 satellite experienced a sudden anomaly in its north electrical distribution system which resulted in the loss of control of the satellite and the interruption of customer services on the satellite. Galaxy 27 is a FS 1300 series satellite manufactured by SSL. Our engineers were able to regain command and control of Galaxy 27, and it was placed back in service, with reduced payload capacity, following operational testing. We determined that the north electrical distribution system on Galaxy 27 and the communications capacity associated with it were not operational, and the satellite lost redundancy in nearly all of its components. As of December 31, 2014, Galaxy 27 is kept in inclined orbit.

On January 14, 2005, our IS-804 satellite experienced a sudden and unexpected electrical power system anomaly that resulted in the total loss of the satellite. IS-804 was a Lockheed Martin 7000 series (the "LM 7000 series") satellite, and as of December 31, 2014 we operated one other satellite in the LM 7000 series, IS-805. IS-805 remains in a primary orbital role. Based on the report of the failure review board that we established with Lockheed Martin Corporation, we believe that the IS-804 failure was not likely to have been caused by an IS-804 specific workmanship or hardware element, but was most likely caused by a high current event in the battery circuitry triggered by an electrostatic discharge that propagated to cause the sudden failure of the high voltage power system. We therefore believe that although this risk exists for our other LM 7000 series satellite, the risk of any individual satellite having a similar anomaly is low.

On September 21, 2006, our IS-802 satellite, which was also an LM 7000 series satellite, experienced a reduction of electrical power capability that resulted in a degraded capability of the satellite. A substantial subset of transponders on IS-802 were subsequently reactivated and operated normally until the end of its service life in September 2010, when it was decommissioned. The anomaly review board that we established with Lockheed

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Martin Corporation to investigate the cause of the anomaly concluded that the IS-802 anomaly was most likely caused by an electrical short internal to the solar array harness located on the south solar array boom. The anomaly review board found that this anomaly was significantly different from previous LM 7000 series spacecraft failures and was the first failure of this type on a solar array of the LM 7000 series. We therefore believe that although this risk exists for our other LM 7000 series satellite, the risk of any individual satellite having a similar anomaly is low.

On June 29, 2008, our Galaxy 26 satellite experienced a sudden and unexpected electrical distribution anomaly causing the loss of a substantial portion of the satellite power generating capability and resulting in the interruption of some of the customer services on the satellite. Galaxy 26 is also a FS 1300 series satellite. Certain transponders continued to operate normally. However, the anomaly resulted in a reduction to the estimated remaining useful life of the satellite. In June 2014, Galaxy 26 was decommissioned.

With respect to both the Galaxy 27 and Galaxy 26 anomalies, the failure review boards that we established with SSL identified the likely root cause of the anomalies as a design flaw which is affected by a number of parameters and in some extreme cases can result in an electrical system anomaly. The design flaw also exists on IS-8. This satellite has been in service since November 1998 and has not experienced an electrical system anomaly. Along with the manufacturer, we continually monitor this problem. Traffic on IS-8 was transferred to IS-19 in 2012, and IS-8 has been relocated to 169°E, where it provides normal service.

On April 5, 2010, our Galaxy 15 satellite experienced an anomaly resulting in our inability to command the satellite. We transitioned all media traffic on this satellite to our Galaxy 12 satellite, which was our designated in-orbit spare satellite for the North America region. Galaxy 15 is a Star-2 satellite manufactured by Orbital Sciences Corporation. On December 23, 2010, we recovered command of the spacecraft and we began diagnostic testing and uploading of software updates that protect against future anomalies of this type. Galaxy 15 was drifted to an interim orbital location where we concluded our in-orbit testing to confirm the functionality of every aspect of the spacecraft, a critical phase that our satellite engineering and operations team was managing. In February 2011, Galaxy 15 initiated a drift to 133.1°W and returned to service, initially as an in-orbit spare. In October 2011, media traffic was transferred from Galaxy 12 back to Galaxy 15, and Galaxy 15 resumed normal service.

On April 22, 2011, our IS-28 satellite, formerly known as the Intelsat New Dawn satellite, was launched into orbit. Subsequent to the launch, the satellite experienced an anomaly during the deployment of its west antenna reflector, which controls communications in the C-band frequency. The anomaly had not been experienced previously on other STAR satellites manufactured by Orbital Sciences Corporation, including those in our fleet. The New Dawn joint venture filed a partial loss claim with its insurers relating to the C-band antenna reflector anomaly and all of the insurance proceeds from the partial loss claim were received in 2011. The Ku-band antenna reflector deployed and that portion of the satellite is operating as planned, entering service in June 2011. A Failure Review Board established to determine the cause of the anomaly, completed its investigation in July 2011 and concluded that the deployment anomaly of the C-band reflector was most likely due to a malfunction of the reflector sunshield. As a result, the sunshield interfered with the ejection release mechanism, and prevented the deployment of the C-band antenna. The Failure Review Board also recommended corrective actions for Orbital Sciences Corporation satellites not yet launched to prevent reoccurrence of the anomaly. Appropriate corrective actions were implemented on IS-18, which was successfully launched on October 5, 2011, and on IS-23, which was launched in October 2012 and entered into service in November 2012.

On June 1, 2012, our IS-19 satellite was launched into orbit. During launch operations, our IS-19 satellite experienced damage to its south solar array. Although both solar arrays are deployed, the power available to the satellite is less than is required to operate 100% of the payload capacity. The Independent Oversight Board (IOB) formed by SSL and Sea Launch to investigate the solar array deployment anomaly concluded that the anomaly occurred before the spacecraft separated from the launch vehicle, during the ascent phase of the launch, and originated in one of the satellite's two solar array wings due to a rare combination of factors in the panel

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fabrication and unrelated to the launch vehicle. While the satellite is operational, the anomaly resulted in structural and electrical damage to one solar array wing, which reduced the amount of power available for payload operation. We filed a partial loss claim with our insurers related to the IS-19 solar array anomaly and obtained \$84.8 million of insurance proceeds from the claim. As planned, IS-19 followed IS-8 at 166°E longitude, in August 2012.

On February 1, 2013, the launch vehicle for our IS-27 satellite failed shortly after liftoff and the satellite was completely destroyed. A Failure Review Board was established and subsequently concluded that the launch failed due to the mechanical failure of one of the first stage engine's thrust control components. The satellite and launch vehicle were fully insured, and we received \$406.2 million of insurance proceeds in 2013.

Other Anomalies

We have also identified four other types of common anomalies among the satellite models in our fleet, which have had an operational impact in the past and could, if they materialize, have an impact in the future. These are:

- failure of the on-board SCP in Boeing 601 ("BSS 601") satellites;
- failure of the on-board XIPS used to maintain the in-orbit position of Boeing 601 High Power Series ("BSS 601 HP") satellites;
- accelerated solar array degradation in early Boeing 702 ("BSS 702") satellites; and
- failure of gyroscopes on certain SSL satellites.

SCP Failures. Many of our satellites use an on-board SCP to provide automatic on-board control of many operational functions. SCPs are a critical component in the operation of such satellites. Each such satellite has a backup SCP, which is available in the event of a failure of the primary SCP. Certain BSS 601 satellites have experienced SCP failures. The risk of SCP failure appears to decline as these satellites age.

As of December 31, 2014, we operated one BSS 601 satellite, IS-26. This satellite has been identified as having heightened susceptibility to the SCP problem. IS-26 has been in continuous operation since 1997. Both primary and backup SCPs on this satellite are monitored regularly and remain fully functional. Accordingly, we believe it is unlikely that additional SCP failures will occur; however, should they occur, we do not anticipate an interruption in business or early replacement of this satellite as a result.

BSS 601 HP XIPS. The BSS 601 HP satellite uses XIPS as its primary propulsion system. There are two separate XIPS on each BSS 601 HP, each one of which is capable of maintaining the satellite in its orbital position. The satellite also has a completely independent chemical propulsion system as a backup to the XIPS. As a result, the failure of a XIPS on a BSS 601 HP typically would have no effect on the satellite's performance or its operating life. However, the failure of both XIPS would require the use of the backup chemical propulsion system, which could result in a shorter operating life for the satellite depending on the amount of chemical fuel remaining. XIPS failures do not typically result in a catastrophic failure of the satellite or affect the communications capability of the satellite.

As of December 31, 2014, we operated four BSS 601 HP satellites, IS-5 and IS-9, both now in inclined-orbit, and IS-10 and Galaxy 13/Horizons-1. Galaxy 13/Horizons-1 continues to have both XIPS available as its primary propulsion system. IS-5, IS-9 and IS-10 have experienced the failure of both XIPS and are operating on their backup chemical propulsion systems. IS-5 was redeployed in 2012 following its replacement by IS-8, which was subsequently replaced by IS-19. Also in 2012, IS-9 and IS-10 were redeployed following their replacements by IS-21 and IS-20, respectively. No assurance can be given that we will not have further XIPS failures that result in shortened satellite lives. We have decommissioned three satellites that had experienced failure of both XIPS. IS-6B was replaced by IS-11 during the first quarter of 2008, Galaxy 10R was replaced by Galaxy 18 during the second quarter of 2008, and Galaxy 4R was decommissioned in March 2009.

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BSS 702 HP Solar Arrays. All of our satellites have solar arrays that power their operating systems and transponders and recharge the batteries used when solar power is not available. Solar array performance typically degrades over time in a predictable manner. Additional power margins and other operational flexibility are designed into satellites to allow for such degradation without loss of performance or operating life. Certain BSS 702 HP satellites have experienced greater than anticipated degradation of their solar arrays resulting from the design of the solar arrays. Such degradation, if continued, results in a shortened operating life of a satellite or the need to reduce the use of the communications payload.

As of December 31, 2014, we operated three BSS 702 HP satellites, two of which are affected by accelerated solar array degradation, Galaxy 11 and IS-1R. Service to customers has not been affected, and we expect that both of these satellites will continue to serve customers until we replace or supplement them with new satellites. Along with the manufacturer, we continually monitor the problem to determine its cause and its expected effect. Due to this continued degradation, Galaxy 11's estimated end of service life is in the first quarter of 2019 and IS-1R's estimated end of service life is in the second quarter of 2017. Galaxy 11 is currently operating in a primary orbital role and is planned to be replaced by IS-34 in 2015. IS-1R was redeployed following its replacement by IS-14. The third BSS 702 HP satellite that we operated as of December 31, 2014, Galaxy 3C, was launched after the solar array anomaly was identified, and it has a substantially different solar array design intended to eliminate the problem. This satellite has been in service since September 2002 and has not experienced similar degradation problems.

SSL gyroscopes. All of our satellites use gyroscopes to provide 3-axes attitude information during orbit inclination maneuvers. Certain SSL satellites use gyroscopes that have been identified as having a higher probability of failing. There are four gyroscopes on each of these SSL satellites, three of which are needed for normal operation, and the fourth is a spare. The failure of a single gyroscope on a given satellite would have no effect on the satellite's performance or its operating life. A failure of two or more gyroscopes on a given satellite would require us to use an alternative method for inclination control. This alternative method would likely result in a reduction in the remaining life of the satellite. As of December 31, 2014, we operated 16 SSL satellites that use these gyroscopes, four of which are in inclined orbit. While in inclined orbit, inclination maneuvers are no longer required. Of the 12 satellites in station-kept orbit, four satellites have experienced the failure of a single gyroscope, while the other eight satellites' gyroscopes are functioning normally.

Competition

We compete in the communications market for the provision of video, data and voice connectivity worldwide. Communications services are provided using various communications technologies, including satellite networks, which provide services as a substitute for, or as a complement to, the capabilities of terrestrial networks. We also face competition from suppliers of terrestrial communications capacity.

We operate at a global scale. Our competition includes providers of fixed satellite services of varying size. We compete with other satellite operators for both point-to-multipoint and point-to-point services.

We also compete with providers of terrestrial fiber optic cable capacity on certain routes and networks, principally for point-to-point services. As a result, we have been experiencing, and expect to continue to experience, a decline in certain of our revenues due to the build-out of fiber optic cable capacity. However, we believe that satellites have advantages over fiber optic cables in certain regions and for certain applications. The primary use of fiber optic cable is carrying high-volume communications traffic from point to point, and fiber capacity is available at substantially lower prices than satellite capacity once operational. Consequently, the growth in fiber optic cable capacity has led voice, data and video contribution customers that require service between major city hubs to migrate from satellite to fiber optic cable. However, satellite capacity remains competitive for signals that need to be transmitted beyond the main termination points of fiber optic cable for point-to-multipoint transmissions, such as for video broadcast, and for signals seeking to bypass congested terrestrial networks. Satellite capacity is also competitive in parts of the world where providing fiber optic cable

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capacity is not yet cost-effective, reliable or is physically not feasible. We believe that in those applications and regions where we do compete with fiber optic cable companies, the basis for competition is primarily price. See—Our Sector for a description of the FSS sector generally and the advantages of satellite communications.

Recently, a number of providers of commercial satellite services, selling traditional and high throughput capacity, entered the African market, significantly increasing the amount of fixed satellite services capacity. Concurrent to this market dynamic, the region benefitted from newly established sea and land fiber connectivity. These two events have resulted in heightened competition in this region, the effect of which has been significant price reductions for both fiber and satellite connectivity used for fixed and mobile data networking applications. As a result, Intelsat's revenues have been reduced as services were terminated by customers moving to fiber alternatives, and also due to lower pricing. We continue to adjust our strategies with some of our largest network services customers to ensure that they can remain price competitive in the sectors they serve.

We also face competition from resellers of satellite and fiber capacity. Resellers purchase FSS or fiber capacity from current or future providers and then resell the capacity to their customers.

Regulation

As an operator of a privately owned global satellite system, we are subject to U.S. government regulation, regulation by foreign national telecommunications authorities and the ITU frequency coordination process and regulations.

U.S. Government Regulation

FCC Regulation. The majority of the satellites in our current constellation are licensed and regulated by the FCC. We have final or temporary FCC authorization for all of our U.S.-licensed operating satellites. The special temporary authorizations ("STAs") in effect relating to our satellites cover various time periods, and thus the number held at any given time varies. In some cases, we have sought STAs because we needed temporary operational authority while we are awaiting grant of identical permanent authority. In others, we sought STAs because the activity was temporary in nature, and thus no permanent authority was needed. Historically we have been able to obtain the STAs that we have needed on a timely basis. FCC satellite licenses have a fifteen-year term. At the end of a license term, we can request an extension to continue operating a satellite. In addition, our FCC satellite licenses that relate to use of those orbital locations and associated frequencies that were transferred to the United States at the time of our privatization in July 2001 are conditioned on our remaining a signatory to the Public Services Agreement with ITSO. Furthermore, any transfer of these licenses by us to a third party or a successor-in-interest is only permitted if such third party or successor-in-interest has undertaken to perform our obligations under the Public Services Agreement. Some of our authorizations contain waivers of technical regulations. Many of our technical waivers were required when our satellites were initially licensed by the United States at privatization in 2001 because, as satellites previously operated by an intergovernmental entity, they had not been built in compliance with certain U.S. regulations. Since privatization, several replacement satellites for satellites licensed at privatization also have needed technical waivers as they are technically similar to the satellites they are replacing.

Changes to our satellite system generally require prior FCC approval. From time to time, we have pending applications for permanent or temporary changes in orbital locations, frequencies and technical design. From time to time, we also file applications for replacement or additional satellites. Replacement satellite applications are eligible for streamlined processing if they seek authority for the same orbital location, frequency bands and coverage area as an existing satellite and will be brought into use at approximately the same time, but no later than, the existing satellite is retired. The FCC processes satellite applications for new orbital locations or frequencies on a first come, first served basis and requires licensees to post a \$3.0 million bond and to comply with a schedule of progress "milestones," establishing deadlines to sign a satellite construction contract; complete critical design review; begin spacecraft construction; and launch and operate the satellite. Upon an FCC

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determination that each milestone has been completed, the amount of the bond is reduced by \$750,000. A satellite licensee not satisfying a milestone will lose its license and must forfeit the remaining amount on its bond absent circumstances warranting a milestone extension under the FCC's rules and policies.

We hold other FCC licenses, including earth station licenses associated with technical facilities located in several states. We must pay FCC filing fees in connection with our space station and earth station applications, and we must also pay annual regulatory fees to the FCC. Violations of the FCC's rules can result in various sanctions including fines, loss of authorizations or the denial of applications for new authorizations or the renewal of existing authorizations.

We are not regulated as a common carrier for most of our activities. Therefore, we are not subject to rate regulation or the obligation not to discriminate among customers, and we operate most of our activities with minimal governmental scrutiny of our business decisions. One of our subsidiaries is regulated as a common carrier. Common carriers are subject to FCC requirements, which include: traffic and revenue reports, international circuit status reports, international interconnected private line reports, notification and approval for foreign carrier affiliations, filing of contracts with international carriers, annual financial reports, equal employment opportunity reports, assistance for law enforcement and maintenance of customer billing records for 18 months. We currently qualify for exemptions from several of these reporting requirements. In addition, other common carrier requirements (e.g. certain foreign ownership restrictions) do not apply to us because our common carrier affiliate does not hold any FCC spectrum licenses.

U.S. Export Control Requirements and Sanctions Regulation. Intelsat must comply with U.S. export control laws and regulations as follows:

Under the ongoing Export Control Reform ("ECR") effort, authorized by Congress and the President, the control of commercial communications satellites along with their associated ground control equipment, related software, and technology was moved, effective November 10, 2014, from the International Traffic in Arms Regulations ("ITAR") to the Export Administration Regulations ("EAR"). Intelsat has begun the transition of regulatory licensing requirements created by this move. There is a two year timeframe allowed for companies to make this change.

The Arms Export Control Act, implemented by ITAR and administered by the U.S. Department of State's Directorate of Defense Trade Controls ("DDTC"), regulates the export of certain satellites with defined military and government end use capabilities and characteristics, certain associated hardware, defense services, and technical information relating to satellites to non-U.S. persons (including satellite manufacturers, component suppliers, launch services providers, insurers, customers, Intelsat employees, and other non-U.S. persons). While Intelsat has begun the regulatory transition from the ITAR to the EAR, much of our controlled exports currently remain under our obtained ITAR licenses. Standard satellite operations were de-controlled as part of the regulatory update, and that technology is now being transferred without license use. Certain of Intelsat's contracts for consulting, manufacture, launch, and insurance of Intelsat's and third party satellites involve the export to non-U.S. persons of technical data and/or hardware; these exports are those that were regulated by the ITAR, are now controlled under the EAR, and are being transitioned. We believe that we have obtained all of the ITAR authorizations currently needed in order to fulfill our obligations under contracts with non-U.S. entities, and we believe that the terms of these licenses are sufficient given the scope and duration of the contracts to which they pertain.

The Export Administration Act/International Emergency Economic Powers Act, implemented by the EAR and administered by the U.S. Department of Commerce's Bureau of Industry and Security ("BIS"), regulates exports of non-ITAR controlled equipment, which now includes commercial communications satellites, associated ground equipment, related software, and technology. As a result of the ECR regulatory update, Intelsat has begun the process of implementing EAR allowed licensing exceptions and determining where EAR licenses are required. The EAR also control non-ITAR equipment exported to earth stations in our ground network

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located outside of the United States and to customers as needed. It is our practice to obtain all licenses necessary, or correctly document the license exception authorized, for the furnishing of original or spare equipment for the operation of our TT&C ground stations, other network stations, and customer locations in a timely manner in order to facilitate the shipment of this equipment when needed.

Trade sanctions laws and regulations administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") regulate the provision of services to certain countries subject to U.S. trade sanctions. As required, Intelsat holds the authorizations needed to provide satellite capacity and related administrative services to U.S.-sanctioned countries.

U.S. Department of Defense Security Clearances. To participate in classified U.S. government programs, we entered into a proxy agreement with the U.S. government that allows one of our subsidiaries to obtain security clearance from the U.S. Department of Defense as required under the national security laws and regulations of the United States. Such a proxy agreement is required to insulate the subsidiary performing this work from inappropriate foreign influence and control by Intelsat S.A., a Luxembourg company with significant non-U.S. investment and employees. Security clearances are subject to ongoing scrutiny by the issuing agency, as well as renewal every five years. Intelsat must maintain the security clearances obtained from the U.S. Department of Defense, or else lose the ability to perform our obligations under any classified U.S. government contracts to which our subsidiary is a party. Under those circumstances, the U.S. government would have the right to terminate our contracts requiring access to classified information and we would not be able to enter into new classified contracts. Compliance with the proxy agreement is regularly monitored by the U.S. Department of Defense and reviewed at least annually, and if we materially violate the terms of the proxy agreement, the subsidiary holding the security clearances may be suspended or debarred from performing any government contracts, whether classified or unclassified. Our current proxy agreement expires in 2019 and is subject to extension with the agreement of the U.S. Department of Defense.

Regulation by Non-U.S. National Telecommunications Authorities

U.K. Regulation. The United Kingdom is the licensing jurisdiction for the IS-26 and Galaxy 27 satellites, as well as the BSS portion of the Ku-band on the IS-805 satellite. Satellite operators in the United Kingdom are regulated by the U.K.'s Office of Communications.

Papua New Guinea Regulation. The Papua New Guinea Telecommunication Authority ("PANGTEL") is the licensing jurisdiction for our use of the C-band payload on the Galaxy 23 satellite. We are required to pay fees to PANGTEL in connection with our use of this orbital location. In 2003, the FCC added this C-band payload to its "Permitted Space Station List," enabling use of the payload to provide non-DTH services in the United States.

German Regulation. We hold licenses for several earth stations in Germany, as well as authorizations to operate the IS-12 and IS-10 satellites.

South African Regulation. We hold a license for an earth station in South Africa.

Japan Regulation. We and JSAT are the sole members of Horizons and in 2002 the Japanese telecommunications ministry authorized Horizons to operate the Ku-band payload on the Galaxy 13/Horizons-1 satellite. In 2003, the FCC added this Ku-band payload to its "Permitted Space Station List," enabling Horizons to use the payload to provide non-DTH services in the United States, and in May 2004, the FCC expanded this authority to include one-way DTH services. We are the exclusive owner of the C-band payload on Galaxy 13/Horizons-1, which the FCC has licensed us to operate.

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Other National Telecommunications Authorities. As a provider of satellite capacity, we are also subject to the national communications and broadcasting laws and regulations of many other countries in which we operate. In addition, in some cases our ability to operate a satellite in a non-U.S. jurisdiction also arises from a contractual arrangement with a third party. Some countries require us to obtain a license or other form of written authorization from the regulator prior to offering service. We have obtained these licenses or written authorizations in all countries that have required us to obtain them. As satellites are launched or relocated, we determine whether such licenses or written authorizations are required and, if so, we obtain them. Most countries allow authorized telecommunications providers to own their own transmission facilities and to purchase satellite capacity without restriction, facilitating customer access to our services. Other countries maintain strict monopoly regimes or otherwise regulate the provision of our services. In order to provide services in these countries, we may need to negotiate an operating agreement with a monopoly entity that covers the types of services to be offered by each party, the contractual terms for service and each party's rates. As we have developed our ground network and expanded our service offerings, we have been required to obtain additional licenses and authorizations. To date, we believe that we have identified and complied with all of the regulatory requirements applicable to us in connection with our ground network and expanded services.

The International Telecommunication Union Frequency Coordination Process and Associated Regulations

Our use of orbital locations is subject to the frequency coordination and recording process of the ITU. In order to protect satellite networks from harmful radio frequency interference from other satellite networks, the ITU maintains a Master International Frequency Register ("MIFR") of radio frequency assignments and their associated orbital locations. Each ITU notifying administration is required by treaty to give notice of, coordinate and record its proposed use of radio frequency assignments and associated orbital locations with the ITU's Radiocommunication Bureau.

When a frequency assignment is recorded in the MIFR, the ITU publishes this information so that all potential users of frequencies and orbital locations are aware of the need to protect the recorded assignments associated with a given orbital location from subsequent or nonconforming interfering uses by Member States of the ITU. The ITU's Radio Regulations do not contain mandatory dispute resolution or enforcement mechanisms. The Radio Regulations' arbitration procedure is voluntary and neither the ITU specifically, nor international law generally, provides clear remedies if this voluntary process fails. Only nations have full standing as ITU members. Therefore, we must rely on governments to represent our interests before the ITU, including obtaining new rights to use orbital locations and resolving disputes relating to the ITU's regulations.

Environmental Matters

Our operations are subject to various laws and regulations relating to the protection of the environment, including those governing the management, storage and disposal of hazardous materials and the cleanup of contamination. As an owner or operator of property and in connection with current and historical operations at some of our sites, we could incur significant costs, including cleanup costs, fines, sanctions and third-party claims, as a result of violations of or liabilities under environmental laws and regulations. For instance, some of our operations require continuous power supply, and, as a result, current and past operations at our teleport and other technical facilities include fuel storage and batteries for back-up power generators. We believe, however, that our operations are in substantial compliance with environmental laws and regulations.

C. Organizational Structure

Intelsat S.A. is a holding company with 57 subsidiaries incorporated in the U.S., Luxembourg, Bermuda, Australia, Brazil, China, Hong Kong, Cayman Islands, France, Germany, Gibraltar, India, Ireland, Singapore, South Africa, and the United Kingdom. All of the aforementioned subsidiaries are wholly-owned by us. A list of our subsidiaries as of December 31, 2014 is set forth in Exhibit 8.1 to this Annual Report.

D. Property, Plants and Equipment

We lease approximately 188,000 square feet of space in McLean, Virginia for our permanent U.S. administrative headquarters and primary satellite operations center in a new building that was completed in June 2014 (the “New U.S. Administrative Headquarters”). The building also houses the majority of our sales and marketing support staff and other administrative personnel. The lease for the building expires on July 31, 2029. In December 2013, we signed an Amendment to the lease increasing the leased total square footage to 212,572 square feet, which will allow the relocation of our Intelsat General Corporation office to the same facility in the first quarter of 2015.

We own a facility in Ellenwood, Georgia in which our primary customer service center is located, together with our Atlanta Teleport. The facility has approximately 129,000 square feet of office space and operations facilities, which are based in two buildings and multiple antenna shelters and 65 antennas on the property. See Item 4B—Business Overview—Our Network—Network Operations and Current Ground Facilities for a description of this facility.

We also lease approximately 33,000 square feet in Bethesda, Maryland where the employees of our Intelsat General subsidiary are located. The lease expires on January 31, 2017. We plan to sublease this space in conjunction with the planned relocation to McLean, Virginia described above in the first quarter of 2015.

Our backup satellite operations center is located at a facility that we own in Long Beach, California, which includes approximately 68,875 square feet for administrative and operational facilities. We have entered into two lease agreements for 21,549 square feet with two third party tenants.

We use a worldwide ground network to operate our satellite fleet and to manage the communications services that we provide to our customers. This network is comprised of 50 owned and leased earth station and teleport facilities around the world, including 19 teleports that allows us to perform TT&C services.

The eight teleports in our ground network that we own are located in Hagerstown, Maryland, Ellenwood, Georgia, Castle Rock, Colorado, Fillmore, Napa and Riverside, California, Paumalu, Hawaii and Fuchsstadt, Germany. We lease facilities at 43 other locations for satellite and commercial operations worldwide. We also contract with the owners of some of these facilities for the provision of additional services. The locations of other earth stations in our ground network include Argentina, Australia, Bahrain, Canada, Hong Kong, India, Israel, Italy, Kazakhstan, Kenya, Mongolia, the Netherlands, New Zealand, Nigeria, South Korea, South Africa, French Polynesia, Taiwan, Uruguay and the United Arab Emirates. Our network also consists of the leased communications links that connect the earth stations to our satellite operations center located at our McLean, Virginia location and to our back-up operations facility.

We have established PoPs connected by leased fiber at key traffic exchange points around the world, including Atlanta, Los Angeles, New York, McLean, Hong Kong, and London. We lease our facilities at these traffic exchange points. We have also established video PoPs connected by leased fiber at key video exchange points around the world, including Los Angeles, Denver, New York, Washington, D.C., Miami, Palo Alto, and London. We lease our facilities at these video exchange points. We use our teleports and PoPs in combination with our satellite network to provide our customers with managed data and video services.

We lease office space in Luxembourg and London, England. Our Luxembourg office serves as the headquarters for us and our Luxembourg parents and subsidiaries. Our London office houses the employees of Intelsat Global Sales and Marketing Ltd., our sales and marketing subsidiary, and administrative support and functions as our global sales headquarters.

We also lease office space in Florida, Australia, Brazil, China, France, Germany, India, Japan, Mexico, Singapore, South Africa, Senegal and the United Arab Emirates for our local sales and marketing and administrative support offices.

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The leases relating to our TT&C earth stations, teleports, PoPs and office space expire at various times. We do not believe that any such properties are individually material to our business or operations, and we expect that we could find suitable properties to replace such locations if the leases were not renewed at the end of their respective terms.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

This discussion should be read together with Item 3A—Selected Financial Data and our consolidated financial statements and their notes included elsewhere in this Annual Report. Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, and, unless otherwise indicated, the other financial information contained in this Annual Report has also been prepared in accordance with U.S. GAAP. See “Forward-Looking Statements” and Item 3D—Risk Factors, for a discussion of factors that could cause our future financial condition and results of operations to be different from those discussed below. Certain monetary amounts, percentages and other figures included in this Annual Report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them. Unless otherwise indicated, all references to “dollars” and “\$” in this Annual Report are to, and all monetary amounts in this Annual Report are presented in, U.S. dollars.

Overview

We operate the world’s largest satellite services business, providing a critical layer in the global communications infrastructure.

We provide diversified communications services to the world’s leading media companies, fixed and wireless telecommunications operators, data networking service providers for enterprise and mobile applications in the air and on the seas, multinational corporations, and ISPs. We are also the leading provider of commercial satellite capacity to the U.S. government and other select military organizations and their contractors.

Our customers use our global network for a broad range of applications, from global distribution of content for media companies to providing the transmission layer for commercial aeronautical consumer broadband connectivity, to enabling essential network backbones for telecommunications providers in high-growth emerging regions.

Our network solutions are a critical component of our customers’ infrastructures and business models. Generally, our customers need the specialized connectivity that satellites provide so long as they are in business or pursuing their mission. For instance, our satellite neighborhoods provide our media customers with efficient and reliable broadcast distribution that maximizes audience reach, a benefit that is difficult for terrestrial services to match. In addition, our satellite solutions provide higher reliability than is available from local terrestrial telecommunications services in many regions and allow our customers to reach geographies that they would otherwise be unable to serve.

Initial Public Offering and Related Transactions

On April 23, 2013, we completed our IPO, receiving total proceeds of \$572.5 million (or approximately \$550 million after underwriting discounts and commissions). The net proceeds from the IPO were primarily used to redeem all of the outstanding \$353.6 million aggregate principal amount of Intelsat Investments 6 1/2% Senior Notes due 2013 (the “Intelsat Investments Notes”) and to prepay \$138.2 million of indebtedness outstanding

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under the Intelsat Jackson Senior Unsecured Credit Agreement, dated July 1, 2008, consisting of a senior unsecured term loan facility due February 2014 (the “New Senior Unsecured Credit Facility”).

In connection with the IPO, certain repurchase rights upon employee separation that were included in various share-based compensation agreements of management contractually expired. Upon consummation of the IPO, options were also granted to certain executives in accordance with the existing terms of their side letters to a management shareholders agreement, and cash payments were made to certain members of management. The items described above resulted in a pre-tax charge of approximately \$21.3 million, which was recorded in the second quarter of 2013 (the “IPO-Related Compensation Charges”).

Also in connection with the IPO, the monitoring fee agreement dated February 4, 2008 (the “2008 MFA”) with BC Partners Limited and Silver Lake Management Company III, L.L.C. (together, the “2008 MFA Parties”) was terminated. We paid a fee of \$39.1 million to the 2008 MFA Parties in connection with the termination. During the first quarter of 2013, the 2008 MFA Parties had previously received approximately \$25.1 million for services that were performed, or expected to be performed, under the 2008 MFA in 2013. The \$39.1 million payment made to terminate the 2008 MFA, together with a write-off of \$17.2 million of prepaid fees relating to the balance of 2013, were expensed upon the consummation of the IPO.

Preferred Stock Dividends

In April 2013, our shareholders declared a \$10.2 million preferred dividend to be paid to holders of our Series A Preferred Shares that was paid in four installments through June 2014 in accordance with the terms of those shares. In June 2014, our shareholders declared a \$9.9 million dividend to be paid to holders of our Series A Preferred Shares in four quarterly installments through June 2015 in accordance with the terms of those shares.

2014 Intelsat Jackson Notes Redemption

On November 1, 2014, Intelsat Jackson redeemed all of the outstanding \$500.0 million aggregate principal amount of its 8 1/2% Senior Notes due 2019 (the “2019 Senior Notes”). In connection with the redemption of the notes, we recognized a loss on early extinguishment of debt of \$40.4 million in the fourth quarter of 2014, consisting of the difference between the carrying value of the debt redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt discount and debt issuance costs.

Critical Accounting Policies

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. We consider an accounting estimate to be critical if: (1) it requires assumptions to be made that were uncertain at the time the estimate was made; and (2) changes in the estimate, or selection of different estimates, could have a material effect on our consolidated results of operations or financial condition.

We believe that some of the more important estimates and related assumptions that affect our financial condition and results of operations are in the areas of revenue recognition, the allowance for doubtful accounts, satellites and other property and equipment, business combinations, asset impairments, share-based compensation, income taxes and fair value measurements. There were no accounting policies adopted during 2013 or 2014 that had a material effect on our financial condition or results of operations.

While we believe that our estimates, assumptions, and judgments are reasonable, they are based on information presently available. Actual results may differ significantly. Additionally, changes in our assumptions, estimates or assessments as a result of unforeseen events or otherwise could have a material impact on our financial position or results of operations.

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

Revenue Recognition. We earn revenue primarily from satellite utilization services and, to a lesser extent, from providing managed services to our customers. In general, we recognize revenue in the period during which the services are provided. While the majority of our revenue transactions contain standard business terms and conditions, there are certain transactions that contain non-standard business terms and conditions. Additionally, we may enter into certain sales transactions that involve multiple element arrangements (arrangements with more than one deliverable). As a result, significant contract interpretation is sometimes required to determine the appropriate accounting for these transactions, including:

- whether an arrangement contains a service contract or a lease;
- whether an arrangement should be reported gross as a principal versus net as an agent;
- whether we can develop reasonably dependable estimates about the extent of progress towards contract completion, contract revenues and costs;
- how the arrangement consideration should be allocated among potential multiple elements, and when to recognize revenue related to those elements.

In addition, our revenue recognition policy requires an assessment as to whether collection is reasonably assured, which requires us to evaluate the creditworthiness of our customers. Changes in judgments in making these assumptions and estimates could materially impact the timing and/or amount of revenue recognition.

Allowance for Doubtful Accounts. Our allowance for doubtful accounts is determined through a subjective evaluation of the aging of our accounts receivable, and considers such factors as the likelihood of collection based upon an evaluation of the customer's creditworthiness, the customer's payment history and other conditions or circumstances that may affect the likelihood of payment, such as political and economic conditions in the country in which the customer is located. If our estimate of the likelihood of collection is not accurate, we may experience lower revenue or a change in our provision for doubtful accounts. When we determine that the collection of payments is not reasonably assured at the time the service is provided, we defer recognition of the revenue until such time as collection is believed to be reasonably assured or the payment is received.

Satellites and Other Property and Equipment

Satellites and other property and equipment are depreciated and amortized on a straight-line basis over their estimated useful lives. The remaining depreciable lives of our satellites range from one year to 17 years as of December 31, 2014. We make estimates of the useful lives of our satellites for depreciation purposes based upon an analysis of each satellite's performance, including its orbital design life and its estimated service life. The orbital design life of a satellite is the length of time that the manufacturer has contractually committed that the satellite's hardware will remain operational under normal operating conditions. In contrast, a satellite's service life is the length of time the satellite is expected to remain operational as determined by remaining fuel levels and consumption rates. Our in-orbit satellites generally have orbital design lives ranging from ten to 15 years and service lives as high as 20 years. The useful depreciable lives of our satellites generally exceed the orbital design lives and are less than the service lives. Although the service lives of our satellites have historically extended beyond their depreciable lives, this trend may not continue. We periodically review the remaining estimated useful lives of our satellites to determine if any revisions to our estimates are necessary based on the health of the individual satellites. Changes in our estimate of the useful lives of our satellites could have a material effect on our financial position or results of operations.

We charge to operations the carrying value of any satellite lost as a result of a launch or in-orbit failure upon the occurrence of the loss. In the event of a partial failure, we record an impairment charge to operations upon the occurrence of the loss if the undiscounted future cash flows are less than the carrying value of the satellite. We measure the impairment charge as the excess of the carrying value of the satellite over its estimated fair value as determined by the present value of estimated expected future cash flows using a discount rate commensurate with

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the risks involved. We reduce the charge to operations resulting from either a complete or a partial failure by the amount of any insurance proceeds received or expected to be received by us, and by the amount of any deferred satellite performance incentives that are no longer applicable following the failure. See—Asset Impairment Assessments below for further discussion.

Asset Impairment Assessments

Goodwill. We account for goodwill and other intangible assets in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC” or the “Codification”) Topic 350—*Intangibles—Goodwill and Other*. Under this topic, goodwill acquired in a business combination and determined to have an indefinite useful life is not amortized but is tested for impairment annually or more often if an event or circumstances indicate that an impairment loss has been incurred. We are required to identify reporting units at a level below the company’s identified operating segments for impairment analysis. We have identified only one reporting unit for the goodwill impairment test. Additionally, our identifiable intangible assets with estimable useful lives are amortized based on the expected pattern of consumption for each respective asset.

Assumptions and Approach Used. We made our qualitative evaluation considering, among other things, general macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and other relevant entity-specific events. Based on our examination of these qualitative factors, we concluded that there was not a likelihood of more than 50% that the fair value of our reporting unit was less than its carrying value; therefore, no further testing of goodwill was required.

The assessment of qualitative factors requires significant judgment. Alternative interpretations of the qualitative factors could have resulted in a different conclusion as to whether it was not more likely than not that the fair value of our reporting unit was less than its carrying value. A different conclusion would require a more detailed quantitative analysis to be performed, which could, in future years, result in an impairment charge for goodwill.

Orbital Locations. Intelsat is authorized by governments to operate satellites at certain orbital locations—i.e., longitudinal coordinates along the Clarke Belt. The Clarke Belt is the part of space approximately 35,800 kilometers above the plane of the equator where geostationary orbit may be achieved. Various governments acquire rights to these orbital locations through filings made with the ITU, a sub-organization of the United Nations. We will continue to have rights to operate at our orbital locations so long as we maintain our authorizations to do so. See Item 3D—Risk Factors—Risk Factors Relating to Regulation.

Our rights to operate at orbital locations can be used and sold individually; however, since satellites and customers can be and are moved from one orbital location to another, our rights are used in conjunction with each other as a network that can change to meet the changing needs of our customers and market demands. Due to the interchangeable nature of orbital locations, the aggregate value of all of the orbital locations is used to measure the extent of impairment, if any.

Assumptions and Approach Used. We determined the estimated fair value of our right to operate at orbital locations using the build-up method, as described below, to determine the cash flows for the income approach, with the resulting projected cash flows discounted at an appropriate weighted average cost of capital. In instances where the build-up method did not generate positive value for the rights to operate at an orbital location, but the right was expected to generate revenue, we assigned a value based upon independent source data for recent transactions of similar orbital locations.

Under the build-up approach, the amount an investor would be willing to pay for the right to operate a satellite business at an orbital location is calculated by first estimating the cash flows that typical market participants would assume could be available from the right to operate satellites using the subject location in a similar market. It is assumed that rather than acquiring such a business as a going concern, the buyer would hypothetically start with the right to operate at an orbital location and build an entirely new operation with

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similar attributes. Thus the buyer/builder is considered to incur the start-up costs and losses typically associated with the going concern value and pay for all other tangible and intangible assets. Based upon our analysis, which was completed in the fourth quarter of 2014, we did not have an impairment of the orbital locations.

The key assumptions used in estimating the fair values of our rights to operate at our orbital locations included: (i) market penetration leading to revenue growth, (ii) profit margin, (iii) duration and profile of the build-up period, (iv) estimated start-up costs and losses incurred during the build-up period and (v) weighted average cost of capital.

Trade Name. We have implemented the relief from royalty method to determine the estimated fair value of the Intelsat trade name. The relief from royalty analysis is comprised of two major steps: (i) a determination of the hypothetical royalty rate, and (ii) the subsequent application of the royalty rate to projected revenue. In determining the hypothetical royalty rate utilized in the relief from royalty approach, we considered comparable license agreements, operating earnings benchmark rules of thumb, an excess earnings analysis to determine aggregate intangible asset earnings, and other qualitative factors. Based on our analysis, the fair value of the Intelsat trade name as of the fourth quarter of 2014 was not impaired.

The key assumptions used in our model to value the Intelsat trade name included the forecasted revenues, the tax rate and discount rate. A change in the estimated tax rates or discount rate could result in future impairments.

Long-Lived and Amortizable Intangible Assets. We review our long-lived and amortizable intangible assets to assess whether an impairment has occurred in accordance with the guidance provided under FASB ASC Topic 360—*Property, Plant and Equipment*, whenever events or changes in circumstances indicate, in our judgment, that the carrying amount of an asset may not be recoverable. These indicators of impairment can include, but are not limited to, the following:

- satellite anomalies, such as a partial or full loss of power;
- under-performance of an asset as compared to expectations; and
- shortened useful lives due to changes in the way an asset is used or expected to be used.

The recoverability of an asset to be held and used is measured by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds its fair value, determined by either a quoted market price, if any, or a value determined by utilizing discounted cash flow techniques. Additionally, when assets are expected to be used in future periods, a shortened depreciable life may be utilized if appropriate, resulting in accelerated depreciation.

Assumptions and Approach Used. We employ a discounted future cash flow approach to estimate the fair value of our long lived intangible assets when an impairment assessment is required.

Share-Based Compensation

Awards are measured at the grant date based on the fair value as calculated using the Black-Scholes option pricing model for share options, a Monte Carlo simulation model for awards with market conditions, or the closing market price at the grant date for awards of shares or restricted shares units. The expense is recognized over the requisite service period, based on attainment of certain vesting requirements.

Prior to the IPO, we estimated the fair market value of our equity at each reporting period in order to properly record stock compensation expense. We estimated the fair market value using a combination of the income and market approaches, and allocated a 50% weighting to each approach. The income approach

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quantifies the future cash flows that we expect to achieve consistent with our annual business plan and forecasting processes. These future cash flows are discounted to their net present values using an estimated rate corresponding to a weighted average cost of capital. Our forecasted cash flows are subject to uncontrollable and unforeseen events that could positively or negatively impact economic and business conditions. The estimated weighted average cost of capital includes assumptions and estimates based upon interest rates, expected rates of return, and other risk factors that consider both historic data and expected future returns for comparable investments.

The market approach estimates fair value by applying trading multiples of enterprise value to EBITDA based on observed publicly traded comparable companies.

Income Taxes

We account for income taxes in accordance with the guidance provided under the Income Taxes topic of the Codification ("FASB ASC 740"). We are subject to income taxes in the United States as well as a number of foreign jurisdictions. Significant judgment is required in the calculation of our tax provision and the resultant tax liabilities and in the recoverability of our deferred tax assets that arise from temporary differences between the tax and financial statement recognition of revenue and expense and net operating loss and credit carryforwards.

We assess the likelihood that our deferred tax assets can be recovered. Under FASB ASC 740, a valuation allowance is required when it is more likely than not that all or a portion of the deferred tax asset will not be realized. We evaluate the recoverability of our deferred tax assets based in part on the existence of deferred tax liabilities that can be used to realize the deferred tax assets.

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. We evaluate our tax positions to determine if it is more likely than not that a tax position is sustainable, based solely on its technical merits and presuming the taxing authorities have full knowledge of the position, and access to all relevant facts and information. When a tax position does not meet the more likely than not standard, we record a liability for the entire amount of the unrecognized tax benefit. Additionally, for those tax positions that are determined more likely than not to be sustainable, we measure the tax position at the largest amount of benefit more likely than not (determined by cumulative probability) to be realized upon settlement with the taxing authority.

Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("FASB ASC 820") requires disclosure of the extent to which fair value is used to measure financial assets and liabilities, the inputs utilized in calculating valuation measurements, and the effect of the measurement of significant unobservable inputs on earnings, or changes in net assets, as of the measurement date. FASB ASC 820 defines fair value as the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a three-level valuation hierarchy based upon the transparency of inputs utilized in the measurement and valuation of financial assets or liabilities as of the measurement date:

- Level 1—unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2—quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted market prices that are observable or that can be corroborated by observable market data by correlation; and
- Level 3—unobservable inputs based upon the reporting entity's internally developed assumptions which market participants would use in pricing the asset or liability.

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We performed an evaluation of our financial assets and liabilities under the fair value framework of FASB ASC 820. As a result of that evaluation, we concluded that investments in marketable securities and interest rate financial derivative instruments were items as to which disclosures were required under FASB ASC 820.

We determined that the valuation measurement inputs of marketable securities represent unadjusted quoted prices in active markets and, accordingly, have classified such investments within Level 1 of the FASB ASC 820 hierarchy framework.

The fair value of our interest rate financial derivative instruments reflects the estimated amounts that we would pay or receive to terminate the agreement at the reporting date, taking into account current interest rates, the market expectation for future interest rates and current creditworthiness of both our counterparties and ourselves. Observable inputs utilized in the income approach valuation technique incorporate identical contractual notional amounts, fixed coupon rates, periodic terms for interest payments and contract maturity. Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments, if any, associated with our derivatives utilize Level 3 inputs, such as the estimates of current credit spread, to evaluate the likelihood of default by us or our counterparties. We also considered the existence of offset provisions and other credit enhancements that serve to reduce the credit exposure associated with the asset or liability being fair valued. We have assessed the significance of the inputs of the credit valuation adjustments to the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative instrument valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Pension and Other Postretirement Benefits

We maintain a noncontributory defined benefit retirement plan covering substantially all of our employees hired prior to July 19, 2001. The cost of providing benefits to eligible participants under the defined benefit retirement plan is calculated using the plan's benefit formulas, which take into account the participants' remuneration, dates of hire, years of eligible service, and certain actuarial assumptions. In addition, we provide postretirement medical benefits to certain current retirees who meet the criteria under our medical plan for postretirement benefit eligibility.

Expenses for our defined benefit retirement plan and for postretirement medical benefits that are provided under our medical plan are developed from actuarial valuations. Any significant decline in the fair value of our defined benefit retirement plan assets or other adverse changes to the significant assumptions used to determine the plan's funded status would negatively impact its funded status and could result in increased funding in future periods.

Key assumptions, including discount rates used in determining the present value of future benefit payments and expected return on plan assets, are reviewed and updated on an annual basis. The discount rates reflect market rates for high-quality corporate bonds. We consider current market conditions, including changes in interest rates, in making assumptions. In 2014, the Society of Actuaries ("SOA") issued new mortality and mortality improvement tables that indicate raised life expectancies compared to previous mortality tables. Our December 31, 2014 valuation used mortality tables based on the 2014 SOA tables. In establishing the expected return on assets assumption, we review the asset allocations considering plan maturity and develop return assumptions based on different asset classes. The return assumptions are established after reviewing historical returns of broader market indexes, as well as historical performance of the investments in the plan.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the revenue recognition requirements in FASB ASC Topic 605—*Revenue Recognition*. The guidance in ASU 2014-09 clarifies the principles for recognizing revenue and improves financial reporting by

creating a common revenue standard for U.S. GAAP and International Financial Reporting Standards. ASU 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2016. The standard permits the use of either the retrospective or the cumulative effect transition method. We are in the process of evaluating the impact that ASU 2014-09 will have on our consolidated financial statements and associated disclosures, and have not yet selected a transition method.

Revenue

Revenue Overview

We earn revenue primarily by providing services over satellite transponder capacity to our customers. Our customers generally obtain satellite capacity from us by placing an order pursuant to one of several master customer service agreements. The master customer agreements and related service orders under which we sell services specify, among other things, the amount of satellite capacity to be provided, whether service will be non-preemptible or preemptible and the service term. Most services are full time in nature, with service terms ranging from one year to as long as 16 years. Occasional use services used for video applications can be for much shorter periods, including increments of one hour. Our master customer service agreements offer different service types, including transponder services, managed services, and channel, which are all services that are provided on, or used to provide access to, our global network. We refer to these services as on-network services. Our customer agreements also cover services that we procure from third parties and resell, which we refer to as off-network services. These services can include transponder services and other satellite-based transmission services sourced from other operators, often in frequencies not available on our network. The following table describes our primary service types:

Service Type	Description
On-Network Revenues:	
Transponder Services	<p>Commitments by customers to receive service via, or to utilize capacity on, particular designated transponders according to specified technical and commercial terms. Transponder services also include revenues from hosted payload capacity. Transponder services are marketed to each of our primary customer sets, as follows:</p> <ul style="list-style-type: none">• Network Services: fixed and wireless telecom operators, data network operators, enterprise operators of private data networks, and value-added network operators for fixed and mobile broadband network infrastructure.• Media: broadcasters (for distribution of programming and full time contribution, or gathering, of content), programmers and DTH operators.• Government: civilian and defense organizations, for use in implementing private fixed and mobile networks, or for the provision of capacity or capabilities through hosted payloads.

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Service Type

Managed Services

Description

Hybrid services based upon IntelsatOne, which combine satellite capacity, teleport facilities, satellite communications hardware such as broadband hubs or video multiplexers and fiber optic cable and other ground facilities to provide managed and monitored broadband, trunking, video and private network services to customers. Managed services are marketed to each of our customer sets as follows:

- Network Services: cellular operators and fixed and mobile value-added service providers, providing applications such as maritime and aeronautical broadband, which develop service offerings based upon our integrated broadband platforms.
- Media: programmers outsourcing elements of their transmission infrastructure and part time occasional use services used primarily by news and sports organizations to gather content from remote locations.
- Government: users seeking secured, integrated, end-to-end solutions.

Channel

Standardized services of predetermined bandwidth and technical characteristics, primarily used for point-to-point bilateral services for telecommunications providers. Channel is not considered a core service offering due to changing market requirements and the proliferation of fiber alternatives for point-to-point customer applications. Channel services are exclusively marketed to traditional telecommunications providers in our network service customer set.

Off-Network and Other Revenues:

Transponder, Mobile Satellite Services and Other

Capacity for voice, data and video services provided by third-party commercial satellite operators for which the desired frequency type or geographic coverage is not available on our network. These services include L-band MSS, for which Intelsat General is a reseller. In addition, this revenue category includes the sale of customer premises equipment and other hardware. These products are primarily marketed to:

- Government: direct government users, government contractors working on programs where aggregation of capacity is required.

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Service Type	Description
Satellite-related Services	Services include a number of satellite-related consulting and technical services that involve the lifecycle of satellite operations and related infrastructure, from satellite and launch vehicle procurement through TT&C services and related equipment sales. These services are typically marketed to other satellite operators.

We market our services on a global basis, with almost every populated region of the world contributing to our revenue. The diversity of our revenue allows us to benefit from changing market conditions and lowers our risk from revenue fluctuations in our service applications and geographic regions.

Trends Impacting Our Revenue

Our revenue at any given time is dependent upon a number of factors, including but not limited to the supply of capacity available on our fleet in a given region, which is determined in part by our launch programs, our relocations of capacity, competition from supply provided by other satellite operators and by competing technologies such as fiber optic cable networks, as well as the level of demand for that capacity. See Item 4B—Business Overview—Our Sector for a discussion of the global trends creating demand for our services. Trends in revenue can be impacted by:

- Growth in demand for broadband infrastructure from wireless telecommunications companies operating in developing regions or regions with geographic challenges;
- Growth in demand for broadband connectivity for enterprises and government organizations providing fixed and mobile services and value-added applications on a global basis;
- Satellite capacity needed to provide broadband connectivity for mobile networks on ships, planes and oil and gas platforms;
- Increasing popularity of DTH television services which use our capacity for program distribution;
- Increased popularity of OTT content distribution, which will increase the demand for broadband infrastructure in the developing world, but could decrease demand in developed markets as niche and ethnic programming transitions from satellite to Internet distribution;
- The global demand for television content in standard, HDTV and ultra-high definition television formats, which uses our satellite network and IntelsatOne terrestrial services for distribution;
- The use of commercial satellite services by governments for military and other operations, but which has slowed with the tightening U.S. budget;
- Our use of third party or off-network services to satisfy government demand for capacity not available on our network. These services are low risk in nature, with no required up-front investment and terms and conditions of the procured capacity which typically match the contractual commitments from our customers. Demand for certain of these off-network services has declined with reductions in troop deployment in regions of conflict; and
- The competitive environment in Africa.

See Item 4B—Business Overview—Our Customer Sets and Growing Applications for a discussion of our customers' uses of our services and see Item 4B—Business Overview—Our Strategy for a discussion of our strategies with respect to marketing to our various customer sets.

Customer Applications

Our transponder services, managed services, MSS and channel are used by our customers for three primary customer applications: network service applications, media applications and government applications.

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Pricing

Pricing of our services is based upon a number of factors, including, but not limited to, the region served by the capacity, the power and other characteristics of the satellite beam, the amount of demand for the capacity available on a particular satellite and the total supply of capacity serving any particular region. During 2012 and earlier, we experienced generally stable to favorable global pricing trends. In 2013 and 2014, we experienced relatively stable global pricing trends, with unfavorable price trends in Africa and the Middle East. As increased supply comes to other regions, similar pricing pressure could be experienced. According to Euroconsult, the annual average price per transponder for C- and Ku- band capacity is forecasted to be on a slight downward trend globally from \$1.58 million to \$1.57 million per 36 MHz transponder over the period 2014 to 2019, reflecting increasing supply from new satellite entrants, among other factors.

The pricing of our services is generally fixed for the duration of the service commitment. New and renewing service commitments are priced to reflect regional demand and other factors as discussed above.

Operating Expenses

Direct Costs of Revenue (Excluding Depreciation and Amortization)

Direct costs of revenue relate to costs associated with the operation and control of our satellites, our communications network and engineering support, and the purchase of off-network capacity. Direct costs of revenue consist principally of salaries and related employment costs, in-orbit insurance, earth station operating costs and facilities costs. Our direct costs of revenue fluctuate based on the number and type of services offered and under development, particularly as sales of off-network transponder services and sales of customer premises equipment fluctuate. We expect our direct costs of revenue to increase as we add customers and expand our managed services and use of off-network capacity.

Selling, General and Administrative Expenses

Selling, general and administrative expenses relate to costs associated with our sales and marketing staff and our administrative staff, which includes legal, finance, corporate information technology and human resources. Staff expenses consist primarily of salaries and related employment costs, including stock compensation, travel costs and office occupancy costs. Selling, general and administrative expenses also include building maintenance and rent expenses and the provision for uncollectible accounts. Selling, general and administrative expenses generally fluctuate with the number of customers served and the number and types of services offered. These expenses also include research and development expenses, fees for professional services and monitoring fees payable to the Sponsors in support of strategic activities pursuant to the 2008 MFA, which was terminated in April 2013 in connection with the IPO.

Depreciation and Amortization

Our capital assets consist primarily of our satellites and associated ground network infrastructure. Included in capitalized satellite costs are the costs for satellite construction, satellite launch services, insurance premiums for satellite launch and the in-orbit testing period, the net present value of deferred satellite performance incentives payable to satellite manufacturers, and capitalized interest incurred during the satellite construction period.

Capital assets are depreciated or amortized on a straight-line basis over their estimated useful lives. The remaining depreciable lives of our satellites range from one year to 17 years as of December 31, 2014.

Contracted Backlog

We benefit from strong visibility of our future revenues. Our contracted backlog is our expected future revenue under existing customer contracts, and includes both cancellable and non-cancellable contracts. Our contracted backlog was approximately \$10.0 billion as of December 31, 2014, approximately 88% of which related to contracts that were non-cancellable and approximately 11% related to contracts that were cancellable subject to substantial termination fees. As of December 31, 2014, the weighted average remaining customer contract life was approximately 5 years. We currently expect to deliver services associated with approximately \$2.0 billion, or approximately 20%, of our December 31, 2014 contracted backlog during the year ending December 31, 2015, of which \$33.3 million is from our channel services, a product near the end of its lifecycle. The amount included in backlog represents the full service charge for the duration of the contract and does not include termination fees. The amount of the termination fees, which is not included in the backlog amount, is generally calculated as a percentage of the remaining backlog associated with the contract. In certain cases of breach for non-payment or customer financial distress or bankruptcy, we may not be able to recover the full value of certain contracts or termination fees. Our contracted backlog includes 100% of the backlog of our consolidated ownership interests, which is consistent with the accounting for our ownership interest in these entities.

Our contracted backlog as of December 31, 2014 was as follows (in millions):

Period	
2015	\$1,997.3
2016	1,397.8
2017	1,147.8
2018	932.2
2019	764.2
2020 and thereafter	3,758.4
Total	<u>\$9,997.7</u>

Our contracted backlog by service type as of December 31, 2014 was as follows (in millions, except percentages):

Service Type	Amount	Percent
Transponder services	\$8,889.2	89%
Managed services	784.4	8%
Off-network and other	281.6	3%
Channel	42.5	0%
Total	<u>\$9,997.7</u>	100%

We believe this backlog and the resulting predictable cash flows in the FSS sector make our net cash provided by operating activities less volatile than that of typical companies outside our industry.

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A. Operating Results
Years Ended December 31, 2013 and 2014

The following table sets forth our comparative statements of operations for the periods shown with the increase (decrease) and percentage changes, except those deemed not meaningful ("NM"), between the periods presented (in thousands, except percentages):

	Year Ended December 31, 2013	Year Ended December 31, 2014	Year Ended December 31, 2013 Compared to Year Ended December 31, 2014	
			Increase (Decrease)	Percentage Change
Revenue	\$ 2,603,623	\$ 2,472,386	\$(131,237)	(5)%
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	375,769	348,348	(27,421)	(7)
Selling, general and administrative	288,467	197,407	(91,060)	(32)
Depreciation and amortization	736,567	679,351	(57,216)	(8)
Gain on satellite insurance recoveries	(9,618)	—	(9,618)	NM
Total operating expenses	1,391,185	1,225,106	(166,079)	(12)
Income from operations	1,212,438	1,247,280	34,842	3
Interest expense, net	1,122,261	944,787	(177,474)	(16)
Loss on early extinguishment of debt	(368,089)	(40,423)	(327,666)	(89)
Other expense, net	(4,918)	(2,593)	(2,325)	(47)
Income (loss) before income taxes	(282,830)	259,477	542,307	NM
Provision for (benefit from) income taxes	(30,837)	22,971	53,808	NM
Net income (loss)	(251,993)	236,506	488,499	NM
Net income attributable to noncontrolling interest	(3,687)	(3,974)	287	8
Net income (loss) attributable to Intelsat	\$ (255,680)	\$ 232,532	\$ 488,212	NM
Cumulative preferred dividends	(10,196)	(9,917)	(279)	(3)
Net income (loss) attributable to common shareholders	\$ (265,876)	\$ 222,615	\$ 488,491	NM

Revenue

The following table sets forth our comparative revenue by service type, with Off-Network and Other Revenues shown separately from On-Network Revenues, for the periods shown (in thousands, except percentages):

	Year Ended December 31, 2013	Year Ended December 31, 2014	Increase (Decrease)	Percentage Change
On-Network Revenues				
Transponder services	\$ 1,988,771	\$ 1,895,194	\$ (93,577)	(5)%
Managed services	298,623	297,296	(1,327)	(0)
Channel	72,123	58,669	(13,454)	(19)
Total on-network revenues	2,359,517	2,251,159	(108,358)	(5)
Off-Network and Other Revenues				
Transponder, MSS and other off-network services	194,601	172,624	(21,977)	(11)
Satellite-related services	49,505	48,603	(902)	(2)
Total off-network and other revenues	244,106	221,227	(22,879)	(9)
Total	\$ 2,603,623	\$ 2,472,386	\$(131,237)	(5)%

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Total revenue for the year ended December 31, 2014 decreased by \$131.2 million as compared to the year ended December 31, 2013. By service type, our revenues decreased due to the following:

On-Network Revenues:

- *Transponder services*—an aggregate decrease of \$93.6 million, primarily due to a \$45.7 million decrease in revenue from capacity services sold for government applications for customers in the North America region and a \$45.6 million decrease in revenue from network services customers largely in the Africa and Middle East and the North America regions largely due to pricing reductions and reduced volume from certain point-to-point services. Additional decreases in revenue were primarily from media customer non-renewals in the North America region, partially offset by an increase in revenue for DTH services sold to media customers largely in the Latin America and Caribbean and the Europe regions.
- *Managed services*—an aggregate decrease of \$1.3 million, largely due to a \$4.8 million decrease in revenue from media customers for occasional use services and a decrease in revenue related to declines in international trunking primarily in the Africa and Middle East and the Europe region. These decreases were partially offset by growth in revenue for mobility applications primarily from customers in the North America region.
- *Channel*—an aggregate decrease of \$13.5 million related to a continued decline due to the migration of international point-to-point satellite traffic to fiber optic cable, a trend which we expect will continue.

Off-Network and Other Revenues:

- *Transponder, MSS and other off-network services*—an aggregate decrease of \$22.0 million, primarily due to declines in the sales of off-network transponder services, largely related to government applications.
- *Satellite-related services*—an aggregate decrease of \$0.9 million, primarily due to decreased revenue from government professional services.

Operating Expenses

Direct Costs of Revenue (Excluding Depreciation and Amortization)

Direct costs of revenue decreased by \$27.4 million, or 7%, to \$348.3 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. Excluding \$2.4 million of IPO-Related Compensation Charges in 2013, direct costs of revenue decreased by \$25.0 million principally due to the following:

- a decrease of \$15.7 million in the cost of off-network FSS capacity purchased, primarily related to solutions sold to our government customer set; and
- a decrease of \$10.6 million in direct costs related to a joint venture.

Selling, General and Administrative

Selling, general and administrative expenses decreased by \$91.1 million, or 32%, to \$197.4 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. Excluding \$56.3 million associated with the termination of the 2008 MFA in connection with the IPO and \$18.9 million of IPO-Related Compensation Charges in 2013, selling, general and administrative expenses decreased by \$15.9 million, principally due to the following:

- a decrease of \$27.3 million in bad debt expenses due to collection challenges with a limited number of customers, primarily within the Africa and Middle East region in 2013; and
- a decrease of \$10.9 million in professional fees largely due to the expenses related to the 2008 MFA prior to its termination in 2013; partially offset by

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- an increase of \$12.4 million in non-cash stock compensation costs associated with our Intelsat S.A. 2013 Equity Incentive Plan (the “2013 Equity Plan”);
- an increase of \$5.0 million in development expenses; and
- an increase of \$3.5 million in litigation related expenses.

Depreciation and Amortization

Depreciation and amortization expense decreased by \$57.2 million, or 8%, to \$679.4 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. Significant items impacting depreciation and amortization included:

- a net decrease of \$43.1 million in depreciation expense due to the timing of certain satellites becoming fully depreciated and changes in estimated remaining useful lives of certain satellites; and
- a decrease of \$14.1 million in amortization expense largely due to changes in the expected pattern of consumption of amortizable intangible assets, as these assets primarily include acquired backlog, which relates to contracts covering periods that expire over time, and acquired customer relationships, for which the value diminishes over time; partially offset by
- an increase of \$1.9 million in depreciation expense resulting from the impact of satellites placed into service during 2014.

Gain on Satellite Insurance Recoveries

Gain on satellite insurance recoveries was \$9.6 million for the year ended December 31, 2013 with no comparable amount for the year ended December 31, 2014. In February 2013, the launch vehicle for our IS-27 satellite failed shortly after liftoff and the satellite was completely destroyed. The satellite and its related assets, which had a book value of \$396.6 million, were fully insured. We received \$406.2 million of insurance proceeds and recognized the surplus of insurance proceeds over the book value of the satellite and its related assets as a gain.

Interest Expense, Net

Interest expense, net consists of the interest expense we incur together with gains and losses on interest rate swaps (which reflect net interest accrued on the interest rate swaps as well as the change in their fair value), offset by interest income earned and the amount of interest we capitalize related to assets under construction. As of December 31, 2014, we also held interest rate swaps with an aggregate notional amount of \$1.6 billion to economically hedge the variability in cash flow on a portion of the floating-rate term loans under our senior secured credit facilities. The swaps have not been designated as hedges for accounting purposes. Interest expense, net decreased by \$177.5 million, or 16%, to \$944.8 million for the year ended December 31, 2014, as compared to \$1.12 billion for the year ended December 31, 2013. The decrease in interest expense, net was principally due to the following:

- a net decrease of \$126.1 million as a result of our debt offerings, prepayments, redemptions and amendments of our unsecured debt in 2013 and 2014 (see—Liquidity and Capital Resources—Long-Term Debt);
- a decrease of \$26.1 million resulting from higher capitalized interest of \$70.9 million for the year ended December 31, 2014 as compared to \$44.8 million for the year ended December 31, 2013, resulting from increased levels of satellites and related assets under construction; and
- a net decrease of \$21.1 million in interest expense as a result of the decrease in the interest rate for borrowing under the Intelsat Jackson Secured Credit Agreement (see—Liquidity and Capital Resources—Long-Term Debt—Senior Secured Credit Facilities).

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The non-cash portion of total interest expense, net was \$22.3 million for the year ended December 31, 2014. The non-cash interest expense was due to the amortization of deferred financing fees incurred as a result of new or refinanced debt and the amortization and accretion of discounts and premiums.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt was \$40.4 million for the year ended December 31, 2014 as compared to \$368.1 million for the year ended December 31, 2013. The 2014 loss related to the redemption of the 2019 Senior Notes (see Liquidity and Capital Resources—Long-Term Debt—2014 Debt Transactions). In connection to the redemption, we recognized a loss on early extinguishment of debt of \$40.4 million, consisting of the difference between the carrying value of the debt redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt discount and debt issuance costs.

The 2013 loss related to the repayment of debt in connection with various 2013 refinancings, redemptions, prepayments and offerings (see Liquidity and Capital Resources—Long-Term Debt—2013 Debt Transactions). In the year ended December 31, 2013, Intelsat Luxembourg repurchased or redeemed \$5.3 billion of its debt for \$5.6 billion, excluding accrued and unpaid interest and related fees of \$135.8 million. In May 2013, Intelsat Investments repurchased or redeemed \$353.6 million of its debt for \$362.9 million, excluding accrued and unpaid interest. In April and June 2013, Intelsat Jackson prepaid \$1.0 billion of its debt at par value, excluding accrued and unpaid interest and related fees. In October 2013, Intelsat Jackson prepaid \$100.0 million of indebtedness outstanding under its secured term loan facility. The loss of \$368.1 million was primarily driven by a \$311.2 million difference between the carrying value of the debt repurchased, redeemed or prepaid and the total cash amount paid (including related fees), together with a write-off of \$56.9 million of unamortized debt discounts and debt issuance costs.

Other Expense, Net

Other expense, net was \$2.6 million for the year ended December 31, 2014 as compared to \$4.9 million for the year ended December 31, 2013. The difference of \$2.3 million was primarily due to a total impairment of an immaterial investment in 2013 and a \$0.8 million increase in realized gain on marketable securities.

Provision for Income Taxes

Our income tax expense increased by \$53.8 million to \$23.0 million for the year ended December 31, 2014 as compared to a benefit from income taxes of \$30.8 million for the year ended December 31, 2013. The increase in expense over the prior year was principally due to an internal subsidiary reorganization in 2013 as a result of which we recognized a significant tax benefit related to foreign tax credits. We intend to claim these foreign tax credits on our U.S. subsidiaries' tax returns. The credits primarily relate to taxes paid in prior years and are expected to reduce our future tax obligations.

Cash paid for income taxes, net of refunds, totaled \$38.8 million and \$37.8 million for the years ended December 31, 2013 and 2014, respectively.

Net Income (Loss) Attributable to Intelsat S.A.

Net income attributable to Intelsat S.A. for the year ended December 31, 2014 totaled \$232.5 million. Net income increased from a comparable period loss in 2013 by \$488.2 million, reflecting the various items discussed above. Results for the year ended December 31, 2013 were significantly impacted by costs and expenses related to the IPO and losses on early extinguishment of debt.

Cumulative Preferred Dividends

Cumulative preferred dividends declared during the year ended December 31, 2014 were \$9.9 million as compared with \$10.2 million in the comparable period of 2013. Preferred dividends in 2013 reflected dividends declared during the period commencing with our initial public offering.

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Net Income (Loss) Attributable to Common Shareholders

Net income attributable to Intelsat S.A. for the year ended December 31, 2014 totaled \$222.6 million. Net income increased from a comparable period loss in 2013 by \$488.5 million, reflecting the various items discussed above, including cumulative preferred dividends.

Years Ended December 31, 2012 and 2013

The following table sets forth our comparative statements of operations for the periods shown with the increase (decrease) and percentage changes, except those deemed NM, between the periods presented (in thousands, except percentages):

	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2012 Compared to Year Ended December 31, 2013 Increase (Decrease)	Percentage Change
Revenue	\$ 2,610,152	\$ 2,603,623	\$ (6,529)	(0)%
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	415,900	375,769	(40,131)	(10)
Selling, general and administrative	204,025	288,467	84,442	41
Depreciation and amortization	764,903	736,567	(28,336)	(4)
Gain on satellite insurance recoveries	—	(9,618)	(9,618)	NM
Total operating expenses	1,384,828	1,391,185	6,357	—
Income from operations	1,225,324	1,212,438	(12,886)	(1)
Interest expense, net	1,310,783	1,122,261	(188,522)	(14)
Loss on early extinguishment of debt	(73,542)	(368,089)	(294,547)	NM
Other expense, net	(10,128)	(4,918)	5,210	(51)
Loss before income taxes	(169,129)	(282,830)	(113,701)	67
Benefit from income taxes	(19,631)	(30,837)	(11,206)	57
Net loss	(149,498)	(251,993)	(102,495)	69
Net income attributable to noncontrolling interest	(1,639)	(3,687)	(2,048)	NM
Net loss attributable to Intelsat	\$ (151,137)	\$ (255,680)	\$ (104,543)	69
Cumulative preferred dividends	—	(10,196)	(10,196)	NM
Net loss attributable to common shareholders	\$ (151,137)	\$ (265,876)	\$ (114,739)	76

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Revenue

The following table sets forth our comparative revenue by service type, with Off-Network and Other Revenues shown separately from On-Network Revenues, for the periods shown (in thousands, except percentages):

	Year Ended December 31, 2012	Year Ended December 31, 2013	Increase (Decrease)	Percentage Change
On-Network Revenues				
Transponder services	\$ 1,950,230	\$ 1,988,771	\$ 38,541	2%
Managed services	276,024	298,623	22,599	8
Channel	91,805	72,123	(19,682)	(21)
Total on-network revenues	2,318,059	2,359,517	41,458	2
Off-Network and Other Revenues				
Transponder, MSS and other off-network services	234,143	194,601	(39,542)	(17)
Satellite-related services	57,950	49,505	(8,445)	(15)
Total off-network and other revenues	292,093	244,106	(47,987)	(16)
Total	\$ 2,610,152	\$ 2,603,623	\$ (6,529)	(0)%

Total revenue for the year ended December 31, 2013 decreased by \$6.5 million as compared to the year ended December 31, 2012. By service type, our revenues increased or decreased due to the following:

On-Network Revenues:

- *Transponder services*—an aggregate increase of \$38.5 million, primarily due to a \$39.4 million increase in revenue from network services customers primarily in the Latin America and Caribbean region for wireless telecommunication infrastructure and in the Asia-Pacific and North America regions for enterprise networks. An additional \$24.1 million increase in revenue was from capacity services sold to media customers largely in the Latin America and Caribbean, the Asia-Pacific and the Africa and Middle East regions for DTH and programming-distribution applications and an \$11.0 million increase in capacity services sold primarily in the Asia-Pacific region for government applications related to a hosted payload. These increases were partially offset by a \$23.5 million decline from network services customers largely in the Africa and Middle East region and a \$12.5 million decrease in revenue from capacity services sold for government applications for customers in the North America region.
- *Managed services*—an aggregate increase of \$22.6 million, largely due to a \$22.9 million increase in revenue from network services customers for new broadband services for mobility applications, primarily in the North America and Europe regions, and a \$6.8 million increase in revenue primarily from hybrid infrastructure solutions sold to government customers, partially offset by a \$5.2 million decrease in revenue related to the contraction of services and lower pricing for international trunking primarily in the Africa and Middle East and the Europe regions.
- *Channel*—an aggregate decrease of \$19.7 million related to a continued decline due to the migration of international point-to-point satellite traffic to fiber optic cable, a trend which we expect will continue.

Off-Network and Other Revenues:

- *Transponder, MSS and other off-network services*—an aggregate decrease of \$39.5 million, primarily due to declines in the sales of off-network transponder services, the sales of customer premises equipment and mobile satellite services, all of which are primarily related to government applications.
- *Satellite-related services*—an aggregate decrease of \$8.4 million, primarily due to decreased revenue from government professional services and flight operations support services for third-party satellites.

Operating Expenses

Direct Costs of Revenue (Excluding Depreciation and Amortization)

Direct costs of revenue decreased by \$40.1 million, or 10%, to \$375.8 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012. Excluding \$2.4 million of compensation charges related to the IPO, the \$42.5 million decrease was principally due to the following:

- a decrease of \$24.0 million in the costs attributable to the purchase of MSS and off-network FSS capacity and other third-party related services primarily related to solutions sold to our government customer set;
- a decrease of \$13.2 million related to higher costs of sales for customer premises equipment during 2012; and
- a decrease of \$9.2 million in staff-related expenses; partially offset by
- an increase of \$6.1 million in costs related to a joint venture.

Selling, General and Administrative

Selling, general and administrative expenses increased by \$84.4 million, or 41%, to \$288.5 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012. Excluding \$56.3 million associated with the termination of the 2008 MFA in connection with the IPO and \$18.9 million of compensation charges related to the IPO, selling, general and administrative expenses increased by \$9.2 million, principally due to the following:

- an increase of \$20.7 million in bad debt expenses due to collection challenges with a limited number of customers, primarily within the Africa and Middle East region; and
- an increase of \$4.3 million in staff-related expenses, including share-based compensation costs; partially offset by
- a \$17.2 million decrease due to 2012 expenses related to the 2008 MFA exceeding the comparable 2013 expenses prior to the April 2013 termination of the 2008 MFA.

Depreciation and Amortization

Depreciation and amortization expense decreased by \$28.3 million, or 4%, to \$736.6 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012. This decrease was primarily due to the following:

- a net decrease of \$87.4 million in depreciation expense due to the timing of certain satellites becoming fully depreciated and changes in estimated remaining useful lives of certain satellites; and
- a decrease of \$9.5 million in amortization expense largely due to changes in the expected pattern of consumption of amortizable intangible assets, as these assets primarily include acquired backlog, which relates to contracts covering periods that expire over time, and acquired customer relationships, for which the value diminishes over time; partially offset by
- an increase of \$67.6 million in depreciation expense resulting from the impact of satellites placed into service during 2012.

Interest Expense, Net

Interest expense, net decreased by \$188.5 million, or 14%, to \$1.12 billion for the year ended December 31, 2013, as compared to \$1.31 billion for the year ended December 31, 2012. The decrease in interest expense, net was principally due to the following:

- a net decrease of \$195.9 million as a result of our debt offerings, prepayments, redemptions and amendments on our unsecured debt in 2012 and 2013 (see—Liquidity and Capital Resources—Long-Term Debt);

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- a decrease of \$31.9 million related to the interest expense accrued and the change in fair value of our interest rate swaps; and
- a net decrease of \$26.6 million in interest expense as a result of the decrease in the interest rate for borrowing under the Intelsat Jackson Secured Credit Agreement (see—Liquidity and Capital Resources—Long-Term Debt—Senior Secured Credit Facilities); partially offset by
- an increase of \$72.6 million resulting from lower capitalized interest of \$44.8 million for the year ended December 31, 2013 as compared to \$117.4 million for the year ended December 31, 2012 resulting from decreased levels of satellites and related assets under construction.

The non-cash portion of total interest expense, net was \$46.0 million for the year ended December 31, 2013. The non-cash interest expense was due to the amortization of deferred financing fees incurred as a result of new or refinanced debt and the amortization and accretion of discounts and premiums.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt was \$368.1 million for the year ended December 31, 2013 as compared to \$73.5 million for the year ended December 31, 2012. The 2013 loss related to the repayment of debt in connection with various 2013 refinancings, redemptions, prepayments and offerings (see Liquidity and Capital Resources—Long-Term Debt—2013 Debt Transactions). In the year ended December 31, 2013, Intelsat Luxembourg repurchased or redeemed \$5.3 billion of its debt for \$5.6 billion, excluding accrued and unpaid interest and related fees of \$135.8 million. In May 2013, Intelsat Investments repurchased or redeemed \$353.6 million of its debt for \$362.9 million, excluding accrued and unpaid interest. In April and June 2013, Intelsat Jackson prepaid \$1.0 billion of its debt at par value, excluding accrued and unpaid interest and related fees. In October 2013, Intelsat Jackson prepaid \$100.0 million of its debt at par value, excluding accrued and unpaid interest and related fees. The loss of \$368.1 million was primarily driven by a \$311.2 million difference between the carrying value of the debt repurchased, redeemed or prepaid and the total cash amount paid (including related fees), together with a write-off of \$56.9 million of unamortized debt discounts and debt issuance costs.

The 2012 loss related to the repayment of debt in connection with the 2012 Intelsat Jackson tender offers and redemptions. During the year ended December 31, 2012, Intelsat Jackson repurchased or redeemed \$1.8 billion of its debt for \$1.8 billion, excluding accrued and unpaid interest and related fees of \$80.3 million. In addition, \$194.8 million of New Dawn debt was prepaid from restricted cash relating to proceeds received from an insurance claim. The loss of \$73.5 million was primarily driven by a \$65.9 million difference between the carrying value of the Intelsat Jackson debt repurchased or redeemed and the total cash amount paid (including related fees), together with a write-off of \$1.8 million of Intelsat Jackson unamortized debt premium and debt issuance costs and \$5.8 million of New Dawn unamortized debt issuance costs.

Other Expense, Net

Other expense, net was \$4.9 million for the year ended December 31, 2013 as compared to \$10.1 million for the year ended December 31, 2012. The difference of \$5.2 million was primarily due to 2012 events, where we recognized a \$20.0 million pre-tax charge plus \$1.0 million of associated costs and expenses in connection with the expiration of an unconsummated third-party investment commitment, partially offset by a \$12.8 million pre-tax gain as a result of the sale of our U.S. administrative headquarters office building in Washington, D.C. (the “U.S. Administrative Headquarters Property”). In 2013, rental income decreased by \$2.7 million and exchange rate losses decreased by \$1.3 million.

Benefit from Income Taxes

Our benefit from income taxes increased by \$11.2 million to \$30.8 million for the year ended December 31, 2013 as compared to a benefit from income taxes of \$19.6 million for the year ended December 31, 2012. The increase in benefit was principally due to an internal subsidiary reorganization in 2013 as a result of which we

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recognized a significant tax benefit related to foreign tax credits. We intend to claim these foreign tax credits on our U.S. subsidiaries' tax returns. The credits primarily relate to taxes paid in prior years and are expected to reduce our future tax obligations. Another reason for the increase in the tax benefit was the valuation allowance we recorded on our Washington, D.C. net operating loss carry forwards in 2012 when we entered into a lease for the New U.S. Administrative Headquarters. The above factors were partially offset by the benefit we recorded in 2012 to adjust the basis of certain assets that had generated excluded extraterritorial income in prior years.

Cash paid for income taxes, net of refunds, totaled \$33.1 million and \$38.8 million for the years ended December 31, 2012 and 2013, respectively.

Net Loss attributable to Intelsat S.A.

Net loss attributable to Intelsat S.A. for the year ended December 31, 2013 totaled \$255.7 million compared to \$151.1 million for the year ended December 31, 2012. The loss increased as a result of the various items discussed above. Results for the period were significantly impacted by the costs and expenses of the IPO and losses on early extinguishment of debt, partially offset by a decrease in depreciation expense, interest expense, net, and lower losses on derivative financial instruments.

EBITDA

EBITDA consists of earnings before net interest, loss on early extinguishment of debt, taxes and depreciation and amortization. Given our high level of leverage, refinancing activities are a frequent part of our efforts to manage our costs of borrowing. Accordingly, we consider loss on early extinguishment of debt an element of interest expense. EBITDA is a measure commonly used in the FSS sector, and we present EBITDA to enhance the understanding of our operating performance. We use EBITDA as one criterion for evaluating our performance relative to that of our peers. We believe that EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. However, EBITDA is not a measure of financial performance under U.S. GAAP, and our EBITDA may not be comparable to similarly titled measures of other companies. EBITDA should not be considered as an alternative to operating income (loss) or net income (loss) determined in accordance with U.S. GAAP, as an indicator of our operating performance, or as an alternative to cash flows from operating activities determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

A reconciliation of net income (loss) to EBITDA for the periods shown is as follows (in thousands):

	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014
Net income (loss)	\$ (149,498)	\$ (251,993)	\$ 236,506
Add (Subtract):			
Interest expense, net	1,310,783	1,122,261	944,787
Loss on early extinguishment of debt	73,542	368,089	40,423
Provision for (benefit from) income taxes	(19,631)	(30,837)	22,971
Depreciation and amortization	764,903	736,567	679,351
EBITDA	<u>\$ 1,980,099</u>	<u>\$ 1,944,087</u>	<u>\$ 1,924,038</u>

Adjusted EBITDA

In addition to EBITDA, we calculate a measure called Adjusted EBITDA to assess the operating performance of Intelsat S.A. Adjusted EBITDA consists of EBITDA of Intelsat S.A. as adjusted to exclude or include certain unusual items, certain other operating expense items and certain other adjustments as described in

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the table and related footnotes below. Our management believes that the presentation of Adjusted EBITDA provides useful information to investors, lenders and financial analysts regarding our financial condition and results of operations because it permits clearer comparability of our operating performance between periods. By excluding the potential volatility related to the timing and extent of non-operating activities, such as impairments of asset value and other non-recurring items, our management believes that Adjusted EBITDA provides a useful means of evaluating the success of our operating activities. We also use Adjusted EBITDA, together with other appropriate metrics, to set goals for and measure the operating performance of our business, and it is one of the principal measures we use to evaluate our management's performance in determining compensation under our incentive compensation plans. Adjusted EBITDA measures have been used historically by investors, lenders and financial analysts to estimate the value of a company, to make informed investment decisions and to evaluate performance. Our management believes that the inclusion of Adjusted EBITDA facilitates comparison of our results with those of companies having different capital structures.

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP and may not be comparable to similarly titled measures of other companies. Adjusted EBITDA should not be considered as an alternative to operating income (loss) or net income (loss) determined in accordance with U.S. GAAP, as an indicator of our operating performance, as an alternative to cash flows from operating activities determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

A reconciliation of net income (loss) to EBITDA and EBITDA to Adjusted EBITDA is as follows (in thousands):

	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014
Net income (loss)	\$ (149,498)	\$ (251,993)	\$ 236,506
Add (Subtract):			
Interest expense, net	1,310,783	1,122,261	944,787
Loss on early extinguishment of debt	73,542	368,089	40,423
Provision for (benefit from) income taxes	(19,631)	(30,837)	22,971
Depreciation and amortization	764,903	736,567	679,351
EBITDA	<u>1,980,099</u>	<u>1,944,087</u>	<u>1,924,038</u>
Add (Subtract):			
Compensation and benefits (1)	5,237	25,711	22,921
Management fees (2)	25,062	64,239	—
Non-recurring and other non-cash items (3)	5,786	(606)	11,723
Adjusted EBITDA	<u>\$ 2,016,184</u>	<u>\$ 2,033,431</u>	<u>\$ 1,958,682</u>

- (1) Reflects non-cash expenses incurred relating to our equity compensation plans and a portion of the expenses related to our defined benefit retirement plan and other postretirement benefits.
- (2) Reflects expenses incurred in connection with the 2008 MFA. In connection with the IPO in April 2013, the 2008 MFA was terminated.
- (3) Reflects certain non-recurring gains and losses and non-cash items, including the following: charges related to costs and expenses in connection with an unconsummated third-party investment commitment and its expiration in 2012; expenses related to the IPO in 2013; costs related to Intelsat Jackson's 2013 Second Amendment and Joinder Agreement of November 2013, which further amended the Intelsat Jackson Secured Credit Agreement; the total impairment of an immaterial investment in 2013; costs associated with development activities in 2014; non-cash expense related to the recognition of expense on a straight-line basis for certain office space leases; non-recurring litigation expenses in 2014; expenses associated with the relocation of our U.S. administrative headquarters and primary satellite operations center in 2014; severance and retention payments; and other various non-recurring expenses. These costs were partially offset by a pre-tax gain related to the sale of the U.S. Administrative Headquarters Property in 2012; the gain on

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satellite insurance recoveries in 2013; non-cash income related to the recognition of deferred revenue on a straight-line basis for certain prepaid capacity service contracts for 2012 to 2014; an adjustment to certain vendor payments in 2013 and non-cash income related to the WildBlue settlement in 2012.

B. Liquidity and Capital Resources

Overview

We are a highly leveraged company and our contractual obligations, commitments and debt service requirements over the next several years are significant. At December 31, 2014, our total indebtedness was \$14.8 billion. Our interest expense for the year ended December 31, 2014 was \$944.8 million, which included \$22.3 million of non-cash interest expense. We also expect to make significant capital expenditures in 2015 and future years, as set forth below in—Capital Expenditures.

Our primary source of liquidity is and will continue to be cash generated from operations as well as existing cash. At December 31, 2014, cash and cash equivalents were approximately \$123.1 million and Intelsat Jackson had \$438.9 million of available borrowing capacity (net of standby letters of credit outstanding) under its revolving credit facility.

We currently expect to use cash on hand, cash flows from operations, borrowings under our senior secured revolving credit facility and refinancing of our third party debt to fund our most significant cash outlays, including debt service requirements and capital expenditures, in the next twelve months and beyond, and expect such sources to be sufficient to fund our requirements over that time and beyond. In past years, our cash flows from operations and cash on hand have been sufficient to fund interest obligations (\$1,283 million and \$970 million in 2013 and 2014, respectively) and significant capital expenditures (\$600.8 million and \$645.4 million in 2013 and 2014, respectively). In 2014, we redeemed all of the outstanding \$500.0 million aggregate principal amount of our 2019 Senior Notes, as discussed in—Long-Term Debt—2014 Debt Transactions—2014 Intelsat Jackson Notes Redemption.

Our total capital expenditures are expected to range from \$775 million to \$850 million in 2015, \$625 million to \$700 million in 2016 and \$725 million to \$825 million in 2017. In addition, we expect to receive significant customer prepayments under our customer service contracts. Significant prepayments are currently expected to range from \$125 million to \$150 million in 2015 and up to \$25 million in 2016. There are no significant prepayments under contract for 2017. Significant prepayments received in 2014 totaled \$145.1 million.

However, an inability to generate sufficient cash flow to satisfy our debt service obligations or to refinance our obligations on commercially reasonable terms would have an adverse effect on our business, financial position, results of operations and cash flows, as well as on our and our subsidiaries' ability to satisfy their obligations in respect of their respective debt. See Item 3D—Risk Factors—Risk Factors Relating to Our Business—We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business, remain in compliance with debt covenants, and make payments on our indebtedness. We also continually evaluate ways to simplify our capital structure and opportunistically extend our maturities and reduce our costs of debt. In addition, we may from time to time retain any future earnings to purchase, repay, redeem or retire any of our outstanding debt securities in privately negotiated or open market transactions, by tender offer or otherwise.

Following our IPO, we began paying a quarterly preferred dividend of approximately \$0.719 per share to holders of our Series A Preferred Shares. In April 2013, our shareholders declared a \$10.2 million preferred dividend to be paid to holders of our Series A Preferred Shares that was paid in four installments through June 2014 in accordance with the terms of those shares. In June 2014, the shareholders of Intelsat S.A. declared a \$9.9 million dividend to be paid to holders of our Series A Preferred Shares to be paid in four quarterly installments through June 2015 in accordance with the terms of those shares.

[Table of Contents](#)**Cash Flow Items**

Our cash flows consisted of the following for the periods shown (in thousands):

	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014
Net cash provided by operating activities	\$ 821,310	\$ 716,892	\$ 1,046,170
Net cash used in investing activities	(783,601)	(134,061)	(645,250)
Net cash used in financing activities	(139,619)	(516,523)	(519,003)
Net change in cash and cash equivalents	(109,239)	60,305	(124,643)

Net Cash Provided by Operating Activities

Net cash provided by operating activities increased by \$329.3 million to \$1.0 billion for the year ended December 31, 2014, as compared to the year ended December 31, 2013. The primary drivers of the year-over-year increase in net cash provided by operating activities were higher cash inflows related to higher net income, lower cash outflows related to the amount and timing of interest payments, higher customer prepayments received under our long-term service contracts, and higher cash inflows from other long-term liabilities. During the year ended December 31, 2014, cash flows from operating activities reflected a \$108.5 million cash inflow related to deferred revenue for customer prepayments received under our long-term service contracts, and a \$16.3 million cash inflow related to other long-term liabilities, partially offset by a \$26.0 million outflow related to accrued retirement benefits as a result of employer contributions to our defined benefit retirement plan in 2014 and a \$25.0 million outflow related to the amount and timing of interest payments, net of amounts capitalized as compared to 2013 and a \$22.3 million outflow primarily due to spending on future third party capacity.

Net Cash Used in Investing Activities

Net cash used in investing activities increased by \$511.2 million to \$645.3 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This increase was primarily due to a cash inflow of \$487.9 million resulting from proceeds received from insurance claim settlements in the year ended December 31, 2013.

Net Cash Used in Financing Activities

Net cash used in financing activities increased by \$2.5 million to \$519.0 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The year ended December 31, 2014 included \$135.0 million in proceeds from our Intelsat Jackson Secured Credit Facilities, partially offset by \$610.4 million repayments of long-term debt which primarily included a \$500.0 million repayment of the Intelsat Jackson 2019 Senior Notes and an \$86.0 million repayment of the Intelsat Jackson Secured Credit Facilities. During the year ended December 31, 2013, cash flows from financing activities primarily reflected \$6.3 billion in proceeds received from the 2013 Intelsat Luxembourg and Intelsat Jackson Notes Offerings as discussed in—Long-Term Debt—2013 Debt Transactions,” \$545.8 million of proceeds received from the IPO net of related stock issuance costs, as well as \$6.9 billion in repayments of long-term debt and the associated \$311.2 million of payment of premium on early extinguishment of debt and \$84.8 million of debt issuance costs.

Long-Term Debt

This section describes the changes to our long-term debt during the years ended December 31, 2012, 2013 and 2014. For detail regarding our outstanding long-term indebtedness as of December 31, 2014, see Note 12 to our consolidated financial statements included elsewhere in this Annual Report.

Senior Secured Credit Facilities

Intelsat Jackson Senior Secured Credit Facilities

The Intelsat Jackson Secured Credit Agreement originally consisted of a \$3.25 billion term loan facility and a \$500.0 million revolving credit facility. The term loan facility requires regularly scheduled quarterly payments of principal equal to 0.25% of the original principal amount of the term loan beginning six months after January 12, 2011, with the remaining unpaid amount due and payable at maturity.

Up to \$350.0 million of the revolving credit facility is available for issuance of letters of credit. Additionally, up to \$70.0 million of the revolving credit facility is available for swingline loans. Both the face amount of any outstanding letters of credit and any swingline loans reduce availability under the revolving credit facility on a dollar for dollar basis. Intelsat Jackson is required to pay a commitment fee for the unused commitments under the revolving credit facility, if any, at a rate per annum of 0.375%. As of December 31, 2014, Intelsat Jackson had \$438.9 million (net of standby letters of credit) of availability remaining thereunder.

On October 3, 2012, Intelsat Jackson entered into an Amendment and Joinder Agreement (the “Jackson Credit Agreement Amendment”), which amended the Intelsat Jackson Secured Credit Agreement. As a result of the Jackson Credit Agreement Amendment, interest rates for borrowings under the term loan facility and the revolving credit facility were reduced. In April 2013, our corporate family rating was upgraded by Moody’s, and as a result, the interest rate for the borrowing under the term loan facility and revolving credit facility were further reduced to LIBOR plus 3.00% or Above Bank Rate (“ABR”) plus 2.00%.

On November 27, 2013, Intelsat Jackson entered into the Second Jackson Credit Agreement Amendment, which further amended the Intelsat Jackson Secured Credit Agreement. The Second Jackson Credit Agreement Amendment reduced interest rates for borrowings under the term loan facility and extended the maturity of the term loan facility. In addition, it reduced the interest rates applicable to \$450 million of the \$500 million total revolving credit facility and extended the maturity of such portion. As a result of the Second Jackson Credit Agreement Amendment, interest rates for borrowings under the term loan facility and the new tranche of the revolving credit facility are (i) LIBOR plus 2.75%, or (ii) ABR plus 1.75%. The LIBOR and the ABR, plus applicable margins, related to the term loan facility and the new tranche of the revolving credit facility are determined as specified in the Intelsat Jackson Secured Credit Agreement, as amended by the Second Jackson Credit Agreement Amendment, and the LIBOR will not be less than 1.00% per annum. The maturity date of the term loan facility was extended from April 2, 2018 to June 30, 2019 and the maturity of the new \$450 million tranche of the revolving credit facility was extended from January 12, 2016 to July 12, 2017. The interest rates and maturity date applicable to the \$50 million tranche of the revolving credit facility that was not amended did not change.

Intelsat Jackson’s obligations under the Intelsat Jackson Secured Credit Agreement are guaranteed by Intelsat Luxembourg, the direct parent of Intelsat Jackson, pursuant to the Intelsat Jackson Secured Credit Agreement and by certain of Intelsat Jackson’s subsidiaries pursuant to a Guarantee dated as of January 12, 2011. Intelsat Jackson’s obligations under the Intelsat Jackson Secured Credit Agreement are secured by a first priority security interest in substantially all of the assets of Intelsat Jackson and the guarantors, to the extent legally permissible and subject to certain agreed exceptions, and by a pledge of the equity interests of the subsidiary guarantors and the direct subsidiaries of each guarantor, subject to certain exceptions, including exceptions for equity interests in certain non-U.S. subsidiaries, existing contractual prohibitions and prohibitions under other legal requirements.

The Intelsat Jackson Secured Credit Agreement includes two financial covenants. Intelsat Jackson must maintain a consolidated secured debt to consolidated EBITDA ratio of less than or equal to 3.50 to 1.00 at the end of each fiscal quarter as well as a consolidated EBITDA to consolidated interest expense ratio of greater than or equal to 1.75 to 1.00 at the end of each fiscal quarter, in each case as such financial measures are defined in the Intelsat Jackson Secured Credit Agreement. Intelsat Jackson was in compliance with these financial

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maintenance covenant ratios with a consolidated secured debt to consolidated EBITDA ratio of 1.55 to 1.00 and a consolidated EBITDA to consolidated interest expense ratio of 2.73 to 1.00 as of December 31, 2014. In the event we were to fail to comply with these financial maintenance covenant ratios and were unable to obtain waivers, we would default under the Intelsat Jackson Secured Credit Agreement, and the lenders under the Intelsat Jackson Secured Credit Agreement could accelerate our obligations thereunder, which would result in an event of default under our existing notes.

2014 Debt Transactions

2014 Intelsat Jackson Notes Redemption

On November 1, 2014, Intelsat Jackson redeemed all the outstanding \$500.0 million aggregate principal amount of its 2019 Senior Notes. In connection with the redemption of the 2019 Senior Notes, we recognized a loss on early extinguishment of debt of \$40.4 million in the fourth quarter of 2014, consisting of the difference between the carrying value of the debt redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt discount and debt issuance costs.

2013 Debt Transactions

2013 Intelsat Jackson Senior Secured Credit Facilities Prepayment

In October 2013, Intelsat Jackson prepaid \$100.0 million of indebtedness outstanding under the term loan facility. In connection with this prepayment, we recognized a loss on early extinguishment of debt of \$1.3 million, consisting of a write-off of unamortized debt issuance cost in the fourth quarter of 2013.

2013 Intelsat Luxembourg Notes Offerings and Redemptions

On April 5, 2013, Intelsat Luxembourg completed an offering of \$3.5 billion aggregate principal amount of Senior Notes, consisting of \$500.0 million aggregate principal amount of 6 ³/₄% Senior Notes due 2018 (the “2018 Luxembourg Notes”), \$2.0 billion aggregate principal amount of 7 ³/₄% Senior Notes due 2021 (the “2021 Luxembourg Notes”) and \$1.0 billion aggregate principal amount of 8 ¹/₈% Senior Notes due 2023 (the “2023 Luxembourg Notes”). The net proceeds from this offering were used by Intelsat Luxembourg in April 2013 to redeem all \$2.5 billion aggregate principal amount of Intelsat Luxembourg’s outstanding 11 ¹/₂ / 12 ¹/₂ % Senior PIK Election Notes and \$754.8 million aggregate principal amount of its outstanding 11 ¹/₄% Senior Notes due 2017 (the “2017 Senior Notes”).

On May 23, 2013, Intelsat Luxembourg redeemed a further \$366.4 million aggregate principal amount of the 2017 Senior Notes. This redemption of the 2017 Senior Notes was funded by insurance proceeds received from our total loss claim for the IS-27 satellite launch failure.

In connection with these redemptions of the Intelsat Luxembourg notes, we recognized a loss on early extinguishment of debt of \$232.1 million in the second quarter of 2013, consisting of the difference between the carrying value of the aggregate debt redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt issuance costs.

2013 Intelsat Investments Notes Redemption

On April 12, 2012, we obtained agreements from affiliates of Goldman, Sachs & Co. and Morgan Stanley to provide unsecured term loan commitments sufficient to refinance in full the Intelsat Investments Notes on or immediately prior to their maturity date, in the event that Intelsat Investments did not otherwise refinance or retire the Intelsat Investments Notes. These term loans would have had a maturity of two years from funding, and the funding thereof was subject to various terms and conditions. On May 23, 2013, Intelsat Investments redeemed all of the outstanding \$353.6 million aggregate principal amount of the Intelsat Investments Notes using proceeds of the IPO. In connection with the redemption of the Intelsat Investments Notes, we recognized a

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loss on early extinguishment of debt of \$24.2 million in the second quarter of 2013, consisting of the difference between the carrying value of the debt redeemed and the total cash paid (including related fees), and a write-off of unamortized debt discount and debt issuance costs. Additionally, in conjunction with the redemption of the Intelsat Investments Notes, the agreements to provide unsecured term loan commitments were terminated. We recorded a charge of \$7.6 million related to this termination in the second quarter of 2013.

2013 Intelsat Jackson New Senior Unsecured Credit Facility Prepayment

On April 23, 2013, upon completion of the IPO, Intelsat Jackson prepaid \$138.2 million of indebtedness outstanding under the New Senior Unsecured Credit Facility. The partial prepayment of the New Senior Unsecured Credit Facility was funded by the proceeds of the IPO. In connection with the partial prepayment, we recognized a loss on early extinguishment of debt of \$0.2 million in the second quarter of 2013, consisting of a write-off of unamortized debt issuance costs.

2013 Intelsat Jackson Notes Offerings, Credit Facility Prepayments and Redemptions

On June 5, 2013 Intelsat Jackson completed an offering of \$2.6 billion aggregate principal amount of Senior Notes, consisting of \$2.0 billion aggregate principal amount of 5 1/2% Senior Notes due 2023 (the “2023 Jackson Notes”) and \$635.0 million aggregate principal amount of 6 5/8 % Senior Notes due 2022 (the “2022 Jackson Notes”). The net proceeds from this offering were used by Intelsat Jackson in June 2013 to prepay all \$672.7 million of indebtedness outstanding under its New Senior Unsecured Credit Facility, and all \$195.2 million of indebtedness outstanding under its Senior Unsecured Credit Agreement, consisting of a senior unsecured term loan facility due February 2014. The remaining net proceeds were used to redeem all of the remaining \$1.7 billion aggregate principal amount outstanding of the 2017 Senior Notes.

In connection with these prepayments and redemptions, we recognized a loss on early extinguishment of debt of \$110.3 million in the second quarter of 2013, consisting of the difference between the carrying value of the aggregate debt redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt issuance costs.

2012 Debt Transactions

2012 Intelsat Jackson Notes Offerings, Tender Offers and Redemptions

On April 26, 2012, Intelsat Jackson completed an offering of \$1.2 billion aggregate principal amount of its 7 1/4% Senior Notes due 2020 (the “2020 Jackson Notes”). Intelsat Jackson had previously issued \$1.0 billion aggregate principal amount of the 2020 Jackson Notes on September 30, 2010. The net proceeds from the April 2012 offering were used by Intelsat Jackson to repurchase or redeem all of the \$701.9 million aggregate principal amount of Intelsat Jackson’s outstanding 9 1/2% Senior Notes due 2016 and \$445.0 million aggregate principal amount of Intelsat Jackson’s 11 1/4% Senior Notes due 2016 (the “2016 Jackson 11 1/4% Notes”). In connection with these repurchases and redemptions, we recognized a loss on early extinguishment of debt of \$43.4 million during the second quarter of 2012, consisting of the difference between the carrying value of the aggregate debt repurchased or redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt premium and debt issuance costs.

On October 3, 2012, Intelsat Jackson completed an offering of \$640.0 million aggregate principal amount of its 2022 Jackson Notes. The net proceeds from the October 2012 offering were used by Intelsat Jackson to repurchase or redeem all of its remaining outstanding \$603.2 million principal amount of 2016 Jackson 11 1/4% Notes. In connection with these repurchases and redemptions, we recognized a loss on early extinguishment of debt of \$24.3 million in the fourth quarter of 2012, consisting of the difference between the carrying value of the debt repurchased or redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt premium.

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New Dawn Equity Purchase and Repayment of Credit Facilities

On December 5, 2008, New Dawn entered into a \$215.0 million secured financing arrangement with an eight-year maturity that consisted of senior and mezzanine term loan facilities. Subsequent to the April 2011 launch of the IS-28 satellite, which experienced an anomaly resulting in the failure to deploy the C-band antenna reflector, the New Dawn joint venture filed a partial loss claim with its insurer. The claim was finalized and total insurance recoveries of \$118.0 million were received. In July 2012, a payment of \$112.2 million was made to prepay a portion of New Dawn's outstanding borrowings under its credit facilities. In connection with this prepayment, we recognized a loss on early extinguishment of debt of \$3.1 million during the third quarter of 2012, associated with the write-off of unamortized debt issuance costs.

On October 5, 2012, we purchased from Convergence Partners the remaining ownership interest in New Dawn for \$8.7 million, increasing our ownership from 74.9% to 100% (the "New Dawn Equity Purchase"). In conjunction with the New Dawn Equity Purchase (see Note 10(b)—Investments—New Dawn) we repaid the remaining \$82.6 million outstanding under New Dawn's credit facilities and designated the New Dawn entities as restricted subsidiaries for purposes of applicable indentures and credit agreements of our subsidiaries. In connection with this repayment, we recognized a loss on early extinguishment of debt of \$2.7 million in the fourth quarter of 2012, associated with the write-off of unamortized debt issuance costs.

Satellite Performance Incentives

Our cost of satellite construction includes an element of deferred consideration to satellite manufacturers referred to as satellite performance incentives. We are contractually obligated to make these payments over the lives of the satellites, provided the satellites continue to operate in accordance with contractual specifications. We capitalize the present value of these payments as part of the cost of the satellites and record a corresponding liability to the satellite manufacturers. This asset is amortized over the useful lives of the satellites and the liability is accreted as interest expense is recorded based on the passage of time and reduced as the payments are made. Our total satellite performance incentive payment liability as of December 31, 2013 and 2014 was \$176.6 million and \$184.3 million, respectively.

Capital Expenditures

Our capital expenditures depend on our business strategies and reflect our commercial responses to opportunities and trends in our industry. Our actual capital expenditures may differ from our expected capital expenditures if, among other things, we enter into any currently unplanned strategic transactions. Levels of capital spending from one year to the next are also influenced by the nature of the satellite life cycle and by the capital-intensive nature of the satellite industry. For example, we incur significant capital expenditures during the years in which satellites are under construction. We typically procure a new satellite within a timeframe that would allow the satellite to be deployed at least one year prior to the end of the service life of the satellite to be replaced. As a result, we frequently experience significant variances in our capital expenditures from year to year. The following table compares our satellite-related capital expenditures to total capital expenditures from 2010 through 2014 (in thousands).

<u>Year</u>	<u>Satellite-Related Capital Expenditures</u>	<u>Total Capital Expenditures</u>
2010	\$ 915,184	\$ 982,127
2011	792,760	844,688
2012	793,451	866,016
2013	542,942	600,792
2014	566,716	645,424
Total	<u>\$ 3,611,053</u>	<u>\$3,939,047</u>

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Our capital expenditure guidance for the periods 2015 through 2017 (the “Guidance Period”) forecasts capital expenditures during those periods for nine satellites. We expect to launch seven satellites during the Guidance period, three of which are expected to be launched in the second half of 2015. By the conclusion of the Guidance Period, our total transmission capacity is expected to increase significantly from levels at year end 2015. We expect our capital expenditures to range from \$775 million to \$850 million in 2015. For 2016, we anticipate capital expenditures to range from \$625 million to \$700 million. For 2017, we anticipate capital expenditures to range from \$725 million to \$825 million as we begin investing in replacement satellites that will be launched beyond the Guidance Period. Our capital expenditures guidance includes capitalized interest. The annual classification of capital expenditure payments could be impacted by the timing of achievement of satellite manufacturing and launch contract milestones.

During the Guidance Period, we expect to receive significant customer prepayments under our existing customer service contracts. We contract for these prepayments in an effort to balance our growth and delevering objectives, and our prepayment guidance reflects only amounts currently contractually committed. Significant prepayments received in 2014 totaled \$145.1 million, consistent with previous guidance of \$125 million to \$150 million. Significant prepayments are currently expected to range from \$125 million to \$150 million in 2015 and up to \$25 million in 2016. There are no significant prepayments under contract for 2017. The annual classification of capital expenditures and prepayments could be impacted by the timing of achievement of contract, satellite manufacturing, launch and other milestones. We intend to fund our capital expenditure requirements through cash on hand, cash provided from operating activities and, if necessary, borrowings under our senior secured revolving credit facility.

Currency and Exchange Rates

Substantially all of our customer contracts, capital expenditure contracts and operating expense obligations are denominated in U.S. dollars. Consequently, we are not exposed to material foreign currency exchange risk. However, the service contracts with our Brazilian customers provide for payment in Brazilian *reais*. Accordingly, we are subject to the risk of a reduction in the value of the Brazilian *real* as compared to the U.S. dollar in connection with payments made by Brazilian customers, and our exposure to fluctuations in the exchange rate for Brazilian *reais* is ongoing. However, the rates payable under our service contracts with Brazilian customers are adjusted annually to account for inflation in Brazil, thereby mitigating the risk. For the years ended December 31, 2012, 2013 and 2014, our Brazilian customers represented approximately 4.4%, 4.6% and 4.9% of our revenue, respectively. Transactions in other currencies are converted into U.S. dollars using exchange rates in effect on the dates of the transactions.

We recorded foreign currency exchange losses of \$7.3 million, \$6.0 million and \$6.6 million for the years ended December 31, 2012, 2013 and 2014, respectively. The loss in each year was primarily attributable to the conversion of our Brazilian *reais* cash balances held in Brazil, and was net of other working capital account balances translated into U.S. dollars at the exchange rates in effect on the last day of the applicable year or, with respect to exchange transactions effected during the year, at the time the exchange transactions occurred.

C. Research and Development, Patents and Licenses

During the year ended December 31, 2014, we incurred \$5.0 million for development activities. In addition, a few isolated patent initiatives have been conducted for the innovation efforts of the Company, resulting in \$0.2 million of expenses for the year ended December 31, 2014. Further, Intelsat personnel regularly engage in activities that are intended to result in new or improved functions, performance, or quality related to our network, teleports and satellites.

D. Trend Information

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our revenues,

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income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions. See Item 5—Operating and Financial Review and Prospects for further discussion.

E. Off-Balance Sheet Arrangements

We have a revenue sharing agreement with JSAT related to services sold on the Horizons Holdings satellites. We are responsible for billing and collection for such services and we remit 50% of the revenue, less applicable fees and commissions, to JSAT. Under an amended joint venture agreement between us and JSAT, we agreed to guarantee to JSAT certain minimum levels of annual gross revenues for a three-year period beginning in the first quarter of 2012 (the date that the Horizons-2 satellite was relocated to 85° E). (See Note 10(a)—Investments—Horizons Holdings). This guarantee could require us to pay JSAT a maximum potential amount ranging from \$7.8 million to \$10.3 million per year over the three-year period, less applicable fees and commissions. Our current estimate of the total amount we expect to pay over the period of the guarantee is \$14.6 million, of which \$9.6 million has been paid through 2014. At December 31, 2014, the remaining off-balance sheet guarantee commitment is \$1.3 million.

At December 31, 2014, we also had an off-balance sheet commitment of \$20.0 million, which we expect to pay through 2017 for development activities.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations and capital and certain other commitments as of December 31, 2014, and the expected year of payment (in thousands):

Contractual Obligations (1)	Payments due by year							Total
	2015	2016	2017	2018	2019	2020 and thereafter	Other	
<i>Long-Term debt obligations</i>								
Intelsat S.A. and subsidiary notes and credit facilities—principal payment	\$ 49,000	\$ —	\$ —	\$ 500,000	\$4,595,000	\$ 9,625,000	\$ —	\$14,769,000
Intelsat S.A. and subsidiary notes and credit facilities—interest payment (2)	938,751	938,674	937,536	919,768	788,875	1,499,156	—	6,022,760
Operating lease obligations (3)	13,230	14,421	13,278	12,901	12,824	131,694	—	198,348
Sublease rental income	(496)	(436)	(150)	(156)	(158)	(694)	—	(2,090)
Purchase obligations (4)	657,650	473,408	416,057	289,993	122,095	224,233	—	2,183,436
Other long-term liabilities (including interest) (5)	36,552	29,904	28,263	24,073	22,076	136,938	—	277,806
Income tax contingencies (6)	—	—	—	—	—	—	67,135	67,135
Total contractual obligations	\$1,694,687	\$1,455,971	\$1,394,984	\$1,746,579	\$5,540,712	\$11,616,327	\$67,135	\$23,516,395

- (1) Obligations related to our pension and postretirement medical benefit obligations are excluded from the table. We maintain a noncontributory defined benefit retirement plan covering substantially all of our employees hired prior to July 19, 2001. We expect that our future contributions to the defined benefit retirement plan will be based on the minimum funding requirements of the Internal Revenue Code and on the plan's funded status. The impact on the funded status is determined based upon market conditions in effect when we completed our annual valuation. During the year ended December 31, 2014, we made cash contributions to the defined benefit retirement plan of \$25.9 million. We anticipate that our contributions to the defined benefit retirement plan in 2015 will be approximately \$21.7 million. We fund the postretirement medical benefits throughout the year based on benefits paid. We anticipate that our contributions to fund postretirement medical benefits in 2015 will be approximately \$4.8 million. See Note 7—Retirement Plans and Other Retiree Benefits to our consolidated financial statements included elsewhere in this Annual Report.
- (2) Represents estimated interest payments to be made on our fixed and variable rate debt and fees owed in connection with our senior secured credit facilities and letters of credit. Interest payments for variable rate debt and incentive obligations have been estimated based on the current interest rates.
- (3) Includes commitments relating to our New U.S. Administrative Headquarters. See—Operating Leases for further discussion.
- (4) Includes satellite construction and launch contracts, estimated payments to be made on performance incentive obligations related to certain satellites that are currently under construction, vendor contracts and customer commitments.
- (5) Represents satellite performance incentive obligations related to satellites that are in service (and interest thereon). Also, excludes future commitments related to our interest rate swaps.

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- (6) The timing of future cash flows from income tax contingencies cannot be reasonably estimated and therefore are reflected in the other column. See Note 14—Income Taxes to our consolidated financial statements included elsewhere in this Annual Report for further discussion of income tax contingencies.

Satellite Construction and Launch Obligations

As of December 31, 2014, we had approximately \$1.9 billion of expenditures remaining under our existing satellite construction contracts and satellite launch contracts. Satellite launch and in-orbit insurance contracts related to future satellites to be launched are cancelable up to thirty days prior to the satellite's launch. As of December 31, 2014, we did not have any non-cancelable commitments related to existing launch insurance or in-orbit insurance contracts for satellites to be launched.

See Item 4B—Business Overview—Our Network—Satellite Systems—Planned Satellites for details relating to certain of our satellite construction and launch contracts.

Operating Leases

We have commitments for operating leases primarily relating to equipment and office facilities. These leases contain escalation provisions for increases. As of December 31, 2014, minimum annual rentals of all leases (net of sublease income on leased facilities), totaled approximately \$196.3 million, exclusive of potential increases in real estate taxes, operating assessments and future sublease income.

Customer and Vendor Contracts

We have contracts with certain of our customers which require us to provide equipment, services and other support during the term of the related contracts. We also have long-term contractual obligations with service providers primarily related to the operation of certain of our satellites. As of December 31, 2014, we had commitments under these customer and vendor contracts which totaled approximately \$253.6 million related to the provision of equipment, services and other support.

G. Safe Harbor

See the section entitled “Forward-looking Statements” at the beginning of this Annual Report.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Our current executive officers and directors are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
David McGlade	54	Director, Chairman and Chief Executive Officer, Intelsat S.A.
Stephen Spengler	55	Deputy Chief Executive Officer, Intelsat S.A.
Michael McDonnell	51	Executive Vice President and Chief Financial Officer, Intelsat S.A.
Michelle Bryan	58	Executive Vice President, General Counsel, Chief Administrative Officer and Secretary, Intelsat S.A.
Thierry Guillemin	55	Executive Vice President and Chief Technical Officer, Intelsat Corporation
Justin Bateman	41	Director, Intelsat S.A.
Robert Callahan	63	Director, Intelsat S.A.
John Dierksen	65	Director, Intelsat S.A.
Egon Durban	41	Director, Intelsat S.A.
Edward A. Kangas	70	Director, Intelsat S.A.
Simon Patterson	41	Director, Intelsat S.A.
Raymond Svider	52	Director, Intelsat S.A.
Denis Villafranca	42	Director, Intelsat S.A.

The following is a brief biography of each of our executive officers and directors:

Mr. McGlade became the Chief Executive Officer and Chairman of the board of directors of Intelsat S.A. in April 2013 and served as Chief Executive Officer and Deputy Chairman of the board of directors of Intelsat S.A. from July 2011 to April 2013. On December 11, 2014, Intelsat S.A. announced that Mr. McGlade is expected to transition to the role of Executive Chairman of Intelsat S.A. effective April 1, 2015. Mr. McGlade had been the Chief Executive Officer of Intelsat Investments S.A. from April 2005 and was Deputy Chairman of the board of directors of Intelsat Investments S.A. from August 2008 until May 2013. Prior to that, Mr. McGlade was the Chief Executive Officer of O2 UK, the largest subsidiary of O2 plc and a leading U.K. cellular telephone company, a position he took in October 2000. He was also an Executive Director of O2 plc. During his tenure at O2 UK and O2, Mr. McGlade was a director of the GSM Association, a trade association for GSM mobile operators, and served as Chairman of its Finance Committee from February 2004 to February 2005. He was also a director of Tesco Mobile from September 2003 to March 2005 and a director of The Link, a distributor of mobile phones and other high technology consumer merchandise, from December 2000 to May 2004. Mr. McGlade is currently a director of Skyworks Solutions, Inc. Mr. McGlade holds a Bachelor of Arts degree from Rutgers University. Mr. McGlade's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

Mr. Spengler became the Deputy Chief Executive Officer of Intelsat S.A. in December 2014, serving prior to that as President and Chief Commercial Officer of Intelsat Corporation from March 2013. On December 11, 2014, Intelsat S.A. announced that Mr. Spengler will assume the title of Chief Executive Officer of Intelsat S.A. effective April 1, 2015. Mr. Spengler served as Executive Vice President Sales, Marketing and Strategy of Intelsat Corporation from February 2008 to March 2013. From July 2006 to February 2008, he served as Intelsat Corporation's Senior Vice President, Europe, Middle East, Africa and Asia Pacific Sales. From February 2006 to July 2006, Mr. Spengler served as Acting Senior Vice President Sales & Marketing of Intelsat Global Service Corporation, leading Intelsat S.A.'s global marketing and sales organizations immediately prior to the acquisition of PanAmSat Corporation. From July 2003 to February 2006, he served as Vice President, Sales, Network Services & Telecom of Intelsat Global Service Corporation. Before joining Intelsat, Mr. Spengler held various positions in the telecommunications industry, including Senior Vice President of Global Sales, Broadband Access Networks, at Cirronet, Inc., Vice President for Sales and Marketing at ViaSat Satellite Networks, Regional Sales Director for Satellite Networks in Europe, Middle East and Africa for Scientific-Atlanta Europe based in London, and sales and marketing positions at GTE Spacenet and GTE Corporation. Mr. Spengler

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received his Bachelor of Arts degree from Dickinson College in Carlisle, Pennsylvania, and his Master's in Business Administration from Boston University in Massachusetts. Mr. Spengler's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

Mr. McDonnell became the Executive Vice President and Chief Financial Officer of Intelsat S.A. in July 2011. Mr. McDonnell was the Executive Vice President and Chief Financial Officer of Intelsat Investments S.A. from November 2008 to May 2013. He was previously Executive Vice President, Chief Financial Officer and Treasurer of MCG Capital Corporation, a publicly-held commercial finance company, from September 2004 and its Chief Operating Officer from August 2006 through October 2008. From August 2000 to August 2004, Mr. McDonnell was employed by direct-to-home satellite television operator, EchoStar Communications Corporation (f/k/a DISH Network Corporation), where he served as Executive Vice President and Chief Financial Officer from July 2004 to August 2004 and as Senior Vice President and Chief Financial Officer from August 2000 to July 2004. Prior to joining EchoStar, from 1986 to 2000 Mr. McDonnell was employed by PricewaterhouseCoopers LLP, where he was a partner from 1996. He also served on the board of directors of Catalyst Health Solutions, Inc., a pharmacy benefit management company, from 2005 to 2012. Mr. McDonnell has a Bachelor of Science degree in accounting from Georgetown University. Mr. McDonnell's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

Ms. Bryan became the Executive Vice President, General Counsel and Chief Administrative Officer and Secretary of Intelsat S.A. in March 2013. Prior to that Ms. Bryan served as Senior Vice President, Human Resources and Corporate Services of Intelsat Corporation since January of 2007. Prior to joining Intelsat, Ms. Bryan served as interim General Counsel and Corporate Secretary for Laidlaw International, and prior to that held a number of executive positions with US Airways Group, Inc. including Executive Vice President, Corporate Affairs and General Counsel and Corporate Secretary as well as Senior Vice President Human Resources. Ms. Bryan earned a Bachelor of Arts degree from the University of Rochester and a Juris Doctor from Georgetown University. Ms. Bryan's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

Mr. Guillemain became the Executive Vice President and Chief Technical Officer of Intelsat Corporation in March 2013. Prior to that Mr. Guillemain served as Senior Vice President and Chief Technical Officer of Intelsat Corporation since February 2008, with responsibility for customer operations, space systems management and planning, and satellite operations. From July 2006 to February 2008, he served as Intelsat Corporation's Vice President of Satellite Operations & Engineering, in which role he was responsible for the service availability of Intelsat's entire in-orbit fleet of satellites (combined with PanAmSat's). From July 2005 to July 2006, Mr. Guillemain served as Vice President of Satellite Engineering & Program Management of Intelsat Global Service Corporation, and from January 2003 to July 2005, he served as Senior Director of Satellite Operations. He has over 30 years' experience in the satellite industry, in disciplines including spacecraft development, launch and operations. Mr. Guillemain earned a Master's Degree in Space Engineering from the École Nationale Supérieure de l'Aéronautique et de l'Espace in Toulouse, France. Mr. Guillemain's business address is 3400 International Drive, N.W., Washington, D.C. 20008, United States.

Mr. Bateman became a director of Intelsat S.A. in July 2011. Mr. Bateman was a director of Intelsat Investments S.A. from August 2008 to May 2013. Mr. Bateman is a Managing Partner of BC Partners based in its New York office, the investment arm of which he co-established in early 2008. He initially joined BC Partners' London office in 2000 from PricewaterhouseCoopers, where he spent three years in Transaction Services working on due diligence projects for both financial investors and corporate clients. In 2002/2003 he left BC Partners to complete his MBA at INSEAD before rejoining its London office. Mr. Bateman serves on the board of Cequel Corporation and Teneo Global LLC, and has previously served on the boards of Office Depot, Inc. and MultiPlan, Inc. He has a degree in economics from the University of Cambridge in the UK. Mr. Bateman's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

Mr. Callahan became a director of Intelsat S.A. in April 2014. Mr. Callahan is the Chairman of Longueview Advisory, a media, internet and technology advisory firm. Prior to joining Longueview, he served as

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a special advisor with General Atlantic, Inc., a leading global growth equity firm, where he worked on internet, technology and resource investments, such as the Alibaba Group and Network Solutions, Inc., where he served as Chairman. He previously held the position of Chairman and Chief Executive Officer of Ziff Davis Media, Inc. Mr. Callahan also spent 20 years at the Walt Disney Company/ABC/Capital Cities, where he held numerous positions, including President of ABC Inc. Mr. Callahan holds a Bachelor of Science degree in Journalism from the University of Kansas. Mr. Callahan's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

Mr. Durban became a director of Intelsat S.A. in July 2011. Mr. Durban was a director of Intelsat Investments S.A. from February 2008 to May 2013. Mr. Durban is a Managing Partner and Managing Director of Silver Lake. Mr. Durban joined Silver Lake in 1999 as a founding principal and has worked in the firm's Menlo Park and New York offices and set-up and oversaw the firm's London office from 2005 to 2010. Mr. Durban serves on the board of directors of Dell, Inc. and on the Executive Committee of William Morris Endeavor Entertainment, LLC. Previously, he served on the boards of NXP Semiconductors N.V., MultiPlan, Inc. and Skype Global S.à r.l., where he also served as the Chairman of its Operating Committee. Earlier, Mr. Durban worked in Morgan Stanley's Corporate Finance Technology and Equity Capital Markets Group. Mr. Durban graduated from Georgetown University with a B.S. in Finance. Mr. Durban's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

Mr. Diercksen became a director of Intelsat S.A. in September 2013. Currently, Mr. Diercksen serves as a Senior Advisor at LionTree Investment Advisors, addressing financial, operational and management services with client business development. Mr. Diercksen retired from Verizon Communications as an executive vice president in September 2013, with responsibility for key strategic initiatives related to the review and assessment of potential mergers, acquisitions and divestitures. At Verizon, he previously held the position of executive vice president, strategy, development and planning and was instrumental in forging Verizon's strategy of technology investment, including repositioning its assets through the acquisition of spectrum. Earlier in his career, Mr. Diercksen held a number of senior financial and leadership positions at Verizon, Bell Atlantic, and NYNEX, among others. Mr. Diercksen also serves on the boards of Harman International Industries and Popular, Inc. Mr. Diercksen holds an MBA from Pace University and a Bachelor of Business Administration in finance from Iona College. Mr. Diercksen's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

Mr. Kangas became a director of Intelsat S.A. in July 2012. Mr. Kangas has served as Non-Executive Chairman of Tenet Healthcare Corporation (and member of the Compensation Committee) since 2003. Mr. Kangas also serves as the Non-Executive Chairman of United Technologies Corporation (and member of the Compensation and Audit Committees), and serves as a member of the board of directors of Hovnanian Enterprises, Inc. (and member of the Compensation, Audit and Governance and Nominating Committees), Intuit, Inc. (and member of the Compensation and Governance and Nominating Committees) and EGS Global Systems. Mr. Kangas formerly served as Chairman of the board of directors of Oncology Therapeutics Network, and as a director of Allscripts Healthcare Solutions, Inc., Eclipsys Corp. and Electronic Data Systems Corp. Mr. Kangas previously served as Global Chairman and Chief Executive Officer of Deloitte, Touche, Tohmatsu from 1989 to 2000. He also served as the managing partner of Deloitte & Touche (USA) from 1989 to 1994. Mr. Kangas holds a bachelor's degree in business and an MBA from the University of Kansas and is a Certified Public Accountant. Mr. Kangas also qualifies as an audit committee financial expert. Mr. Kangas' business address is 4, rue Albert Borschette, L-1246 Luxembourg.

Mr. Patterson became a director of Intelsat S.A. in March 2013. Mr. Patterson previously was a director of Intelsat S.A. from January 2012 to May 2012 and was a director of Intelsat Investments S.A. from January 2012 to May 2013. Mr. Patterson is a Managing Director of Silver Lake having joined in 2005. Mr. Patterson previously worked at GF-X, the Financial Times Group and McKinsey & Company. Mr. Patterson also serves on the board of directors of Dell, Inc. and N Brown Group plc and on the board of trustees of the UK Natural History Museum. Previously, he served on the board of Skype Global S.à r.l., Gerson Lehrman Group, Inc. and MultiPlan, Inc. Mr. Patterson holds an M.A. from King's College, Cambridge University and an MBA from the Stanford University Graduate School of Business. Mr. Patterson's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

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Mr. Svider became a director of Intelsat S.A. in July 2011. Prior to April 2013, Mr. Svider also served as Chairman of the board of directors. Mr. Svider was a director of Intelsat Investments S.A. from February 2008 to May 2013 and became the Chairman of the board of directors of Intelsat S.A. in May 2008. Mr. Svider has been Co-Chairman of BC Partners since December 2008 and has been a Managing Partner of BC Partners since 2003. He joined BC Partners in 1992 in Paris before moving to London in 2000 to lead its investments in the technology and telecommunications industries. Over the years, Mr. Svider has participated in or led a variety of investments, including Tubesca, Nutreco, UTL, Neopost, Polyconcept, Neuf Telecom, Unity Media/Tele Columbus, Office Depot Inc., ATI Enterprises, MultiPlan, Inc., Suddenlink Communications, Accudyne Industries and Teneo Global LLC. He is currently on the board of Cequel Corporation, Accudyne Industries and Teneo Global LLC. Prior to joining BC Partners, Mr. Svider worked in investment banking at Wasserstein Perella in New York and Paris, and at the Boston Consulting Group in Chicago. Mr. Svider holds a Master of Business Administration from the University of Chicago and a Master of Science in Engineering from both École Polytechnique and École Nationale Supérieure des Télécommunications in France. Mr. Svider's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

Mr. Villafranca became a director of Intelsat S.A. in July 2011. Mr. Villafranca was a director of Intelsat Investments S.A. from August 2010 to May 2013. Until January 2015, Mr. Villafranca was a Senior Partner with BC Partners, a firm he joined in 1999. He previously worked for Bain & Company in Paris as a management consultant specializing in M&A advisory, corporate strategy and operational improvements. Mr. Villafranca is a graduate in business administration from the École des Hautes Études Commerciales (HEC) in Paris. He also holds an MBA from Harvard Business School. Mr. Villafranca's business address is 4, rue Albert Borschette, L-1246 Luxembourg.

B. Compensation of Executive Officers and Directors

This section sets forth (i) the compensation and benefits provided to our executive officers and directors for 2014, (ii) a brief description of the bonus program in which our executive officers participated in 2014, (iii) the total amounts set aside or accrued in 2014 for pension, retirement and similar benefits for our executive officers, and (iv) the number, exercise price and expiration date of share option grants made during 2014.

2014 Compensation

For 2014, our executive officers received total compensation, including base salary, bonus, non-equity incentive compensation, contributions to the executive officer's account under our 401(k) plans and other retirement plans and certain perquisites, equal to \$10.5 million in the aggregate.

Annual Cash Bonuses

In April 2013 our board of directors adopted, and our shareholders approved, a new Bonus Plan, which became effective immediately prior to the consummation of the IPO (the "Bonus Plan"). The Bonus Plan provides that certain of our and our subsidiaries' employees, including the executive officers, may be awarded cash bonuses based on the attainment of specific performance goals and business criteria established by our board of directors for participants in the Bonus Plan. The goals and criteria for the 2014 fiscal year included certain revenue and adjusted EBITDA targets, all as defined by the compensation committee. The bonus target percentages for our executives are set forth in their respective employment agreements. Awards for the subject year are determined based upon completion of the audited consolidated financial statements for that year. The Bonus Plan is a discretionary plan and the compensation committee retains the right to award compensation absent the attainment of performance criteria.

The Bonus Plan enables the compensation committee to grant bonuses that are intended to qualify as performance-based compensation for purposes of Section 162(m) of the Code by conditioning the payout of the bonus on the satisfaction of certain performance goals (which are selected from the same list of performance goals applicable under our 2013 Equity Plan (see "—2013 Equity Incentive Plan" below)). In addition, the Bonus Plan also provides that, except to the extent otherwise provided in an award agreement, or any applicable

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employment, change in control, severance or other agreement between a participant and the Company, in the event of a change in control (as defined in our 2013 Equity Plan), the compensation committee may provide that all or a portion of any such bonus award will become fully vested based on (i) actual performance through the date of the change in control as determined by the compensation committee or (ii) if the compensation committee determines that measurements of actual performance cannot be reasonably assessed, the assumed achievement of target performance as determined by the compensation committee. All awards previously deferred will be settled in full on or as soon as practicable following the change in control.

Pension, Retirement and Similar Benefits

Our executive officers participate in a tax-qualified 401(k) plan on the same terms as our other employees. Our executive officers also participate in the Intelsat Excess Benefit Plan, a nonqualified retirement plan under which our executive officers and certain key employees receive additional contributions to address limitations placed on contributions under the tax-qualified 401(k) plan. Under the terms of his employment agreement, Mr. McGlade is provided with certain retiree medical benefits that are not otherwise provided to participants under the terms of our medical plan. Additionally, for U.S.-based employees hired prior to July 19, 2001, we maintain the Intelsat Staff Retirement Plan, which is a tax-qualified defined benefit pension plan. Mr. Guillemin is the only executive officer eligible to participate in this plan. The benefits under the plan are calculated based upon a set of formulae that take into account the participant's hire date, years of service and average compensation. The aggregate amount of the employer contributions to the 401(k) plans and the Intelsat Excess Benefit Plan for our executive officers during 2014 was \$161,373. The change in the actuarial present value of accumulated benefits under the Intelsat Staff Retirement Plan for Mr. Guillemin in 2014 was \$151,299 and the total present value, grossed-up for taxes, of Mr. McGlade's post-retirement medical benefits was \$450,989.

Employment Agreements and Severance Protection

We have entered into employment agreements with each of our executive officers. Pursuant to these agreements and certain amendments thereto, Mr. Spengler will become Chief Executive Officer effective April 1, 2015, and Mr. McGlade will remain Executive Chairman. Among other things, the employment agreements provide for minimum base salary, bonus eligibility and severance protection in the event of involuntary terminations of employment. Specifically, under the employment agreements, if the executive officer's employment is terminated by us without cause or if the officer resigns for good reason (in either case as defined in the executive officer's respective employment agreement), then, subject to the executive officer's execution of a release of claims and compliance with certain restrictive covenants, the executive officer will be paid a severance amount on the sixtieth day after such termination of employment equal to the product of (x) the sum of the executive officer's annual base salary and target annual bonus as in effect on the date of such termination of employment, multiplied by (y) a severance multiplier equal to 2.0 in the case of Messrs. McGlade and Spengler, and 1.5 in the case of Messrs. McDonnell and Guillemin and Ms. Bryan. In the case of Mr. McGlade, on and after April 1, 2015, his severance amount shall be fixed at a severance multiplier equal to 2.0 times the sum of his annual base salary and target bonus as in effect on April 1, 2015. In addition, the executive officer will be paid a prorated target bonus for the year of the officer's termination of employment based on actual results and the portion of the fiscal year the executive officer was employed. The employment agreements for Messrs. McGlade and McDonnell further provide that, in the event a "golden parachute" excise tax under Section 4999 of the Code is imposed on any compensation or benefits received in connection with a change of control, and our shares are readily tradable on an established securities market or otherwise at such time, the executive officer will be entitled to an additional payment such that he will be placed in the same after-tax position that he would have been in had no excise tax been imposed.

Director Compensation

We provide non-executive members of the board with compensation (including equity based compensation) for their service on the board and any committees of the board. Our board has adopted a director compensation policy applicable to each director (an "outside director") who is neither our employee nor nominated by any

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entity that (i) receives a management or monitoring fee from the Company or any subsidiary or (ii) beneficially owns or is part of a group that beneficially owns at least fifty percent (50%) of voting shares of the Company. The director compensation policy provides that each outside director receives an annual board cash retainer of \$75,000 (the “basic cash retainer”). The chairperson of the Audit Committee receives an annual cash retainer of \$20,000 (from January 1, 2015, \$22,500) and each other member of the Audit Committee receives an annual cash retainer of \$10,000 (from January 1, 2015, \$15,000). The chairperson of the Compensation Committee receives an annual cash retainer of \$15,000 (from January 1, 2015, \$17,500) and each other member of the Compensation Committee receives an annual cash retainer of \$7,500 (from January 1, 2015, \$10,000). At such time as our board of directors has a Nominating and Corporate Governance Committee, the chairperson of the Nominating and Corporate Governance Committee shall receive an annual cash retainer of \$10,000 and each other member of the Nominating and Corporate Governance Committee shall receive an annual cash retainer of \$5,000. In addition, each outside director receives an annual restricted share unit award (pursuant to the 2013 Equity Plan) with a grant date value of approximately \$125,000 that vests on the first anniversary of the date of grant, subject to continued service on the board of directors on such vesting date, and subject to such other terms and conditions as established by the board of directors from time to time.

Each outside director may elect to receive any of the foregoing cash retainers in the form of fully vested restricted share unit awards with a grant date value equal to the amount of such cash retainer, subject to such terms and conditions as established by the board of directors from time to time. An outside director may elect to assign his or her interest in (or enter into a mutually acceptable arrangement with the Company with respect to the delivery of) the foregoing items to any entity shareholder that nominates such outside director for election to the board of directors and, in such case, the Company shall pay cash in lieu of equity awards in an amount equal to the grant date value of such awards.

Other than the severance protection provided under Mr. McGlade’s employment agreement, described above, no directors are party to service contracts with the Company providing for benefits upon termination of employment or service.

Non-executive members of the board are entitled to reimbursements for travel and other out-of-pocket expenses related to their board service.

In connection with our IPO, we entered into a governance agreement (the “Governance Agreement”) with the shareholder affiliated with BC Partners (the “BC Shareholder”), the shareholder affiliated with Silver Lake (the “Silver Lake Shareholder”) and David McGlade (collectively with the BC Shareholder and the Silver Lake Shareholder, the “Governance Shareholders”), under the terms of which we have also agreed to reimburse directors nominated by the Governance Shareholders for travel and other expenses related to their board service.

Equity Grants issued during 2014

In 2014, we granted a total of 2,547,850 restricted share units to our executive officers as a group pursuant to the 2013 Equity Plan (—see Equity Compensation Plans below). No share options were issued in 2014.

Equity Compensation Plans

2008 Share Incentive Plan

On May 6, 2009, the board of directors of Intelsat Global S.A. adopted the amended and restated Intelsat Global, Ltd. 2008 Share Incentive Plan (the “2008 Equity Plan”). Intelsat S.A. adopted the 2008 Equity Plan by an amendment effective as of March 30, 2012. The 2008 Equity Plan provides for a variety of equity-based awards with respect to our common shares, including non-qualified share options, incentive share options (within the meaning of Section 422 of the United States Internal Revenue Service Tax Code), restricted share awards, restricted share unit awards, share appreciation rights, phantom share awards and performance-based awards.

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In addition, in connection with the IPO, each of our executive officers agreed to cancel a portion of their unvested performance options in exchange for grants of new stock options and restricted share units granted in the aggregate to our executive officers under the 2013 Equity Incentive Plan.

Except for certain grants of restricted shares and stock options made immediately following the IPO, following the consummation of the IPO no new awards may be granted under the 2008 Equity Plan.

2013 Equity Incentive Plan

In connection with the IPO, we established the Intelsat S.A. 2013 Equity Incentive Plan. Any of the employees, directors, officers, consultants or advisors (or prospective employees, directors, officers, consultants or advisors) of the Company or any of our subsidiaries or their respective affiliates, are eligible for awards under the 2013 Equity Plan. The compensation committee has the sole and complete authority to determine who is granted an award under the 2013 Equity Plan.

The 2013 Equity Plan provides for an aggregate of 10,000,000 of our common shares to be available for awards. No more than 10,000,000 of our common shares in the aggregate may be issued with respect to incentive stock options under the 2013 Equity Plan. No participant may be granted awards in any one calendar year with respect to more than 1,500,000 of our common shares in the aggregate (or the equivalent amount in cash, other securities or property).

Our common shares subject to awards are generally unavailable for future grant. In no event may we increase the number of our common shares that may be delivered pursuant to incentive stock options granted under the 2013 Equity Plan. If any shares are surrendered or tendered to pay the exercise price of an award or to satisfy withholding taxes owed, such shares will not be available for grant under the 2013 Equity Plan. If any award granted under the 2013 Equity Plan expires, terminates, is canceled or forfeited without being settled or exercised, our common shares subject to such award will again be made available for future grant.

The compensation committee may grant awards of non-qualified stock options, incentive (qualified) stock options, stock appreciation rights, restricted stock awards, restricted stock units, other stock-based awards, performance compensation awards (including cash bonus awards), or any combination of the foregoing. Awards may be granted under the 2013 Equity Plan and in assumption of, or in substitution for, outstanding awards previously granted by an entity acquired by us or with which we combine.

C. Board Practices

Board Leadership Structure

Our board of directors consists of nine directors. Our articles of incorporation provide that our board of directors shall consist of not less than three directors and not more than 20 directors. Under Luxembourg law, directors are appointed by the general meeting of shareholders for a period not exceeding six years or until a successor has been elected. Our board is divided into three classes as described below. Pursuant to our articles of incorporation, our directors are appointed by the general meeting of shareholders for a period of up to three years (or, if longer, up to the annual meeting held following the third anniversary of the appointment), with each director serving until the third annual general meeting of shareholders following their election (other than with respect to the initial Class I and Class II directors, who will serve until the first annual general meeting and second annual general meeting of shareholders, respectively). Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual general meeting of shareholders in the year in which their term expires. Messrs. Villafranca, McGlade and Callahan are serving as Class II directors for a term expiring in 2015. Messrs. Kangas, Patterson and Diercksen are serving as Class III directors for a term expiring in 2016. Messrs. Svider, Durban and Bateman are serving as Class I directors for a term expiring in 2017. Any additional directorships resulting from an increase in the number of directors will be

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distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. Mr. McGlade serves as the Chairman of our board of directors.

Audit Committee

Intelsat S.A. has an audit committee consisting of Messrs. Kangas, Diercksen and Callahan. All members of the audit committee are independent directors. Pursuant to its charter and the authority delegated to it by the board of directors, the audit committee has sole authority for the engagement, compensation and oversight of our independent registered public accounting firm. In addition, the audit committee reviews the results and scope of the audit and other services provided by our independent registered public accounting firm and also reviews our accounting and control procedures and policies. The audit committee meets as often as it determines necessary but not less frequently than once every fiscal quarter. Our board of directors has determined that each of Messrs. Kangas and Diercksen is an audit committee financial expert.

Compensation Committee

Intelsat S.A. has a compensation committee consisting of Messrs. Svider, Durban and Kangas. Mr. Kangas is independent, and the other members are not independent, since they are associated with the Sponsors. Pursuant to its charter and the authority delegated to it by the board of directors, the compensation committee has responsibility for the approval and evaluation of all of our compensation plans, policies and programs as they affect Intelsat S.A.'s chief executive officer and other executive officers. The compensation committee meets as often as it determines necessary.

D. Employees

As of December 31, 2014, we had 1,082 full-time regular employees. These employees consisted of:

- 468 employees in engineering, operations and related information systems;
- 291 employees in finance, legal, corporate information systems and other administrative functions;
- 225 employees in sales, marketing and strategy; and
- 98 employees in support of government sales and marketing.

We believe that our relations with our employees are good. None of our employees is represented by a union or covered by a collective bargaining agreement.

E. Share Ownership

The following table and accompanying footnotes show information regarding the beneficial ownership of our common shares by:

- each person known by us to beneficially own 5% or more of our outstanding common shares;
- each of our directors;
- each executive officer, subject to permitted exceptions; and
- all directors and executive officers as a group.

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The percentage of beneficial ownership set forth below is based on approximately 106,813,902 common shares issued and outstanding as of February 15, 2015. All common shares listed in the table below are entitled to one vote per share, unless otherwise indicated in the notes thereto. Unless otherwise indicated, the address of each person named in the table below is c/o Intelsat S.A., 4, rue Albert Borschette, L-1246 Luxembourg.

Name of Beneficial Owner:	Common Shares Beneficially Owned (1)	
	Number	Percentage
Serafina S.A. (2)(12)	62,962,644	58.9%
Silver Lake Group, L.L.C. (3)(4)(12)	14,119,665	13.2%
SLP III Investment Holdings S.à r.l. (4)(12)	13,892,905	13.0%
Entities affiliated with Fidelity (5)	10,696,320	10.0%
David McGlade (6)(12)	3,837,691	3.5%
Stephen Spengler (7)	242,896	*
Michael McDonnell (8)	562,886	*
Michelle Bryan (9)	59,521	*
Thierry Guillemin (10)	65,520	*
Justin Bateman	—	*
Robert Callahan	—	*
John Dierksen	—	*
Egon Durban	—	*
Edward Kangas	—	*
Simon Patterson	—	*
Raymond Svider	—	*
Denis Villafranca	—	*
Directors and executive officers as a group (11) (13 persons)	4,781,014	4.4%

* Represents beneficial ownership of less than one percent of shares outstanding.

- (1) The amounts and percentages of our common shares beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of such security, or “investment power,” which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of such securities as to which such person has an economic interest.
- (2) The common shares beneficially owned by Serafina S.A. are also beneficially owned by the limited partnerships comprising the fund commonly known as BC European Capital VIII, BC European Capital—Intelsat Co-Investment, BC European Capital—Intelsat Co-Investment 1 and BC European Capital—Intelsat Syndication L.P. CIE Management II Limited is the general partner of, and has investment control over the shares beneficially owned by, each of the limited partnerships comprising the BC European Capital VIII fund that are domiciled in the United Kingdom, BC European Capital—Intelsat Co-Investment, BC European Capital—Intelsat Co-Investment 1 and BC European Capital—Intelsat Syndication L.P. (collectively, the “CIE Funds”). CIE Management II Limited may, therefore, be deemed to have shared voting and investment power over the common shares beneficially owned by each of the CIE Funds. LMBO Europe SAS is the Gefant of, and has investment control over the shares beneficially owned by, each of limited partnerships comprising the BC European Capital VIII fund that are domiciled in France (collectively, the “LMBO Funds”). LMBO Europe SAS may, therefore, be deemed to have shared voting and investment power over the common shares beneficially owned by each of the LMBO Funds. Because each of CIE Management II Limited and LMBO Europe SAS is managed by a board of directors, no individuals have ultimate voting or investment control (as determined by Rule 13d-3) over the shares that may be deemed beneficially owned by CIE Management II Limited or LMBO Europe SAS. The address of Serafina S.A. is 29, avenue de la Porte Neuve, L-2227 Luxembourg. The address of CIE Management II Limited and the CIE Funds is Heritage Hall, Le Marchant

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Street, St. Peter Port, Guernsey, GY1 4HY, Channel Islands and the address of LMBO Europe SAS and the LMBO Funds is 58-60 Avenue Kleber, Paris, France 75116.

- (3) The common shares beneficially owned include 226,760 common shares issuable upon conversion of the 100,000 Series A Preferred Shares held, assuming conversion at the minimum conversion rate of 2.2676 common shares per Series A Preferred Share.
- (4) The common shares held of record by SLP III Investment Holding S.à.r.l. are beneficially owned by its shareholders Silver Lake Partners III, L.P. (“SLP”) and Silver Lake Technology Investors III, L.P. (“SLTI”). Silver Lake Technology Associates III, L.P. (“SLTA”) serves as the general partner of each of SLP and SLTI and may be deemed to beneficially own the shares directly owned by SLP and SLTI. SLTA III (GP), L.L.C. (“SLTA GP”) serves as the general partner of SLTA and may be deemed to beneficially own the shares directly owned by SLP and SLTI. Silver Lake Group, L.L.C. (“SLG”) serves as the managing member of SLTA GP and may be deemed to beneficially own the shares directly owned by SLP and SLTI. The address for each of SLP, SLTI, SLTA, SLTA GP and SLG is 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025.
- (5) Based on the most recently available Schedule 13G filed with the SEC on February 13, 2015 by FMR LLC. Members of the family of Edward C. Johnson 3d, Director and Chairman of FMR LLC, including Abigail P. Johnson, Vice Chairman, Chief Executive Officer and President of FMR LLC, are the predominant owners, directly or through trusts, of 49% of the voting power of FMR LLC. FMR LLC reports that members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. FMR LLC reports that neither FMR LLC nor Edward C. Johnson 3d nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act (“Fidelity Funds”) advised by Fidelity Management & Research Company (“Fidelity”), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds’ Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Fidelity Funds’ Boards of Trustees. FMR LLC reports that the shares it beneficially owns do not reflect securities, if any, beneficially owned by certain other companies whose beneficial ownership of securities is disaggregated from that of its subsidiaries, affiliates and other companies in accordance with Securities and Exchange Commission Release No. 34-39538 (January 12, 1998). The address of FMR LLC and Fidelity is 245 Summer Street, Boston, Massachusetts 02210.
- (6) Includes common shares held by McGlade Investments II, LLC, the Article 4 Family Trust U/T David McGlade 2009 GRAT and the David P. McGlade Declaration of Trust. Mr. McGlade exercises voting power over a total of 1,704,454 common shares. Mr. McGlade also holds restricted share units and options entitling him to receive or purchase 2,133,237 common shares within sixty days of February 15, 2015. A portion of these shares, restricted share units and options is subject to vesting and other restrictions.
- (7) Mr. Spengler exercises voting power over 137,869 common shares and holds restricted share units and options entitling him to receive or purchase 105,027 common shares within sixty days of February 15, 2015. A portion of these shares, restricted share units and options is subject to vesting and other restrictions.
- (8) Mr. McDonnell exercises voting power over 63,701 common shares and holds restricted share units and options entitling him to receive or purchase 499,185 common shares within sixty days of February 15, 2015. A portion of these shares, restricted share units and options is subject to vesting and other restrictions.
- (9) Ms. Bryan exercises voting power over 10,888 common shares and holds restricted share units and options entitling her to receive or purchase 48,633 common shares within sixty days of February 15, 2015. A portion of these restricted share units and options is subject to vesting and other restrictions.
- (10) Mr. Guillemin exercises voting power over 8,403 common shares and holds restricted share units and options entitling him to receive or purchase 57,117 common shares within sixty days of February 15, 2015. A portion of these shares, restricted share units and options is subject to vesting and other restrictions.
- (11) Directors and executive officers as a group exercise voting power over 1,937,815 common shares and hold restricted share units and options entitling them to receive or purchase 2,843,199 common shares within sixty days of February 15, 2015 under applicable vesting schedules.
- (12) Under the Governance Agreement, Serafina S.A. currently has the right to nominate four directors for election to our board of directors and SLP III Investment Holdings S.à.r.l. currently has the right to nominate one director for election to our board of directors. The Governance Agreement also provides that a majority of the directors then in office (or, if the board has delegated such authority, the nomination or

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similar committee of the board) shall nominate the remaining directors for election to the board, one of whom shall be our chief executive officer, who is currently Mr. McGlade. Under the terms of the Governance Agreement, each of Serafina S.A., SLP III Investment Holdings S.à r.l. and David McGlade has agreed to vote all common shares held by such person or entity in favor of the directors nominated under the terms of the Governance Agreement and in furtherance of the removal of any directors by Serafina S.A. or SLP III Investment Holdings S.à r.l. under the terms of the Governance Agreement. As a result, Serafina S.A. and certain related parties named in footnote (2) above, SLP III Investment Holdings S.à r.l. and certain related parties named in footnote (4) above and David McGlade may be deemed to constitute a “group” that beneficially owns approximately 74.1% of our common shares for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended. Each of Serafina S.A., SLP III Investment Holdings S.à r.l., their respective related parties and David McGlade disclaim beneficial ownership of any common shares held by the other parties to the Governance Agreement.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

See Item 6E—Share Ownership.

B. Related Party Transactions

Not applicable.

C. Interests of experts and counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Our consolidated financial statements are filed under this item, beginning on page F-1 of this Annual Report on Form 20-F. The financial statement schedules required under Regulation S-X are filed pursuant to Item 18 and Item 19 on Form 20-F.

Legal Proceedings

We are subject to litigation in the ordinary course of business, but management does not believe that the resolution of any pending proceedings would have a material adverse effect on our financial position or results of operations.

Dividend Policy

We do not expect to pay dividends or other distributions on our common shares in the foreseeable future. Other than the payment of dividends on our Series A Preferred Shares, which are governed by the terms of the Series A Preferred Shares themselves, as set forth in our Articles of Incorporation, we currently intend to retain any future earnings for working capital and general corporate purposes, which could include the financing of operations or the repayment, redemption, retirement or repurchase in the open market of our indebtedness. Under Luxembourg law, the amount and payment of dividends or other distributions is determined by a simple majority vote at a general shareholders’ meeting based on the recommendation of our board of directors, except in certain limited circumstances. Pursuant to our articles of incorporation, the board of directors has the power to pay interim dividends or make other distributions in accordance with applicable Luxembourg law. Distributions may be lawfully declared and paid if our net profits and/or distributable reserves are sufficient under Luxembourg law. All of our common shares rank *pari passu* with respect to the payment of dividends or other distributions unless the right to dividends or other distributions has been suspended in accordance with our articles of incorporation or applicable law.

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So long as any Series A Preferred Shares remain outstanding, no dividend or distribution may be declared or paid on our common shares and no common shares may be purchased, redeemed or otherwise acquired for consideration by us unless all accumulated and unpaid dividends for all preceding dividend periods have been declared and paid on our Series A Preferred Shares or a sufficient sum of cash or number of common shares has been set apart for the payment of such preferred dividends, subject to exceptions, such as dividends on our common shares payable solely in common shares.

Under Luxembourg law, up to 5% of our net profits per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. The allocation to the legal reserve becomes compulsory again when the legal reserve no longer represents 10% of our issued share capital. The legal reserve is not available for distribution.

We are a holding company and have no material assets other than our indirect ownership of shares in our operating subsidiaries. If we were to pay a dividend or other distribution on our common shares at some point in the future, we would cause the operating subsidiaries to make distributions to us in an amount sufficient to cover any such dividends. Our subsidiaries' ability to make distributions to us is restricted under certain of their debt and other agreements.

B. Significant Changes

No significant change has occurred since the date of the annual financial statements included in this Annual Report on Form 20-F.

Item 9. The Offer and Listing

A. Offering and Listing Details

Since our IPO on April 23, 2013, our common shares and Series A Preferred Shares have traded on the NYSE under the symbol "I" and "I PR A", respectively.

The following table sets forth the high and low trading prices on the NYSE for our common shares and Series A Preferred Shares for the periods indicated.

	Price per Common Share		Trading Price (US\$) Price per Series A Preferred Share	
	High	Low	High	Low
Full Financial Year since listing				
Year ended December 31, 2014	22.77	15.31	59.00	42.89
Full Financial Quarters since listing				
Third Quarter Ended September 30, 2013	25.83	19.67	66.70	54.68
Fourth Quarter Ended December 31, 2013	24.83	18.65	62.95	51.15
First Quarter Ended March 31, 2014	22.77	17.20	59.00	50.90
Second Quarter Ended June 30, 2014	19.87	16.92	55.25	48.65
Third Quarter Ended September 30, 2014	19.78	16.35	53.24	45.58
Fourth Quarter Ended December 31, 2014	20.08	15.31	52.00	42.89
Last six months				
July 2014	19.78	18.37	53.24	49.06
August 2014	19.28	17.26	50.84	47.25
September 2014	17.69	16.35	47.98	45.58
October 2014	20.08	15.31	52.00	42.89
November 2014	19.50	16.88	51.28	46.22
December 2014	17.59	15.40	47.40	43.39

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B. Plan of Distribution

Not applicable.

C. Markets

See item 9A—Offering and Listing Details.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

A copy of our articles of incorporation is being filed as an exhibit to this Annual Report, and is incorporated herein by reference. The information called for by this Item 10B—“Additional Information—Memorandum and Articles of Association” has been reported previously in our Registration Statement on Form F-1, as amended (File No. 333- 181527), initially filed with the SEC on May 18, 2012, under the heading “Description of Share Capital,” and is incorporated by reference into this Annual Report. There are no limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by the laws of Luxembourg or by our Articles of Incorporation.

C. Material Contracts

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we are a party, for the two years immediately preceding the date of this Annual Report:

Employment Agreements

See summary of Employment Agreements provided under Item 6B above.

Equity Compensation Agreements

Equity Grant Agreements under 2008 Equity Plan

Certain of our executive officers hold restricted shares granted under the 2008 Equity Plan that are subject to transfer, vesting and other restrictions as set forth in their applicable award agreements. The award agreements provide that a portion of these restricted shares vests each month with full vesting being achieved over a period of five years, subject to the executive officer’s continued employment. The vesting of certain of the shares awarded was also subject to the meeting of performance criteria based on annual performance targets and cumulative total returns earned by certain of our principal shareholders on their investment, based on revenue and adjusted EBITDA targets, which were met.

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Each of our executive officers also holds options granted under the 2008 Equity Plan that are subject to forfeiture and other restrictions as set forth in the executive officers' respective award agreements.

Option and Restricted Share Unit Agreements under 2013 Equity Plan

Our executive officers hold restricted share units ("RSUs") and option agreements under our 2013 Equity Plan that vest as follows:

- RSUs which vest based on continued service over three years;
- RSUs which cliff vest after three years based on achievement of one or more long term performance metrics based on 2013-2015 financial performance;
- options to purchase common shares at an exercise price equal to \$27.00 per share, which vest based on continued service over two years and expire on the 10th anniversary of the date of grant;
- RSUs which vest based on continued service over two years;
- RSUs which vest based on continued service over three years at a rate of 25%, 25% and 50% each successive year; and
- RSUs which vest based on continued service over three years at a rate of 10%, 25% and 65% each successive year.

Shareholders and Other Agreements Providing for Registration Rights

Intelsat is a party to three shareholders agreements: a management shareholders agreement (as amended, the "Management Shareholders Agreement") with the Sponsors and certain members of management (the "Management Shareholders"), including Messrs. McGlade and McDonnell; a shareholders agreement (as amended, the "Sponsors Shareholders Agreement") with the Sponsors; and a shareholders agreement (as amended, the "Other Equity Investors Shareholders Agreement") with the Sponsors and two additional shareholders (the "Other Equity Investors").

Registration Rights

Under the Sponsors Shareholders Agreement, the Other Equity Investors Shareholders Agreement and letter agreements with Messrs. McGlade and McDonnell, we have granted the Sponsors, the Other Equity Investors and Messrs. McGlade and McDonnell certain registration rights. Subject to certain exceptions, including the Company's right to defer a demand registration under certain circumstances, the Sponsors are entitled to unlimited demand registrations. Under the respective agreement, each Sponsor, each Other Equity Investor and Messrs. McGlade and McDonnell are entitled to piggyback registration rights with respect to any registrations by the Company for its own account or for the account of other shareholders (or in the case of Messrs. McGlade and McDonnell, solely the Sponsors), subject to certain exceptions. The registration rights are subject to customary limitations and exceptions, including the Company's right to withdraw or defer the registration or a sale pursuant thereto in certain circumstances and certain cutbacks by the underwriters if marketing factors require a limitation on the number of shares to be underwritten in a proposed offering.

In connection with the registrations described above, the Company has agreed to indemnify the shareholders against certain liabilities. In addition, except for the Sponsors Shareholders Agreement, which provides that certain fees, costs and expenses will be paid *pro rata* by the Company and selling shareholders based on the number of securities to be sold in the offering, the Company will bear all fees, costs and expenses (excluding underwriting discounts and commissions and similar brokers' fees, transfer taxes and certain costs of more than one counsel for the selling shareholders).

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Governance Agreement

Prior to the consummation of the IPO, we entered into the Governance Agreement with the BC Shareholder, the Silver Lake Shareholder and Mr. McGlade.

Board of Directors

The Governance Agreement provided for the composition of our board of directors at the completion of our IPO, and thereafter, including:

- Our Chief Executive Officer and Chairman, Mr. McGlade;
- Four directors nominated by the BC Shareholder;
- One director nominated by the Silver Lake Shareholder; and
- Three independent directors (Messrs. Kangas, Dierksen and Callahan are currently serving in these roles).

The Governance Agreement also provides that we will appoint additional independent directors to our board as necessary to comply with SEC rules or NYSE rules, in which case each of the BC Shareholder and the Silver Lake Shareholder will be entitled to a proportionate increase in the number of directors it is entitled to nominate.

In addition, the Governance Agreement provides that the BC Shareholder has the right to nominate four directors for election to the board as long as the BC Shareholder owns at least 35% of our outstanding common shares on a fully diluted basis, after giving effect to convertible and exchange securities held by the BC Shareholder. However, the BC Shareholder's nomination rights will decrease if the BC Shareholder's ownership is less than 35% as follows:

Percentage Ownership of BC Shareholder	Number of Directors to be Nominated by the BC Shareholder
25% or greater but less than 35%	3
15% or greater but less than 25%	2
5% or greater but less than 15%	1

The Silver Lake Shareholder has the right to nominate one director for election to the board as long as the Silver Lake Shareholder owns at least the lesser of (x) 50% of the common shares held by it on the date of the Governance Agreement, April 23, 2013, and (y) shares representing at least 5% of our outstanding common shares. If either the BC Shareholder or the Silver Lake Shareholder is not entitled to nominate a director for election to the board but remains a shareholder, it will be entitled to certain information rights.

In the event that the BC Shareholder's or Silver Lake Shareholder's nomination rights are decreased as described above, each shareholder will agree to cause their respective director or directors to resign from the board as appropriate to reflect the decrease, and, subject to the rights described above, the majority of the remaining directors on the board may fill such vacancy with any person other than a person affiliated with the BC Shareholder or the Silver Lake Shareholder.

We have agreed to include the director nominees proposed by the BC Shareholder and Silver Lake Shareholder on each slate of nominees for election to the board, to recommend the election of those nominees to our shareholders and to use commercially reasonable efforts to have them elected to the board.

Voting Agreements

Under the Governance Agreement, each of the BC Shareholder, the Silver Lake Shareholder and Mr. McGlade has agreed to vote all shares held by it or him in favor of the directors nominated as described above and in furtherance of the removal of any directors by the BC Shareholder or the Silver Lake Shareholder under the terms of the Governance Agreement.

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Other Provisions

Under the Governance Agreement, the Silver Lake Shareholder has certain tag-along rights on transfers by the BC Shareholder, and the BC Shareholder has drag-along rights with respect to the Silver Lake Shareholder under certain circumstances. The Governance Agreement also contains customary confidentiality provisions.

Termination

The Governance Agreement will terminate upon the earlier of (i) the tenth anniversary of the date of the agreement and (ii) the day on which the BC Shareholder and the Silver Lake Shareholder no longer are entitled to nominate directors under the Governance Agreement.

Indemnification Agreements

We have entered into agreements with our executive officers and directors to provide contractual indemnification in addition to the indemnification provided for in our articles of incorporation.

Debt Agreements

For a summary of the terms of our material debt agreements, see Note 12 to our consolidated financial statements included elsewhere in this Annual Report. In addition, with regard to all the notes issued by Intelsat Luxembourg and Intelsat Jackson, the following covenants and events of default apply:

Covenants that limit the issuers, and in some cases some of the issuers' subsidiaries', ability to:

- incur additional debt or issue disqualified or preferred stock;
- pay dividends or repurchase shares of Intelsat Jackson or any of its parent companies;
- make certain investments;
- enter into transactions with affiliates;
- merge, consolidate and sell assets; and
- incur liens on any of their assets securing other indebtedness, unless the applicable notes are equally and ratably secured.

Events of Default

- default in payments of interest after a 30-day grace period or a default in the payment of principal when due;
- default in the performance of any covenant in the indenture that continues for more than 60 days after notice of default has been provided to the issuer;
- failure to make any payment when due, including applicable grace periods, under any indebtedness for money borrowed by Intelsat Investments, the issuer or a significant subsidiary thereof having a principal amount in excess of \$75 million;
- the acceleration of the maturity of any indebtedness for money borrowed by Intelsat Investments, the issuer or a significant subsidiary thereof having a principal amount in excess of \$75 million;
- insolvency or bankruptcy of Intelsat Investments, the issuer or a significant subsidiary thereof; and
- failure by Intelsat Investments, the issuer or a significant subsidiary thereof to pay final judgments aggregating in excess of \$75 million, which are not discharged, waived or stayed for 60 days after the entry thereof.

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If any event of default occurs and is continuing with respect to the notes, the trustee or the holders of at least 25% in principal amount of the notes may declare the entire principal amount of the notes to be immediately due and payable. If any event of default with respect to the notes occurs because of events of bankruptcy, insolvency or reorganization, the entire principal amount of the notes will be automatically accelerated, without any action by the trustee or any holder.

D. Exchange Controls

We are not aware of any governmental laws, decrees, regulations or other legislation in Luxembourg that restrict the export or import of capital, including the availability of cash and cash equivalents for use by our affiliated companies, or that affect the remittance of dividends, interest or other payments to non-resident holders of our securities.

E. Taxation

The following sets forth material Luxembourg income tax consequences of an investment in our common shares. It is based upon laws and relevant interpretations thereof in effect as of the date of this Annual Report, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in our common shares, such as the tax consequences under U.S. federal, state, local and other tax laws.

Material Luxembourg Tax Considerations for Holders of Shares

The following is a summary discussion of certain Luxembourg tax considerations of the acquisition, ownership and disposition of your common shares that may be applicable to you if you acquire our common shares. This does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any of our common shares or the holders thereof, and does not purport to include tax considerations that arise from rules of general application or that are generally assumed to be known to holders. This discussion is not a complete analysis or listing of all of the possible tax consequences of such transactions and does not address all tax considerations that might be relevant to particular holders in light of their personal circumstances or to persons that are subject to special tax rules.

It is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on Luxembourg laws and regulations as they stand on the date of this Annual Report and is subject to any change in law or regulations or changes in interpretation or application thereof (and which may possibly have a retroactive effect). Prospective investors should therefore consult their own professional advisers as to the effects of state, local or foreign laws and regulations, including Luxembourg tax law and regulations, to which they may be subject.

As used herein, a “Luxembourg individual” means an individual resident in Luxembourg who is subject to personal income tax (*impôt sur le revenu*) on his or her worldwide income from Luxembourg or foreign sources, and a “Luxembourg corporate holder” means a company (that is, a fully taxable entity within the meaning of Article 159 of the Luxembourg Income Tax Law) resident in Luxembourg subject to corporate income tax (*impôt sur le revenu des collectivités*) on its worldwide income from Luxembourg or foreign sources. For purposes of this summary, Luxembourg individuals and Luxembourg corporate holders are collectively referred to as “Luxembourg Holders.” A “non-Luxembourg Holder” means any investor in our common shares other than a Luxembourg Holder.

Tax Regime Applicable to Realized Capital Gains

Luxembourg Holders

Luxembourg resident individual holders

Capital gains realized by Luxembourg resident individuals who do not hold their shares as part of a commercial or industrial or independent business and who hold no more than 10% of the share capital of the

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Company will only be taxable if they are realized on a sale of common shares that takes place before their acquisition or within the first six months following their acquisition. If such is the case, capital gains will be taxed at ordinary rates according to the progressive income tax schedule plus surcharges.

For Luxembourg resident individuals holding (together with his/her spouse or civil partner and underage children) directly or indirectly more than 10% of the capital of the Company, capital gains will be taxable, regardless of the holding period. In case of a sale after six months from acquisition, the capital gain is subject to tax as extraordinary income subject to the half-global rate method.

If such shares are held as part of a commercial or industrial business, capital gains would be taxable in the same manner as income from such business.

Luxembourg resident corporate holders

Capital gains realized upon the disposal of common shares by a fully taxable resident corporate holder will in principle be subject to corporate income tax and municipal business tax. The combined applicable rate (including an unemployment fund contribution) is 29.22% for the fiscal year ending 2014 for a corporate holder established in Luxembourg-City. An exemption from such taxes may be available to the holder pursuant to Article 166 of the Luxembourg Income Tax law subject to the fulfillment of the conditions set forth therein. The scope of the capital gains exemption can be limited in the cases provided by the Grand Ducal Decree of December 21, 2001.

Non-Luxembourg Holders

An individual who is a non-Luxembourg Holder of shares (and who does not have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg) will only be subject to Luxembourg taxation on capital gains arising upon disposal of such shares if such holder has (together with his or her spouse and underage children) directly or indirectly held more than 10% of the capital of the Company at any time during the past five years, and either (i) such holder has been a resident of Luxembourg for tax purposes for at least 15 years and has become a non-resident within the last five years preceding the realization of the gain, subject to any applicable tax treaty, or (ii) the disposal of shares occurs within six months from their acquisition (or prior to their actual acquisition), subject to any applicable tax treaty.

A corporate non-Luxembourg Holder which has a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which shares are attributable, will bear corporate income tax and municipal business tax on a gain realized on a disposal of such shares as set forth above for a Luxembourg corporate holder. However, gains realized on the sale of the shares may benefit from the full exemption provided for by Article 166 of the Luxembourg Income Tax Law and by the Grand Ducal Decree of December 21, 2001 subject in each case to fulfillment of the conditions set out therein.

A corporate non-Luxembourg Holder, which has no permanent establishment in Luxembourg to which the shares are attributable, will bear corporate income tax on a gain realized on a disposal of such shares under the same conditions applicable to an individual non-Luxembourg Holder, as set out above under (ii).

Tax Regime Applicable to Distributions

Withholding tax

Distributions imputed for tax purposes on current or accumulated profits are subject to a withholding tax of 15%. Distributions sourced from a reduction of capital as defined in Article 97 (3) of the Luxembourg Income Tax Law, including, among others, share premium, should not be subject to withholding tax, provided no newly accumulated fiscal profits are recognized. For the foreseeable future, we do not expect to recognize newly accumulated fiscal profits in the annual stand alone accounts of the Company prepared under Luxembourg GAAP, and so, on that basis, distributions should not be subject to Luxembourg withholding tax.

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To the extent, however, that the Company would recognize, against our expectation, newly accumulated fiscal profits in its annual stand alone accounts prepared under Luxembourg GAAP, there will be a 15% withholding tax, unless one of the below exemptions or reductions is available for the dividend recipient.

The rate of the withholding tax may be reduced pursuant to any applicable double taxation treaty existing between Luxembourg and the country of residence of the relevant holder, subject to the fulfillment of the conditions set forth therein.

No withholding tax applies if the distribution is made to (i) a Luxembourg resident corporate holder (that is, a fully taxable entity within the meaning of Article 159 of the Luxembourg Income Tax Law), (ii) an undertaking of collective character which is resident of a Member State of the European Union and is referred to by article 2 of the Council Directive 2011/96/EU of 30 November 2011 replacing the Council Directive 90/435/EEC of 23 July 1990 concerning the common fiscal regime applicable to parent and subsidiary companies of different member states, (iii) a corporation or a cooperative company resident in Norway, Iceland or Liechtenstein and subject to a tax comparable to corporate income tax as provided by the Luxembourg Income Tax Law, (iv) an undertaking with a collective character subject to a tax comparable to corporate income tax as provided by the Luxembourg Income Tax Law which is resident in a country that has concluded a tax treaty with Luxembourg, (v) a corporation company resident in Switzerland which is subject to corporate income tax in Switzerland without benefiting from an exemption and (vi) a Luxembourg permanent establishment of one of the aforementioned categories under (i) to (iv), provided that at the date of payment, the holder holds or commits to hold directly or through a tax transparent vehicle, during an uninterrupted period of at least twelve months, shares representing at least 10% of the share capital of the Company or acquired for an acquisition price of at least EUR 1.2 million.

Income Tax

Luxembourg individual holders

Luxembourg individual holders must include the distributions paid on the shares in their taxable income. However, 50% of the amount of such dividends may be exempted from tax under the Luxembourg Income Tax Law. The applicable withholding tax can, under certain conditions, entitle the relevant Luxembourg Holder to a tax credit.

Luxembourg resident corporate holders

Luxembourg resident corporate holders can benefit from an exemption of 100% of the amount of a dividend received provided that, at the date when the income is made available, they hold a participation of minimum 10% of the share capital of the Company or which has an acquisition price equivalent to minimum EUR 1.2 million for an uninterrupted period of at least 12 months.

Net Wealth Tax

Luxembourg Holders

Luxembourg net wealth tax will not be levied on a Luxembourg Holder with respect to the shares held unless (i) the Luxembourg Holder is a legal entity subject to net wealth tax in Luxembourg; or (ii) the shares are attributable to an enterprise (other than of an individual holder) or part thereof which is carried on through a permanent establishment, a fixed place of business or a permanent representative in Luxembourg.

Net wealth tax is levied annually at the rate of 0.5% on the net wealth of enterprises resident in Luxembourg, as determined for net wealth tax purposes. The shares may be exempt from net wealth tax subject to the conditions set forth by Paragraph 60 of the Law of October 16, 1934 on the valuation of assets (*Bewertungsgesetz*), as amended.

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Non-Luxembourg Holders

Luxembourg net wealth tax will not be levied on a non-Luxembourg Holder with respect to the shares held unless the shares are attributable to an enterprise of a non-Luxembourg corporate Holder or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg.

Stamp and Registration Taxes

No registration tax or stamp duty will be payable by a holder of shares in Luxembourg solely upon the disposal of shares by sale or exchange.

Estate and Gift Taxes

No estate or inheritance tax is levied on the transfer of shares upon the death of a holder of shares in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes, and no gift tax is levied upon a gift of shares if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg. Where a holder of shares is a resident of Luxembourg for tax purposes at the time of his or her death, the shares are included in his or her taxable estate for inheritance tax or estate tax purposes.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

Documents concerning us that are referred to herein may be inspected at our principal executive offices at 4, rue Albert Borschette, L-1246 Luxembourg. Those documents, which include our registration statements, periodic reports and other documents which were filed with the SEC, may be obtained electronically from the Investors section of our website at www.intelsat.com or from the SEC's website at www.sec.gov or from the SEC public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Further information on the operation of the public reference rooms may be obtained by calling the SEC at 1-202-551-8909. Copies of documents can also be requested from the SEC public reference rooms for a copying fee at prescribed rates.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

We are primarily exposed to the market risk associated with unfavorable movements in interest rates and foreign currencies. The risk inherent in our market risk sensitive instruments and positions is the potential loss arising from adverse changes in those factors. In addition, with respect to our interest rate swaps as described below, we are exposed to counterparty credit risk, which we seek to minimize through credit support agreements and the review and monitoring of all counterparties. We do not purchase or hold any derivative financial instruments for speculative purposes.

Interest Rate Risk

The satellite communications industry is a capital intensive, technology driven business. We are subject to interest rate risk primarily associated with our borrowings. Interest rate risk is the risk that changes in interest rates could adversely affect earnings and cash flows. Specific interest rate risks include: the risk of increasing interest rates on short-term debt; the risk of increasing interest rates for planned new fixed-rate long-term financings; and the risk of increasing interest rates for planned refinancings using long-term fixed-rate debt.

Excluding the impact of our outstanding interest rate swaps, approximately 79%, or \$11.6 billion, of our debt as of December 31, 2014 was fixed-rate debt. In 2013, approximately 80%, or \$12.1 billion of our debt was fixed-rate debt, excluding the impact of interest rate swaps. Based on the level of fixed-rate debt outstanding at December 31, 2014, a 100 basis point decrease in market rates would result in an increase in fair value of this fixed-rate debt of approximately \$640 million.

As of December 31, 2014, we held interest rate swaps with an aggregate notional amount of \$1.6 billion, which mature in January 2016. These swaps were entered into to economically hedge the variability in cash flow on a portion of the floating rate term loans under our senior secured credit facilities. On a quarterly basis, we receive a floating rate of interest equal to the three-month LIBOR and pay a fixed-rate of interest. On December 31, 2014, the rate we paid averaged 2.0% and the rate we received averaged 0.2%. These rates are similar to what we paid and what we received at December 31, 2013.

These interest rate swaps have not been designated for hedge accounting treatment in accordance with the Derivatives and Hedging topic of the Codification, as amended and interpreted, and the changes in fair value of these instruments will be recognized in earnings during the period of change. Assuming a one percentage point decrease in the prevailing forward yield curve (or less, to the extent that the points on the yield curve are less than one percent) the fair value of the interest rate swap liability, excluding accrued interest, would increase to a liability of approximately \$32.9 million from \$26.1 million.

We perform interest rate sensitivity analyses on our variable-rate debt, including interest rate swaps, and cash and cash equivalents. These analyses indicate that a one percentage point change in interest rates would have minimal impact on our consolidated statements of operations and cash flows as of December 31, 2014. While our variable-rate debt may impact earnings and cash flows as interest rates change, it is not subject to changes in fair values.

Foreign Currency Risk

We do not currently use material foreign currency derivatives to hedge our foreign currency exposures. Substantially all of our customer contracts, capital expenditure contracts and operating expense obligations are denominated in U.S. dollars. Consequently, we are not exposed to material foreign currency exchange risk. However, the service contracts with our Brazilian customers provide for payment in Brazilian reais. Accordingly, we are subject to the risk of a reduction in the value of Brazilian *reais* as compared to U.S. dollars in connection with payments made by Brazilian customers, and our exposure to fluctuations in the exchange rate for Brazilian *reais* is ongoing. However, the rates payable under our service contracts with Brazilian customers are adjusted

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annually to account for inflation in Brazil, thereby partially mitigating the risk. For the years ended December 31, 2012, 2013 and 2014, our Brazilian customers represented approximately 4.4%, 4.6% and 4.9% of our revenue, respectively. Transactions in other currencies are converted into U.S. dollars using exchange rates in effect on the dates of the transactions.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

(a) Disclosure Controls and Procedures

Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. We periodically review the design and effectiveness of our disclosure controls and procedures worldwide, including compliance with various laws and regulations that apply to our operations. We make modifications to improve the design and effectiveness of our disclosure controls and procedures, and may take other corrective action, if our reviews identify a need for such modifications or actions. In designing and evaluating the disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

We have carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act), as of the year ended December 31, 2014. Based upon that evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2014.

(b) Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework set forth in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on our evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2014.

(c) Attestation Reports of the Registered Public Accounting Firm

See the reports of KPMG LLP, an independent registered public accounting firm, included under “Item 18. Financial Statements” on pages F-2 and F-3.

(d) Changes in Internal Control over Financial Reporting

We have updated our internal control over financial reporting during the year ended December 31, 2014 based on the framework established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Except as described in the paragraph above, there were no changes in our internal control over financial reporting during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

The board of directors has determined that each of Messrs. Kangas and Diercksen qualifies as an audit committee financial expert, as defined in Item 16A of Form 20-F, and that Messrs. Kangas and Diercksen are also “independent,” as defined in Rule 10A-3 under the Exchange Act and applicable NYSE standards. For more information about Messrs. Kangas and Diercksen, see Item 6A—Directors, Senior Management and Employees—Directors and Senior Management.

Item 16B. Code of Ethics

We have adopted a Code of Ethics for Senior Financial Officers, including our chief executive officer, chief financial officer, principal accounting officer, controller and any other person performing similar functions. The Code of Ethics is posted on our website at www.intelsat.com. We intend to disclose on our website any amendments to or waivers of this Code of Ethics.

Item 16C. Principal Accountant Fees and Services

Audit Fees

Our audit fees were \$1.7 million and \$2.1 million for the years ended 2013 and 2014, respectively.

Audit-Related Fees

Our audit-related fees for 2013 were \$0.4 million, primarily related to various SEC registration statements. There were no comparable audit-related fees for 2014.

Tax Fees

Our tax fees paid to our principal accountants for 2013 were \$12,000, primarily associated with U.S. state taxation. There were no comparable tax fees for 2014.

All Other Fees

All other fees paid to our principal accountants for 2013 and 2014 were \$161,000 and \$139,000, respectively. Our other fees for 2014 included fees associated with attestation of IT security controls.

Audit Committee Pre-Approval Policies and Procedures

Consistent with SEC requirements regarding auditor independence, the audit committee has adopted a policy to pre-approve services to be provided by our independent registered public accounting firm prior to commencement of the specified service. The requests for pre-approval are submitted to the audit committee, or a designated member of the audit committee, by our Chief Financial Officer or Controller, and the audit committee chairman executes engagement letters from our independent registered public accounting firm following approval by audit committee members, or the designated member of the audit committee. All services performed by KPMG LLP during 2014 were pre-approved by the audit committee.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

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Item 16F. Change in Registrants' Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Our common shares are listed on the NYSE. For purposes of NYSE rules, so long as we are a foreign private issuer, we are eligible to take advantage of certain exemptions from NYSE corporate governance requirements provided in the NYSE rules. We are required to disclose the significant ways in which our corporate governance practices differ from those that apply to U.S. companies under NYSE listing standards. Set forth below is a summary of these differences:

Director Independence—The NYSE rules require domestic companies to have a majority of independent directors, but as a foreign private issuer we are exempt from this requirement. Our board of directors consists of nine members and we believe that three of our board members satisfy the “independence” requirements of the NYSE rules.

Board Committees—The NYSE rules require domestic companies to have a compensation committee and a nominating and corporate governance committee composed entirely of independent directors, but as a foreign private issuer we are exempt from these requirements. We have a compensation committee comprised of three members and we believe that one of the committee members satisfies the “independence” requirements of the NYSE rules. We do not have a nominating and corporate governance committee.

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

(a)(1) The following financial statements are included in this Annual Report on Form 20-F:

	<u>Page</u>
Reports of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2013 and 2014	F-4
Consolidated Statements of Operations for the Years Ended December 31, 2012, 2013 and 2014	F-5
Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2012, 2013 and 2014	F-6
Consolidated Statements of Changes in Shareholders' Deficit for the Years Ended December 31, 2012, 2013 and 2014	F-7
Consolidated Statements of Cash Flows for the Years Ended December 31, 2012, 2013 and 2014	F-8
Notes to Consolidated Financial Statements	F-9
<p>(a)(2) The following Financial Statement schedule is included in this Annual Report on Form 20-F:</p>	
Schedule II—Valuation and Qualifying Accounts for the Years Ended December 31, 2012, 2013 and 2014	F-61

Item 19. Exhibits

The following exhibits are filed as part of this Annual Report:

EXHIBIT INDEX

Exhibit No.	Document Description
1.1	Amended and Restated Articles of Incorporation of Intelsat S.A.*
2.1	Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2020 dated as of September 30, 2010, by and among Intelsat Jackson Holdings S.A., as Issuer, Intelsat S.A. and Intelsat (Luxembourg) S.A., as Parent Guarantors, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as Trustee (including the forms of the 2020 Jackson Notes) (incorporated by reference to Exhibit 4.1 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on October 4, 2010).
2.2	First Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2020, dated as of January 12, 2011, by and among Intelsat Jackson Holdings S.A., certain subsidiaries of Intelsat Jackson Holdings S.A. named therein and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.6 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on January 19, 2011).
2.3	Second Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2020, dated as of April 12, 2011, by and among Intelsat (Poland) Sp. z o.o., Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.3 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, File No. 000-50262, filed on November 8, 2011).
2.4	Third Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2020, dated as of December 16, 2011, by and between Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on December 16, 2011).
2.5	Fourth Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2020, dated as of April 25, 2012, by and between Intelsat Jackson Holdings S.A., as Issuer, Intelsat Subsidiary (Gibraltar) Limited, Intelsat New Dawn (Gibraltar) Limited and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, File No. 000-50262, filed on May 8, 2012).
2.6	Fifth Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2020, dated as of July 31, 2012, by and among Intelsat Jackson Holdings S.A., as Issuer, Intelsat Luxembourg Investment S.a r.l. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.4 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 000-50262, filed on August 1, 2012).
2.7	Sixth Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2020, dated as of January 31, 2013, by and among Intelsat Jackson Holdings S.A., as Issuer, Intelsat Align S.à r.l., Intelsat Finance Nevada LLC and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.18 of Intelsat S.A.'s Annual Report on Form 10-K, File No. 000-50262, filed on February 28, 2013).
2.8	Seventh Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2020, dated as of May 20, 2013, by and among Intelsat S.A., Intelsat Investment Holdings S.à r.l., Intelsat Holdings S.A., each as a Guarantor, Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 2.8 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).

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Exhibit No.	Document Description
2.9	Eighth Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2020, dated as of June 28, 2013, by and among Intelsat Finance Bermuda Ltd., as guarantor, Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 2.19 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
2.10	Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2019 and 7 1/2% Senior Notes due 2021, dated as of April 5, 2011, by and among Intelsat Jackson Holdings S.A., as Issuer, Intelsat S.A. and Intelsat (Luxembourg) S.A., as Parent Guarantors, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as Trustee (including the forms of the New Jackson Notes) (incorporated by reference to Exhibit 4.1 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on April 5, 2011).
2.11	First Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2019 and 7 1/2% Senior Notes due 2021, dated as of April 12, 2011, by and among Intelsat (Poland) Sp. z o.o., Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.4 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, File No. 000-50262, filed on November 8, 2011).
2.12	Second Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2019 and 7 1/2% Senior Notes due 2021, dated as of July 31, 2012, by and among Intelsat Jackson Holdings S.A., as Issuer, Intelsat Luxembourg Investment S.a r.l. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.3 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 000-50262, filed on August 1, 2012).
2.13	Third Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2019 and 7 1/2% Senior Notes due 2021, dated as of January 31, 2013, by and among Intelsat Jackson Holdings S.A., as Issuer, Intelsat Align S.à r.l., Intelsat Finance Nevada LLC and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.22 of Intelsat S.A.'s Annual Report on Form 10-K, File No. 000-50262, filed on February 28, 2013).
2.14	Fourth Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2019 and 7 1/2% Senior Notes due 2021, dated as of May 20, 2013, by and among Intelsat S.A., Intelsat Investment Holdings S.à r.l., Intelsat Holdings S.A., each as a Guarantor, Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 2.24 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
2.15	Fifth Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 7 1/4% Senior Notes due 2019 and 7 1/2% Senior Notes due 2021, dated as of June 28, 2013, by and among Intelsat Finance Bermuda Ltd., as guarantor, Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 2.25 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
2.16	Indenture for Intelsat Jackson Holdings S.A.'s 6 5/8% Senior Notes due 2022, dated as of October 3, 2012, by and among Intelsat Jackson Holdings S.A., as Issuer, Intelsat S.A. and Intelsat (Luxembourg) S.A., as Parent Guarantors, and Wells Fargo Bank, National Association, as Trustee (including the form of the 6 5/8% Notes) (incorporated by reference to Exhibit 4.1 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on October 3, 2012).
2.17	First Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 6 5/8% Senior Notes due 2022, dated as of May 20, 2013, by and among Intelsat S.A., Intelsat Investment Holdings S.à r.l., Intelsat Holdings S.A., each as a Guarantor, Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 2.27 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).

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Exhibit No.	Document Description
2.18	Second Supplemental Indenture for Intelsat Jackson Holdings S.A.'s 6 5/8% Senior Notes due 2022, dated as of June 5, 2013, by and among Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 99.2 of Intelsat S.A.'s Current Report on Form 6-K, File No. 001-35878, filed on June 5, 2013).
2.19	Indenture, dated as of April 5, 2013, among Intelsat (Luxembourg) S.A., as Issuer, Intelsat S.A., as Parent Guarantor, and Wells Fargo Bank, National Association, as Trustee for Intelsat (Luxembourg) S.A.'s 6 3/4% Senior Notes due 2018, 7 3/4% Senior Notes due 2021 and 8 1/8% Senior Notes due 2023 (incorporated by reference to Exhibit 4.1 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on April 5, 2013).
2.20	First Supplemental Indenture for Intelsat (Luxembourg) S.A.'s 6 3/4% Senior Notes due 2018, 7 3/4% Senior Notes due 2021 and 8 1/8% Senior Notes due 2023, dated as of May 20, 2013, by and among Intelsat S.A., Intelsat Investment Holdings S.à r.l., Intelsat Holdings S.A., each as a Guarantor, Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 2.32 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
2.21	Indenture for Intelsat Jackson Holdings S.A.'s 5 1/2% Senior Notes due 2023, dated as of June 5, 2013, by and among Intelsat Jackson Holdings S.A., as Issuer, Intelsat S.A., Intelsat Investment Holdings S.à r.l., Intelsat Holdings, S.A., Intelsat Investments S.A., Intelsat (Luxembourg) S.A., each as a Parent Guarantors, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 99.1 of Intelsat S.A.'s Current Report on Form 6-K, File No. 001-35878, filed on June 5, 2013).
2.22	First Supplemental Indenture Intelsat Jackson Holdings S.A.'s 5 1/2% Senior Notes due 2023, dated as of June 28, 2013, by and among Intelsat Finance Bermuda Ltd., as guarantor, Intelsat Jackson Holdings S.A., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 2.35 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
3.1	Governance Agreement, dated April 23, 2013, by and among Intelsat S.A. and the shareholders of Intelsat S.A. party thereto (incorporated by reference to Exhibit 3.1 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
4.1	Credit Agreement, dated as of January 12, 2011, by and among Intelsat Jackson, as the Borrower, Intelsat (Luxembourg) S.A., the several lenders from time to time parties thereto, Bank of America, N.A., as Administrative Agent, Credit Suisse Securities (USA) LLC ("Credit Suisse") and J.P. Morgan Securities LLC ("J.P. Morgan"), as Co-Syndication Agents, Barclays Bank Plc and Morgan Stanley Senior Funding, Inc., as Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Credit Suisse and J.P. Morgan, as Joint Lead Arrangers, Merrill Lynch, Credit Suisse, J.P. Morgan, Barclays Capital, Deutsche Bank Securities Inc., Morgan Stanley & Co. Incorporated and UBS Securities LLC, as Joint Bookrunners, and HSBC Bank USA, N.A., Goldman Sachs Partners LLC and RBC Capital Markets, as Co-Managers (incorporated by reference to Exhibit 10.1 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on January 19, 2011).
4.2	Guarantee, dated as of January 12, 2011, made among each of the subsidiaries of Intelsat Jackson Holdings S.A. listed on Annex A thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on January 19, 2011).

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Exhibit No.	Document Description
4.3	Luxembourg Shares and Beneficiary Certificates Pledge Agreement, dated as of January 12, 2011, between Intelsat (Luxembourg) S.A., Intelsat Jackson Holdings S.A., Intelsat Intermediate Holding Company S.A., Intelsat Phoenix Holdings S.A., Intelsat Subsidiary Holding Company S.A., Intelsat (Gibraltar) Limited, as Pledgors, and Wilmington Trust FSB, as Pledgee (incorporated by reference to Exhibit 10.3 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on January 19, 2011).
4.4	Security and Pledge Agreement, dated as of January 12, 2011, among Intelsat Jackson Holdings S.A., each of the subsidiaries of Intelsat Jackson Holdings S.A. listed on Annex A thereto, Bank of America, N.A., as Administrative Agent, and Wilmington Trust FSB, as Collateral Trustee (incorporated by reference to Exhibit 10.4 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on January 19, 2011).
4.5	Collateral Agency and Intercreditor Agreement, dated as of January 12, 2011 by and among Intelsat (Luxembourg) S.A., Intelsat Jackson Holdings S.A., the other grantors from time to time party thereto, Bank of America, N.A., as Administrative Agent under the Existing Credit Agreement, each additional First Lien Representative from time to time a party thereto, each Second Lien Representative from time to time a party thereto and Wilmington Trust FSB, as Collateral Trustee (incorporated by reference to Exhibit 10.5 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on January 19, 2011).
4.6	Amendment and Joinder Agreement, dated as of October 3, 2012, among Intelsat (Luxembourg) S.A., Intelsat Jackson Holdings S.A., the Subsidiary Guarantors party hereto, Bank of America, N.A., as administrative agent for the Lenders and collateral agent for the Secured Parties, the Lenders party thereto and the Tranche B-1 Term Loan Lenders party thereto, to the Credit Agreement, dated as of January 12, 2011 (incorporated by reference to Exhibit 10.1 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on October 3, 2012).
4.7	Amendment No. 2 and Joinder Agreement, dated as of November 27, 2013, among Intelsat (Luxembourg) S.A., Intelsat Jackson Holdings S.A., the Subsidiary Guarantors party hereto, Bank of America, N.A., as administrative agent for the lenders and collateral agent for the secured parties thereto, the lenders party hereto and the Tranche B-2 Term Loan Lenders (as defined therein) party hereto, to the Credit Agreement, dated as of January 12, 2011 (as amended by the Amendment and Joinder Agreement, dated as of October 3, 2012) (incorporated by reference to Exhibit 4.7 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
4.8	Employment Agreement, dated as of December 29, 2008 and effective as of February 4, 2008, by and among Intelsat Global, Ltd., Intelsat, Ltd. and David McGlade (incorporated by reference to Exhibit 10.1 of Intelsat, Ltd.'s Current Report on Form 8-K, File No. 000-50262, filed on January 5, 2009).
4.9	Amendment and Acknowledgement, dated May 6, 2009, between Intelsat, Ltd., Intelsat Global, Ltd. and David McGlade (incorporated by reference to Exhibit 10.24 of Intelsat, Ltd.'s Current Report on Form 8-K, File No. 000-50262, filed on May 12, 2009).
4.10	Assignment and Modification Agreement effective December 21, 2009, to Employment Agreement dated December 29, 2008, among David McGlade, Intelsat Global, Ltd., Intelsat, Ltd. and Intelsat Management LLC (incorporated by reference to Exhibit 10.65 of Intelsat S.A.'s Annual Report on Form 10-K for the year ended December 31, 2009, File No. 000-50262, filed on March 10, 2010).
4.11	Employment Agreement, dated May 6, 2009 between Intelsat Global, Ltd., Intelsat, Ltd. and Michael McDonnell (incorporated by reference to Exhibit 10.26 of Intelsat, Ltd.'s Current Report on Form 8-K, File No. 000-50262, filed on May 12, 2009).

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Exhibit No.	Document Description
4.12	Assignment and Modification Agreement effective December 21, 2009, to Employment Agreement dated May 6, 2009, among Michael McDonnell, Intelsat Global, Ltd., Intelsat, Ltd. and Intelsat Management LLC (incorporated by reference to Exhibit 10.67 of Intelsat S.A.'s Annual Report on Form 10-K for the year ended December 31, 2009, File No. 000-50262, filed on March 10, 2010).
4.13	Severance Agreement, dated May 8, 2009, between Intelsat Global, Ltd. and Stephen Spengler (incorporated by reference to Exhibit 10.27 of Intelsat, Ltd.'s Current Report on Form 8-K, File No. 000-50262, filed on May 12, 2009).
4.14	Severance Agreement, dated May 8, 2009, between Intelsat Global, Ltd. and Thierry Guillemain (incorporated by reference to Exhibit 10.28 of Intelsat, Ltd.'s Current Report on Form 8-K, File No. 000-50262, filed on May 12, 2009).
4.15	Intelsat S.A. Amended and Restated 2008 Share Incentive Plan (incorporated by reference to Exhibit 4.15 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
4.16	Management Shareholders Agreement of Intelsat Global, Ltd. (incorporated by reference to Exhibit 10.11 of Intelsat, Ltd.'s Current Report on Form 8-K, File No. 000-50262, filed on May 12, 2009).
4.17	Letter Agreement, dated May 6, 2009, between Intelsat Global, Ltd. and David McGlade regarding the Management Shareholders Agreement (incorporated by reference to Exhibit 10.12 of Intelsat, Ltd.'s Current Report on Form 8-K, File No. 000-50262, filed on May 12, 2009).
4.18	Letter Agreement, dated May 6, 2009, between Intelsat Global, Ltd. and Michael McDonnell regarding the Management Shareholders Agreement (incorporated by reference to Exhibit 10.14 of Intelsat, Ltd.'s Current Report on Form 8-K, File No. 000-50262, filed on May 12, 2009).
4.19	Amendment to Management Shareholders Agreement of Intelsat Global, Ltd., dated as of December 7, 2009 and effective as of December 15, 2009 (incorporated by reference to Exhibit 10.76 of Intelsat S.A.'s Annual Report on Form 10-K for the year ended December 31, 2009, File No. 000-50262, filed on March 10, 2010).
4.20	Acknowledgment Agreement, dated December 7, 2009, among certain shareholders of Intelsat Global, Ltd., regarding the Amendment to Management Shareholders Agreement of Intelsat Global, Ltd. (incorporated by reference to Exhibit 10.77 of Intelsat S.A.'s Annual Report on Form 10-K for the year ended December 31, 2009, File No. 000-50262, filed on March 10, 2010).
4.21	Letter Amendment, dated December 7, 2009, between Intelsat Global, Ltd. and David McGlade regarding the Management Shareholder's Agreement (incorporated by reference to Exhibit 10.73 of Intelsat S.A.'s Annual Report on Form 10-K for the year ended December 31, 2009, File No. 000-50262, filed on March 10, 2010).
4.22	Letter Amendment, dated December 7, 2009, between Intelsat Global, Ltd. and Michael McDonnell regarding the Management Shareholder's Agreement (incorporated by reference to Exhibit 10.75 of Intelsat S.A.'s Annual Report on Form 10-K for the year ended December 31, 2009, File No. 000-50262, filed on March 10, 2010).
4.23	Unallocated Bonus Plan (incorporated by reference to Exhibit 10.2 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on August 26, 2010).
4.24	Form of Letter Agreement between Intelsat Global S.A. and David McGlade, Phillip Spector and Michael McDonnell regarding Unallocated Bonus Plan (incorporated by reference to Exhibit 10.3 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on August 26, 2010).
4.25	Termination of the Intelsat Global Holdings S.A. Unallocated Bonus Plan (incorporated by reference to Exhibit 4.25 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).

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Exhibit No.	Document Description
4.26	Second Amendment to Employment Agreement, dated February 28, 2012, between David McGlade and Intelsat Global S.A., Intelsat S.A. and Intelsat Management LLC (incorporated by reference to Exhibit 10.1 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, File No. 000-50262, filed on May 8, 2012).
4.27	First Amendment to Employment Agreement, dated February 28, 2012, between Michael McDonnell and Intelsat Global S.A., Intelsat S.A. and Intelsat Management LLC (incorporated by reference to Exhibit 10.2 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, File No. 000-50262, filed on May 8, 2012).
4.28	Amendment No. 2 to the Management Shareholders Agreement, dated as of March 30, 2012, by and among Intelsat Global S.A., Intelsat Global Holdings S.A. and the other parties thereto (incorporated by reference to Exhibit 10.1 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on April 5, 2012).
4.29	Letter Agreement, dated March 30, 2012, among Intelsat Global S.A., Intelsat Global Holdings S.A., David McGlade and the other parties thereto regarding the Management Shareholders Agreement (incorporated by reference to Exhibit 10.2 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on April 5, 2012).
4.30	Letter Agreement, dated March 30, 2012, among Intelsat Global S.A., Intelsat Global Holdings S.A., Michael McDonnell and the other parties thereto regarding the Management Shareholders Agreement (incorporated by reference to Exhibit 10.3 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on April 5, 2012).
4.31	Amendment No. 1 to the Intelsat Global, Ltd. Unallocated Bonus Plan (collectively with the individual side letters related thereto) (incorporated by reference to Exhibit 10.6 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on April 5, 2012).
4.32	Modification Agreement, dated as of March 30, 2012, to the Employment Agreement, dated as of December 29, 2008, by and among David McGlade, Intelsat Global S.A. and Intelsat S.A. (together with the Assignment and Modification Agreement, dated as of December 21, 2009, by and between Intelsat Management LLC, Intelsat Global S.A. and Intelsat S.A.) (incorporated by reference to Exhibit 10.7 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on April 5, 2012).
4.33	Modification Agreement, dated as of March 30, 2012, to the Employment Agreement, dated as of May 6, 2009, by and among Michael McDonnell, Intelsat Global S.A. and Intelsat S.A. (together with the Assignment and Modification Agreement, dated as of December 21, 2009, by and between Intelsat Management LLC, Intelsat Global S.A. and Intelsat S.A.) (incorporated by reference to Exhibit 10.8 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on April 5, 2012).
4.34	Amendment, dated as of March 30, 2012, to the employment letter agreement, dated as of May 8, 2009, by and between Intelsat Global and Stephen Spengler (incorporated by reference to Exhibit 10.10 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on April 5, 2012).
4.35	Amendment, dated as of March 30, 2012, to the employment letter agreement, dated as of May 8, 2009, by and between Intelsat Global S.A. and Thierry Guillemin (incorporated by reference to Exhibit 10.11 of Intelsat S.A.'s Current Report on Form 8-K, File No. 000-50262, filed on April 5, 2012).
4.36	Shareholders Agreement, dated as of February 4, 2008, by and among Serafina Holdings Limited and the shareholders party thereto (incorporated by reference as Exhibit 10.78 to Amendment No. 1 to Intelsat Global Holdings S.A.'s Registration Statement on Form F-1, File No. 333-181527, filed on June 26, 2012).

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Exhibit No.	Document Description
4.37	Amendment No. 1 to Shareholders Agreement, dated as of December 7, 2009, by and among Intelsat Global, Ltd. and the shareholders party thereto (incorporated by reference as Exhibit 10.79 to Amendment No. 1 to Intelsat Global Holdings S.A.'s Registration Statement on Form F-1, File No. 333-181527, filed on June 26, 2012).
4.38	Amendment No. 2 to Shareholders Agreement, dated as of March 30, 2012, by and among Intelsat Global S.A., Intelsat Global Holdings S.A. and the shareholders party thereto (incorporated by reference as Exhibit 10.80 to Amendment No. 1 to Intelsat Global Holdings S.A.'s Registration Statement on Form F-1, File No. 333-181527, filed on June 26, 2012).
4.39	Intelsat S.A. 2013 Equity Incentive Plan (incorporated by reference to Exhibit 4.39 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
4.40	Intelsat S.A. Bonus Plan (incorporated by reference to Exhibit 4.40 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
4.41	Supplement No. 2 to Guarantee, dated as of July 31, 2012, between Intelsat Luxembourg Investment S.a r.l. and Bank of America, N.A. (incorporated by reference to Exhibit 10.2 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 000-50262, filed on August 1, 2012).
4.42	Agreement for the Adherence by Intelsat Luxembourg Investment S.à r.l. and Intelsat Corporation to the Luxembourg Shares and Beneficiary Certificates Pledge Agreement dated January 12, 2011 and for the Amendment of the Pledge Agreement, dated as of July 31, 2012, by and among the Pledgors listed therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as Collateral Trustee (incorporated by reference to Exhibit 10.3 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 000-50262, filed on August 1, 2012).
4.43	Supplement No. 2 to Security and Pledge Agreement, dated as of July 31, 2012, among Intelsat Luxembourg Investment S.a r.l., as New Guarantor, Bank of America, N.A., as Administrative Agent and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as Collateral Trustee (incorporated by reference to Exhibit 10.4 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 000-50262, filed on August 1, 2012).
4.44	Collateral Agency and Intercreditor Joinder, dated as of July 31, 2012, between Intelsat Luxembourg Investment S.a r.l. and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as Collateral Trustee (incorporated by reference to Exhibit 10.5 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 000-50262, filed on August 1, 2012).
4.45	Guarantee, dated as of July 31, 2012, made between Intelsat Luxembourg Investment S.a r.l., Intelsat Jackson Holdings S.A and Credit Suisse AG, Cayman Islands Branch (f/k/a Credit Suisse, Cayman Islands Branch), as Administrative Agent (incorporated by reference to Exhibit 10.6 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 000-50262, filed on August 1, 2012).
4.46	Guarantee, dated as of July 31, 2012, made between Intelsat Luxembourg Investment S.a r.l., Intelsat Jackson Holdings S.A. and Bank of America N.A., as Administrative Agent (incorporated by reference to Exhibit 10.7 of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 000-50262, filed on August 1, 2012).
4.47	Form of Indemnification Agreement between Intelsat S.A. and its directors and officers (previously filed as Exhibit 10.64 to Amendment No. 2 to Intelsat Global Holdings S.A.'s Registration Statement on Form F-1, File No. 333-181527, filed on August 8, 2012).

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Exhibit No.	Document Description
4.48	Amendment No. 3 to the Management Shareholders Agreement dated as of April 23, 2013, by and among Intelsat S.A., Serafina S.A., SLP III Investment Holding S.à r.l. and the Management Shareholders party thereto (incorporated by reference to Exhibit 4.49 of Intelsat S.A.'s Annual Report on Form 20-F, File No. 001-35878, filed on February 20, 2014).
4.49	Supplement No. 3 to Guarantee, dated as of January 31, 2013, to the Guarantee dated as of January 12, 2011, by and among Intelsat Align S.à r.l. and Intelsat Finance Nevada LLC, as New Guarantors, and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.84 of Intelsat S.A.'s Annual Report on Form 10-K, File No. 000-50262, filed on February 28, 2013).
4.50	Agreement for the Adherence by Intelsat Align S.à r.l. to the Luxembourg Shares and Beneficiary Certificates Pledge Agreement dated January 12, 2011 and for the Amendment of the Pledge Agreement, dated January 31, 2013, by and among the Pledgors listed therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as Collateral Trustee (incorporated by reference to Exhibit 10.85 of Intelsat S.A.'s Annual Report on Form 10-K, File No. 000-50262, filed on February 28, 2013).
4.51	Supplement No. 3 to Security and Pledge Agreement, dated as of January 31, 2013, to the Security and Pledge Agreement dated as of January 12, 2011, by and among Intelsat Align S.à r.l. and Intelsat Nevada LLC, as New Guarantors, Bank of America, N.A., as Administrative Agent and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as Collateral Trustee (incorporated by reference to Exhibit 10.86 of Intelsat S.A.'s Annual Report on Form 10-K, File No. 000-50262, filed on February 28, 2013).
4.52	Collateral Agency and Intercreditor Joinder, dated as of January 31, 2013, by and among Intelsat Align S.à r.l. and Intelsat Nevada LLC, as new Grantors, and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as Collateral Trustee (incorporated by reference to Exhibit 10.87 of Intelsat S.A.'s Annual Report on Form 10-K, File No. 000-50262, filed on February 28, 2013).
4.53	Guarantee, dated as of January 31, 2013, made among Intelsat Align S.à r.l., and Intelsat Finance Nevada LLC, as New Guarantors, and Credit Suisse AG, Cayman Islands Branch (f/k/a Credit Suisse, Cayman Island Branch), as Administrative Agent (incorporated by reference to Exhibit 10.88 of Intelsat S.A.'s Annual Report on Form 10-K, File No. 000-50262, filed on February 28, 2013).
4.54	Guarantee, dated as of January 31, 2013, made among Intelsat Align S.à r.l. and Intelsat Finance Nevada LLC, as New Guarantors, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.89 of Intelsat S.A.'s Annual Report on Form 10-K, File No. 000-50262, filed on February 28, 2013).
4.55	Third Amendment, dated March 18, 2013, to Employment Agreement, dated December 29, 2008, among David McGlade, Intelsat Global Holdings S.A., Intelsat S.A. and Intelsat Management LLC (incorporated by reference as Exhibit 10.73 to Amendment No. 7 to Intelsat Global Holdings S.A.'s Registration Statement on Form F-1, File No. 333-181527, filed on March 20, 2013).
4.56	Second Amendment, dated March 18, 2013, to Employment Agreement, dated May 6, 2009, among Michael McDonnell, Intelsat Global Holdings S.A., Intelsat S.A. and Intelsat Management LLC (incorporated by reference as Exhibit 10.74 to Amendment No. 7 to Intelsat Global Holdings S.A.'s Registration Statement on Form F-1, File No. 333-181527, filed on March 20, 2013).
4.57	Letter Agreement, dated March 14, 2013, between Intelsat Global Holdings S.A. and Michael McDonnell (incorporated by reference as Exhibit 10.75 to Amendment No. 7 to Intelsat Global Holdings S.A.'s Registration Statement on Form F-1, File No. 333-181527, filed on March 20, 2013).

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Exhibit No.	Document Description
4.58	Employment Agreement, dated March 18, 2013, between Intelsat Corporation and Stephen Spengler (incorporated by reference as Exhibit 10.77 to Amendment No. 7 to Intelsat Global Holdings S.A.'s Registration Statement on Form F-1, File No. 333-181527, filed on March 20, 2013).
4.59	Employment Agreement, dated March 18, 2013, between Intelsat Global Holdings S.A., Intelsat S.A. and Michelle Bryan (incorporated by reference as Exhibit 10.78 to Amendment No. 7 to Intelsat Global Holdings S.A.'s Registration Statement on Form F-1, File No. 333-181527, filed on March 20, 2013).
4.60	Employment Agreement, dated March 18, 2013, between Intelsat Corporation and Thierry Guillemin (incorporated by reference as Exhibit 10.79 to Amendment No. 7 to Intelsat Global Holdings S.A.'s Registration Statement on Form F-1, File No. 333-181527, filed on March 20, 2013).
4.61	Governance Agreement, dated April 23, 2013, by and among Intelsat S.A. and the shareholders of Intelsat S.A. party thereto (see Exhibit 3.1).
4.62	Fifth Amendment, dated December 11, 2014, to Employment Agreement dated December 29, 2008, among David McGlade, Intelsat S.A., Intelsat Investments S.A. and Intelsat Management LLC.*
4.63	Second Amendment, dated December 11, 2014, to Employment Agreement dated March 18, 2013, between Stephen Spengler and Intelsat Corporation.*
4.64	Amendment to Intelsat S.A. 2013 Equity Incentive Plan, effective October 23, 2014.*
8.1	List of subsidiaries of Intelsat S.A.*
12.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.*
12.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.*
13.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
13.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
15.1	Consent of KPMG LLP*
101.	Interactive Data Files
101.INS	XBRL Instance Document. **
101.SCH	XBRL Taxonomy Extension Schema Document. **
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. **
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. **
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. **
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. **

* Filed herewith.

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** Attached as Exhibit 101 to this Annual Report on Form 20-F are the following formatted in Extensible Business Reporting Language (“XBRL”): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (iv) Consolidated Statements of Changes in Shareholders’ Deficit, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

INTELSAT S.A.

Date: February 18, 2015

BY /S/ DAVID MCGLADE
David McGlade
Chairman & Chief Executive Officer

Date: February 18, 2015

BY /S/ MICHAEL McDONNELL
Michael McDonnell
Executive Vice President & Chief Financial Officer

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Intelsat S.A.
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Intelsat S.A.

We have audited the consolidated financial statements of Intelsat S.A. and subsidiaries as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Intelsat S.A. and subsidiaries as of December 31, 2013 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 18, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

McLean, Virginia
February 18, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Intelsat S.A.

We have audited Intelsat S.A.'s internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Intelsat S.A.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Intelsat S.A. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of Intelsat S.A. and subsidiaries as listed in the accompanying index, and our report dated February 18, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

McLean, Virginia
February 18, 2015

INTELSAT S.A.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	As of December 31, 2013	As of December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 247,790	\$ 123,147
Receivables, net of allowance of \$35,288 in 2013 and \$35,174 in 2014	236,347	220,458
Deferred income taxes	44,475	76,315
Prepaid expenses and other current assets	33,224	35,945
Total current assets	561,836	455,865
Satellites and other property and equipment, net	5,805,540	5,880,264
Goodwill	6,780,827	6,780,827
Non-amortizable intangible assets	2,458,100	2,458,100
Amortizable intangible assets, net	568,775	500,545
Other assets	414,592	393,754
Total assets	<u>\$ 16,589,670</u>	<u>\$ 16,469,355</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 145,186	\$ 151,793
Taxes payable	9,526	8,974
Employee related liabilities	28,227	44,815
Accrued interest payable	186,492	161,495
Current portion of long-term debt	24,418	49,000
Deferred satellite performance incentives	22,703	20,957
Deferred revenue	84,185	117,401
Other current liabilities	72,840	72,629
Total current liabilities	573,577	627,064
Long-term debt, net of current portion	15,262,996	14,762,142
Deferred satellite performance incentives, net of current portion	153,904	163,360
Deferred revenue, net of current portion	888,239	967,318
Deferred income taxes	202,638	211,680
Accrued retirement benefits	196,856	262,906
Other long-term liabilities	246,127	217,452
Commitments and contingencies (Notes 15 and 16)		
Shareholders' deficit:		
Common shares; nominal value \$0.01 per share	1,060	1,067
5.75% Series A mandatory convertible junior non-voting preferred shares; nominal value \$0.01 per share; aggregate liquidation preference of \$172,500 (\$50 per share)	35	35
Paid-in capital	2,099,218	2,117,898
Accumulated deficit	(3,015,273)	(2,782,741)
Accumulated other comprehensive loss	(60,393)	(112,527)
Total Intelsat S.A. shareholders' deficit	(975,353)	(776,268)
Noncontrolling interest	40,686	33,701
Total liabilities and shareholders' deficit	<u>\$ 16,589,670</u>	<u>\$ 16,469,355</u>

See accompanying notes to consolidated financial statements.

INTELSAT S.A.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014
Revenue	\$ 2,610,152	\$ 2,603,623	\$ 2,472,386
Operating expenses:			
Direct costs of revenue (excluding depreciation and amortization)	415,900	375,769	348,348
Selling, general and administrative	204,025	288,467	197,407
Depreciation and amortization	764,903	736,567	679,351
Gain on satellite insurance recoveries	—	(9,618)	—
Total operating expenses	<u>1,384,828</u>	<u>1,391,185</u>	<u>1,225,106</u>
Income from operations	1,225,324	1,212,438	1,247,280
Interest expense, net	1,310,783	1,122,261	944,787
Loss on early extinguishment of debt	(73,542)	(368,089)	(40,423)
Other expense, net	<u>(10,128)</u>	<u>(4,918)</u>	<u>(2,593)</u>
Income (loss) before income taxes	(169,129)	(282,830)	259,477
Provision for (benefit from) income taxes	<u>(19,631)</u>	<u>(30,837)</u>	<u>22,971</u>
Net income (loss)	(149,498)	(251,993)	236,506
Net income attributable to noncontrolling interest	<u>(1,639)</u>	<u>(3,687)</u>	<u>(3,974)</u>
Net income (loss) attributable to Intelsat	<u>\$ (151,137)</u>	<u>\$ (255,680)</u>	<u>\$ 232,532</u>
Cumulative preferred dividends	—	(10,196)	(9,917)
Net income (loss) attributable to common shareholders	<u>\$ (151,137)</u>	<u>\$ (265,876)</u>	<u>\$ 222,615</u>
Net income (loss) per common share attributable to Intelsat S.A.:			
Basic	\$ (1.82)	\$ (2.70)	\$ 2.09
Diluted	\$ (1.82)	\$ (2.70)	\$ 1.99

See accompanying notes to consolidated financial statements.

INTELSAT S.A.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014
Net income (loss)	\$ (149,498)	\$ (251,993)	\$ 236,506
Other comprehensive income (loss), net of tax:			
Defined benefit retirement plans:			
Reclassification adjustment for amortization of unrecognized prior service credits included in net periodic pension costs, net of tax	(110)	(107)	(109)
Reclassification adjustment for amortization of unrecognized actuarial loss included in net periodic pension costs, net of tax	5,178	12,320	6,510
Actuarial gain (loss) arising during the year, net of tax	(12,356)	45,070	(58,403)
Marketable securities:			
Unrealized gains on investments, net of tax	388	629	258
Reclassification adjustment for realized loss (gain) on investments, net of tax	—	123	(390)
Other comprehensive income (loss)	(6,900)	58,035	(52,134)
Comprehensive income (loss)	(156,398)	(193,958)	184,372
Comprehensive income attributable to noncontrolling interest	(1,639)	(3,687)	(3,974)
Comprehensive income (loss) attributable to Intelsat S.A.	<u>\$ (158,037)</u>	<u>\$ (197,645)</u>	<u>\$ 180,398</u>

See accompanying notes to consolidated financial statements.

INTELSAT S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(in thousands)

	Preferred Shares		Common Shares				Accumulated Other Comprehensive Loss	Total Intelsat S.A. Shareholders' Deficit	Noncontrolling Interest
	Shares (in millions)	Amount	Shares (in millions)	Amount	Paid-in Capital	Accumulated Deficit			
Balance, January 1, 2012 ⁽¹⁾	—	\$ —	83.2	\$ 832	\$1,520,267	\$ (2,608,456)	\$ (111,528)	\$ (1,198,885)	\$ 50,926
Net loss	—	—	—	—	—	(151,137)	—	(151,137)	3,582
Mark to market valuation adjustment for redeemable noncontrolling interest	—	—	—	—	(7,663)	—	—	(7,663)	—
Vesting of equity awards of certain executive officers	—	—	—	—	6,825	—	—	6,825	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(8,838)
Postretirement/pension liability adjustment, net of tax of (\$1.9) million	—	—	—	—	—	—	(7,288)	(7,288)	—
Other comprehensive income, net of tax of (\$0.2) million	—	—	—	—	—	—	388	388	—
Balance, December 31, 2012 ⁽¹⁾	—	—	83.2	\$ 832	\$1,519,429	\$ (2,759,593)	\$ (118,428)	\$ (1,357,760)	\$ 45,670
Net loss	—	—	—	—	—	(255,680)	—	(255,680)	3,687
Initial public offering, net of costs	3.5	35	22.2	222	542,539	—	—	542,796	—
Change in classification of certain equity awards	—	—	—	—	18,899	—	—	18,899	—
Share-based compensation	—	—	0.6	6	28,547	—	—	28,553	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(8,671)
Declaration of preferred stock dividend	—	—	—	—	(10,196)	—	—	(10,196)	—
Postretirement/pension liability adjustment, net of tax of \$34.9 million	—	—	—	—	—	—	57,283	57,283	—
Other comprehensive income, net of tax of (\$0.4) million	—	—	—	—	—	—	752	752	—
Balance, December 31, 2013	3.5	\$ 35	106.0	\$ 1,060	\$2,099,218	\$ (3,015,273)	\$ (60,393)	\$ (975,353)	\$ 40,686
Net Income	—	—	—	—	—	232,532	—	232,532	3,974
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(8,744)
Share-based compensation	—	—	0.7	7	26,382	—	—	26,389	—
Declaration of preferred stock dividend	—	—	—	—	(9,917)	—	—	(9,917)	—
Acquisition of non-controlling interests	—	—	—	—	2,215	—	—	2,215	(2,215)
Postretirement/pension liability adjustment, net of tax of \$(30.3) million	—	—	—	—	—	—	(52,002)	(52,002)	—
Other comprehensive loss, net of tax of \$0.1 million	—	—	—	—	—	—	(132)	(132)	—
Balance at December 31, 2014	3.5	\$ 35	106.7	\$ 1,067	\$2,117,898	\$ (2,782,741)	\$ (112,527)	\$ (776,268)	\$ 33,701

(1) Common shares and paid-in capital amounts reflect the retroactive impact of the former Class A and Class B share reclassification into common shares and the share splits related to our Initial Public Offering. See Note 4—Net Income (Loss) per Share for further discussion.

See accompanying notes to consolidated financial statements.

INTELSAT S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 30, 2012	Year Ended December 30, 2013	Year Ended December 30, 2014
Cash flows from operating activities:			
Net income (loss)	\$ (149,498)	\$ (251,993)	\$ 236,506
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	764,903	736,567	679,351
Provision for doubtful accounts	8,911	29,599	2,306
Foreign currency transaction loss	7,329	6,003	6,560
(Gain) loss on disposal of assets	(12,647)	338	927
Gain on satellite insurance recoveries	—	(9,618)	—
Share-based compensation	6,825	25,289	22,494
Deferred income taxes	(61,889)	(65,347)	(12,646)
Amortization of discount, premium, issuance costs and related costs	57,305	46,026	22,256
Interest paid-in-kind	4,949	—	—
Loss on early extinguishment of debt	73,542	368,089	40,423
Unrealized gains on derivative financial instruments	(9,004)	(19,740)	(22,790)
Termination of third-party commitment costs and expenses	10,000	—	—
Amortization of actuarial loss and prior service credits for retirement benefits	14,506	19,613	10,147
Other non-cash items	(4,382)	234	166
Changes in operating assets and liabilities:			
Receivables	(3,559)	16,269	1,382
Prepaid expenses and other assets	(1,086)	(6,117)	(22,331)
Accounts payable and accrued liabilities	6,495	(23,730)	7,598
Accrued interest payable	9,124	(178,796)	(24,997)
Deferred revenue	124,458	49,924	108,545
Accrued retirement benefits	(26,627)	(29,732)	(26,019)
Other long-term liabilities	1,655	4,014	16,292
Net cash provided by operating activities	821,310	716,892	1,046,170
Cash flows from investing activities:			
Payments for satellites and other property and equipment (including capitalized interest)	(866,016)	(600,792)	(645,424)
Proceeds from sale of building, net of fees	82,415	—	—
Proceeds from insurance settlements	—	487,930	—
Payment on satellite performance incentives from insurance proceeds	—	(19,199)	—
Other investing activities	—	(2,000)	174
Net cash used in investing activities	(783,601)	(134,061)	(645,250)
Cash flows from financing activities:			
Repayments of long-term debt	(2,474,811)	(6,904,162)	(610,418)
Repayment of notes payable to former shareholders	(1,683)	(868)	—
Payment of premium on early extinguishment of debt	(65,920)	(311,224)	(21,250)
Proceeds from issuance of long-term debt	2,451,521	6,254,688	135,000
Debt issuance costs	(27,384)	(84,845)	—
Proceeds from initial public offering	—	572,500	—
Stock issuance costs	—	(26,683)	—
Dividends paid to preferred shareholders	—	(5,235)	(9,919)
Principal payments on deferred satellite performance incentives	(15,969)	(17,503)	(19,774)
Repurchase of redeemable noncontrolling interest	(8,744)	—	—
Capital contribution from noncontrolling interest	12,209	12,209	12,209
Dividends paid to noncontrolling interest	(8,838)	(8,671)	(8,744)
Other financing activities	—	3,271	3,893
Net cash used in financing activities	(139,619)	(516,523)	(519,003)
Effect of exchange rate changes on cash and cash equivalents	(7,329)	(6,003)	(6,560)
Net change in cash and cash equivalents	(109,239)	60,305	(124,643)
Cash and cash equivalents, beginning of period	296,724	187,485	247,790
Cash and cash equivalents, end of period	\$ 187,485	\$ 247,790	\$ 123,147
Supplemental cash flow information:			
Interest paid, net of amounts capitalized	\$ 1,255,308	\$ 1,283,439	\$ 970,345
Income taxes paid, net of refunds	33,103	38,784	37,805
Supplemental disclosure of non-cash investing activities:			
Capitalization of deferred satellite performance incentives	\$ 82,959	\$ —	\$ 27,681
Accrued capital expenditures	78,494	66,578	80,621
Restricted cash received	23,901	—	—
Restricted cash paid	(118,032)	—	—

See accompanying notes to consolidated financial statements.

INTELSAT S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Background of Company

Intelsat S.A. (the “Company”, “we”, “us” or “our”) provides satellite communications services worldwide through a global communications network of 50 satellites in orbit as of December 31, 2014 and ground facilities related to the satellite operations and control, and teleport services.

Initial Public Offering

On April 23, 2013, we completed our initial public offering, in which we issued 22,222,222 common shares, and a concurrent public offering, in which we issued 3,450,000 5.75% Series A mandatory convertible junior non-voting preferred shares (the “Series A Preferred Shares”), at public offering prices of \$18.00 and \$50.00 per share, respectively (the initial public offering together with the concurrent public offering, the “IPO”) for total proceeds of \$572.5 million (or approximately \$550 million after underwriting discounts and commissions).

Note 2 Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Intelsat S.A., its wholly-owned subsidiaries, and variable interest entities (“VIE”) of which we are the primary beneficiary. We are the primary beneficiary of one VIE, as more fully described in Note 10—Investments, and accordingly, we include in our consolidated financial statements the assets and liabilities and results of operations of the entity, even though we may not own a majority voting interest. We use the equity method to account for our investments in entities where we exercise significant influence over operating and financial policies but do not retain control under either the voting interest model (generally 20% to 50% ownership interest) or the variable interest model. We have eliminated all significant intercompany accounts and transactions.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, the reported amounts of revenues and expenses during the reporting periods, and the disclosures of contingent liabilities. Accordingly, ultimate results could differ from those estimates.

(c) Revenue Recognition

We earn revenue from providing satellite services and managed services to customers. We enter into contracts with customers to provide satellite transponders and transponder capacity and, in certain cases, earth stations and teleport facilities, for periods typically ranging from one year to the life of the satellite. Our revenue recognition policies are as follows:

Satellite Utilization Charges. We generally recognize revenues on a straight-line basis over the term of the related customer contract unless collectability is not reasonably assured. Revenues from occasional use services are recognized as the services are performed. We have certain obligations, including providing spare or substitute capacity if available, in the event of satellite service failure under certain long-term agreements. We generally are not obligated to refund satellite utilization payments previously made.

Satellite Related Consulting and Technical Services. We recognize revenue from the provision of consulting services as those services are performed. We recognize revenue for consulting services with specific deliverables, such as Transfer Orbit Support Services or training programs, upon the completion of those services.

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Tracking, Telemetry and Commanding (“TT&C”). We earn TT&C services revenue from providing operational services to other satellite owners and from certain customers on our satellites. TT&C agreements entered into in connection with our satellite utilization contracts are typically for the period of the related service agreement. We recognize this revenue ratably over the term of the service agreement.

In-Orbit Backup Services. We provide back-up transponder capacity that is held on reserve for certain customers on agreed-upon terms. We recognize revenues for in-orbit protection services ratably over the term of the related agreement.

Revenue Share Arrangements. We recognize revenues under revenue share agreements for satellite-related services either on a gross or net basis in accordance with the principal versus agent considerations topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) or (the “Codification”) which provides guidance and specifies when an entity should report revenue gross as a principal versus net as an agent, depending on the nature of the specific contractual relationship.

Construction Program Management. Construction program management arrangements that extend beyond one year are accounted for in accordance with the Construction-Type and Production-Type Contracts topic of the Codification. We generally account for long-term, fixed price, development and production contracts under the percentage of completion method. We measure progress towards contract completion using the cost-to-cost method.

We may sell these products or services individually or in some combination to our customers. When these products and services are sold together, we account for the multiple elements under FASB ASC Topic 605-25, Revenue Recognition-Multiple Element Arrangements (“FASB ASC 605-25”). FASB ASC 605-25 provides guidance on accounting for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. We allocate revenue for transactions or collaborations that include multiple elements to each unit of accounting based on each element’s relative selling price, and recognize revenue for each unit of accounting when the applicable revenue recognition criteria have been met.

(d) Fair Value Measurements

We estimate the fair value of our financial instruments using available market information and valuation methodologies. The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximate their fair values because of the short maturity of these financial instruments.

FASB ASC Topic 820, Fair Value Measurements and Disclosure (“FASB ASC 820”) defines fair value as the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 requires disclosure of the extent to which fair value is used to measure financial assets and liabilities, the inputs utilized in calculating valuation measurements, and the effect of the measurement of significant unobservable inputs on earnings, or changes in net assets, as of the measurement date. FASB ASC 820 establishes a three-level valuation hierarchy based upon the transparency of inputs utilized in the measurement and valuation of financial assets or liabilities as of the measurement date. We apply fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

The fair value hierarchy prioritizes the inputs used in valuation techniques into three levels as follows:

- Level 1—unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2—quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted market prices that are observable or that can be corroborated by observable market data by correlation; and
- Level 3—unobservable inputs based upon the reporting entity’s internally developed assumptions which market participants would use in pricing the asset or liability.

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(e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less, which are generally time deposits with banks and money market funds. The carrying amount of these investments approximates market value.

(f) Receivables and Allowances for Doubtful Accounts

We provide satellite services and extend credit to numerous customers in the satellite communication, telecommunications and video markets. We monitor our exposure to credit losses and maintain allowances for doubtful accounts and anticipated losses. We believe we have adequate customer collateral and reserves to cover our exposure. If we determine that the collection of payments is not reasonably assured at the time the respective service is provided, we defer recognition of the revenue until we believe collection is reasonably assured or the payment is received.

(g) Satellites and Other Property and Equipment

Satellites and other property and equipment are stated at historical cost, or in the case of certain satellites acquired, the fair value at the date of acquisition. Capitalized costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentives expected to be payable to the satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction.

We depreciate satellites and other property and equipment on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	10 - 40
Satellites and related costs	11 - 17
Ground segment equipment and software	4 - 15
Furniture and fixtures and computer hardware	4 - 12
Leasehold improvements ⁽¹⁾	2 - 12

(1) Leasehold improvements are depreciated over the shorter of the useful life of the improvement or the remaining lease term.

(h) Other Assets

Other assets consist of investments in certain equity securities, unamortized debt issuance costs, long-term deposits, long-term receivables and other miscellaneous deferred charges and long-term assets. Debt issuance costs represent our costs incurred to secure debt financing, which are amortized to interest expense using the effective interest method over the life of the related indebtedness.

(i) Goodwill and Other Intangible Assets

We account for goodwill and other intangible assets in accordance with FASB ASC Topic 350, Intangibles—Goodwill and Other (“FASB ASC 350”). Goodwill represents the excess of the consideration transferred plus the fair value of any noncontrolling interest in the acquiree at the acquisition date over the fair values of identifiable net assets of businesses acquired. Goodwill and certain other intangible assets deemed to have indefinite lives are not amortized but are tested on an annual basis for impairment during the fourth quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. See Note 11—Goodwill and Other Intangible Assets.

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Intangible assets arising from business combinations are initially recorded at fair value. We record other intangible assets at cost. We amortize intangible assets with determinable lives (consisting of backlog and customer relationships) based on the expected pattern of consumption. We review these intangible assets for impairment whenever facts and circumstances indicate that the carrying amounts may not be recoverable. See Note 11—Goodwill and Other Intangible Assets.

(j) Impairment of Long-Lived Assets

We review long-lived assets, including property and equipment and acquired intangible assets with estimable useful lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of such an asset may not be recoverable. These indicators of impairment can include, but are not limited to, the following:

- satellite anomalies, such as a partial or full loss of power;
- under-performance of an asset compared to expectations; and
- shortened useful lives due to changes in the way an asset is used or expected to be used.

The recoverability of an asset to be held and used is determined by comparing the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated undiscounted future cash flows, we record an impairment charge in the amount by which the carrying amount of the asset exceeds its fair value, which we determine by either a quoted market price, if any, or a value determined by utilizing discounted cash flow techniques.

(k) Income Taxes

We account for income taxes in accordance with FASB ASC Topic 740—Income Taxes. We are subject to income taxes in the United States as well as a number of other foreign jurisdictions. Significant judgment is required in the calculation of our tax provision and the resultant tax liabilities and in the recoverability of our deferred tax assets that arise from temporary differences between the tax and financial statement recognition of revenue and expense and net operating loss and credit carryforwards.

We assess the likelihood that our deferred tax assets can be recovered. A valuation allowance is required when it is more likely than not that all or a portion of the deferred tax asset will not be realized. We evaluate the recoverability of our deferred tax assets based in part on the existence of deferred tax liabilities that can be used to realize the deferred tax assets.

During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. We evaluate our tax positions to determine if it is more likely than not that a tax position is sustainable, based solely on its technical merits and presuming the taxing authorities have full knowledge of the position and access to all relevant facts and information. When a tax position does not meet the more likely than not standard, we record a liability or contra asset for the entire amount of the unrecognized tax benefit. Additionally, for those tax positions that are determined more likely than not to be sustainable, we measure the tax position at the largest amount of benefit more likely than not (determined by cumulative probability) to be realized upon settlement with the taxing authority.

(l) Foreign Currency Translation

Our functional currency is the U.S. dollar, since substantially all customer contracts, capital expenditure contracts and operating expense obligations are denominated in U.S. dollars. Transactions not denominated in U.S. dollars have been translated using the spot rates of exchange at the dates of the transactions. We recognize differences on exchange arising on the settlement of the transactions denominated in currencies other than the U.S. dollar in the consolidated statement of operations.

(m) Comprehensive Income

Comprehensive income consists of net income or loss and other gains and losses affecting shareholders' equity that, under U.S. GAAP, are excluded from net income or loss. Such items consist primarily of the change in the market value of available-for-sale securities and pension liability adjustments.

(n) Share-Based Compensation

Compensation cost is recognized based on the requirements of FASB ASC Topic 718, *Compensation—Stock Compensation* ("FASB ASC 718"), for all share-based awards granted.

Awards are measured at the grant date based on the fair value as calculated using the Black-Scholes option pricing model for share options, a Monte Carlo simulation model for awards with market conditions, or the closing market price at the grant date for awards of shares or restricted shares units. For share-based awards recognized as liability awards prior to the IPO, we recorded compensation cost based on the fair value of such awards. The expense is recognized over the requisite service period, based on attainment of certain vesting requirements.

The determination of the value of certain awards requires considerable judgment, including estimating expected volatility, expected term and risk-free rate. The Company's expected volatility is based on the average volatility rates of similar actively-traded companies over the range of each award's estimated expected term, which is based on the midpoint between the expected vesting time and the remaining contractual life. The risk-free rate is derived from the applicable Constant Maturity Treasury rate.

Prior to the IPO, we estimated the fair market value of our equity at each reporting period in order to properly record stock compensation expense. We estimated the fair market value using a combination of the income and market approaches, and allocated a 50% weighting to each approach. The income approach quantifies the future cash flows that we expect to achieve consistent with our annual business plan and forecasting processes. These future cash flows are discounted to their net present values using an estimated rate corresponding to a weighted average cost of capital. Our forecasted cash flows are subject to uncontrollable and unforeseen events that could positively or negatively impact economic and business conditions. The estimated weighted average cost of capital includes assumptions and estimates based upon interest rates, expected rates of return, and other risk factors that consider both historic data and expected future returns for comparable investments.

The market approach estimates fair value by applying trading multiples of enterprise value to EBITDA based on observed publicly traded comparable companies.

(o) Deferred Satellite Performance Incentives

The cost of satellite construction may include an element of deferred consideration that we are obligated to pay to satellite manufacturers over the lives of the satellites, provided the satellites continue to operate in accordance with contractual specifications. Historically, the satellite manufacturers have earned substantially all of these payments. Therefore, we account for these payments as deferred financing. We capitalize the present value of these payments as part of the cost of the satellites and record a corresponding liability to the satellite manufacturers. Interest expense is recognized on the deferred financing and the liability is reduced as the payments are made.

(p) Derivative Instruments

We hold interest rate swaps, each of which were undesignated as of December 31, 2014. The swaps are marked-to-market quarterly, with any change in fair value recorded as interest expense, net.

(q) Redeemable Noncontrolling Interest in Subsidiary

On October 5, 2012, we purchased from Convergence SPV Ltd (“Convergence Partners”) the remaining ownership interest in our New Dawn joint venture for \$8.7 million, increasing our ownership from 74.9% to 100% (the “New Dawn Equity Purchase”). Prior to October 5, 2012, New Dawn was a majority owned subsidiary that was a joint venture investment with Convergence Partners. Convergence Partners had the ability to require us to buy its ownership interest at fair value subsequent to the operations of New Dawn’s assets for a period of time defined in the New Dawn Project Agreement. In accordance with the guidance provided in FASB ASC Topic 480, Distinguishing Liabilities from Equity (“FASB ASC 480”), regarding the classification and measurement of redeemable securities, we marked to market the fair value of the noncontrolling interest in New Dawn at each reporting period. Any changes in fair value were reflected as an adjustment to paid-in capital. As a result of the New Dawn Equity Purchase, we eliminated the redeemable noncontrolling interest of \$8.7 million in the fourth quarter of 2012 in accordance with FASB ASC 480.

(r) Reclassifications

Certain reclassifications have been made to the prior years’ financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations, cash flows or retained earnings.

(s) New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the revenue recognition requirements in FASB ASC Topic 605 – Revenue Recognition. The guidance in ASU 2014-09 clarifies the principles for recognizing revenue and improves financial reporting by creating a common revenue standard for U.S. GAAP and International Financial Reporting Standards. ASU 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2016. The standard permits the use of either the retrospective or cumulative effect transition method. We are in the process of evaluating the impact that ASU 2014-09 will have on our consolidated financial statements and associated disclosures, and have not yet selected a transition method.

Note 3 Share Capital

Under our Articles of Incorporation, we have an authorized share capital of \$10.0 million, represented by 1.0 billion shares of any class with a nominal value of \$0.01 per share. At December 31, 2014, there were 106.7 million common shares issued and outstanding and 3.5 million Series A Preferred Shares issued and outstanding. Our Series A Preferred Shares have a liquidation preference of \$50 per share plus any accrued and unpaid dividends.

Each Series A Preferred Share will automatically convert on May 1, 2016 into between 2.2676 and 2.7778 of our common shares, subject to anti-dilution adjustments. The number of our common shares issuable on conversion will be determined based on the average of the closing prices per common share over the 40 trading day period ending on the third trading day prior to the mandatory conversion date. At any time prior to May 1, 2016, holders may elect to convert each Series A Preferred Share into common shares at the minimum conversion rate of 2.2676 common shares per Series A Preferred Share, subject to anti-dilution adjustments.

Note 4 Net Income (Loss) per Share

Basic earnings per share (“EPS”) is computed by dividing net income (loss) attributable to Intelsat S.A.’s common shareholders by the weighted average number of common shares outstanding during the periods.

On April 23, 2013, we completed our initial public offering, in which we issued 22,222,222 common shares, and a concurrent public offering, in which we issued 3,450,000 Series A Preferred Shares. Prior to the consummation of the IPO, each of our former Class A common shares (the “Class A Shares”) was reclassified into one of our common shares and each of our former Class B common shares (the “Class B Shares”) was

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reclassified into 0.0735 of our common shares. In addition, immediately prior to the consummation of the IPO, an equivalent of a share split was effected by distributing common shares pro rata to existing holders of our common shares, so that each existing holder received approximately 4.6 additional common shares for each common share owned at that time (together, the "IPO Reorganization Transactions"). The effect of these reclassifications on outstanding shares, potentially dilutive shares and EPS has been retroactively applied to the financial statements and notes to the consolidated financial statements for all periods presented.

In April 2013, the shareholders of Intelsat S.A. declared a \$10.2 million dividend, which was paid in four installments through June 2014 to the holders of our Series A Preferred Shares, in accordance with the terms of the Series A Preferred Shares. In June 2014, the shareholders of Intelsat S.A. declared a \$9.9 million dividend to be paid to holders of our Series A Preferred Shares in four installments through June 2015. In 2014, we made payments on the first and second installments, each of \$0.71875 per share. In January 2015, we announced the third installment of \$0.71875 per share. The dividend was paid on February 1, 2015 to holders of record as of January 15, 2015.

The following table sets forth the computation of basic and diluted net loss per share attributable to Intelsat S.A.:

	(in thousands, except per share data or where otherwise noted)		
	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014
Numerator:			
Net income (loss)	\$ (149,498)	\$ (251,993)	\$ 236,506
Net income attributable to noncontrolling interest	(1,639)	(3,687)	(3,974)
Net income (loss) attributable to Intelsat S.A.	(151,137)	(255,680)	232,532
Less: Preferred Shares dividends declared	—	(10,196)	(9,917)
Net income (loss) attributable to common shareholders	\$ (151,137)	\$ (265,876)	\$ 222,615
Numerator for Basic EPS—income (loss) available to common shareholders	\$ (151,137)	\$ (265,876)	\$ 222,615
Dilutive effect of Preferred shares	—	—	9,917
Numerator for Diluted EPS	\$ (151,137)	\$ (265,876)	\$ 232,532
Denominator:			
Basic weighted average shares outstanding (in millions)	83.0	98.5	106.5
Weighted average dilutive shares outstanding (in millions):			
Preferred shares (in millions)	—	—	9.6
Employee compensation related shares including options and restricted stock units (in millions)	—	—	0.6
Diluted weighted average shares outstanding (in millions)	83.0	98.5	116.7
Basic net income (loss) per common share attributable to Intelsat S.A.	\$ (1.82)	\$ (2.70)	\$ 2.09
Diluted net income (loss) per common share attributable to Intelsat S.A.	\$ (1.82)	\$ (2.70)	\$ 1.99

Due to a net loss in the years ended December 31, 2012 and 2013, there were no dilutive securities, and therefore, basic and diluted EPS were the same. The weighted average number of shares that could potentially dilute basic EPS in the future was 2.9 million, 4.5 million and 1.4 million (consisting of unvested common shares, restricted share units and options to purchase common shares) for the years ended December 31, 2012, 2013 and 2014, respectively. Further, there were 6.6 million weighted average common shares resulting from the potential conversion of Series A Preferred Shares for the year ended December 31, 2013, that could dilute basic EPS in future periods.

Note 5 Share-Based and Other Compensation Plans

On March 30, 2012, our board of directors adopted the amended and restated Intelsat Global, Ltd. 2008 Share Incentive Plan (the “2008 Equity Plan”). The 2008 Equity Plan provides for a variety of equity-based awards with respect to former Class A Shares and Class B Shares, including non-qualified share options, incentive share options (within the meaning of Section 422 of the United States Internal Revenue Service Tax Code), restricted share awards, restricted share unit awards, share appreciation rights, phantom share awards and performance-based awards, and also with respect to former Class A Shares available for issuance pursuant to the vesting and / or exercise of certain options and restricted share awards granted under the Intelsat Holdings, Ltd. 2005 Share Incentive Plan. Prior to March 30, 2012, the 2008 Equity Plan provided for awards for shares of Intelsat Global S.A., then our ultimate parent, which adopted the 2008 Equity Plan in May 2009.

In connection with the IPO, in April 2013, we amended the 2008 Equity Plan to reflect the IPO Reorganization Transactions (see Note 4—Net Income (Loss) per Share). Consequently, the number of restricted shares and options along with the associated exercise prices has been retroactively revised to reflect the IPO Reorganization Transactions. We also granted certain shares and options under the amended plan. Further, certain repurchase rights that were included in various share-based compensation awards contractually expired. As a result, (i) certain awards have been deemed granted under the provisions of FASB ASC 718 and (ii) certain awards previously accounted for as liability awards are now treated as equity awards under the provisions of FASB ASC 718. Further, upon consummation of the IPO, anti-dilution options were granted to certain individuals in accordance with the existing terms of their side letters to a management shareholders agreement (the “Management Shareholders Agreement”).

The items described here and above resulted in a pre-tax charge of \$21.3 million (the “IPO-Related Compensation Charges”), \$2.4 million of which was included in direct costs of revenue and \$18.9 million of which was included in selling, general and administrative expenses on our consolidated statement of operations for the year ended December 31, 2013.

Also, in connection with the IPO, in April 2013, our board of directors adopted the Intelsat S.A. 2013 Share Incentive Plan (the “2013 Equity Plan”). The 2013 Equity Plan provides for a variety of equity based awards, including incentive stock options (within the meaning of Section 422 of the United States Internal Revenue Service Tax Code), restricted shares, restricted share units, other share-based awards and performance compensation awards. Under the 2013 Equity Plan, an aggregate of 10,000,000 common shares are available for awards (as defined in the 2013 Equity Plan). Following the IPO, no new awards may be granted under the 2008 Equity Plan except those granted in connection with the IPO Reorganization Transactions and completion of the IPO. There were 4.7 million shares available for future issuance under the 2013 Equity Plan as of December 31, 2014.

For all share-based awards, we recognize the compensation costs over the vesting period during which the employee provides service in exchange for the award. Compensation expense in 2013 also includes the IPO-Related Compensation Charges discussed above. During the years ended December 31, 2012, 2013 and 2014, we recorded compensation expense of \$4.8 million, \$25.3 million and \$22.5 million, respectively.

Stock Options

Stock options generally expire 10 years from the date of grant. In some cases, options have been granted which expire 15 years from the date of grant. The options vest monthly over service periods ranging from two to five years.

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Stock Option activity during 2014 was as follows:

	Number of Stock Options (in thousands)	Weighted Average Exercise price	Weighted Average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2014	1,568	\$ 18.48		
Exercised	193	5.35		
Forfeited	16	24.45		
Expired	71	18.85		
Outstanding at December 31, 2014	1,288	\$ 20.35	6.2	\$ 2.5
Exercisable at December 31, 2014	1,153	\$ 19.43	6.0	\$ 2.5

We measure the fair value of stock options at the date of grant using a Black-Scholes option pricing model. There were no stock options granted in 2014. The weighted average grant date fair value of options granted during the year ended December 31, 2013 was \$7.85. The following assumptions were used in estimating the fair value of options using the Black-Scholes option pricing model during the year ended December 31, 2013: risk-free interest rates of 0.6%; dividend yields of 0.0%; expected volatility of 59.4%; and expected life of 4 years.

Due to certain repurchase provisions, stock option awards granted to certain employees were classified as liability awards prior to the IPO. The weighted average fair value of these liability awards was \$19.31 as of December 31, 2012. Prior to the IPO, the fair value of these liability awards was measured using estimates of enterprise value based on a combination of income and market approach valuation techniques.

Further, certain options granted to employees (other than certain executives) were deemed not granted and therefore, no compensation expense was recorded on vesting of these options. However, in the event of voluntary termination by the employee and other defined circumstances, these options could be repurchased at the lesser of fair market value and the exercise price.

There were no exercises of stock options during the year ended December 31, 2012. The total intrinsic value of stock options exercised during the years ended December 31, 2013 and 2014 was \$5.6 million and \$2.6 million, respectively. As of December 31, 2014, there was \$0.9 million of total unrecognized compensation cost related to unvested options, which is expected to be recognized over a weighted average period of 1 year.

During the years ended December 31, 2012, 2013 and 2014, we recorded a credit of \$0.1 million, a credit of \$0.4 million and compensation expense of \$3.0 million, respectively. During the years ended December 31, 2013 and 2014, we received cash of \$2.4 and \$1.0 million, respectively, from the exercise of stock options.

Anti-Dilution Options

In connection with the IPO Reorganization Transactions and upon consummation of the IPO, options were granted to certain individuals in accordance with the existing terms of their side letters to the Management Shareholders Agreement, which, when taken together with the common shares received in connection with the reclassification of our outstanding former Class B Shares, preserved their ownership interests represented by their outstanding former Class B Shares immediately prior to the reclassification.

These options generally expire five years from the date of grant. In some cases, options have been granted which expire 10 years from the date of grant.

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Anti-Dilution Option activity during 2014 was as follows:

	Number of Stock Options (in thousands)	Weighted Average Exercise price	Weighted Average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2014	2,403	\$ 18.00		
Exercised	178	18.00		
Expired	209	18.00		
Outstanding at December 31, 2014	2,016	\$ 18.00	7.1	—
Exercisable at December 31, 2014	2,016	\$ 18.00	7.1	—

We measured the fair value of anti-dilution option grants at the date of grant using a Black-Scholes option pricing model. There were no anti-dilution options granted during the years ended December 31, 2012 and 2014. The weighted average grant date fair value of anti-dilution options granted during the year ended December 31, 2013 was \$5.97. The following assumptions were used in estimating the fair value of options using the Black-Scholes option pricing model during the year ended December 31, 2013: risk-free interest rates of 0.3%; dividend yields of 0.0%; expected volatility of 60.8%; and expected life of 2 years.

The total intrinsic value of anti-dilution options exercised during the years ended December 31, 2013 and 2014 was \$0.1 million and \$0.6 million, respectively. All anti-dilution options were fully vested as of December 31, 2013. During the years ended December 31, 2013 and 2014, we recorded compensation expense associated with anti-dilution option awards of \$14.5 million and \$4.1 million, respectively. During the years ended December 31, 2013 and 2014, we received cash of \$0.4 million and \$3.2 million, respectively, from the exercise of anti-dilution options.

2014 Option Modification

During the fourth quarter of the year ended December 31, 2014, 1.9 million stock options, including 1.6 million anti-dilution options, were amended to (a) extend the expiration date by five years; and (b) extend the duration of exercisability from one year to three years after ceasing to be an employee of the company. We estimated an additional expense of \$2.52 per option resulting from the amendment, being the difference between the fair value of the amended option and the fair value of the original award before amendment. The fair value was measured using the Black-Scholes option pricing model and the following assumptions were used:

For the fair value of the amended options: risk-free interest rates of 1.3%; dividend yields of 0.0%; expected volatility of 45%; and expected life of 4.1 years.

For the fair value of the original award before amendment: risk-free interest rates of 0.3%; dividend yields of 0.0%; expected volatility of 45%; and expected life of 1.6 years.

All such options were fully vested and we recognized additional compensation expense associated with such options of \$4.7 million during the year ended December 31, 2014, which has been included in the respective sections discussed above.

Time-based Restricted Stock Units ("RSUs")

Time-based RSUs vest over periods ranging from six months to three years from the date of grant.

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Time-based RSUs activity during 2014 was as follows:

	Number of Time-based RSUs (in thousands)	Weighted Average grant date fair value	Weighted Average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2014	817	\$ 20.15		
Granted	3,067	17.45		
Vested	446	20.06		
Forfeited	88	18.49		
Outstanding at December 31, 2014	<u>3,350</u>	<u>\$ 17.73</u>	<u>2.5</u>	<u>\$ 58.2</u>

The fair value of time-based RSUs is deemed to be the market price of common shares on the date of grant. The weighted average grant date fair value of time-based RSUs granted during the years ended December 31, 2013 and 2014 was \$20.13 and \$17.45, respectively. There were no such grants during the year ended December 31, 2012. The total intrinsic value of time-based RSUs vested during the years ended December 31, 2013 and 2014 was \$2.5 million and \$8.6 million, respectively. As of December 31, 2014, there was \$52.0 million of total unrecognized compensation cost related to unvested time-based RSUs, which is expected to be recognized over a weighted average period of 2.5 years.

During the years ended December 31, 2013 and 2014, we recorded compensation expense associated with these time-based RSUs of \$5.7 million and \$13.0 million, respectively.

Performance-based RSUs

Performance-based RSUs vest after three years from the date of grant upon achievement of certain performance conditions. Two-thirds of these grants are subject to vesting upon achievement of an adjusted EBITDA target. The remaining one-third of these grants is subject to vesting upon achievement of a relative shareholder return ("RSR"), which is based on the Company's relative shareholder return percentile ranking versus the S&P 900 Index target.

Performance-based RSUs activity during 2014 was as follows:

	Number of RSUs (in thousands)	Weighted Average grant date fair value	Weighted Average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2014	550	\$ 21.96		
Granted	398	21.48		
Forfeited	34	21.75		
Outstanding at December 31, 2014	<u>914</u>	<u>\$ 21.76</u>	<u>1.6</u>	<u>\$ 15.9</u>

We measure the fair value of performance-based RSUs at the date of grant using the market price of our common shares (to measure the award based on an adjusted EBITDA target) and a Monte Carlo simulation model (to measure the award based on an RSR target).

The weighted average grant date fair value of performance-based RSUs granted during the years ended December 31, 2013 and 2014 was \$21.96 and \$21.48, respectively. There were no performance-based RSU grants during the year ended December 31, 2012. As of December 31, 2014, there was \$4.2 million of total unrecognized compensation cost related to unvested performance-based RSUs, which is expected to be recognized over a weighted average period of 2 years.

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Achievement of the adjusted EBITDA target for awards granted in 2013 and 2014 is not currently considered probable, therefore, no compensation cost associated with these awards (based on the adjusted EBITDA condition) has been recognized during the years ended December 31, 2013 and 2014. We recorded compensation expense associated with the performance-based RSUs of \$1.1 million and \$2.4 million during the years ended December 31, 2013 and 2014, respectively.

Restricted Shares

There were no grants of restricted shares during the years ended December 31, 2012 and 2014. All restricted shares were vested as of December 31, 2013.

Prior to the IPO, due to certain repurchase provisions, certain restricted shares granted to employees (other than certain executives) were deemed not granted and accordingly, no compensation cost was recorded for vesting of these awards. However, in the event of voluntary termination by the employee and other defined circumstances, these awards could be repurchased by the Company. In connection with the IPO, the repurchase provisions that were included in the restricted share grant agreements held by other awardees contractually expired, and these awards were classified as equity awards and were recorded at the IPO common share offering price of \$18.00 per share.

Prior to the IPO, the fair value of restricted shares granted to certain executives was based on an estimate of fair value using a combination of income and market approaches. Following the IPO, the fair value of restricted shares is the market price of our common shares on the date of grant.

The total intrinsic value of restricted shares vested during the year ended December 31, 2013 was \$4.2 million.

During the years ended December 31, 2012 and 2013, we recorded compensation expense associated with restricted shares of \$4.8 million and \$4.5 million, respectively.

Note 6 Fair Value Measurements

We have identified investments in marketable securities and interest rate financial derivative instruments as those items that meet the criteria of the disclosure requirements and fair value framework of FASB ASC 820.

The following tables present assets and liabilities measured and recorded at fair value in our consolidated balance sheets on a recurring basis and their level within the fair value hierarchy (in thousands), excluding long-term debt (see "Note 12—Long-Term Debt"). We did not have any transfers between Level 1 and Level 2 fair value measurements during the year ended December 31, 2014.

Description	As of December 31, 2013	Fair Value Measurements at December 31, 2013	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets			
Marketable securities (1)	\$ 6,036	\$ 6,036	\$ —
Total assets	<u>\$ 6,036</u>	<u>\$ 6,036</u>	<u>\$ —</u>
Liabilities			
Undesignated interest rate swaps (2)	\$ 48,819	\$ —	\$ 48,819
Total liabilities	\$ 48,819	\$ —	\$ 48,819

Description	As of December 31, 2014	Fair Value Measurements at December 31, 2014	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets			
Marketable securities (1)	\$ 5,950	\$ 5,950	\$ —
Total assets	<u>\$ 5,950</u>	<u>\$ 5,950</u>	<u>\$ —</u>
Liabilities			
Undesignated interest rate swaps (2)	\$ 26,109	\$ —	\$ 26,109
Total liabilities	\$ 26,109	\$ —	\$ 26,109

- (1) The valuation measurement inputs of these marketable securities represent unadjusted quoted prices in active markets and, accordingly, we have classified such investments within Level 1 of the fair value hierarchy. The cost basis of our available-for-sale marketable securities was \$5.3 million at December 31, 2013 and \$5.4 million at December 31, 2014. We sold marketable securities with a cost basis of \$0.7 million during the year ended December 31, 2014 and recorded a gain on the sale of \$0.5 million, which was included within other expense, net in our consolidated statement of operations.
- (2) The fair value of our interest rate financial derivative instruments reflects the estimated amounts that we would pay or receive to terminate the agreement at the reporting date, taking into account current interest rates, the market expectation for future interest rates and current creditworthiness of both the counterparties and ourselves. Observable inputs utilized in the income approach valuation technique incorporate identical contractual notional amounts, fixed coupon rates, periodic terms for interest payments and contract maturity. Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments, if any, associated with our derivatives utilize Level 3 inputs, such as the estimates of the current credit spread, to evaluate the likelihood of default by us or our counterparties. We also considered the existence of offset provisions and other credit enhancements that serve to reduce the credit exposure associated with the asset or liability being valued. We have assessed the significance of the inputs of the credit valuation adjustments to the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Note 7 Retirement Plans and Other Retiree Benefits

(a) Pension and Other Postretirement Benefits

We maintain a noncontributory defined benefit retirement plan covering employees hired prior to July 19, 2001. The cost of providing benefits to eligible participants under the defined benefit retirement plan is calculated using the plan's benefit formulas, which take into account the participants' remuneration, dates of hire, years of eligible service, and certain actuarial assumptions. In addition, we provide postretirement medical benefits to certain current retirees and to certain active employees upon their retirement who meet the criteria under the medical plan for postretirement benefit eligibility.

In January 2015, we decided to amend the defined benefit retirement plan to cease the accrual of additional benefits for the remaining active participants effective March 31, 2015. This amendment will result in a curtailment.

The defined benefit retirement plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. We expect that our future contributions to the defined benefit retirement plan will be based on the minimum funding requirements of the Internal Revenue Code and on the plan's funded status. Any significant decline in the fair value of our defined benefit retirement plan assets or other adverse changes to the

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significant assumptions used to determine the plan's funded status would negatively impact its funded status and could result in increased funding in future periods. The impact on the funded status is determined based upon market conditions in effect when we completed our annual valuation. During the year ended December 31, 2014, we made cash contributions to the defined benefit retirement plan of \$25.9 million. We anticipate that our contributions to the defined benefit retirement plan in 2015 will be approximately \$21.7 million. We fund the postretirement medical benefits throughout the year based on benefits paid. We anticipate that our contributions to fund postretirement medical benefits in 2015 will be approximately \$4.8 million.

Prior service credits and actuarial losses are reclassified from accumulated other comprehensive loss to net periodic pension benefit costs, which are included in both direct costs of revenue and selling, general and administrative on our consolidated statements of operations for the year ended December 31, 2014. The following table presents these reclassifications, net of tax, as well as the reclassification of the realized gain on investments, and the statement of operations line items that are impacted (in thousands):

	Year Ended December 31, 2013	Year Ended December 31, 2014
Amortization of prior service credits reclassified from other comprehensive loss to net periodic pension benefit costs included in:		
Direct costs of revenue (excluding depreciation and amortization)	\$ (63)	\$ (68)
Selling, general and administrative	(44)	(41)
Total	<u>\$ (107)</u>	<u>\$ (109)</u>
Amortization of actuarial loss reclassified from other comprehensive loss to net periodic pension benefit costs included in:		
Direct costs of revenue (excluding depreciation and amortization)	\$ 7,302	\$ 4,070
Selling, general and administrative	5,018	2,440
Total	<u>\$ 12,320</u>	<u>\$ 6,510</u>
Realized (gain) loss on investments included in:		
Other expense, net	\$ 123	\$ (390)
Total	<u>\$ 123</u>	<u>\$ (390)</u>

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Reconciliation of Funded Status and Accumulated Benefit Obligation. Expenses for our defined benefit retirement plan and for postretirement medical benefits that are provided under our medical plan are developed from actuarial valuations. The following summarizes the projected benefit obligations, plan assets and funded status of the defined benefit retirement plan, as well as the projected benefit obligations of the postretirement medical benefits provided under our medical plan (in thousands, except percentages):

	Year Ended December 31, 2013		Year Ended December 31, 2014	
	Pension Benefits	Other Post-retirement Benefits	Pension Benefits	Other Post-retirement Benefits
Change in benefit obligation				
Benefit obligation at beginning of period	\$ 473,975	\$ 107,704	\$ 427,909	\$ 95,315
Service cost	3,318	293	2,854	128
Interest cost	18,244	4,295	19,904	4,562
Employee contributions	—	443	—	356
Special termination benefits	—	—	48	—
Benefits paid	(21,294)	(3,853)	(24,842)	(3,741)
Plan amendments	—	797	—	—
Actuarial (gain) loss	(46,334)	(14,364)	65,245	19,466
Benefit obligation at end of period	<u>\$ 427,909</u>	<u>\$ 95,315</u>	<u>\$ 491,118</u>	<u>\$ 116,086</u>
Change in plan assets				
Plan assets at beginning of period	\$ 278,384	—	\$ 322,176	—
Employer contributions	31,989	3,410	25,873	3,385
Employee contributions	—	443	—	356
Actual return on plan assets	33,097	—	16,318	—
Benefits paid	(21,294)	(3,853)	(24,842)	(3,741)
Plan assets at fair value at end of period	<u>\$ 322,176</u>	<u>—</u>	<u>\$ 339,525</u>	<u>—</u>
Accrued benefit costs and funded status of the plans	<u>\$ (105,733)</u>	<u>\$ (95,315)</u>	<u>\$ (151,593)</u>	<u>\$ (116,086)</u>
Accumulated benefit obligation	<u>\$ 418,710</u>		<u>\$ 480,906</u>	
Weighted average assumptions used to determine accumulated benefit obligation and accrued benefit costs				
Discount rate	4.83%	4.90%	4.01%	4.04%
Salary rate	3.25%	—	3.25%	—
Weighted average assumptions used to determine net periodic benefit costs				
Discount rate	3.98%	4.04%	4.83%	4.90%
Expected rate of return on plan assets	7.80%	—	7.80%	—
Rate of compensation increase	3.25%	—	3.25%	—
Amounts in accumulated other comprehensive loss recognized in net periodic benefit cost				
Actuarial loss, net of tax	\$ 12,094	\$ 226	\$ 6,510	—
Prior service credits, net of tax	(107)	—	(109)	—
Total	<u>\$ 11,987</u>	<u>\$ 226</u>	<u>\$ 6,401</u>	<u>—</u>
Amounts in accumulated other comprehensive loss not yet recognized in net periodic benefit cost				
Actuarial loss, net of tax	\$ 62,234	\$ 923	\$ 101,829	\$ 13,221
Prior service credits, net of tax	(500)	—	(391)	—
Total	<u>\$ 61,734</u>	<u>\$ 923</u>	<u>\$ 101,438</u>	<u>\$ 13,221</u>
Amounts in accumulated other comprehensive loss expected to be recognized in net periodic benefit cost in the subsequent year				
Actuarial loss	\$ (10,319)	—	\$ (18,018)	\$ (596)
Prior service credits	172	—	172	—
Total	<u>\$ (10,147)</u>	<u>—</u>	<u>\$ (17,846)</u>	<u>\$ (596)</u>

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Our benefit obligations are matched to a yield curve that is derived from the monthly bid-price data of bonds that are rated high grade by either Moody's Investor Service or Standard and Poor's Rating Services. The bond types included are noncallable bonds, private placement bonds that are traded among qualified institutional buyers and are at least two years from date of issuance, bonds with a make-whole provision, and bonds issued by foreign corporations that are denominated in U.S. dollars. Excluded are bonds that are callable, sinkable and putable as well as those for which the quoted yield-to-maturity is zero. Using the bonds from this universe that have a yield higher than the regression mean yield curve, regression analysis is used to determine the best-fitting curve, which gives a good fit to the data at both long and short maturities. The resulting regressed coupon yield curve is smoothly continuous along its entire length and represents an unbiased average of the observed market data.

Interest rates used in these valuations are key assumptions, including discount rates used in determining the present value of future benefit payments and expected return on plan assets, which are reviewed and updated on an annual basis. The discount rates reflect market rates for high-quality corporate bonds. We consider current market conditions, including changes in interest rates, in making assumptions. In 2014, the Society of Actuaries ("SOA") issued new mortality and mortality improvement tables that indicate raised life expectancies compared to previous mortality tables. Our December 31, 2014 valuation used mortality tables based on the 2014 SOA tables. In establishing the expected return on assets assumption, we review the asset allocations considering plan maturity and develop return assumptions based on different asset classes. The return assumptions are established after reviewing historical returns of broader market indexes, as well as historical performance of the investments in the plan. Our pension plan assets are managed in accordance with an investment policy adopted by the pension committee, as discussed below.

Plan Assets. The investment policy of the Plan includes target allocation percentages of approximately 47% for investments in equity securities (31% U.S. equities and 16% non-U.S. equities), 38% for investments in fixed income securities and 15% for investments in other securities, which is broken down further into 5% for investments in hedge fund of funds and 10% for investments in real estate fund of funds. Plan assets include investments in both U.S. and non-U.S. equity funds. Fixed income investments include a U.S. government securities fund, two short duration bond funds, a high yield bond fund and an emerging markets debt fund. The funds in which the plan's assets are invested are institutionally managed and have diversified exposures into multiple asset classes implemented with over 65 investment managers. The guidelines and objectives of the funds are congruent with the Intelsat investment policy statement.

The target and actual asset allocation of our pension plan assets were as follows:

Asset Category	As of December 31, 2013		As of December 31, 2014	
	Target Allocation	Actual Allocation	Target Allocation	Actual Allocation
Equity securities	47%	50%	47%	49%
Debt securities	38%	36%	38%	36%
Other securities	15%	14%	15%	15%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

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The fair values of our pension plan assets by asset category are as follows (in thousands):

Asset Category	Fair Value Measurements at December 31, 2013	Fair Value Measurements at December 31, 2014
Equity Securities		
U.S. Large-Cap (1)	\$ 83,116	\$ 89,593
U.S. Small/Mid-Cap (2)	24,857	25,133
World Equity Ex-US (3)	53,367	52,432
Fixed Income Securities		
Short Duration Bonds (4)	61,388	63,544
High Yield Bonds (5)	14,282	14,133
Emerging Market Fixed income (Non-US) (6)	9,633	10,041
Core Fixed Income (7)	29,844	32,502
Other Securities		
Hedge Funds (8)	29,766	17,719
Core Property Fund (9)	15,747	34,236
Money Market Funds	—	14
Income earned but not yet received	176	178
Total	\$ 322,176	\$ 339,525

- (1) US large cap equity fund invests primarily in a portfolio of common stocks included in the S&P 500 Index, as well as other equity securities and derivative instruments whose value is derived from the performance of the S&P 500.
- (2) US small/mid cap equity fund invests primarily in a portfolio of common stocks included in the Russell 2500 Index.
- (3) World equity ex-US fund invests primarily in common stocks and other equity securities whose issuers comprise a broad range of capitalizations and are located outside of the U.S. The fund invests primarily in developed countries but may also invest in emerging markets.
- (4) Short duration bond fund includes the Ultra Short Duration Bond fund and Opportunistic Income fund. The Ultra Short Duration Bond invests at least 80% of its net assets in investment grade U.S. dollar denominated debt instruments. While the funds may invest in securities with any maturity or duration, the funds will maintain a portfolio duration range of 18 months or less under normal market conditions. The Opportunistic Income fund invests primarily in a diversified portfolio of investment grade and non-investment grade fixed-income securities. There are no restrictions on the maturity of any individual securities or on the fund's average portfolio maturity, although the average portfolio duration will typically vary between 0-24 months.
- (5) High yield bond fund seeks to maximize return by investing primarily in a diversified portfolio of higher yielding, lower rated fixed income securities. The fund will invest primarily in securities rated below investment grade, including corporate bonds, convertible and preferred securities and zero coupon obligations.
- (6) Emerging markets debt fund seeks to maximize return investing in fixed income securities of emerging markets issuers. The fund will invest primarily in U.S. dollar denominated debt securities of government, government-related and corporate issuers in emerging market countries, as well as entities organized to restructure the outstanding debt of such issuers.
- (7) Core fixed income fund invests in fixed-income funds which seek to provide current income consistent with the preservation of capital.
- (8) Hedge fund seeks to provide returns that are different from (less correlated with) investments in more traditional asset classes. The fund will pursue its investment objective by investing substantially all of its assets in various hedge funds.
- (9) Core property fund is a fund of funds that invests in direct commercial property funds primarily in the U.S. The fund is meant to provide current income-oriented returns, diversification, and modest inflation protection to an overall investment portfolio. Total returns are expected to be somewhere between stocks and bonds, with moderate volatility and low correlation to public markets.

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Our plan assets are measured at fair value. FASB ASC 820 prioritizes the inputs used in valuation techniques including Level 1, Level 2 and Level 3 (see Note 2 (d)—Significant Accounting Policies—Fair Value Measurements).

The majority of our plan assets are valued using measurement inputs which include unadjusted prices in active markets and we have therefore classified these assets within Level 1 of the fair value hierarchy. Our other securities include Hedge Funds and Core Property Funds, which are valued using quoted prices for similar assets and liabilities in active markets and inputs other than quoted market prices that are observable. We have determined the inputs used to value the Hedge Funds and Core Property Funds fall within Level 2 of the fair value hierarchy and therefore classified the Hedge Funds and Core Property Funds in Level 2 of the fair value hierarchy.

Net periodic pension benefit costs included the following components (in thousands):

	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014
Service cost	\$ 3,211	\$ 3,318	\$ 2,854
Interest cost	19,061	18,244	19,904
Expected return on plan assets	(20,562)	(21,263)	(24,130)
Amortization of unrecognized prior service credits	(172)	(172)	(172)
Amortization of unrecognized net loss	13,990	19,423	10,319
Special termination benefit recognized	—	—	48
Total benefit	<u>\$ 15,528</u>	<u>\$ 19,550</u>	<u>\$ 8,823</u>

We had accrued benefit costs at December 31, 2013 and 2014 of \$105.7 million and \$151.6 million, respectively, related to the pension benefits, of which \$0.6 million was recorded within other current liabilities for both periods and \$105.1 million and \$151.0 million was recorded in other long-term liabilities, respectively.

Net periodic other postretirement benefit costs included the following components (in thousands):

	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014
Service cost	\$ 354	\$ 293	\$ 128
Interest cost	4,959	4,295	4,562
Plan amendment	—	797	—
Amortization of unrecognized net loss	687	362	—
Total costs	<u>\$ 6,000</u>	<u>\$ 5,747</u>	<u>\$ 4,690</u>

We had accrued benefit costs at December 31, 2013 and 2014 related to the other postretirement benefits of \$95.3 million and \$116.1 million, respectively, of which \$4.4 million and \$5.2 million was recorded in other current liabilities, respectively, and \$90.9 million and \$110.9 million was recorded in other long-term liabilities, respectively.

Depending upon our actual future health care claims, our actual costs may vary significantly from those projected above. As of December 31, 2013 and December 31, 2014, the assumed health care cost trend rate was 7.7% and 7.5%, respectively. This rate is assumed to decrease gradually to 4.5% by the year 2030 and to remain at that level of annual increase thereafter. Increasing the assumed health care cost trend rate by 1% each year

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would increase the other postretirement benefits obligation as of December 31, 2014 by \$12.9 million. Decreasing this trend rate by 1% each year would reduce the other postretirement benefits obligation as of December 31, 2014 by \$10.9 million. A 1% increase in the assumed health care cost trend rate would have increased the net periodic other postretirement benefits cost by \$0.5 million and a 1% decrease would have decreased the cost by \$0.4 million for 2014.

The benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are as follows (in thousands):

	Pension Benefits	Other Post-retirement Benefits
2015	\$ 34,262	\$ 4,824
2016	29,307	5,218
2017	30,114	5,614
2018	28,862	5,989
2019	28,814	6,322
2020 to 2024	151,788	35,502
Total	<u>\$303,147</u>	<u>\$ 63,469</u>

(b) Other Retirement Plans

We maintain two defined contribution retirement plans, qualified under the provisions of Section 401(k) of the Internal Revenue Code, for our employees in the United States. Effective on March 31, 2015, the two 401(k) plans will be merged into one plan and all U.S. employees will participate in one plan with a common level of employer contribution. We recognized compensation expense for these plans of \$7.9 million, \$5.4 million and \$9.2 million for the years ended December 31, 2012, 2013 and 2014, respectively. We also maintain other defined contribution retirement plans in several non-U.S. jurisdictions, but such plans are not material to our financial position or results of operations.

Note 8 Receivables

Receivables were comprised of the following (in thousands):

	As of December 31, 2013	As of December 31, 2014
Service charges:		
Billed	\$ 247,655	\$ 245,022
Unbilled	8,260	7,493
Other	15,720	3,117
Allowance for doubtful accounts	(35,288)	(35,174)
Total	<u>\$ 236,347</u>	<u>\$ 220,458</u>

Unbilled service charges represent amounts earned and accrued as receivables from customers for services rendered prior to the end of the reporting period. Unbilled service charges are expected to be billed and collected within twelve months of the respective balance sheet date. Other receivables as of December 31, 2013 included a \$12.2 million receivable from JSAT International, Inc. ("JSAT"), with which we have a joint venture (see Note 10(a)—Investments—Horizons Holdings). In September 2014, this receivable was fully paid.

Note 9 Satellites and Other Property and Equipment**(a) Satellites and Other Property and Equipment, net**

Satellites and other property and equipment, net were comprised of the following (in thousands):

	As of December 31, 2013	As of December 31, 2014
Satellites and launch vehicles	\$ 8,628,596	9,154,751
Information systems and ground segment	559,250	582,115
Buildings and other	203,839	236,845
Total cost	9,391,685	9,973,711
Less: accumulated depreciation	(3,586,145)	(4,093,447)
Total	<u>\$ 5,805,540</u>	<u>\$ 5,880,264</u>

Satellites and other property and equipment, net as of December 31, 2013 and 2014 included construction-in-progress of \$0.8 billion and \$1.1 billion, respectively. These amounts relate primarily to satellites under construction and related launch services. Interest costs of \$44.8 million and \$70.9 million were capitalized during the years ended December 31, 2013 and 2014, respectively. Additionally, we recorded depreciation expense of \$673.1 million, \$654.3 million and \$611.1 million during the years ended December 31, 2012, 2013 and 2014, respectively.

We have entered into launch contracts for the launch of both specified and unspecified future satellites. Each of these launch contracts provides that such contract may be terminated at our option, subject to payment of a termination fee that increases as the applicable launch date approaches. In addition, in the event of a failure of any launch, we may exercise our right to obtain a replacement launch within a specified period following our request for re-launch.

(b) Recent Satellite Launches

On October 16, 2014, we successfully launched our IS-30 satellite into orbit. This satellite establishes long-term capacity at the 95°W orbital location and is co-located with our Galaxy 3C satellite. IS-30 entered into service in the fourth quarter of 2014. It provides capacity for direct-to-home (“DTH”) television service in Latin America via Ku-band platforms, as well as additional capacity for media, government and network services customers via C-band platforms.

On February 1, 2013, the launch vehicle for our IS-27 satellite failed shortly after liftoff and the satellite was completely destroyed. A Failure Review Board was established and subsequently concluded that the launch failed due to the mechanical failure of one of the first stage engine’s thrust control components. The satellite and launch vehicle were fully insured, and we received \$406.2 million of insurance proceeds during the year ended December 31, 2013. Accounting for insured losses of fixed assets is governed by FASB ASC Topic 605-40, *Revenue Recognition—Gains and Losses* (“FASB ASC 605-40”). In accordance with FASB ASC 605-40, we recognized the surplus of insurance proceeds received over the \$396.6 million book value of the IS-27 satellite and its related assets and recorded a \$9.6 million gain, which is reflected as a gain on satellite insurance recoveries on our consolidated statements of operations for the year ended December 31, 2013. These proceeds were used to redeem \$366.4 million aggregate principal amount of Intelsat Luxembourg’s outstanding 11 1/4% Senior Notes due 2017 (the “2017 Senior Notes”). See Note 12—Long-Term Debt for further discussion.

(c) Sale of U.S. Administrative Headquarters Building

On October 5, 2012, we completed the sale of our U.S. administrative headquarters office building in Washington, D.C. (the “U.S. Administrative Headquarters Property”), and assigned our Amended and Restated Lease Agreement with the U.S. Government relating to the U.S. Administrative Headquarters Property to the purchaser for a price of \$85.0 million in cash. The sale resulted in a pre-tax gain of \$12.8 million included within other income, net in our consolidated statement of operations. On November 30, 2012, we entered into an agreement to lease approximately 188,000 square feet of space in McLean, Virginia for our new permanent U.S. administrative headquarters and primary satellite operations center in a new building that was completed in June 2014 (the “New U.S. Administrative Headquarters”). The lease is for a term of 15 years. We began occupancy in the New U.S. Administrative Headquarters in the third quarter of 2014. In December 2013, we signed an Amendment to the lease increasing the total leased square footage to 212,572 square feet that will allow the relocation of our Intelsat General Corporation office to the same facility in the first quarter of 2015.

(d) Satellite Health

Our satellite fleet is diversified by manufacturer and satellite type, and as a result, our fleet is generally healthy. We have experienced some technical problems with our current fleet but have been able to minimize the impact of these problems on our customers, our operations and our business in recent years. Many of these problems have been component failures and anomalies that have had little long-term impact to date on the overall transponder availability in our satellite fleet. All of our satellites have been designed to accommodate an anticipated rate of equipment failures with adequate redundancy to meet or exceed their orbital design lives, and to date, this redundancy design scheme has proven effective. After each anomaly we have generally restored services for our customers on the affected satellite, provided alternative capacity on other satellites in our fleet, or provided capacity that we purchased from other satellite operators.

Significant Anomalies

On November 28, 2004, our Galaxy 27 satellite experienced a sudden anomaly in its north electrical distribution system which resulted in the loss of control of the satellite and the interruption of customer services on the satellite. Galaxy 27 is a FS 1300 series satellite manufactured by Space Systems/Loral, LLC (“SSL”). Our engineers were able to regain command and control of Galaxy 27, and it was placed back in service, with reduced payload capacity, following operational testing. We determined that the north electrical distribution system on Galaxy 27 and the communications capacity associated with it were not operational, and the satellite lost redundancy in nearly all of its components. As of December 31, 2014, Galaxy 27 is kept in inclined orbit.

On January 14, 2005, our IS-804 satellite experienced a sudden and unexpected electrical power system anomaly that resulted in the total loss of the satellite. IS-804 was a Lockheed Martin 7000 series (the “LM 7000 series”) satellite, and as of December 31, 2014 we operated one other satellite in the LM 7000 series, IS-805, which remains in a primary orbital role. Based on the report of the failure review board that we established with Lockheed Martin Corporation, we believe that the IS-804 failure was not likely to have been caused by an IS-804 specific workmanship or hardware element, but was most likely caused by a high current event in the battery circuitry triggered by an electrostatic discharge that propagated to cause the sudden failure of the high voltage power system. We therefore believe that although this risk exists for our other LM 7000 series satellite, the risk of any individual satellite having a similar anomaly is low.

On September 21, 2006, our IS-802 satellite, which was also an LM 7000 series satellite, experienced a reduction of electrical power capability that resulted in a degraded capability of the satellite. A substantial subset of transponders on IS-802 were subsequently reactivated and operated normally until the end of its service life in September 2010, when it was decommissioned. The anomaly review board that we established with Lockheed Martin Corporation to investigate the cause of the anomaly concluded that the IS-802 anomaly was most likely caused by an electrical short internal to the solar array harness located on the south solar array boom. The

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anomaly review board found that this anomaly was significantly different from previous LM 7000 series spacecraft failures and was the first failure of this type on a solar array of the LM 7000 series. We therefore believe that although this risk exists for our other LM 7000 series satellite, the risk of any individual satellite having a similar anomaly is low.

On June 29, 2008, our Galaxy 26 satellite experienced a sudden and unexpected electrical distribution anomaly causing the loss of a substantial portion of the satellite power generating capability and resulting in the interruption of some of the customer services on the satellite. Galaxy 26 is also a FS 1300 series satellite. Certain transponders continued to operate normally. However, the anomaly resulted in a reduction to the estimated remaining useful life of the satellite. In June 2014, Galaxy 26 was decommissioned.

With respect to both the Galaxy 27 and Galaxy 26 anomalies, the failure review boards that we established with SSL identified the likely root cause of the anomalies as a design flaw which is affected by a number of parameters and in some extreme cases can result in an electrical system anomaly. The design flaw also exists on IS-8. This satellite has been in service since November 1998 and has not experienced an electrical system anomaly. Along with the manufacturer, we continually monitor this problem. Traffic on IS-8 was transferred to IS-19 in 2012, and IS-8 has been relocated to 169°E, where it provides normal service.

On April 5, 2010, our Galaxy 15 satellite experienced an anomaly resulting in our inability to command the satellite. We transitioned all media traffic on this satellite to our Galaxy 12 satellite, which was our designated in-orbit spare satellite for the North America region. Galaxy 15 is a Star-2 satellite manufactured by Orbital Sciences Corporation. On December 23, 2010, we recovered command of the spacecraft and we began diagnostic testing and uploading of software updates that protect against future anomalies of this type. In February 2011, Galaxy 15 initiated a drift to 133°W and returned to service, initially as an in-orbit spare. In October 2011, media traffic was transferred from Galaxy 12 back to Galaxy 15, and Galaxy 15 resumed normal service.

On April 22, 2011, our IS-28 satellite, formerly known as the Intelsat New Dawn satellite, was launched into orbit. Subsequent to the launch, the satellite experienced an anomaly during the deployment of its west antenna reflector, which controls communications in the C-band frequency. The anomaly had not been experienced previously on other STAR satellites manufactured by Orbital Sciences Corporation, including those in our fleet. The New Dawn joint venture filed a partial loss claim with its insurers relating to the C-band antenna reflector anomaly and all of the insurance proceeds from the partial loss claim were received in 2011. The Ku-band antenna reflector deployed and that portion of the satellite is operating as planned, entering service in June 2011. A Failure Review Board established to determine the cause of the anomaly, completed its investigation in July 2011 and concluded that the deployment anomaly of the C-band reflector was most likely due to a malfunction of the reflector sunshield. As a result, the sunshield interfered with the ejection release mechanism, and prevented the deployment of the C-band antenna. The Failure Review Board also recommended corrective actions for Orbital Sciences Corporation satellites not yet launched to prevent reoccurrence of the anomaly. Appropriate corrective actions were implemented on IS-18, which was successfully launched on October 5, 2011, and on IS-23, which was launched in October 2012 and entered into service in November 2012.

The IS-28 satellite and its operations were financed primarily with non-recourse debt through a joint venture in which we were the majority shareholder (see Note 10(b)—Investments—New Dawn). The New Dawn joint venture filed a partial loss claim with its insurers, relating to the C-band antenna reflector anomaly. The claim was finalized and agreed to during 2011, resulting in total insurance recoveries of \$118.0 million received. New Dawn's debt agreements provided that all or most of the proceeds of the insurance claim were to be used to pay down New Dawn's debt and a portion of the associated interest rate swap. In July 2012, the proceeds of the insurance claim were used to prepay a portion of New Dawn's debt, along with the associated interest and fees, and to settle the notional amount of a portion of the associated interest rate swaps.

During launch operations of IS-19 on June 1, 2012, the satellite experienced damage to its south solar array. Although both solar arrays are deployed, the power available to the satellite is less than is required to operate

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100% of the payload capacity. The Independent Oversight Board (“IOB”) formed by SSL and Sea Launch to investigate the solar array deployment anomaly. The IOB concluded that the anomaly occurred before the spacecraft separated from the launch vehicle, during the ascent phase of the launch, and originated in one of the satellite’s two solar array wings due to a rare combination of factors in the panel fabrication and unrelated to the launch vehicle. While the satellite is operational, the anomaly resulted in structural and electrical damage to one solar array wing, which reduced the amount of power available for payload operation. Additionally, we filed a partial loss claim with our insurers relating to the solar array anomaly. We received \$84.8 million of insurance proceeds related to the claim in 2013. As planned, IS-19 followed IS-8 at 166°E, in August 2012.

In accordance with our policy and the guidance provided for under FASB ASC 360, we review our long-lived assets for impairment whenever events and circumstances indicate that the carrying amount of the asset or asset group may not be recoverable. The recoverability of an asset or asset group held and used is measured by a comparison of the carrying amount of the asset or asset group to the estimated undiscounted future cash flows expected to be generated by the asset or asset group. When a satellite experiences an anomaly or other health related issues, we believe the lowest level of identifiable cash flows exists at the individual satellite level. Further, in 2011 and 2012, we performed impairment reviews of our IS-28 and IS-19 satellites and determined that there was no impairment of the carrying amount of the assets due to the expected cash flows to be generated by the operational payloads over the satellites’ expected useful lives.

Other Anomalies

We have also identified three other types of common anomalies among the satellite models in our fleet, which have had an operational impact in the past and could, if they materialize, have an impact in the future. These are:

- failure of the on-board satellite control processor (“SCP”) in Boeing 601 (“BSS 601”) satellites;
- failure of the on-board XIPS used to maintain the in-orbit position of Boeing 601 High Power Series (“BSS 601 HP”) satellites; and
- accelerated solar array degradation in early Boeing 702 (“BSS 702”) satellites.

SCP Failures. Many of our satellites use an on-board SCP to provide automatic on-board control of many operational functions. SCPs are a critical component in the operation of such satellites. Each such satellite has a backup SCP, which is available in the event of a failure of the primary SCP. Certain BSS 601 satellites have experienced SCP failures. The risk of SCP failure appears to decline as these satellites age.

As of December 31, 2014, we operated one BSS 601 satellite, IS-26. This satellite was identified as having heightened susceptibility to the SCP problem. IS-26 has been in continuous operation since 1997. Both primary and backup SCPs on this satellite are monitored regularly and remain fully functional. Accordingly, we believe it is unlikely that additional SCP failures will occur; however, should they occur, we do not anticipate an interruption in business or early replacement of this satellite as a result.

BSS 601 HP XIPS. The BSS 601 HP satellite uses XIPS as its primary propulsion system. There are two separate XIPS on each BSS 601 HP, each one of which is capable of maintaining the satellite in its orbital position. The satellite also has a completely independent chemical propulsion system as a backup to the XIPS. As a result, the failure of a XIPS on a BSS 601 HP typically would have no effect on the satellite’s performance or its operating life. However, the failure of both XIPS would require the use of the backup chemical propulsion system, which could result in a shorter operating life for the satellite depending on the amount of chemical fuel remaining. XIPS failures do not typically result in a catastrophic failure of the satellite or affect the communications capability of the satellite.

As of December 31, 2014, we operated four BSS 601 HP satellites, IS-5 and IS-9, both now in inclined-orbit, and IS-10 and Galaxy 13/Horizons-1. Galaxy 13/Horizons-1 continues to have both XIPS available as its

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primary propulsion system. IS-5, IS-9 and IS-10 have experienced the failure of both XIPS and are operating on their backup chemical propulsion systems. IS-5 was redeployed in 2012 following its replacement by IS-8, which was subsequently replaced by IS-19. Also in 2012, IS-9 and IS-10 were redeployed following their replacements by IS-21 and IS-20, respectively. No assurance can be given that we will not have further XIPS failures that result in shortened satellite lives. We have decommissioned three satellites that had experienced failure of both XIPS. IS-6B was replaced by IS-11 during the first quarter of 2008, Galaxy 10R was replaced by Galaxy 18 during the second quarter of 2008, and Galaxy 4R was decommissioned in March 2009.

BSS 702 HP Solar Arrays. All of our satellites have solar arrays that power their operating systems and transponders and recharge the batteries used when solar power is not available. Solar array performance typically degrades over time in a predictable manner. Additional power margins and other operational flexibility are designed into satellites to allow for such degradation without loss of performance or operating life. Certain BSS 702 HP satellites have experienced greater than anticipated degradation of their solar arrays resulting from the design of the solar arrays. Such degradation, if continued, results in a shortened operating life of a satellite or the need to reduce the use of the communications payload.

As of December 31, 2014, we operated three BSS 702 HP satellites, two of which are affected by accelerated solar array degradation, Galaxy 11 and IS-1R. Service to customers has not been affected, and we expect that both of these satellites will continue to serve customers until we replace or supplement them with new satellites. Along with the manufacturer, we continually monitor the problem to determine its cause and its expected effect. Due to this continued degradation, Galaxy 11's estimated end of service life is in the first quarter of 2019 and IS-1R's estimated end of service life is in the second quarter of 2017. Galaxy 11 is currently operating in a primary orbital role and is planned to be replaced by IS-34 in 2015. IS-1R was redeployed following its replacement by IS-14. The third BSS 702 HP satellite that we operated as of December 31, 2014, Galaxy 3C, was launched after the solar array anomaly was identified, and it has a substantially different solar array design intended to eliminate the problem. This satellite has been in service since September 2002 and has not experienced similar degradation problems.

Note 10 Investments

We have an ownership interest in one entity that met the criteria of a VIE, Horizons Satellite Holdings, LLC ("Horizons Holdings"). On December 29, 2014, we acquired the remaining ownership interests in the WP Com, S. de R.L. de C.V. ("WP Com") joint venture discussed further below. Horizons Holdings is discussed in further detail below, including our analyses of the primary beneficiary determination as required under FASB ASC Topic 810, *Consolidation* ("FASB ASC 810").

(a) Horizons Holdings

We have a joint venture with JSAT. The joint venture is named Horizons Satellite Holdings, LLC, and consists of two investments: Horizons-1 Satellite LLC ("Horizons-1") and Horizons-2 Satellite LLC ("Horizons-2"). Horizons Holdings borrowed from JSAT a portion of the funds necessary to finance the construction of the Horizons-2 satellite pursuant to a loan agreement (the "Horizons 2 Loan Agreement"). We provide certain services to the joint venture and utilize capacity from the joint venture.

We have determined that this joint venture meets the criteria of a VIE under FASB ASC 810, and we have concluded that we are the primary beneficiary because decisions relating to any future relocation of the Horizons-2 satellite, the most significant asset of the joint venture, are effectively controlled by us. In accordance with FASB ASC 810, as the primary beneficiary, we consolidate Horizons Holdings within our consolidated financial statements. Total assets and liabilities of Horizons Holdings were \$101.7 million and \$24.6 million as of December 31, 2013, respectively, and \$67.5 million and \$0.1 million as of December 31, 2014, respectively.

We also have a revenue sharing agreement with JSAT related to services sold on the Horizons satellites. We are responsible for billing and collection for such services, and we remit 50% of the revenue, less applicable fees

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and commissions, to JSAT. Under the Horizons Holdings joint venture agreement, which was amended on September 30, 2011, we agreed to guarantee to JSAT certain minimum levels of annual gross revenues for a three-year period beginning in early 2012. This guarantee could require us to pay JSAT a maximum potential amount ranging from \$7.8 million to \$10.3 million per year over the three-year period, less applicable fees and commissions. In connection with the guarantee, we paid a total of \$9.6 million, net of fees and commissions through 2014. The remaining amount we expect to pay over the period of the guarantee is \$5.0 million, which is included within accounts payable and accrued liabilities on our consolidated balance sheet at December 31, 2014. Amounts payable to JSAT related to the revenue sharing agreement, net of applicable fees and commissions, from the Horizons-1 and Horizons-2 satellites were \$7.1 million and \$5.7 million as of December 31, 2013 and December 31, 2014, respectively.

In connection with the Horizons Holdings investment in Horizons-2, we entered into a capital contribution and subscription agreement with JSAT in August 2005, which required both us and JSAT to fund 50% of the amount due from Horizons Holdings under the Horizons 2 Loan Agreement. In September 30, 2014, the Horizons 2 Loan Agreement was fully repaid.

(b) New Dawn

In June 2008, we entered into a project and shareholders' agreement (the "New Dawn Project Agreement") with Convergence SPV, Ltd. ("Convergence Partners") pursuant to which New Dawn, a Mauritius company in which we had a 74.9% indirect ownership interest and Convergence Partners had a 25.1% noncontrolling ownership interest, launched a satellite in April 2011 to provide satellite transponder services to customers in Africa. Prior to the New Dawn Equity Purchase we consolidated New Dawn within our financial statements, net of eliminating entries, but we also accounted for the percentage interest in New Dawn owned by Convergence Partners as a noncontrolling interest according to the guidance provided under FASB ASC 480 specifically related to the classification and measurement of redeemable securities. As a result of the New Dawn Equity Purchase in 2012, we eliminated the redeemable noncontrolling interest of \$8.7 million in accordance with FASB ASC 480.

(c) WP Com

We had a joint venture with Corporativo W. Com S. de R.L. de C.V. ("Corporativo") named WP Com, S. de R.L. de C.V. We owned 49% of the voting equity shares and 88% of the economic interest in WP Com and Corporativo owned the remaining 51% of the voting equity shares. PanAmSat de Mexico, S. de R.L. de C.V. ("PAS de Mexico") is a subsidiary of WP Com, 99.9% of which was owned by WP Com, with the remainder of the equity interest split between us and Corporativo. We formed WP Com to enable us to operate in Mexico, and PAS de Mexico acts as a reseller of our satellite services to customers in Mexico and Ecuador.

We had determined that this joint venture met the criteria of a VIE under FASB ASC 810. In accordance with FASB ASC 810, we evaluated this joint venture to determine the primary beneficiary. We concluded that we were the primary beneficiary because we influenced the underlying business drivers of PAS de Mexico, including by acting as the sole provider for satellite services that PAS de Mexico resells. We therefore consolidated WP Com within our financial statements, net of eliminating entries, and accounted for the percentage interest in the voting equity of WP Com owned by Corporativo as a noncontrolling interest in accordance with FASB ASC 810.

On December 29, 2014, we acquired the remaining ownership interests in WP Com. As a result of the transaction, we eliminated the noncontrolling interest of \$2.2 million in accordance with FASB ASC 810.

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(d) Equity Attributable to Intelsat S.A. and Noncontrolling Interests

The following tables present changes in equity attributable to the Company and equity attributable to our noncontrolling interests, which is included in the equity section of our consolidated balance sheet (in thousands):

	Intelsat S.A. Shareholders' Deficit	Noncontrolling Interest	Total Shareholders' Deficit
Balance at January 1, 2013	\$(1,357,760)	\$ 45,670	\$(1,312,090)
Net income (loss)	(255,680)	3,687	(251,993)
Dividends paid to noncontrolling interests	—	(8,671)	(8,671)
Initial public offering, net of costs	542,796	—	542,796
Change in classification of certain equity awards	18,899	—	18,899
Share-based compensation	28,553	—	28,553
Declaration of preferred stock dividend	(10,196)	—	(10,196)
Postretirement/pension liability adjustment	57,283	—	57,283
Other comprehensive income	752	—	752
Balance at December 31, 2013	<u>\$ (975,353)</u>	<u>\$ 40,686</u>	<u>\$ (934,667)</u>
	Intelsat S.A. Shareholders' Deficit	Noncontrolling Interest	Total Shareholders' Deficit
Balance at January 1, 2014	\$ (975,353)	\$ 40,686	\$ (934,667)
Net income (loss)	232,532	3,974	236,506
Dividends paid to noncontrolling interests	—	(8,744)	(8,744)
Acquisition of remaining interests in WP Com	2,215	(2,215)	—
Share-based compensation	26,389	—	26,389
Declaration of preferred stock dividend	(9,917)	—	(9,917)
Postretirement/pension liability adjustment	(52,002)	—	(52,002)
Other comprehensive income	(132)	—	(132)
Balance at December 31, 2014	<u>\$ (776,268)</u>	<u>\$ 33,701</u>	<u>\$ (742,567)</u>

Note 11 Goodwill and Other Intangible Assets

The carrying amounts of goodwill and acquired intangible assets not subject to amortization consist of the following (in thousands):

	As of December 31, 2013	As of December 31, 2014
Goodwill	\$ 6,780,827	\$ 6,780,827
Orbital locations	2,387,700	2,387,700
Trade name	70,400	70,400

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We account for goodwill and other non-amortizable intangible assets in accordance with FASB ASC 350, and have deemed these assets to have indefinite lives. Therefore, these assets are not amortized but are tested on an annual basis for impairment during the fourth quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The following is a discussion of our impairment analysis and methodology:

(a) Goodwill

We are required to identify reporting units at a level below the company's identified operating segments for impairment analysis. We have identified only one reporting unit for the goodwill impairment test.

In accordance with ASU 2011-08, we first assess qualitative factors to determine whether it is more likely than not (that is, there is a likelihood of more than 50%) that the fair value of our reporting unit is less than its carrying amount. We make our qualitative evaluation considering, among other things, general macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and other relevant entity-specific events. Based on our examination of these qualitative factors, we concluded that there was not a likelihood of more than 50% that the fair value of our reporting unit was less than its carrying value; therefore, no further testing of goodwill was required.

The assessment of qualitative factors requires significant judgment. Alternative interpretations of the qualitative factors could have resulted in a different conclusion as to whether it was not more likely than not that the fair value of our reporting unit was less than its carrying value. A different conclusion would require a more detailed quantitative analysis to be performed, which could, in future years, result in an impairment charge for goodwill.

(b) Orbital Locations, Trade Name and other Indefinite-Lived Intangible Assets

Orbital Locations. Intelsat is authorized by governments to operate satellites at certain orbital locations—i.e., longitudinal coordinates along the Clarke Belt. The Clarke Belt is the part of space approximately 35,800 kilometers above the plane of the equator where geostationary orbit may be achieved. Various governments acquire rights to these orbital locations through filings made with the ITU, a sub-organization of the United Nations. We will continue to have rights to operate at our orbital locations so long as we maintain our authorizations to do so. See “Part I—Item 3D—Risk Factors—Risk Factors Relating to Regulation”.

Our rights to operate at orbital locations can be used and sold individually; however, since satellites and customers can be and are moved from one orbital location to another, our rights are used in conjunction with each other as a network that can change to meet the changing needs of our customers and market demands. Due to the interchangeable nature of orbital locations, the aggregate value of all of the orbital locations is used to measure the extent of impairment, if any.

We determined the estimated fair value of our rights to operate at orbital locations using the build-up method to determine the cash flows for the income approach, with the resulting projected cash flows discounted at an appropriate weighted average cost of capital. In instances where the build-up method did not generate positive value for the rights to operate at an orbital location, but the rights were expected to generate revenue, we assigned a value based upon independent source data for recent transactions of similar orbital locations, which are all considered Level 3 inputs within the fair value hierarchy under FASB ASC 820. We updated our analysis of our orbital locations in the fourth quarter of 2014, and concluded there is no impairment.

Trade name. We have implemented the relief from royalty method to determine the estimated fair value of the Intelsat trade name. The relief from royalty analysis is comprised of two major steps: i) a determination of the hypothetical royalty rate, and ii) the subsequent application of the royalty rate to projected revenue. In determining the hypothetical royalty rate utilized in the relief from royalty approach, we considered comparable

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license agreements, operating earnings benchmark rule of thumb, an excess earnings analysis to determine aggregate intangible asset earnings, and other qualitative factors, which are all considered Level 3 inputs within the fair value hierarchy under FASB ASC 820. Based on our analysis, the fair value of the Intelsat trade name as of the year ended December 2014 was not impaired.

The carrying amount and accumulated amortization of acquired intangible assets subject to amortization consisted of the following (in thousands):

	As of December 31, 2013			As of December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Backlog and other	\$ 743,760	\$ (575,045)	\$ 168,715	\$ 743,760	\$ (615,285)	\$ 128,475
Customer relationships	534,030	(133,970)	400,060	534,030	(161,960)	372,070
Technology	2,700	(2,700)	—	—	—	—
Total	<u>\$ 1,280,490</u>	<u>\$ (711,715)</u>	<u>\$ 568,775</u>	<u>\$ 1,277,790</u>	<u>\$ (777,245)</u>	<u>\$ 500,545</u>

Intangible assets are amortized based on the expected pattern of consumption. We recorded amortization expense of \$91.8 million, \$82.3 million and \$68.2 million for the years ended December 31, 2012, 2013 and 2014, respectively.

Scheduled amortization charges for the intangible assets over the next five years are as follows (in thousands):

Year	Amount
2015	60,215
2016	48,491
2017	42,254
2018	38,481
2019	34,351

In accordance with FASB ASC 350, we are required to disclose on an interim and annual basis our policy related to the renewal or extension of the term of our intangible assets. Our policy is to expense all costs incurred to renew or extend the terms of our intangible assets. The renewal expenses for the years ended December 31, 2012, 2013 and 2014 were immaterial to our consolidated results of operations.

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Note 12 Long-Term Debt

The carrying values and fair values of our notes payable and long-term debt were as follows (in thousands):

	As of December 31, 2013		As of December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>Intelsat Luxembourg:</i>				
6.75% Senior Notes due June 2018	\$ 500,000	\$ 530,000	\$ 500,000	\$ 509,400
7.75% Senior Notes due June 2021	2,000,000	2,145,000	2,000,000	2,005,000
8.125% Senior Notes due June 2023	1,000,000	1,071,300	1,000,000	1,015,000
<i>Total Intelsat Luxembourg obligations</i>	<u>3,500,000</u>	<u>3,746,300</u>	<u>3,500,000</u>	<u>3,529,400</u>
<i>Intelsat Jackson:</i>				
8.5% Senior Notes due November 2019	500,000	545,650	—	—
Unamortized discount on 8.5% Senior Notes	(2,864)	—	—	—
7.25% Senior Notes due October 2020	2,200,000	2,409,000	2,200,000	2,318,360
Unamortized premium on 7.25% Senior Notes	17,799	—	15,699	—
7.25% Senior Notes due April 2019	1,500,000	1,612,500	1,500,000	1,563,750
7.5% Senior Notes due April 2021	1,150,000	1,267,875	1,150,000	1,227,625
6.625% Senior Notes due December 2022	1,275,000	1,310,063	1,275,000	1,313,250
Unamortized premium on 6.625% Senior Notes	37,918	—	34,669	—
5.5% Senior Notes due August 2023	2,000,000	1,890,000	2,000,000	1,980,000
Senior Secured Credit Facilities due June 2019	3,095,000	3,103,666	3,095,000	3,075,811
Unamortized discount on Senior Credit Facilities	(9,857)	—	(8,226)	—
Jackson Revolver	—	—	49,000	49,000
<i>Total Intelsat Jackson obligations</i>	<u>11,762,996</u>	<u>12,138,754</u>	<u>11,311,142</u>	<u>11,527,796</u>
<i>Horizons Holdings:</i>				
Loan Payable to JSAT	24,418	24,418	—	—
<i>Total Horizons Holdings obligation</i>	<u>24,418</u>	<u>24,418</u>	<u>—</u>	<u>—</u>
<i>Total Intelsat S.A. long-term debt</i>	<u>15,287,414</u>	<u>\$ 15,909,472</u>	<u>14,811,142</u>	<u>\$ 15,057,196</u>
<i>Less:</i>				
Current portion of long-term debt	24,418	—	49,000	—
<i>Total long-term debt, excluding current portion</i>	<u>\$ 15,262,996</u>		<u>\$ 14,762,142</u>	

The fair value for publicly traded instruments is determined using quoted market prices, and for non-publicly traded instruments, fair value is based upon composite pricing from a variety of sources, including market leading data providers, market makers, and leading brokerage firms. Substantially all of the inputs used to determine the fair value of our debt are classified as Level 1 inputs within the fair value hierarchy from FASB ASC 820, except our senior secured credit facilities, the inputs for which are classified as Level 2. The fair value of the Horizons Holdings obligation at December 31, 2014, approximated its book value.

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Required principal repayments of long-term debt over the next five years and thereafter as of December 31, 2014 are as follows (in thousands):

Year	Amount
2015	\$ 49,000
2016	—
2017	—
2018	500,000
2019	4,595,000
2020 and thereafter	9,625,000
Total principal repayments	14,769,000
Unamortized discounts and premium	42,142
Total Intelsat S.A. long-term debt	<u>\$ 14,811,142</u>

2014 Intelsat Jackson Notes Redemption

On November 1, 2014, Intelsat Jackson redeemed all of the outstanding \$500.0 million aggregate principal amount of its 8 1/2% Senior Notes due 2019. In connection with the redemption these notes, we recognized a loss on early extinguishment of debt of \$40.4 million in the fourth quarter of 2014, consisting of the difference between the carrying value of the debt redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt discount and debt issuance costs.

2013 Intelsat Jackson Senior Secured Credit Facilities Prepayment

In October 2013, Intelsat Jackson prepaid \$100.0 million of indebtedness outstanding under the term loan facility. In connection with this prepayment, we recognized a loss on early extinguishment of debt of \$1.3 million, consisting of a write-off of unamortized debt issuance cost in the fourth quarter of 2013.

2013 Intelsat Luxembourg Notes Offerings and Redemptions

On April 5, 2013, Intelsat Luxembourg completed an offering of \$3.5 billion aggregate principal amount of Senior Notes, consisting of \$500.0 million aggregate principal amount of 6 3/4% Senior Notes due 2018 (the “2018 Luxembourg Notes”), \$2.0 billion aggregate principal amount of 7 3/4% Senior Notes due 2021 (the “2021 Luxembourg Notes”) and \$1.0 billion aggregate principal amount of 8 1/8% Senior Notes due 2023 (the “2023 Luxembourg Notes”). The net proceeds from this offering were used by Intelsat Luxembourg in April 2013 to redeem all \$2.5 billion aggregate principal amount of Intelsat Luxembourg’s outstanding 11 1/2 / 12 1/2 % Senior PIK Election Notes and \$754.8 million aggregate principal amount of its 11 1/4% Senior Notes due 2017 (the “2017 Senior Notes”).

On May 23, 2013, Intelsat Luxembourg redeemed \$366.4 million aggregate principal amount of the 2017 Senior Notes. The redemption of the 2017 Senior Notes was funded by insurance proceeds received from our total loss claim for the IS-27 satellite launch failure.

In connection with these redemptions of the Intelsat Luxembourg notes, we recognized a loss on early extinguishment of debt of \$232.1 million in the second quarter of 2013, consisting of the difference between the carrying value of the aggregate debt redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt issuance costs.

2013 Intelsat Investments Notes Redemption

On May 23, 2013, Intelsat Investments redeemed all of the outstanding \$353.6 million aggregate principal amount of the Intelsat Investments 6 1/2% Senior Notes due 2013 (the “Intelsat Investments Notes”) using proceeds of the IPO. In connection with the redemption of the Intelsat Investments Notes, we recognized a loss on early extinguishment of debt of \$24.2 million in the second quarter of 2013, consisting of the difference between the carrying value of the debt redeemed and the total cash paid (including related fees), and a write-off of unamortized debt discount and debt issuance costs. Additionally, in conjunction with the redemption of the Intelsat Investments Notes, we terminated agreements with certain financial institutions that provided unsecured term loan commitments to refinance the Intelsat Investments Notes in the event that they were not otherwise refinanced or retired on or prior to maturity. We recorded a charge of \$7.6 million related to this termination in the second quarter of 2013.

2013 Intelsat Jackson New Senior Unsecured Credit Facility Prepayment

On April 23, 2013, upon completion of the IPO, Intelsat Jackson prepaid \$138.2 million of indebtedness outstanding under Intelsat Jackson’s Senior Unsecured Credit Agreement, dated July 1, 2008, consisting of a senior unsecured term loan facility due February 2014 (the “New Senior Unsecured Credit Facility”). The partial prepayment of the New Senior Unsecured Credit Facility was funded by the proceeds of the IPO. In connection with the partial prepayment of the New Senior Unsecured Credit Facility, we recognized a loss on early extinguishment of debt of \$0.2 million in the second quarter of 2013, consisting of a write-off of unamortized debt issuance costs.

2013 Intelsat Jackson Notes Offerings, Credit Facility Prepayments and Redemptions

On June 5, 2013 Intelsat Jackson completed an offering of \$2.6 billion aggregate principal amount of Senior Notes, consisting of \$2.0 billion aggregate principal amount of 5 1/2% Senior Notes due 2023 (the “2023 Jackson Notes”) and \$635.0 million aggregate principal amount of 6 5/8% Senior Notes due 2022 (the “2022 Jackson Notes”). The net proceeds from this offering were used by Intelsat Jackson in June 2013 to prepay all \$672.7 million of indebtedness outstanding under its New Senior Unsecured Credit Facility, and all \$195.2 million of indebtedness outstanding under its Senior Unsecured Credit Agreement, consisting of a senior unsecured term loan facility due February 2014. The remaining net proceeds were used to redeem all of the remaining \$1.7 billion aggregate principal amount outstanding of the 2017 Senior Notes.

In connection with these prepayments and redemptions, we recognized a loss on early extinguishment of debt of \$110.3 million in the second quarter of 2013, consisting of the difference between the carrying value of the aggregate debt prepaid and redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt issuance costs.

Description of Indebtedness

(a) Intelsat Luxembourg

6 3/4% Senior Notes due 2018

Intelsat Luxembourg had \$500 million in aggregate principal amount of the 2018 Luxembourg Notes outstanding at December 31, 2014. The 2018 Luxembourg Notes bear interest at 6 3/4% annually and mature in June 2018. The 2018 Luxembourg Notes are guaranteed by Intelsat S.A., Intelsat Investment Holdings S.à r.l., Intelsat Holdings S.A. and Intelsat Investments S.A. (the “Parent Guarantors”).

Interest is payable on the 2018 Luxembourg Notes semi-annually on June 1 and December 1. Intelsat Luxembourg may redeem the 2018 Luxembourg Notes, in whole or in part, prior to June 1, 2015 at a price equal to 100% of the principal amount plus the applicable premium described in the notes. Thereafter, Intelsat Luxembourg may redeem some or all of the notes at the applicable redemption prices set forth in the notes.

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Intelsat Luxembourg may redeem up to 40% of the aggregate principal amount of the 2018 Luxembourg Notes on or prior to June 1, 2015, with the net cash proceeds of one or more equity offerings by Intelsat Luxembourg or its direct or indirect parent, under the conditions set forth in the notes.

The 2018 Luxembourg Notes are senior unsecured obligations of Intelsat Luxembourg and rank equally with Intelsat Luxembourg's other senior unsecured indebtedness.

7 3/4% Senior Notes due 2021

Intelsat Luxembourg had \$2.0 billion in aggregate principal amount of the 2021 Luxembourg Notes outstanding at December 31, 2014. The 2021 Luxembourg Notes bear interest at 7 3/4% annually and mature in June 2021. The 2021 Luxembourg Notes are guaranteed by the Parent Guarantors.

Interest is payable on the 2021 Luxembourg Notes semi-annually on June 1 and December 1. Intelsat Luxembourg may redeem the 2021 Luxembourg Notes, in whole or in part, prior to June 1, 2017 at a price equal to 100% of the principal amount plus the applicable premium described in the notes. Thereafter, Intelsat Luxembourg may redeem some or all of the notes at the applicable redemption prices set forth in the notes.

Intelsat Luxembourg may redeem up to 40% of the aggregate principal amount of the 2021 Luxembourg Notes on or prior to June 1, 2016, with the net cash proceeds of one or more equity offerings by Intelsat Luxembourg or its direct or indirect parent, under the conditions set forth in the notes.

The 2021 Luxembourg Notes are senior unsecured obligations of Intelsat Luxembourg and rank equally with Intelsat Luxembourg's other senior unsecured indebtedness.

8 1/8% Senior Notes due 2023

Intelsat Luxembourg had \$1.0 billion in aggregate principal amount of the 2023 Luxembourg Notes outstanding at December 31, 2014. The 2023 Luxembourg Notes bear interest at 8 1/8% annually and mature in June 2023. The 2023 Luxembourg Notes are guaranteed by the Parent Guarantors.

Interest is payable on the 2023 Luxembourg Notes semi-annually on June 1 and December 1. Intelsat Luxembourg may redeem the 2023 Luxembourg Notes, in whole or in part, prior to June 1, 2018 at a price equal to 100% of the principal amount plus the applicable premium described in the notes. Thereafter, Intelsat Luxembourg may redeem some or all of the notes at the applicable redemption prices set forth in the notes.

Intelsat Luxembourg may redeem up to 40% of the aggregate principal amount of the 2023 Luxembourg Notes on or prior to June 1, 2016, with the net cash proceeds of one or more equity offerings by Intelsat Luxembourg or its direct or indirect parent, under the conditions set forth in the notes.

The 2023 Luxembourg Notes are senior unsecured obligations of Intelsat Luxembourg and rank equally with Intelsat Luxembourg's other senior unsecured indebtedness.

(b) Intelsat Jackson

7 1/4% Senior Notes due 2020

Intelsat Jackson had \$2.2 billion in aggregate principal amount of 2020 Jackson Notes outstanding at December 31, 2014. The 2020 Jackson Notes bear interest at 7 1/4% annually and mature in October 2020. These notes are guaranteed by the Parent Guarantors, Intelsat Luxembourg and certain of Intelsat Jackson's subsidiaries.

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Interest is payable on the 2020 Jackson Notes semi-annually on April 15 and October 15. Intelsat Jackson may redeem some or all of the 2020 Jackson Notes at any time prior to October 15, 2015 at a price equal to 100% of the principal amount thereof plus the applicable premium described in the respective notes. Thereafter, Intelsat Jackson may redeem some or all of the notes at the applicable redemption prices set forth in the notes.

The 2020 Jackson Notes are senior unsecured obligations of Intelsat Jackson and rank equally with Intelsat Jackson's other senior unsecured indebtedness.

7 1/4% Senior Notes due 2019 and 7 1/2% Senior Notes due 2021

Intelsat Jackson had \$1.5 billion in aggregate principal amount of its 7 1/4% Senior Notes due 2019 (the "7 1/4% 2019 Jackson Notes") and \$1.15 billion aggregate principal amount of its 7 1/2% Senior Notes due 2021 (the "2021 Jackson Notes" and, together with the 7 1/4% 2019 Jackson Notes, the "New Jackson Notes") outstanding at December 31, 2014. The New Jackson Notes are guaranteed by the Parent Guarantors, Intelsat Luxembourg, and certain of Intelsat Jackson's subsidiaries.

Interest is payable on the New Jackson Notes semi-annually on April 1 and October 1. Intelsat Jackson may redeem the 7 1/4% 2019 Jackson Notes and the 2021 Jackson Notes, in whole or in part, prior to April 1, 2015 and April 1, 2016, respectively, at a price equal to 100% of the principal amount plus the applicable premium described in the respective notes.

The New Jackson Notes are senior unsecured obligations of Intelsat Jackson and rank equally with Intelsat Jackson's other senior unsecured indebtedness.

6 5/8% Senior Notes due 2022

Intelsat Jackson had \$1.3 billion in aggregate principal amount of the 2022 Intelsat Jackson Notes outstanding at December 31, 2014. The 2022 Intelsat Jackson Notes bear interest at 6 5/8% annually and mature in December 2022. These notes are guaranteed by the Parent Guarantors and Intelsat Luxembourg.

Interest is payable on the 2022 Intelsat Jackson Notes semi-annually on June 15 and December 15. Intelsat Jackson may redeem some or all of the 2022 Intelsat Jackson Notes at any time prior to December 15, 2017 at a price equal to 100% of the principal amount thereof plus the applicable premium described in the notes. Thereafter, Intelsat Jackson may redeem some or all of the 2022 Intelsat Jackson Notes at the applicable redemption prices set forth in the notes.

Intelsat Jackson may redeem up to 35% of the aggregate principal amount of the 2022 Intelsat Jackson Notes on or prior to December 15, 2015, with the net cash proceeds of one or more equity offerings by Intelsat Jackson or its direct or indirect parent, under the conditions set forth in the notes.

The 2022 Intelsat Jackson Notes are senior unsecured obligations of Intelsat Jackson and rank equally with Intelsat Jackson's other senior unsecured indebtedness.

5 1/2% Senior Notes due 2023

Intelsat Jackson had \$2.0 billion in aggregate principal amount of the 2023 Jackson Notes outstanding at December 31, 2014. The 2023 Jackson Notes bear interest at 5 1/2% annually and mature in August 2023. These notes are guaranteed by the Parent Guarantors, Intelsat Luxembourg and certain of Intelsat Jackson's subsidiaries.

Interest is payable on the 2023 Jackson Notes semi-annually on February 1 and August 1. Intelsat Jackson may redeem some or all of the 2023 Jackson Notes at any time prior to August 1, 2018 at a price equal to 100%

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of the principal amount thereof plus the applicable premium described in the notes. Thereafter, Intelsat Jackson may redeem some or all of the 2023 Intelsat Jackson Notes at the applicable redemption prices set forth in the notes.

Intelsat Jackson may redeem up to 40% of the aggregate principal amount of the 2023 Jackson Notes prior to August 1, 2016, with the net cash proceeds of one or more equity offerings by Intelsat Jackson or its direct or indirect parent, under the conditions set forth in the notes.

The 2023 Jackson Notes are senior unsecured obligations of Intelsat Jackson and rank equally with Intelsat Jackson's other senior unsecured indebtedness.

Intelsat Jackson Senior Secured Credit Agreement

On January 12, 2011, Intelsat Jackson entered into a secured credit agreement (the "Intelsat Jackson Secured Credit Agreement"), which includes a \$3.25 billion term loan facility and a \$500.0 million revolving credit facility, and borrowed the full \$3.25 billion under the term loan facility. The term loan facility requires regularly scheduled quarterly payments of principal equal to 0.25% of the original principal amount of the term loan beginning six months after January 12, 2011, with the remaining unpaid amount due and payable at maturity.

Up to \$350.0 million of the revolving credit facility is available for issuance of letters of credit. Additionally, up to \$70.0 million of the revolving credit facility is available for swingline loans. Both the face amount of any outstanding letters of credit and any swingline loans reduce availability under the revolving credit facility on a dollar for dollar basis. Intelsat Jackson is required to pay a commitment fee for the unused commitments under the revolving credit facility, if any, at a rate per annum of 0.375%. As of December 31, 2014, Intelsat Jackson had \$438.9 million (net of standby letters of credit) of availability remaining thereunder.

On October 3, 2012, Intelsat Jackson entered into an Amendment and Joinder Agreement (the "Jackson Credit Agreement Amendment"), which amended the Intelsat Jackson Secured Credit Agreement. As a result of the Jackson Credit Agreement Amendment, interest rates for borrowings under the term loan facility and the revolving credit facility were reduced. In April 2013, our corporate family rating was upgraded by Moody's, and as a result, the interest rate for the borrowing under the term loan facility and revolving credit facility were further reduced to LIBOR plus 3.00% or the Above Bank Rate ("ABR") plus 2.00%.

On November 27, 2013, Intelsat Jackson entered into a Second Amendment and Joinder Agreement (the "Second Jackson Credit Agreement Amendment"), which further amended the Intelsat Jackson Secured Credit Agreement. The Second Jackson Credit Agreement Amendment reduced interest rates for borrowings under the term loan facility and extended the maturity of the term loan facility. In addition, it reduced the interest rates applicable to \$450 million of the \$500 million total revolving credit facility and extended the maturity of such portion. As a result of the Second Jackson Credit Agreement Amendment, interest rates for borrowings under the term loan facility and the new tranche of the revolving credit facility are (i) LIBOR plus 2.75%, or (ii) the ABR plus 1.75%. The LIBOR and the ABR, plus applicable margins, related to the term loan facility and the new tranche of the revolving credit facility are determined as specified in the Intelsat Jackson Secured Credit Agreement, as amended by the Second Jackson Credit Agreement Amendment, and the LIBOR will not be less than 1.00% per annum. The maturity date of the term loan facility was extended from April 2, 2018 to June 30, 2019 and the maturity of the new \$450 million tranche of the revolving credit facility was extended from January 12, 2016 to July 12, 2017. The interest rates and maturity date applicable to the \$50 million tranche of the revolving credit facility that was not amended did not change.

Intelsat Jackson's obligations under the Intelsat Jackson Secured Credit Agreement are guaranteed by Intelsat Luxembourg, and certain of Intelsat Jackson's subsidiaries. Intelsat Jackson's obligations under the Intelsat Jackson Secured Credit Agreement are secured by a first priority security interest in substantially all of the assets of Intelsat Jackson and the guarantors, to the extent legally permissible and subject to certain agreed

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exceptions, and by a pledge of the equity interests of the subsidiary guarantors and the direct subsidiaries of each guarantor, subject to certain exceptions, including exceptions for equity interests in certain non-U.S. subsidiaries, existing contractual prohibitions and prohibitions under other legal requirements.

The Intelsat Jackson Secured Credit Agreement includes two financial covenants. Intelsat Jackson must maintain a consolidated secured debt to consolidated EBITDA ratio equal to or less than 3.50 to 1.00 at the end of each fiscal quarter as well as a consolidated EBITDA to consolidated interest expense ratio equal to or greater than 1.75 to 1.00 at the end of each fiscal quarter, in each case as such financial measures are defined in the Intelsat Jackson Secured Credit Agreement. Intelsat Jackson was in compliance with these financial maintenance covenant ratios with a consolidated secured debt to consolidated EBITDA ratio of 1.55 to 1.00 and a consolidated EBITDA to consolidated interest expense ratio of 2.73 to 1.00 as of December 31, 2014.

Note 13 Derivative Instruments and Hedging Activities

Interest Rate Swaps

We are subject to interest rate risk primarily associated with our variable-rate borrowings. Interest rate risk is the risk that changes in interest rates could adversely affect earnings and cash flows. Specific interest rate risk includes: the risk of increasing interest rates on short-term debt; the risk of increasing interest rates for planned new fixed long-term financings; and the risk of increasing interest rates for planned refinancing using long-term fixed-rate debt. We have entered into interest rate swap agreements to reduce the impact of interest rate movements on future interest expense by converting substantially all of our floating-rate debt to a fixed rate.

As of December 31, 2014, we held interest rate swaps with an aggregate notional amount of \$1.6 billion which mature in January 2016. These swaps were entered into, as further described below, to economically hedge the variability in cash flow on a portion of the floating-rate term loans under our senior secured credit facilities, but have not been designated as hedges for accounting purposes. On a quarterly basis, we receive a floating rate of interest equal to the three-month LIBOR and pay a fixed rate of interest. On the interest rate reset date of December 15, 2014, the interest rate which the counterparties utilized to compute interest due to us was determined to be 0.24%. From September 16, 2014 to December 15, 2014, the rate we paid averaged 1.97% and the rate we received averaged 0.23%.

The counterparties to our interest rate swap agreements are highly rated financial institutions. In the unlikely event that the counterparties fail to meet the terms of the interest rate swaps, our exposure is limited to the interest rate differential on the notional amount at each quarterly settlement period over the life of the agreement. We do not anticipate non-performance by the counterparties.

All of our interest rate swaps were undesignated as of December 31, 2014. The swaps are marked-to-market quarterly with any change in fair value included in interest expense, net in our consolidated statements of operations. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements of our derivatives. The fair value measurement of derivatives could result in either a net asset or a net liability position for us. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting arrangements as applicable and necessary. When the swaps are in a net liability position for us, the credit valuation adjustments are calculated by determining the total expected exposure of the derivatives, incorporating the current and potential future exposures and then applying an applicable credit spread to the exposure. The total expected exposure of a derivative is derived using market-observable inputs, such as yield curves and volatilities. The inputs utilized for our own credit spread are based on implied spreads from traded levels of our debt. Accordingly, as of December 31, 2014, we recorded a non-cash credit valuation adjustment of approximately \$0.5 million as a reduction to our liability.

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The following table sets forth the fair value of our derivatives by category (in thousands):

<u>Derivatives not designated as hedging instruments</u>	<u>Balance Sheet Location</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Undesignated interest rate swaps	Other current liabilities	\$ 1,241	\$ 1,321
Undesignated interest rate swaps	Other long-term liabilities	47,578	24,788
Total derivatives		\$ 48,819	\$ 26,109

The following table sets forth the effect of the derivative instruments, included in interest expense, net in our consolidated statements of operations (in thousands):

<u>Derivatives not designated as hedging instruments</u>	<u>Presentation in Statements of Operations</u>	<u>Year Ended December 31, 2012</u>	<u>Year Ended December 31, 2013</u>	<u>Year Ended December 31, 2014</u>
Undesignated interest rate swaps	Included in interest expense, net	\$ 39,935	\$ 8,064	\$ 5,649

Note 14 Income Taxes

The following table summarizes our total income (loss) before income taxes (in thousands):

	<u>Year Ended December 31, 2012</u>	<u>Year Ended December 31, 2013</u>	<u>Year Ended December 31, 2014</u>
Domestic income (loss) before income taxes	\$ (627,617)	\$ (356,019)	\$ 199,682
Foreign income before income taxes	458,488	73,189	59,795
Total income (loss) before income taxes	\$ (169,129)	\$ (282,830)	\$ 259,477

The composition of our income (loss) between domestic and foreign sources changed in 2014 principally due to our IPO and the debt refinancing transactions in 2013, as well as a 2013 internal subsidiary reorganization.

The provision for (benefit from) income taxes consisted of the following (in thousands):

	<u>Year Ended December 31, 2012</u>	<u>Year Ended December 31, 2013</u>	<u>Year Ended December 31, 2014</u>
Current income tax provision:			
Domestic	\$ 1,019	\$ 856	\$ 2,306
Foreign	41,239	33,654	33,311
Total	42,258	34,510	35,617
Deferred income tax benefit:			
Foreign	(61,889)	(65,347)	(12,646)
Total	(61,889)	(65,347)	(12,646)
Total income tax provision (benefit):	\$ (19,631)	\$ (30,837)	\$ 22,971

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The income tax provision (benefit) was different from the amount computed using the Luxembourg statutory income tax rate of 29.22% for the reasons set forth in the following table (in thousands):

	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014
Expected tax provision (benefit) at Luxembourg statutory income tax rate	\$ (48,709)	\$ (82,643)	\$ 75,819
Foreign income tax differential	33,118	35,511	40,099
Nontaxable interest income	(136,478)	(93,154)	(53,361)
U.S. extraterritorial income exclusion tax benefit	(37,597)	—	—
Changes in unrecognized tax benefits	1,756	(3,997)	1,229
Changes in valuation allowance	174,038	171,433	(24,147)
Tax effect of 2011 Intercompany Sale	(6,416)	(6,865)	(6,740)
Foreign Tax Credits	—	(44,137)	(2,147)
Research and Development Tax Credits	—	(5,890)	(5,564)
Other	657	(1,095)	(2,217)
Total income tax provision (benefit)	<u>\$ (19,631)</u>	<u>\$ (30,837)</u>	<u>\$ 22,971</u>

The majority of our operations are subject to tax in Luxembourg, the United States, the United Kingdom and Brazil. Our Luxembourg companies that file tax returns as a consolidated group generated a loss for the year ended December 31, 2014. Due to our cumulative losses in recent years, and the inherent uncertainty associated with the realization of taxable income in the foreseeable future, we recorded a full valuation allowance against the cumulative net operating losses in Luxembourg as of December 31, 2013 and 2014. The difference between tax expense (benefit) reported in the consolidated statements of operations and tax computed at statutory rates is attributable to the valuation allowance on losses generated in Luxembourg, the provision for foreign taxes, which were principally in the United States and the United Kingdom, as well as withholding taxes on revenue earned in many of the foreign markets in which we operate.

Our Luxembourg net operating loss includes the effect of Luxembourg GAAP to US GAAP differences, primarily related to fair value adjustments attributable to the migration of certain holding companies and subsidiaries' jurisdiction of organization from Bermuda to Luxembourg on December 15, 2009 and the result of a series of internal transactions and related steps completed on January 12, 2011, that reorganized the ownership of our assets among our subsidiaries and effectively combined the legacy business of Intelsat Subsidiary Holding Company S.A. and Intelsat Corporation.

The following table details the composition of the net deferred tax balances as of December 31, 2013 and 2014 (in thousands):

	As of December 31, 2013	As of December 31, 2014
Current deferred taxes, net	\$ 44,475	\$ 76,315
Long-term deferred taxes, net	(202,638)	(211,680)
Other assets	9,246	9,157
Net deferred taxes	<u>\$ (148,917)</u>	<u>\$ (126,208)</u>

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The components of the net deferred tax liability were as follows (in thousands):

	As of December 31, 2013	As of December 31, 2014
Deferred tax assets:		
Accruals and advances	\$ 23,959	\$ 27,586
Amortizable intangible assets	188,800	74,062
Performance incentives	26,146	22,308
Customer deposits	51,318	55,573
Bad debt reserve	3,436	3,081
Accrued retirement benefits	67,337	92,320
Interest rate swap	568	295
Satellites and other property and equipment	44,487	11,348
Disallowed interest expense carryforward	95,427	108,446
Net operating loss carryforward	1,265,624	1,343,444
Tax credits	73,916	58,643
Other	15,675	15,576
Total deferred tax assets	1,856,693	1,812,682
Deferred tax liabilities:		
Satellites and other property and equipment	(49,077)	(32,811)
Amortizable intangible assets	(44,297)	(58,789)
Non-amortizable intangible assets	(254,384)	(223,878)
Tax basis differences in investments and affiliates	(187,283)	(219,049)
Other	(5,863)	(7,126)
Total deferred tax liabilities	(540,904)	(541,653)
Valuation allowance	(1,464,706)	(1,397,237)
Total net deferred tax liabilities	\$ (148,917)	\$ (126,208)

As of December 31, 2013 and 2014, our consolidated balance sheets included a deferred tax asset in the amount of \$1.3 billion and \$1.3 billion, respectively, attributable to the future benefit from the utilization of certain net operating loss carryforwards and \$73.9 million and \$67.9 million of deferred tax assets, respectively, attributable to the future benefit from the utilization of tax credit carryforwards. As of December 31, 2014, we had tax-effected U.S. federal, state and other foreign tax net operating loss carryforwards of \$61.6 million expiring, for the most part, between 2019 and 2034 and tax effected Luxembourg net operating loss carryforwards of \$1.3 billion without expiration. These Luxembourg net operating loss carryforwards were caused primarily by our interest expense, satellite depreciation and the amortization of goodwill and other intangible assets. Our alternative minimum tax credit carryforward of \$21.0 million may be carried forward indefinitely, and the \$4.4 million research and development credit may be carried forward to years between 2030 and 2034.

Our valuation allowance as of December 31, 2013 and 2014 was \$1.5 billion and \$1.4 billion, respectively. Almost all of the valuation allowance relates to Luxembourg net operating loss carryforwards and deferred tax assets created by differences between US GAAP and Luxembourg tax basis. Certain operations of our subsidiaries are controlled by various intercompany agreements which provide these subsidiaries with predictable operating profits. Other subsidiaries, principally Luxembourg subsidiaries, are subject to the risks of our overall business conditions which make their earnings less predictable.

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The following table summarizes the activity related to our unrecognized tax benefits (in thousands):

	2013	2014
Balance at January 1	\$67,015	\$65,111
Increases related to current year tax positions	3,477	2,366
Increases related to prior year tax positions	3,107	2,629
Decreases related to prior year tax positions	(6,443)	—
Expiration of statute of limitations for the assessment of taxes	(2,045)	(2,971)
Balance at December 31	<u>\$65,111</u>	<u>\$67,135</u>

As of December 31, 2013 and December 31, 2014 our gross unrecognized tax benefits were \$65.1 million and \$67.1 million, respectively (including interest and penalties), of which \$44.4 million and \$45.6 million, respectively, if recognized, would affect our effective tax rate. As of December 31, 2013 and 2014, we had recorded reserves for interest and penalties of \$14.7 million and \$17.3 million, respectively. We recognize interest and, to the extent applicable, penalties with respect to the unrecognized tax benefits as income tax expense. Since December 31, 2013, the change in the balance of unrecognized tax benefits consisted of an increase of \$2.6 million related to prior period tax positions, an increase of \$2.3 million related to current tax positions, and decrease of \$2.9 million due to the expiration of statute of limitations for the assessment of taxes.

We operate in various tax jurisdictions throughout the world and our tax returns are subject to audit and review from time to time. We consider Luxembourg, the United States, the United Kingdom and Brazil to be our significant tax jurisdictions. Our Luxembourg, U.S., U.K. and Brazilian companies are subject to federal, state and local income tax examination for periods after December 31, 2003.

We believe that there are no jurisdictions in which the outcome of unresolved tax issues or claims is likely to be material to our results of operations, financial position or cash flows within the next twelve months.

On March 7, 2013, Intelsat USA Sales Corporation (since January 2011, Intelsat USA Sales LLC, a disregarded subsidiary of Intelsat Corp) was notified by the U. S. Internal Revenue Service of its intent to initiate an audit for the tax year ending on December 31, 2010. Intelsat USA Sales LLC wholly owns Intelsat General Corporation, which provides services to U.S. government and other select military organizations and their contractors, as well as other commercial customers. On March 5, 2014, Intelsat USA Sales LLC received a letter from the U.S. Internal Revenue Service effectively closing the audit of this federal income tax return for 2010 with no adjustment. Certain previously unrecognized tax benefits were recognized as a result of the conclusion of this audit.

On March 3, 2014, Intelsat Corp, Intelsat Global Service LLC, Intelsat General Corporation, Intelsat USA License LLC and Intelsat USA Sales LLC were notified by the District of Columbia Office of Tax and Revenue of its intent to initiate an audit for the tax years ending 2010 and 2011. At this point in time, it is too early to assess the probability of any adjustments resulting from these audits.

Tax Contingency

Prior to August 20, 2004, Intelsat Corp joined with The DIRECTV Group and General Motors Corporation in filing a consolidated U.S. federal income tax return. In April 2004, Intelsat Corp entered into a tax separation agreement with The DIRECTV Group that superseded four earlier tax-related agreements among Intelsat Corp and its subsidiaries, The DIRECTV Group and certain of its affiliates. Pursuant to the tax separation agreement, The DIRECTV Group agreed to indemnify Intelsat Corp for all federal and consolidated state and local income taxes a taxing authority may attempt to collect from Intelsat Corp regarding any liability for the federal or consolidated state or local income taxes of General Motors Corporation and The DIRECTV Group, except those

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income taxes Intelsat Corp is required to pay under the tax separation agreement. In addition, The DIRECTV Group agreed to indemnify Intelsat Corp for any taxes (other than those taxes described in the preceding sentence) related to any periods or portions of such periods ending on, or prior to, the day of the closing of the PanAmSat Corporation recapitalization, which occurred on August 20, 2004, in amounts equal to 80% of the first \$75.0 million of such other taxes and 100% of any other taxes in excess of the first \$75.0 million. As a result, Intelsat Corp's tax exposure after indemnification related to these periods is capped at \$15.0 million, of which \$4.0 million has been paid to date. The tax separation agreement with The DIRECTV Group is effective from August 20, 2004 until the expiration of the statute of limitations with respect to all taxes to which the tax separation agreement relates. As of both December 31, 2013 and 2014, we had a tax indemnification receivable of \$1.5 million.

Note 15 Contractual Commitments

In the further development and operation of our commercial global communications satellite system, significant additional expenditures are anticipated. In connection with these and other expenditures, we have a significant amount of long-term debt, as described in "Note 12—Long-Term Debt." In addition to these debt and related interest obligations, we have expenditures represented by other contractual commitments. The additional expenditures as of December 31, 2014 and the expected year of payment are as follows (in thousands):

	Satellite Construction and Launch Obligations	Satellite Performance Incentive Obligations	Operating Leases	Sublease Rental Income	Customer and Vendor Contracts	Total
2015	\$ 539,966	\$ 36,552	\$ 13,230	\$ (496)	\$ 117,684	\$ 706,936
2016	443,027	29,904	14,421	(436)	\$ 30,381	517,297
2017	387,680	28,263	13,278	(150)	\$ 28,377	457,448
2018	257,489	24,073	12,901	(156)	\$ 32,504	326,811
2019	90,833	22,076	12,824	(158)	\$ 31,262	156,837
2020 and thereafter	210,878	136,938	131,694	(694)	\$ 13,355	492,171
Total contractual commitments	<u>\$ 1,929,873</u>	<u>\$ 277,806</u>	<u>\$ 198,348</u>	<u>\$ (2,090)</u>	<u>\$ 253,563</u>	<u>\$ 2,657,500</u>

(a) Satellite Construction and Launch Obligations

As of December 31, 2014, we had approximately \$1.9 billion of expenditures remaining under our existing satellite construction and launch contracts. Satellite launch and in-orbit insurance contracts related to future satellites to be launched are cancelable up to thirty days prior to the satellite's launch. As of December 31, 2014, we did not have any non-cancelable commitments related to existing launch insurance or in-orbit insurance contracts for satellites to be launched.

The satellite construction contracts typically require that we make progress payments during the period of the satellites' construction. The satellite construction contracts contain provisions that allow us to terminate the contracts with or without cause. If terminated without cause, we would forfeit the progress payments and be subject to termination payments that escalate with the passage of time. If terminated for cause, we would be entitled to recover any payments we made under the contracts and certain liquidated damages as specified in the contracts.

(b) Satellite Performance Incentive Obligations

Satellite construction contracts also typically require that we make orbital incentive payments (plus interest as defined in each agreement with the satellite manufacturer) over the orbital life of the satellite. The incentive obligations may be subject to reduction or refund if the satellite fails to meet specific technical operating standards. As of December 31, 2014, we had \$277.8 million of satellite performance incentive obligations, including future interest payments.

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We have commitments for operating leases primarily relating to equipment and office facilities, including our New U.S. Administrative Headquarters in McLean, Virginia. As of December 31, 2014, the total obligation related to operating leases, net of sublease income on leased facilities and rental income, was \$196.3 million. Rental income and sublease income are included in other expense, net in the accompanying consolidated statements of operations.

Total rent expense for the years ended December 31, 2012, 2013 and 2014, was \$7.0 million, \$13.1 million and \$13.0 million, respectively.

(d) Customer and Vendor Contracts

We have contracts with certain customers that require us to provide equipment, services and other support during the term of the related contracts. We also have long-term contractual obligations with service providers primarily for the operation of certain of our satellites. As of December 31, 2014, we had commitments under these customer and vendor contracts which totaled approximately \$253.6 million related to the provision of equipment, services and other support.

Note 16 Contingencies

We are subject to litigation in the ordinary course of business. Management does not believe that the resolution of any pending proceedings would have a material adverse effect on our financial position or results of operations.

Note 17 Business and Geographic Segment Information

We operate in a single industry segment in which we provide satellite services to our communications customers around the world. Revenue by region is based on the locations of customers to which services are billed. Our satellites are in geosynchronous orbit, and consequently are not attributable to any geographic location. Of our remaining assets, substantially all are located in the United States.

We earn revenue primarily by providing services to our customers using our satellite transponder capacity. Our customers generally obtain satellite capacity from us by placing an order pursuant to one of several master customer service agreements. Our customer agreements also cover services that we procure from third parties and resell, which we refer to as off-network services. These services can include transponder services and other satellite-based transmission services in frequencies not available on our network. Under the category off-network and other revenues, we also include revenues from consulting and other services.

The geographic distribution of our revenue based upon billing region of the customer was as follows:

	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014
North America	46%	45%	45%
Europe	16%	16%	17%
Latin America and Caribbean	15%	16%	16%
Africa and Middle East	16%	15%	14%
Asia Pacific	7%	8%	8%

Approximately 4% of our revenue was derived from our largest customer during each of the years ended December 31, 2012, 2013 and 2014. The ten largest customers accounted for approximately 25%, 25% and 26% of our revenue for the years ended December 31, 2012, 2013 and 2014, respectively.

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Our revenues were derived from the following services, with Off-Network and Other Revenues shown separately from On-Network Revenues (in thousands, except percentages):

	Year Ended December 31, 2012		Year Ended December 31, 2013		Year Ended December 31, 2014	
On-Network Revenues						
Transponder services	\$ 1,950,230	75%	\$ 1,988,771	76%	\$ 1,895,194	77%
Managed services	276,024	11%	298,623	11%	297,296	12%
Channel	91,805	4%	72,123	3%	58,669	2%
Total on-network revenues	2,318,059	89%	2,359,517	91%	2,251,159	91%
Off-Network and Other Revenues						
Transponder, MSS and other off-network services	234,143	9%	194,601	7%	172,624	7%
Satellite-related services	57,950	2%	49,505	2%	48,603	2%
Total off-network and other revenues	292,093	11%	244,106	9%	221,227	9%
Total	\$2,610,152	100%	\$2,603,623	100%	\$2,472,386	100%

Note 18 Related Party Transactions

(a) Shareholders' Agreements

Certain shareholders of Intelsat Global S.A. entered into shareholders' agreements on February 4, 2008. The shareholders' agreements were assigned to Intelsat S.A. by amendments effective as of March 30, 2012. The shareholders' agreements and the articles of incorporation of Intelsat S.A. provided, among other things, for the governance of Intelsat S.A. and its subsidiaries and provided specific rights to and limitations upon the holders of Intelsat S.A.'s share capital with respect to shares held by such holders. In connection with the IPO in April 2013, these articles of incorporation and shareholders' agreements were amended.

(b) Monitoring Fee Agreement

Intelsat Luxembourg, our wholly-owned subsidiary, and affiliates of the Company's primary shareholders had a monitoring fee agreement dated February 4, 2008 (the "2008 MFA") with BC Partners Limited and Silver Lake Management Company III, L.L.C. (together, the "2008 MFA Parties"), pursuant to which the 2008 MFA Parties provided certain monitoring, advisory and consulting services to Intelsat Luxembourg.

In connection with the IPO in April 2013, the 2008 MFA was terminated and we paid a fee of \$39.1 million to the 2008 MFA Parties in connection with the termination. The \$39.1 million payment, together with a write-off of \$17.2 million of prepaid fees relating to the balance of 2013, were expensed upon consummation of the IPO, and are included within selling, general and administrative expenses in our consolidated statement of operations. We recorded expense for services associated with the 2008 MFA of \$25.1 million for the year ended December 31, 2012 and we recorded expense for services associated with, and including the termination of, the 2008 MFA of \$64.2 million for the year ended December 31, 2013.

(c) Governance Agreement

Prior to the consummation of the IPO, we entered into a governance agreement (the "Governance Agreement") with our shareholder affiliated with BC Partners (the "BC Shareholder"), our shareholder affiliated with Silver Lake (the "Silver Lake Shareholder") and David McGlade (collectively with the BC Shareholder and the Silver Lake Shareholder, the "Governance Shareholders"). The Governance Agreement contains provisions relating to the composition of our board of directors and certain other matters.

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(d) Indemnification Agreements

We have entered into agreements with our executive officers and directors to provide contractual indemnification in addition to the indemnification provided for in our articles of incorporation.

(e) Horizons Holdings

We have a 50% ownership interest in Horizons Holdings as a result of a joint venture with JSAT (see Note 10(a)—Investments—Horizons Holdings).

(f) WP Com

We had a 49% ownership interest in WP Com as a result of a joint venture with Corporativo. On December 29, 2014, we acquired the remaining interests in WP Com (see Note 10(c)—Investments—WP Com).

Note 19 Quarterly Results of Operations (in thousands, unaudited)

	Quarter Ended			
	March 31	June 30	September 30	December 31
2013				
Revenue	\$655,127	\$ 653,803	\$ 651,844	\$ 642,848
Income from operations	311,914	251,181	315,948	333,394
Net income (loss)	(6,916)	(407,266)	88,574	73,615
Net income (loss) attributable to Intelsat S.A.	(7,804)	(408,305)	87,798	72,631
Net income (loss) attributable to common shareholders	(7,804)	(418,501)	87,798	72,631
Net income (loss) per share attributable to Intelsat S.A.:				
Basic	\$ (0.09)	\$ (4.19)	\$ 0.83	\$ 0.69
Diluted	(0.09)	(4.19)	0.75	0.62
	Quarter Ended			
	March 31	June 30	September 30	December 31
2014				
Revenue	\$628,890	\$615,749	\$ 608,625	\$ 619,122
Income from operations	328,700	315,060	310,811	292,707
Net income	82,896	67,771	68,620	17,220
Net income attributable to Intelsat S.A.	81,946	66,768	67,624	16,194
Net income attributable to common shareholders	81,946	56,851	67,624	16,194
Net income per share attributable to Intelsat S.A.:				
Basic	\$ 0.77	\$ 0.53	\$ 0.63	\$ 0.15
Diluted	0.70	0.53	0.58	0.14

Our quarterly revenue and operating income are generally not impacted by seasonality as customer contracts for satellite utilization are generally long-term.

The quarter ended June 30, 2013 included a \$366.8 million loss on early extinguishment of debt related to the repayment of debt in connection with the 2013 Intelsat Luxembourg Notes Offerings and Redemptions, the 2013 Intelsat Investments Notes Redemption, the 2013 Intelsat Jackson New Senior Unsecured Credit Facility Prepayment and the 2013 Intelsat Jackson Notes Offerings, Credit Facility Prepayments and Redemptions. The quarter ended June 30, 2013 also included expenses in connection with the IPO, including a \$39.1 million payment associated with the termination of the 2008 MFA, a write-off of \$17.2 million in prepaid fees for the balance of 2013 related to the 2008 MFA and a pre-tax charge of \$21.3 million associated with the IPO-Related Compensation Charges.

The quarter ended March 31, 2014 included a \$14.0 million decline in revenue compared to the quarter ended December 31, 2013 as well as a decrease in direct costs of sales, an increase in litigation-related expenses and a decrease in bad debt expenses. The quarters ended June 30, 2014 and September 30, 2014 had continued declines in revenues. The quarter ended December 31, 2014 included a \$40.4 million loss on early extinguishment of debt related to the redemption of debt in connection with the 2014 Intelsat Jackson Notes Redemption and \$5.0 million payment for development costs.

Note 20 Supplemental Consolidating Financial Information

On April 5, 2011, Intelsat Jackson completed an offering of \$2.65 billion aggregate principal amount of senior notes, consisting of \$1.5 billion aggregate principal amount of the 7 1/4% Senior Notes due 2019 and \$1.15 billion aggregate principal amount of the 7 1/2% Senior Notes due 2021 (collectively the “2011 Jackson Notes”). The 2011 Jackson Notes are fully and unconditionally guaranteed, jointly and severally, by Intelsat S.A., Intelsat Holdings, Intelsat Investment Holdings S.à r.l. and Intelsat Investments (collectively, the “Parent Guarantors”); Intelsat Luxembourg and certain wholly-owned subsidiaries of Intelsat Jackson (the “Subsidiary Guarantors”).

On April 26, 2012, Intelsat Jackson completed an offering of \$1.2 billion aggregate principal amount of the 2020 Jackson Notes, which are fully and unconditionally guaranteed, jointly and severally, by the Parent Guarantors, Intelsat Luxembourg and the Subsidiary Guarantors.

Separate financial statements of the Parent Guarantors, Intelsat Luxembourg, Intelsat Jackson and the Subsidiary Guarantors are not presented because management believes that such financial statements would not be material to investors. Investments in Intelsat Jackson’s subsidiaries in the following condensed consolidating financial information are accounted for under the equity method of accounting. Consolidating adjustments include the following:

- elimination of investment in subsidiaries;
- elimination of intercompany accounts;
- elimination of intercompany sales between guarantor and non-guarantor subsidiaries; and
- elimination of equity in earnings (losses) of subsidiaries.

We had other comprehensive loss of \$6.9 million, other comprehensive income of \$58.0 million and other comprehensive loss of \$52.1 million for the years ended December 31, 2012, 2013 and 2014, respectively. Other comprehensive income (loss) is fully attributable to the Subsidiary Guarantors, which are also consolidated within Intelsat Jackson.

INTELSAT S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2014
(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non- Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 6,229	\$ 1,068	\$ 63,633	\$ 63,144	\$ 52,217	\$ (63,144)	\$ 123,147
Receivables, net of allowance	12	—	167,621	167,569	52,825	(167,569)	220,458
Deferred income taxes	—	—	74,466	74,466	1,849	(74,466)	76,315
Prepaid expenses and other current assets	940	—	27,938	27,880	9,334	(30,147)	35,945
Intercompany receivables	—	134,093	356,680	285,453	—	(776,226)	—
Total current assets	7,181	135,161	690,338	618,512	116,225	(1,111,552)	455,865
Satellites and other property and equipment, net	—	—	5,761,839	5,761,839	118,425	(5,761,839)	5,880,264
Goodwill	—	—	6,780,827	6,780,827	—	(6,780,827)	6,780,827
Non-amortizable intangible assets	—	—	2,458,100	2,458,100	—	(2,458,100)	2,458,100
Amortizable intangible assets, net	—	—	500,545	500,545	—	(500,545)	500,545
Investment in affiliates	(270,172)	3,084,655	141,594	141,594	—	(3,097,671)	—
Other assets	88	37,245	346,521	240,844	9,900	(240,844)	393,754
Total assets	<u>\$ (262,903)</u>	<u>\$ 3,257,061</u>	<u>\$16,679,764</u>	<u>\$16,502,261</u>	<u>\$ 244,550</u>	<u>\$ (19,951,378)</u>	<u>\$ 16,469,355</u>
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 28,818	\$ —	\$ 154,445	\$ 154,124	\$ 24,585	\$ (156,390)	\$ 205,582
Accrued interest payable	—	22,500	138,971	1,803	24	(1,803)	161,495
Current portion of long-term debt	—	—	49,000	—	—	—	49,000
Deferred satellite performance incentives	—	—	19,793	19,793	1,164	(19,793)	20,957
Other current liabilities	—	—	183,677	182,356	6,353	(182,356)	190,030
Intercompany payables	450,846	—	—	—	39,928	(490,774)	—
Total current liabilities	479,664	22,500	545,886	358,076	72,055	(851,116)	627,064
Long-term debt, net of current portion	—	3,500,000	11,262,142	—	—	—	14,762,142
Deferred satellite performance incentives, net of current portion	—	—	163,360	163,360	—	(163,360)	163,360
Deferred revenue, net of current portion	—	—	966,832	966,832	486	(966,832)	967,318
Deferred income taxes	—	—	201,212	201,212	10,468	(201,212)	211,680
Accrued retirement benefits	—	—	262,536	262,536	370	(262,536)	262,906
Other long-term liabilities	—	—	193,141	168,353	24,311	(168,353)	217,452
Shareholders' equity (deficit):							
Common shares	1,067	7,202	3,466,429	7,535,655	24	(11,009,310)	1,067
Preferred shares	35	—	—	—	—	—	35
Other shareholders' equity (deficit)	(743,669)	(272,641)	(381,774)	6,846,237	136,837	(6,328,659)	(743,669)
Total liabilities and shareholders' equity	<u>\$ (262,903)</u>	<u>\$ 3,257,061</u>	<u>\$16,679,764</u>	<u>\$16,502,261</u>	<u>\$ 244,550</u>	<u>\$ (19,951,378)</u>	<u>\$ 16,469,355</u>

(Certain totals may not add due to the effects of rounding)

INTELSAT S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2013
(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non- Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 3,792	\$ 139	\$ 193,090	\$ 167,800	\$ 50,769	\$ (167,800)	\$ 247,790
Receivables, net of allowance	—	—	160,023	159,656	76,324	(159,656)	236,347
Deferred income taxes	—	—	46,228	46,228	(1,753)	(46,228)	44,475
Prepaid expenses and other current assets	1,272	—	25,846	25,794	6,738	(26,426)	33,224
Intercompany receivables	—	—	421,504	386,820	20,609	(828,933)	—
Total current assets	5,064	139	846,691	786,298	152,687	(1,229,043)	561,836
Satellites and other property and equipment, net	—	—	5,698,952	5,698,952	147,106	(5,739,470)	5,805,540
Goodwill	—	—	6,780,827	6,780,827	—	(6,780,827)	6,780,827
Non-amortizable intangible assets	—	—	2,458,100	2,458,100	—	(2,458,100)	2,458,100
Amortizable intangible assets, net	—	—	568,775	568,775	—	(568,775)	568,775
Investment in affiliates	(428,647)	3,053,901	227,320	227,320	—	(3,079,894)	—
Other assets	88	41,497	362,636	222,679	10,371	(222,679)	414,592
Total assets	<u>\$ (423,495)</u>	<u>\$ 3,095,537</u>	<u>\$16,943,301</u>	<u>\$16,742,951</u>	<u>\$ 310,164</u>	<u>\$ (20,078,788)</u>	<u>\$ 16,589,670</u>
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 28,795	\$ 32	\$ 132,454	\$ 130,178	\$ 22,290	\$ (130,810)	\$ 182,939
Accrued interest payable	—	22,500	163,820	2,458	172	(2,458)	186,492
Current portion of long-term debt	—	—	—	—	24,418	—	24,418
Deferred satellite performance incentives	—	—	21,089	21,089	1,614	(21,089)	22,703
Other current liabilities	—	—	154,014	152,772	3,011	(152,772)	157,025
Intercompany payables	441,907	206	—	—	—	(442,113)	—
Total current liabilities	470,702	22,738	471,377	306,497	51,505	(749,242)	573,577
Long-term debt, net of current portion	—	3,500,000	11,762,996	—	—	—	15,262,996
Deferred satellite performance incentives, net of current portion	—	—	153,023	153,023	881	(153,023)	153,904
Deferred revenue, net of current portion	—	—	887,446	887,446	793	(887,446)	888,239
Deferred income taxes	—	—	191,298	191,298	11,388	(191,346)	202,638
Accrued retirement benefits	—	—	196,657	196,657	199	(196,657)	196,856
Other long-term liabilities	—	—	226,603	179,025	19,524	(179,025)	246,127
Shareholders' equity (deficit):							
Common shares	1,060	7,202	3,466,429	9,023,860	24	(12,497,515)	1,060
Preferred shares	35	—	—	—	—	—	35
Other shareholders' equity (deficit)	(895,292)	(434,403)	(412,528)	5,805,145	225,850	(5,224,534)	(935,762)
Total liabilities and shareholders' equity	<u>\$ (423,495)</u>	<u>\$ 3,095,537</u>	<u>\$16,943,301</u>	<u>\$16,742,951</u>	<u>\$ 310,164</u>	<u>\$ (20,078,788)</u>	<u>\$ 16,589,670</u>

(Certain totals may not add due to the effects of rounding)

INTELSAT S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non- Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
Revenue	\$ —	\$ —	\$2,281,331	\$2,281,348	\$ 592,317	\$ (2,682,610)	\$2,472,386
Operating expenses:							
Direct costs of revenue (exclusive of depreciation and amortization)	—	—	257,999	257,999	491,460	(659,110)	348,348
Selling, general and administrative	7,547	139	132,379	131,874	57,493	(132,025)	197,407
Depreciation and amortization	—	—	644,597	644,597	34,754	(644,597)	679,351
Total operating expenses	7,547	139	1,034,975	1,034,470	583,707	(1,435,732)	1,225,106
Income (loss) from operations	(7,547)	(139)	1,246,356	1,246,878	8,610	(1,246,878)	1,247,280
Interest expense, net	10,153	274,253	660,763	6,605	(382)	(6,605)	944,787
Loss on early extinguishment of debt	—	—	(40,423)	—	—	—	(40,423)
Subsidiary income	250,281	545,402	14,729	14,729	—	(825,141)	—
Other income (expense), net	2	—	2,864	2,770	(5,461)	(2,768)	(2,593)
Income before income taxes	232,583	271,010	562,763	1,257,772	3,531	(2,068,182)	259,477
Provision for income taxes	53	—	17,361	17,268	5,557	(17,268)	22,971
Net income (loss)	232,530	271,010	545,402	1,240,504	(2,026)	(2,050,914)	236,506
Net income attributable to noncontrolling interest	—	—	—	—	(3,974)	—	(3,974)
Net income (loss) attributable to Intelsat, S.A.	232,530	271,010	545,402	1,240,504	(6,000)	(2,050,914)	232,532
Cumulative preferred dividends	(9,917)	—	—	—	—	—	(9,917)
Net income (loss) attributable to common shareholders	\$ 222,613	\$ 271,010	\$ 545,402	\$1,240,504	\$ (6,000)	\$ (2,050,914)	\$ 222,615

(Certain totals may not add due to the effects of rounding)

INTELSAT S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013
(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non- Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
Revenue	\$ —	\$ —	\$2,382,169	\$2,382,201	\$ 663,354	\$(2,824,101)	\$2,603,623
Operating expenses:							
Direct costs of revenue (excluding depreciation and amortization)	—	—	266,869	266,869	504,983	(662,952)	375,769
Selling, general and administrative	62,861	8,167	155,035	152,961	62,469	(153,026)	288,467
Depreciation and amortization	—	—	705,165	705,165	34,623	(708,386)	736,567
Gain on satellite insurance recoveries	—	—	(9,618)	(9,618)	—	9,618	(9,618)
Total operating expenses	62,861	8,167	1,117,451	1,115,377	602,075	(1,514,746)	1,391,185
Income (loss) from operations	(62,861)	(8,167)	1,264,718	1,266,824	61,279	(1,309,355)	1,212,438
Interest (income) expense, net	40,916	438,052	644,838	(10,042)	(1,545)	10,042	1,122,261
Loss on early extinguishment of debt	(24,185)	(341,351)	(2,553)	—	—	—	(368,089)
Subsidiary income (loss)	(85,180)	728,465	70,409	70,409	—	(784,103)	—
Other income (expense), net	(7)	—	577	42,772	(5,488)	(42,772)	(4,918)
Income (loss) before income taxes	(213,149)	(59,105)	688,313	1,390,047	57,336	(2,146,272)	(282,830)
Provision for (benefit from) income taxes	—	—	(40,152)	(38,819)	9,315	38,819	(30,837)
Net income (loss)	(213,149)	(59,105)	728,465	1,428,866	48,021	(2,185,091)	(251,993)
Net income attributable to noncontrolling interest	—	—	—	—	(3,687)	—	(3,687)
Net income (loss) attributable to Intelsat S.A.	(213,149)	(59,105)	728,465	1,428,866	44,334	(2,185,091)	(255,680)
Cumulative preferred dividends	(10,196)	—	—	—	—	—	(10,196)
Net income (loss) attributable to common shareholders	<u>\$(223,345)</u>	<u>\$ (59,105)</u>	<u>\$ 728,465</u>	<u>\$1,428,866</u>	<u>\$ 44,334</u>	<u>\$(2,185,091)</u>	<u>\$ (265,876)</u>

(Certain totals may not add due to the effects of rounding)

INTELSAT S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012
(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non- Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
Revenue	\$ —	\$ —	\$2,318,470	\$2,318,479	\$ 732,274	\$(2,759,071)	\$2,610,152
Operating expenses:							
Direct costs of revenue (excluding depreciation and amortization)	—	—	271,230	291,757	585,263	(732,350)	415,900
Selling, general and administrative	4,247	25,264	124,695	123,465	49,819	(123,465)	204,025
Depreciation and amortization	—	—	726,224	709,120	40,061	(710,502)	764,903
Total operating expenses	4,247	25,264	1,122,149	1,124,342	675,143	(1,566,317)	1,384,828
Income (loss) from operations	(4,247)	(25,264)	1,196,321	1,194,137	57,131	(1,192,754)	1,225,324
Interest (income) expense, net	67,377	610,771	619,650	(223,283)	12,985	223,283	1,310,783
Loss on early extinguishment of debt	—	—	(67,709)	—	(5,833)	—	(73,542)
Subsidiary income (loss)	(58,552)	587,519	25,510	25,510	—	(579,987)	—
Other income (expense), net	(13)	(1)	18,944	18,951	(6,724)	(41,285)	(10,128)
Income (loss) before income taxes	(130,189)	(48,517)	553,416	1,461,881	31,589	(2,037,309)	(169,129)
Provision for (benefit from) income taxes	—	—	(34,103)	(34,103)	14,475	34,100	(19,631)
Net income (loss)	(130,189)	(48,517)	587,519	1,495,984	17,114	(2,071,409)	(149,498)
Net income attributable to noncontrolling interest	—	—	—	—	(1,639)	—	(1,639)
Net income (loss) attributable to Intelsat S.A.	<u>\$(130,189)</u>	<u>\$ (48,517)</u>	<u>\$ 587,519</u>	<u>\$1,495,984</u>	<u>\$ 15,475</u>	<u>\$(2,071,409)</u>	<u>\$ (151,137)</u>

(Certain totals may not add due to the effects of rounding)

INTELSAT S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non- Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
Cash flows from operating activities:	\$ (1,366)	\$ (270,171)	\$ 1,253,342	\$ 1,887,340	\$ 64,363	\$ (1,887,338)	\$ 1,046,170
Cash flows from investing activities:							
Payments for satellites and other property and equipment (including capitalized interest)	—	—	(639,603)	(639,603)	(5,821)	639,603	(645,424)
Repayment from (disbursements for) intercompany loans	9,214	—	3,873	3,873	—	(16,960)	—
Investment in subsidiaries	(3,790)	—	(194)	(194)	—	4,178	—
Dividend from affiliates	8,300	279,400	33,943	33,943	—	(355,586)	—
Other investing activities	—	—	174	174	—	(174)	174
Net cash provided by (used in) investing activities	13,724	279,400	(601,807)	(601,807)	(5,821)	271,061	(645,250)
Cash flows from financing activities:							
Repayments of long-term debt	—	—	(586,000)	—	(24,418)	—	(610,418)
Payment of premium on early extinguishment of debt	—	—	(21,250)	—	—	—	(21,250)
Proceeds from issuance of long-term debt	—	—	135,000	—	—	—	135,000
Proceeds from (repayment of) intercompany borrowing	(4,233)	—	(9,214)	—	360	13,087	—
Dividends paid to preferred shareholders	(9,919)	—	—	—	—	—	(9,919)
Capital contribution from parent	—	—	—	103,698	3,984	(107,682)	—
Dividends to shareholders	—	(8,300)	(279,400)	(1,473,781)	(33,943)	1,795,424	—
Principal payments on deferred satellite performance incentives	—	—	(18,705)	(18,705)	(1,069)	18,705	(19,774)
Capital contribution from noncontrolling interest	—	—	—	—	12,209	—	12,209
Dividends paid to noncontrolling interest	—	—	—	—	(8,744)	—	(8,744)
Other financing activities	4,231	—	(338)	(338)	—	338	3,893
Net cash provided by (used in) financing activities	(9,921)	(8,300)	(779,907)	(1,389,126)	(51,621)	1,719,872	(519,003)
Effect of exchange rate changes on cash and cash equivalents	—	—	(1,085)	(1,063)	(5,473)	1,061	(6,560)
Net change in cash and cash equivalents	2,437	929	(129,457)	(104,656)	1,448	104,656	(124,643)
Cash and cash equivalents, beginning of period	3,792	139	193,090	167,800	50,769	(167,800)	247,790
Cash and cash equivalents, end of period	\$ 6,229	\$ 1,068	\$ 63,633	\$ 63,144	\$ 52,217	\$ (63,144)	\$ 123,147

(Certain totals may not add due to the effects of rounding)

INTELSAT S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non- Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
Cash flows from operating activities:	<u>\$ (108,561)</u>	<u>\$ (622,489)</u>	<u>\$ 1,406,174</u>	<u>\$ 1,785,702</u>	<u>\$ 41,767</u>	<u>\$ (1,785,701)</u>	<u>\$ 716,892</u>
Cash flows from investing activities:							
Payments for satellites and other property and equipment (including capitalized interest)	—	—	(591,762)	(591,762)	(9,030)	591,762	(600,792)
Proceeds from insurance settlements	—	—	487,930	487,930	—	(487,930)	487,930
Payment on satellite performance incentives from insurance proceeds	—	—	(19,199)	(19,199)	—	19,199	(19,199)
Repayment from (disbursements for) intercompany loans	(23,644)	—	(2,223,001)	(593,753)	3,493	2,836,905	—
Investment in subsidiaries	(11,436)	(17,248)	(324)	(324)	—	29,332	—
Dividend from affiliates	20,181	524,812	9,811	9,811	—	(564,615)	—
Other investing activities	—	—	(2,000)	(2,000)	—	2,000	(2,000)
Net cash provided by (used in) investing activities	<u>(14,899)</u>	<u>507,564</u>	<u>(2,338,545)</u>	<u>(709,297)</u>	<u>(5,537)</u>	<u>2,426,653</u>	<u>(134,061)</u>
Cash flows from financing activities:							
Repayments of long-term debt	(353,550)	(5,307,986)	(1,218,208)	—	(24,418)	—	(6,904,162)
Repayment of notes payable to former shareholders	(868)	—	—	—	—	—	(868)
Payment of premium on early extinguishment of debt	(9,395)	(301,762)	(67)	—	—	—	(311,224)
Proceeds from issuance of long-term debt	—	3,500,000	2,754,688	—	—	—	6,254,688
Proceeds from (repayment of) intercompany borrowing	(52,391)	2,289,335	20,151	(44,111)	(13,943)	(2,199,041)	—
Debt issuance costs	—	(44,433)	(40,412)	—	—	—	(84,845)
Proceeds from initial public offering	572,500	—	—	—	—	—	572,500
Stock issuance costs	(26,683)	—	—	—	—	—	(26,683)
Dividends paid to preferred shareholders	(5,235)	—	—	—	—	—	(5,235)
Capital contribution from parent	—	—	17,248	45,062	11,760	(74,070)	—
Dividends to shareholders	—	(20,181)	(524,812)	(1,024,160)	(9,811)	1,578,964	—
Principal payments on deferred satellite performance incentives	—	—	(16,509)	(16,509)	(993)	16,508	(17,503)
Capital contribution from noncontrolling interest	—	—	—	—	12,209	—	12,209
Dividends paid to noncontrolling interest	—	—	—	—	(8,671)	—	(8,671)
Other financing activities	2,800	—	471	471	—	(471)	3,271
Net cash provided by (used in) financing activities	<u>127,178</u>	<u>114,973</u>	<u>992,550</u>	<u>(1,039,247)</u>	<u>(33,867)</u>	<u>(678,110)</u>	<u>(516,523)</u>
Effect of exchange rate changes on cash and cash equivalents	(7)	—	(468)	(465)	(5,528)	465	(6,003)
Net change in cash and cash equivalents	3,711	48	59,711	36,693	(3,165)	(36,693)	60,305
Cash and cash equivalents, beginning of period	81	91	133,379	131,107	53,934	(131,107)	187,485
Cash and cash equivalents, end of period	<u>\$ 3,792</u>	<u>\$ 139</u>	<u>\$ 193,090</u>	<u>\$ 167,800</u>	<u>\$ 50,769</u>	<u>\$ (167,800)</u>	<u>\$ 247,790</u>

(Certain totals may not add due to the effects of rounding)

INTELSAT S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non- Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
Cash flows from operating activities:	<u>\$ (40,535)</u>	<u>\$ (626,653)</u>	<u>\$ 1,320,065</u>	<u>\$1,379,396</u>	<u>\$ 168,433</u>	<u>\$ (1,379,396)</u>	<u>\$ 821,310</u>
Cash flows from investing activities:							
Payments for satellites and other property and equipment (including capitalized interest)	—	—	(857,311)	(857,311)	(8,705)	857,311	(866,016)
Proceeds from sale of building, net of fees	—	—	82,415	82,415	—	(82,415)	82,415
Repayment from (disbursements for) intercompany loans	—	—	10,435	(221,460)	—	211,025	—
Investment in subsidiaries	(5,549)	—	208	208	—	5,133	—
Dividend from affiliates	<u>32,481</u>	<u>658,318</u>	<u>17,423</u>	<u>17,423</u>	<u>—</u>	<u>(725,645)</u>	<u>—</u>
Net cash provided by (used in) investing activities	<u>26,932</u>	<u>658,318</u>	<u>(746,830)</u>	<u>(978,725)</u>	<u>(8,705)</u>	<u>265,409</u>	<u>(783,601)</u>
Cash flows from financing activities:							
Repayments of long-term debt	—	—	(2,364,508)	—	(110,303)	—	(2,474,811)
Repayment of notes payable to former shareholders	(1,683)	—	—	—	—	—	(1,683)
Proceeds from issuance of long-term debt	—	—	2,451,521	—	—	—	2,451,521
Proceeds from (repayment of) intercompany borrowing	12,845	—	—	—	(23,280)	10,435	—
Debt issuance costs	—	—	(27,384)	—	—	—	(27,384)
Payment of premium on early extinguishment of debt	—	—	(65,920)	—	—	—	(65,920)
Capital contribution from noncontrolling interest	—	—	—	—	12,209	—	12,209
Dividends paid to noncontrolling interest	—	—	—	—	(8,838)	—	(8,838)
Principal payments on deferred satellite performance incentives	—	—	(14,833)	(14,833)	(1,136)	14,833	(15,969)
Principal payments on capital lease obligations	—	—	—	—	—	—	—
Capital contribution from parent	—	—	—	57,657	5,341	(62,998)	—
Dividends to shareholders	—	(32,481)	(658,318)	(549,712)	(17,423)	1,257,934	—
Repurchase of redeemable noncontrolling interest	—	—	—	—	(8,744)	—	(8,744)
Net cash provided by (used in) financing activities	<u>11,162</u>	<u>(32,481)</u>	<u>(679,442)</u>	<u>(506,888)</u>	<u>(152,174)</u>	<u>1,220,204</u>	<u>(139,619)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(13)</u>	<u>(1)</u>	<u>(589)</u>	<u>(582)</u>	<u>(6,726)</u>	<u>582</u>	<u>(7,329)</u>
Net change in cash and cash equivalents	<u>(2,454)</u>	<u>(817)</u>	<u>(106,796)</u>	<u>(106,799)</u>	<u>828</u>	<u>106,799</u>	<u>(109,239)</u>
Cash and cash equivalents, beginning of period	<u>2,535</u>	<u>908</u>	<u>240,175</u>	<u>237,906</u>	<u>53,106</u>	<u>(237,906)</u>	<u>296,724</u>
Cash and cash equivalents, end of period	<u>\$ 81</u>	<u>\$ 91</u>	<u>\$ 133,379</u>	<u>\$ 131,107</u>	<u>\$ 53,934</u>	<u>\$ (131,107)</u>	<u>\$ 187,485</u>

(Certain totals may not add due to the effects of rounding)

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

<u>Description</u>	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Balance at End of Period
	(in thousands)			
Year ended December 31, 2012:				
Allowance for doubtful accounts	<u>\$ 20,830</u>	<u>\$ 8,911</u>	<u>\$ (6,158)</u>	<u>\$ 23,583</u>
Year ended December 31, 2013:				
Allowance for doubtful accounts	<u>\$ 23,583</u>	<u>\$ 29,599</u>	<u>\$ (17,894)</u>	<u>\$ 35,288</u>
Year ended December 31, 2014:				
Allowance for doubtful accounts	<u>\$ 35,288</u>	<u>\$ 2,306</u>	<u>\$ (2,420)</u>	<u>\$ 35,174</u>

Intelsat S.A.

Société anonyme

Siège Social: 4 rue Albert Borschette - L-1246 Luxembourg

RCS Luxembourg B162135

- The Company has been incorporated pursuant to a deed of **Maître Henri HELLINCKX**, notary with residence in Luxembourg, on July 8, 2011,
- The articles of incorporation have been amended for the last time pursuant to a deed of **Maître Cosita DELVAUX**, notary with residence in Redange-sur-Attert, on June 19, 2014.

CONSOLIDATED ARTICLES OF INCORPORATION

AS AT 19TH JUNE, 2014

- *In case of discrepancies between the English and the French text, the English version will be binding.*

Art. 1. Form, Name. There exists among the shareholder(s) and all those who may become owners of the Shares hereafter a company in the form of a société anonyme, under the name of **Intelsat S.A.** (the “Company”).

Art. 2. Duration. The Company is established for an undetermined duration. The Company may be dissolved at any time by a resolution of the Shareholders adopted in the manner required for amendment of these Articles of Incorporation.

Art. 3. Registered office.

3.1 The Company has its registered office in the City of Luxembourg, Grand Duchy of Luxembourg. It may be transferred to any other place or municipality in the Grand Duchy of Luxembourg by means of a resolution of a General Meeting deliberating in the manner provided for amendments to the Articles.

3.2 The address of the registered office may be transferred within the same municipality by decision of the Board of Directors.

3.3 The Company may have offices and branches, both in Luxembourg and abroad.

3.4 In the event that the Board of Directors determines that extraordinary political, economic or social developments have occurred or are imminent that would interfere with the normal activities of the Company at its registered office, or with the ease of communications between such office and Persons abroad, the registered office may be temporarily transferred abroad until the complete cessation of these abnormal circumstances; such temporary measures shall have no effect on the nationality of the Company which, notwithstanding the temporary transfer of its registered office, will remain a Luxembourg company. Such temporary measures will be taken and notified to any interested parties by the Board of Directors.

Art. 4. Purpose, Object.

4.1 The object of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, or other entities or enterprises, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes and other securities or rights of any kind including interests in partnerships, and the holding, acquisition, disposal, investment in any manner (in), development, licensing or sub licensing of, any patents or other intellectual property rights of any nature or origin as well as the ownership, administration, development and management of its portfolio. The Company may carry out its business through branches in Luxembourg or abroad.

4.2 The Company may further conduct or be involved in any way in, directly or indirectly, any satellite telecommunications or other telecommunications or communications related business in the broadest sense, including without limitation the owning and/or operation of satellites, teleports, any ground assets, and any related or connected activity.

4.3 The Company may borrow in any form and proceed to the private or public issue of shares, bonds, convertible bonds and debentures or any other securities or instruments it deems fit.

4.4 In a general fashion the Company may grant assistance (by way of loans, advances, guarantees or securities or otherwise) to companies or other enterprises or Persons in which the Company has an interest or which form part of the group of companies to which the Company

belongs or any entity or Person as the Company may deem fit (including up-stream or cross-stream), take any controlling, management, administrative and/or supervisory measures and carry out any operation which it may deem useful in the accomplishment and development of its purposes.

4.5 Finally, the Company may perform all commercial, technical and financial or other operations, connected directly or indirectly in all areas in order to facilitate the accomplishment of its purpose.

Art. 5. Share capital.

5.1 The Company has an issued share capital of one million eighty-eight thousand nine hundred and ninety-seven US Dollars and twenty-three cents (USD 1,088,997.23) represented by a total of one hundred and five million four hundred and forty nine thousand seven hundred and twenty three (105,449,723) fully paid Common Shares and three million four hundred and fifty thousand (3,450,000) fully paid Preferred A Shares, each with a nominal value of one US Dollar cent (USD 0.01), with such rights and obligations as set forth in the present Articles.

5.2 The authorised share capital of the Company (including the issued share capital) is set at ten million USDollars (USD 10,000,000) to be represented by one billion (1,000,000,000) Shares of any Class, each with a nominal value of one USD cent (USD 0.01).

5.2.1 The authorized un-issued share capital (and any authorization granted to the Board of Directors in relation thereto) shall be valid for a period ending on the fifth (5th) anniversary of the date of publication of the minutes of the extraordinary General Meeting of shareholders held on June 19, 2014 in the official gazette of Luxembourg.

5.2.2 The Board of Directors, or any delegate(s) duly appointed by the Board of Directors, may from time to time issue Shares of any Class (or any rights, securities or other entitlement to Shares of any Class) as it determines within the limits of the authorised un-issued Share capital against contributions in cash, contributions in kind or by way of incorporation of available reserves as well as by conversion of Preferred A Shares into Common Shares or as dividends or other distributions whether in lieu of cash dividend or other distribution payments or not at such times and on such terms and conditions, including the issue price, as the Board of Directors or its delegate(s) may in its or their discretion resolve without reserving any preferential or pre-emptive subscription rights to existing Shareholders of any Class (including by way of incorporation of reserves). The General Meeting has waived and suppressed and has authorised the Board of Directors to waive, suppress or limit any preferential or pre-emptive subscription rights of Shareholders to the extent the Board deems such waiver, suppression or limitation advisable for any issue or issues of Shares of any Class (or any rights, securities or other entitlement to Shares of any Class) within the authorised (un-issued) Share capital. Upon an issue of Shares within the authorised Share capital the Board shall have the present Articles amended accordingly. Shares may be issued in either Class without having to respect any ratio amongst classes (provided that the Preferred A Shares may not represent more than 50% of the issued share capital at any time).

5.3 The issued and/or authorized unissued capital of the Company may be increased, reduced, amended or extended one or several times by a resolution of the General Meeting of Shareholders adopted in compliance with the quorum and majority rules set by these Articles of Incorporation or, as the case may be, by law for any amendment of these Articles of Incorporation.

5.4 The Company may not issue fractional Shares and no fractions of Shares shall exist at any time. The Board of Directors shall however be authorised at its discretion to provide for the payment of cash or the issuance of scrip in lieu of any fraction of a Share.

5.5 The Company or its subsidiaries may proceed to the purchase or repurchase of its own Shares and may hold Shares in treasury, each time within the limits laid down by law.

5.6 Any Share premium or other capital contribution or other available reserve account shall be freely distributable in accordance with the provisions of these Articles.

Art. 6. Securities in registered form only.

6.1 Shares

6.1.1 Shares of the Company are in registered form only.

6.1.2 A register of Shares will be kept by the Company. Ownership of registered Shares will be established by inscription in the said register or in the event separate registrars have been appointed pursuant to Article 6.1.3, such separate register. Without prejudice to the conditions for transfer by book entry in the case provided for in Article 6.1.7 or as the case may be applicable law, and subject to the provisions of Article 8, a transfer of registered Shares shall be carried out by means of a declaration of transfer entered in the relevant register, dated and signed by the transferor and the transferee or by their duly authorised representatives. The Company may accept and enter in the relevant register a transfer on the basis of correspondence or other documents recording the agreement between the transferor and the transferee.

6.1.3 The Company may appoint registrars in different jurisdictions who will each maintain a separate register for the registered Shares entered therein and the holders of Shares may elect to be entered in one of the registers and to be transferred from time to time from one register to another register. The Board of Directors may however impose transfer restrictions for Shares that are registered, listed, quoted, dealt in, or have been placed in certain jurisdictions in compliance with the requirements applicable therein. The transfer to the register kept at the Company's registered office may always be requested.

6.1.4 Subject to the provisions of Article 6.1.7 and Article 8, the Company may consider the Person in whose name the registered Shares are registered in the register(s) of Shareholders as the full owner of such registered Shares. The Company shall be completely free from any responsibility in dealing with such registered Shares towards third parties and shall be justified in considering any right, interest or claims of such third parties in or upon such registered shares to be non-existent, subject, however, to any right which such third party might have to demand the registration or change in registration of registered Shares. In the event that a holder of registered Shares does not provide an address to which all notices or announcements from the Company may be sent, the Company may permit a notice to this effect to be entered into the register(s) of Shareholders and such holder's address will be deemed to be at the registered office of the Company or such other address as may be so entered by the Company from time to time, until a different address shall be provided to the Company by such holder. The holder may, at any time, change his address as entered in the register(s) of Shareholders by means of written notification to the Company or the relevant registrar.

6.1.5 The Board may decide that no entry shall be made in the register(s) of Shareholders and no notice of a transfer shall be recognised by the Company or a registrar during the period starting on the fifth (5) business day before the date of a General Meeting and ending at the close of that General Meeting, unless the Board sets a shorter time limit or unless otherwise mandatorily required by law.

6.1.6 All communications and notices to be given to a registered Shareholder shall be deemed validly made to the latest address communicated by the Shareholder to the Company.

6.1.7 Where Shares are recorded in the register(s) of Shareholders on behalf of one or more Persons in the name of a securities settlement system or the operator of such a system or in the name of a professional securities depositary or any other depositary (such systems, professionals or other depositaries being referred to hereinafter as «Depositaries») or of a sub-depositary designated by one or more Depositaries, the Company - subject to having received from the Depositary with whom those Shares are kept in account a certificate or confirmation in proper form - will permit those Persons to exercise the rights attached to those Shares, including admission to and voting at General Meetings (to the extent the relevant Shares carry voting rights). The Board of Directors may determine the formal requirements with which such certificates must comply. Notwithstanding the foregoing, the Company may make dividend payments and any other payments in cash, Shares or other securities only to the Depositary or sub-depositary recorded in the register(s) or in accordance with its instructions, and such payment will effect full discharge of the Company's obligations.

6.1.8 The Shares are indivisible vis-à-vis the Company which will recognise only one holder per Share. In case a Share is held by more than one Person, the Persons claiming ownership of the Share will be required to name a single proxy to represent the Share vis-à-vis the Company. The Company has the right to suspend the exercise of all rights attached to such Share until one Person has been so appointed. The same rule shall apply in the case of a conflict between an usufructuary and a bare owner or between a pledgor and a pledgee.

6.2 Other Securities

6.2.1 Securities (other than Shares which are covered by Article 6.1) of the Company are in registered form only.

6.2.2 The provisions of Article 6.1 shall apply mutatis mutandis.

Art. 7. Preferred A Shares.

7.1 Status

7.1.1 The Preferred A Shares are mandatory convertible junior non-voting preferred Shares (actions préférentielles junior sans droits de vote convertibles obligatoirement en actions ordinaires) of the Company with such terms as set forth in the Articles of Incorporation.

7.1.2 Each Preferred A Share is identical in all respects to every other Preferred A Share. The Preferred A Shares, subject as set forth herein, rank (i) senior to all Junior Shares, (ii) on parity with all Parity Shares and (iii) junior to all Senior Shares and the Company's existing and future indebtedness, with respect to their Preferred Dividend or distribution rights or rights upon the liquidation, winding-up or dissolution of the Company (as referred to under Article 7.4).

7.1.3 The Preferred A Shares shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth in these Articles of Incorporation or as provided by mandatory applicable law.

7.1.4 For the avoidance of doubt it is clarified that the Preferred A Shares shall not be subject any redemption sinking fund or similar provisions.

7.2 Non-Voting

7.2.1 The Preferred A Shareholders shall not have any voting rights with respect to their Preferred A Shares except as set forth herein or as otherwise from time to time required mandatorily by Company Law.

7.2.2 The Preferred A Shareholders shall be entitled to vote in every General Meeting called upon to deal with the following matters:

7.2.2.1 the issue of new shares carrying preferential rights;

7.2.2.2 the determination of the preferential cumulative dividend attaching to the non-voting shares;

7.2.2.3 the conversion of non-voting preferred Shares into common Shares;

7.2.2.4 the reduction of the capital of the Company;

7.2.2.5 any change to the Company's corporate object;

7.2.2.6 the issue of convertible bonds;

7.2.2.7 the dissolution of the Company before its term;

7.2.2.8 the transformation of the Company into a company of another legal form;

7.2.3 The Preferred A Shares further entitle the Preferred A Shareholders to vote on such matters and on such terms as set forth in Article 20.2.

7.2.4 The Preferred A Shareholders shall further in accordance with Company Law have the same voting rights as the holders of Common Shares at all meetings, in case, despite the existence of net profits available in the Company for that purpose, the (cumulative) Preferred Dividends have not been paid in their entirety for any reason whatsoever for a period of two successive financial years (a «Nonpayment») and until such time as all (cumulative) Preferred Dividends shall have been paid in full.

7.2.5 Save where the Preferred A Shares have voting rights, no account shall be taken of the Preferred A Shares in determining the conditions as to quorum and majority at General Meetings and in such case, any reference to Shares and Shareholders shall be, for the avoidance of doubt, only to Common Shares or holders of Common Shares.

7.3 Preferred Dividends

7.3.1 Rate

Subject to the rights of holders of any class or series of Shares ranking senior to the Preferred A Shares with respect to dividends or other distributions, Preferred A Shareholders shall be entitled to receive, when, as and if declared by the General Meeting or, in case of interim dividends, the Board of Directors, out of profits or reserves of the Company legally available

therefor, a cumulative dividend at the rate per annum of five point seventy-five per cent (5.75%) on the Liquidation Preference per Preferred A Share (the «Dividend Rate») (equivalent to two point eight seven five US Dollars (USD 2.875) per annum per Preferred A Share) (the «Preferred Dividend»).

Except as otherwise provided herein, the Preferred Dividend on any Preferred A Share converted to Common Shares shall cease to accumulate on the Mandatory Conversion Date, the Cash Acquisition Conversion Date or the Early Conversion Date (each, a «Conversion Date»), as applicable.

Preferred A Shareholders shall not be entitled to any dividends or other distributions (other than the Liquidation Preference on liquidation) on the Preferred A Shares, whether payable in cash, property or Common Shares, in excess of the full Preferred Dividend.

7.3.2 Preferred Dividends on the Preferred A Shares may be declared annually, semi-annually (each time with installments) or quarterly by the General Meeting or as interim dividends by the Board and if and to the extent declared shall be payable quarterly (as the case may be by installments) on each Dividend Payment Date at the Dividend Rate. The entitlement for Preferred Dividends for a Dividend Period is calculated from the day immediately following the last day of the immediately prior Dividend Period or if there has been no prior Dividend Period, the Preferred A Issue Date, whether or not in any Dividend Period or periods there have been profits or other reserves legally available for the declaration and payment of such Preferred Dividends. Declared Preferred Dividends shall be payable (as the case may be by installments) on the relevant Dividend Payment Date to Preferred A Record Holders on the immediately preceding Preferred A Record Date, whether or not such Preferred A Record Holders convert their Preferred A Shares, or such Preferred A Shares are automatically converted, after a Preferred A Record Date and on or prior to the immediately succeeding Dividend Payment Date. If a Dividend Payment Date is not a Business Day, payment shall be made on the next succeeding Business Day, without any interest or other payment in lieu of interest accruing with respect to this delay.

The amount of Preferred Dividends on each Preferred A Share for each full Dividend Period shall be computed by dividing the Dividend Rate by four. Preferred Dividends on the Preferred A Shares for any period other than a full Dividend Period shall be computed based upon the actual number of days elapsed during the period over a 360-day year (consisting of twelve 30-day months). Accumulated Preferred Dividends shall not bear interest if they are paid subsequent to the applicable Dividend Payment Date. No Preferred Dividend shall be declared or paid upon, or any sum of cash or number of Common Shares set apart for the payment of Preferred Dividends upon, any outstanding Preferred A Share with respect to any Dividend Period unless all Preferred Dividends for all preceding Dividend Periods shall have been declared and paid upon, or a sufficient sum of cash or number of Common Shares shall have been set apart for the payment of such Preferred Dividends upon, all outstanding Preferred A Shares.

7.3.3 Priority of Preferred Dividends.

7.3.3.1 So long as any Preferred A Share remains outstanding, no dividend or distribution shall be declared or paid on the Common Shares or any other Junior Shares, and no Common

Shares or Junior Shares shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Company or any of its subsidiaries unless all accumulated Preferred Dividends for all preceding Dividend Periods have been declared and paid upon, or a sufficient sum or number of Common Shares have been set apart for the payment of such Preferred Dividends upon, all outstanding Preferred A Shares.

7.3.3.2 The foregoing limitation shall not apply to (i) any dividend or distribution payable on any Junior Shares in shares of any other Junior Shares, or to the acquisition of Junior Shares in exchange for, or through application of the proceeds of the sale of, any other Junior Shares; (ii) redemptions, purchases or other acquisitions of Common Shares or other Junior Shares in connection with the administration of any benefit plan or other incentive plan in the ordinary course of business (including purchases to offset the Share Dilution Amount pursuant to a publicly announced repurchase plan); provided that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount; (iii) any dividends or distributions of rights or Junior Shares in connection with a shareholders' rights plan or any redemption or repurchase of rights pursuant to any shareholders' rights plan; (iv) the acquisition by the Company or any of its subsidiaries of record ownership in Junior Shares for the beneficial ownership of any other Persons (other than the Company or any of its subsidiaries), including as trustees or custodians; (v) the exchange or conversion of Junior Shares for or into other Junior Shares (with the same or lesser aggregate liquidation amount) and (vi) any redemption, repurchase or purchase in any way in application of Article 8 (Limitation of ownership-Communications Laws).

7.3.3.3 When Preferred Dividends are not paid (or declared and a sum of cash or number of Common Shares sufficient for payment thereof set aside for the benefit of the Preferred A Shareholders on the applicable Record Date) on any Dividend Payment Date in full on Preferred A Shares, all Preferred Dividends declared on the Preferred A Shares and all dividends on any other Parity Shares shall be declared so that the respective amounts of such dividends declared on the Preferred A Shares and each such other class or series of Parity Shares shall bear the same ratio to each other as all accumulated dividends or distributions per share on Preferred A Shares and such class or series of Parity Shares (subject to their having been declared by the General Meeting or the Board of Directors out of legally available profits or reserves and including, all accumulated dividends or distributions) bear to each other; provided that any undeclared (and unpaid) Preferred Dividend will continue to accumulate.

7.3.3.4 Subject to the foregoing, and not otherwise, such dividends or other distributions (payable in cash, securities or other property) as may be determined by the Board of Directors or the General Meeting may be declared and paid on any securities, including Common Shares and other Junior Shares, from time to time out of any profits or reserves legally available therefor, and Preferred A Shareholders shall not be entitled to participate in any such dividends or distributions.

7.3.4 Method of Payment of Preferred Dividends.

The Preferred Dividends may be paid in cash, by delivery of Common Shares or through any combination of cash and Common Shares, as determined by the Company (by decision of the Board) in its sole discretion (subject to the limitations described below).

7.3.4.1 Subject to the limitations described below, any declared Preferred Dividend (or any portion of any declared Preferred Dividend) on the Preferred A Shares, whether or not for a current Dividend Period or any prior Dividend Period (including in connection with the payment of declared and unpaid Preferred Dividends to the extent required to be paid pursuant to Articles 7.5, 7.6 or 7.7), may be paid by the Company, as determined in the Company's sole discretion: (i) in cash; (ii) by delivery of Common Shares; or (iii) through any combination of cash and Common Shares.

7.3.4.2 Each payment of a declared Preferred Dividend on the Preferred A Shares shall be made in cash, except to the extent the Company elects to make all or any portion of such payment in Common Shares. The Company may make such election by giving notice to the Preferred A Shareholders of such election and the portions of such payment that shall be made in cash and in Common Shares no later than twelve (12) Trading Days prior to the Dividend Payment Date for such Preferred Dividend.

7.3.4.3 Common Shares issued in payment or partial payment of a declared Preferred Dividend shall be valued for such purpose at 97% of the average VWAP per Common Share over the ten (10) consecutive Trading Day period ending on the second (2nd) Trading Day immediately preceding the applicable Dividend Payment Date (the «Average Price»).

7.3.5 No fractional Common Share shall be delivered to Preferred A Shareholders in payment or partial payment of a Preferred Dividend. A cash adjustment shall be paid to each Preferred A Shareholder that would otherwise be entitled to a fraction of a Common Share based on the average VWAP per Common Share over the ten (10) consecutive Trading Day period ending on the second (2nd) Trading Day immediately preceding the relevant Dividend Payment Date.

7.3.6 Notwithstanding the foregoing, in no event shall the number of Common Shares delivered in connection with any declared Preferred Dividend, including any declared Preferred Dividend payable in connection with a conversion, exceed a number equal to the total Preferred Dividend payment divided by six US Dollars and thirty cents (USD 6.30), subject to adjustment in a manner inversely proportional to any antidilution adjustment to each Fixed Conversion Rate as set forth in Article 7.11 (such dollar amount, as adjusted, the «Floor Price»). To the extent that the amount of the declared Preferred Dividend exceeds the product of the number of Common Shares delivered in connection with such declared Preferred Dividend and the Average Price, the Company shall, if it is legally able to do so, pay such excess amount in cash.

7.3.7 To the extent that the Company, in its reasonable judgment, determines that a Shelf Registration Statement is required in connection with the issuance of, or for resales of, Common Shares issued as payment of a dividend, including Preferred Dividends paid in connection with a conversion, the Company shall, to the extent such a Shelf Registration Statement is not currently filed and effective, use its reasonable best efforts to file and maintain the effectiveness of such a Shelf Registration Statement until the earlier of such time as all Common Shares have been

resold thereunder and such time as all such Common Shares are freely tradeable without registration. To the extent applicable, the Company shall also use its reasonable best efforts to have the Common Shares qualified or registered under applicable state securities laws, if required, and approved for listing on the New York Stock Exchange (or if the Common Shares are not listed on the New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which the Common Shares are then listed).

7.4 Rights of Preferred A Shares on Liquidation, Winding up or Dissolution

7.4.1 In the event of any liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, each Preferred A Shareholder shall be entitled to receive the Liquidation Preference per Preferred A Share held, plus an amount equal to accumulated Preferred Dividends on such Preferred A Shares to (but excluding) the date fixed for (the opening of the) liquidation, winding-up or dissolution to be paid out of the assets of the Company available for distribution to its Shareholders, after satisfaction of liabilities owed to the Company's creditors and holders of any Senior Shares and before any payment or distribution is made on any Junior Shares, including, without limitation, the Common Shares.

7.4.2 Neither the sale (for cash, Shares, securities or other consideration) of all or substantially all of the assets or business of the Company (other than in connection with the liquidation, winding-up or dissolution of its business), nor the merger or consolidation of the Company into or with any other Person, shall be deemed to be a liquidation, winding-up or dissolution, voluntary or involuntary, for the purposes hereof.

7.4.3 If upon the voluntary or involuntary liquidation, winding-up or dissolution of the Company, the amounts payable with respect to the Liquidation Preference plus an amount equal to accumulated (and undeclared and unpaid) Preferred Dividends on the Preferred A Shares and all Parity Shares are not paid in full, the Preferred A Shareholders and all holders of any Parity Shares shall share equally and ratably in any distribution of the Company's assets in proportion to the liquidation preference and an amount equal to the accumulated (and undeclared and unpaid) dividends to which such holders are entitled.

7.4.4 After the payment to the Preferred A Shareholders of full preferential amounts provided for in this Article 7.4, the Preferred A Shareholders as such shall have no right or claim to any of the remaining assets of the Company.

7.5 Mandatory Conversion on the Mandatory Conversion Date

7.5.1 Each Preferred A Share shall automatically convert (unless previously converted at the option of the Preferred A Shareholder in accordance with Article 7.6 or pursuant to an exercise of a Cash Acquisition Conversion right pursuant to Article 7.7) on the Mandatory Conversion Date («Mandatory Conversion»), into a number of Common Shares equal to the Mandatory Conversion Rate.

7.5.2 The «Mandatory Conversion Rate» shall be as follows:

7.5.2.1 if the Applicable Market Value is greater than twenty-two US Dollars and five cents (USD22.05) (the «Threshold Appreciation Price»), then the Mandatory Conversion Rate shall be equal to two point two six seven six (2.2676) Common Shares per Preferred A Share (the «Minimum Conversion Rate»);

7.5.2.2 if the Applicable Market Value is less than or equal to the Threshold Appreciation Price but equal to or greater than eighteen US Dollars (USD18.00) (the «Initial Price»), then the Mandatory Conversion Rate per Preferred A Share shall be equal to the Liquidation Preference divided by the Applicable Market Value; or

7.5.2.3 if the Applicable Market Value is less than the Initial Price, then the Mandatory Conversion Rate shall be equal to two point seven seven seven eight (2.7778) Common Shares per Preferred A Share (the «Maximum Conversion Rate»).

7.5.3 The Fixed Conversion Rates, the Threshold Appreciation Price, the Initial Price and the Applicable Market Value are each subject to adjustment in accordance with the provisions of Article 7.11.

7.5.4 If the Company declares a Preferred Dividend for the Dividend Period ending on the Mandatory Conversion Date, the Company shall pay such Preferred Dividend to the Preferred Record Holders as of the immediately preceding Preferred A Record Date in accordance with the provisions of Article 7.3.

If prior to the Mandatory Conversion Date the Company has not declared all or any portion of the accumulated Preferred Dividends on the Preferred A Shares, the Mandatory Conversion Rate shall be adjusted so that Preferred A Shareholders receive an additional number of Common Shares equal to the amount of accumulated Preferred Dividends that have not been declared («Mandatory Conversion Additional Conversion Amount») divided by the greater of the Floor Price and the Applicable Market Value. To the extent that the Mandatory Conversion Additional Conversion Amount exceeds the product of such number of additional Common Shares and the Applicable Market Value, the Company shall, if the Company is legally able to do so, declare and pay such excess amount in cash pro rata to the Preferred A Shareholders.

7.6 Early Conversion at the Option of the Holder

7.6.1 Other than during a Cash Acquisition Conversion Period, the Preferred A Shareholders shall have the right to convert their Preferred A Shares, in whole or in part (but in no event less than one Preferred A Share), at any time prior to the Mandatory Conversion Date («Early Conversion»), into Common Shares at the Minimum Conversion Rate, subject to adjustment as described in Article 7.11 and to satisfaction of the conversion procedures set forth in Article 7.8.

7.6.2 If as of any Early Conversion Date the Company has not declared all or any portion of the accumulated Preferred Dividends for all Dividend Periods ending prior to such Early Conversion Date, the Minimum Conversion Rate shall be adjusted so that the converting Preferred A Shareholder receives an additional number of Common Shares equal to the amount of accumulated Preferred Dividends that have not been declared, divided by the greater of the Floor Price and the average of the Closing Prices of the Common Shares over the forty (40) consecutive Trading Day period ending on the third (3rd) Trading Day immediately preceding the Early Conversion Date (such average being referred to as the «Applicable Early Conversion Market Value»). Except as described above, upon any Early Conversion of any Preferred A Shares, the Company shall make no payment or allowance for unpaid Preferred Dividends on such Preferred A Shares.

7.7 Cash Acquisition Conversion

7.7.1 If a Cash Acquisition occurs on or prior to the Mandatory Conversion Date, the Preferred A Shareholders shall have the right to convert their Preferred A Shares, in whole or in part (but in no event less than one Preferred A Share) (such right of the Preferred A Shareholders to convert their Preferred A Shares pursuant to this Article 7.7.1 being the «Cash Acquisition Conversion») during a period (the «Cash Acquisition Conversion Period») that begins on the effective date of such Cash Acquisition (the «Effective Date») and ends at 5:00 p.m., New York City time, on the date that is twenty (20) calendar days after the Effective Date (or, if earlier, the Mandatory Conversion Date) into Common Shares at the Cash Acquisition Conversion Rate (as adjusted pursuant to Article 7.11).

7.7.2 On or before the twentieth (20th) calendar day prior to the anticipated Effective Date of the Cash Acquisition, or, if such prior notice is not practicable, no later than the tenth (10th) calendar day immediately following such Effective Date, the Company shall provide notice (the «Cash Acquisition Notice») to the Preferred A Shareholders. Such notice shall state: (i) the anticipated Effective Date of the Cash Acquisition; (ii) that Preferred A Shareholders shall have the right to effect a Cash Acquisition Conversion in connection with such Cash Acquisition during the Cash Acquisition Conversion Period; (iii) the Cash Acquisition Conversion Period; and (iv) the instructions a Preferred A Shareholder must follow to effect a Cash Acquisition Conversion in connection with such Cash Acquisition.

If the Company notifies Preferred A Shareholders of a Cash Acquisition later than the twentieth (20th) calendar day prior to the Effective Date of the Cash Acquisition, the Cash Acquisition Conversion Period shall be extended by a number of days equal to the number of days from, and including, the twentieth (20th) calendar day prior to the Effective Date of the Cash Acquisition to, but excluding, the date of such notice; provided that the Cash Acquisition Conversion Period shall not be extended beyond the Mandatory Conversion Date.

Such notice may be given by the Company pursuant to Article 7.12.

7.7.3 Not later than the second Business Day following the Effective Date or, if later, the date the Company provides Preferred A Shareholders notice of the Effective Date of the Cash Acquisition, the Company shall notify Preferred A Shareholders of: (i) the Cash Acquisition Conversion Rate; (ii) the Cash Acquisition Dividend Make-whole Amount and whether the Company shall pay such amount in cash, Common Shares or a combination thereof (and if so, shall specify the combination, if applicable); and (iii) the amount of accumulated and undeclared Preferred Dividends as of the Effective Date and whether the Company shall pay such amount by an adjustment of the Cash Acquisition Conversion Rate, a cash payment or a combination thereof (and if so, shall specify the combination, if applicable). Such notice may be given by the Company pursuant to Article 7.12.

7.7.4 Upon any conversion pursuant to Article 7.7.1, in addition to issuing to the converting Preferred A Shareholders the number of Common Shares at the Cash Acquisition Conversion Rate, the Company shall:

7.7.4.1 either (x) pay the converting Preferred A Shareholders in cash, to the extent the Company is legally permitted to do so, the present value, computed using a discount rate of five point seventy-five per cent (5.75%) per annum, of all Preferred Dividend amounts on the

Preferred A Shares subject to such Cash Acquisition Conversion for all remaining Dividend Periods (excluding any accumulated Preferred Dividends as of the Effective Date) from such Effective Date to but excluding the Mandatory Conversion Date (the «Cash Acquisition Dividend Make-whole Amount»); or (y) increase the number of Common Shares to be issued on conversion by a number equal to (A) the Cash Acquisition Dividend Make-whole Amount divided by (B) the greater of the Floor Price and the Share Price; and

7.7.4.2 to the extent that, as of the Effective Date, the Company has not declared all or any portion of the accumulated Preferred Dividends on the Preferred A Shares as of such Effective Date, the Cash Acquisition Conversion Rate shall be further adjusted so that converting Preferred A Shareholders receive an additional number of Common Shares equal to the amount of such accumulated Preferred Dividends (the «Cash Acquisition Additional Conversion Amount»), divided by the greater of the Floor Price and the Share Price. To the extent that the Cash Acquisition Additional Conversion Amount exceeds the product of the number of additional Common Shares and the Share Price, the Company shall, if legally able to do so, declare and pay such excess amount in cash.

7.7.4.3 if the Effective Date falls during a Dividend Period for which the Company has declared a Preferred Dividend, the Company shall pay such Preferred Dividend on the relevant Dividend Payment Date to the Preferred A Shareholders on the immediately preceding Preferred A Record Date in accordance with Article 7.3.

7.8 Conversion Procedures

7.8.1 Pursuant to Article 7.5, on the Mandatory Conversion Date, any outstanding Preferred A Shares shall automatically convert into Common Shares. The Person or Persons entitled to receive the Common Shares issuable upon mandatory conversion of the Preferred A Shares shall be treated as the record holder(s) of such Common Shares as of 5:00 p.m., New York City time, on the Mandatory Conversion Date. Except as provided under Article 7.11.3.3, prior to 5:00 p.m., New York City time, on the Mandatory Conversion Date, the Common Shares issuable upon conversion of Preferred A Shares shall not be outstanding for any purpose and Preferred A Shareholders shall have no rights with respect to such Common Shares, including voting rights, rights to respond to tender offers and rights to receive any dividends or other distributions on the Common Shares, by virtue of holding the Preferred A Shares.

7.8.2 To effect an Early Conversion pursuant to Article 7.6, a Preferred A Shareholder must deliver to DTC the appropriate instruction form for conversion pursuant to DTC's conversion program and, if required, pay all transfer or similar taxes or duties, if any.

The Early Conversion shall be effective on the date on which a Preferred A Shareholder has satisfied the foregoing requirements, to the extent applicable («Early Conversion Date»). A Preferred A Shareholder shall not be required to pay any transfer or similar taxes or duties relating to the issuance or delivery of Common Shares if such Preferred A Shareholder exercises its conversion rights, but such Preferred A Shareholder shall be required to pay any transfer or similar tax or duty that may be payable relating to any transfer involved in the issuance or delivery of Common Shares in a name other than the name of such Preferred A Shareholder. Common Shares shall be issued and delivered only after all applicable taxes and duties, if any,

payable by the Preferred A Shareholder have been paid in full and shall be issued, together with any cash to which the converting Preferred A Shareholder is entitled, on the later of the third (3rd) Business Day immediately succeeding the Early Conversion Date and the Business Day after the Preferred A Shareholder has paid in full all applicable taxes and duties, if any. The Person or Persons entitled to receive the Common Shares issuable upon Early Conversion shall be treated for all purposes as the record holder(s) of such Common Shares as of 5:00 p.m., New York City time, on the applicable Early Conversion Date. No allowance or adjustment, except as set forth in Article 7.11.3.3, shall be made in respect of dividends or distributions payable to holders of Common Shares of record as of any date prior to such applicable Early Conversion Date. Prior to such applicable Early Conversion Date, Common Shares issuable upon conversion of any Preferred A Shares shall not be outstanding for any purpose, and Preferred A Shareholders shall have no rights with respect to the Common Shares (including voting rights, rights to respond to tender offers for the Common Shares and rights to receive any dividends or other distributions on the Common Shares) by virtue of holding Preferred A Shares.

In the event that an Early Conversion is effected with respect to Preferred A Shares representing less than all the Preferred A Shares held by a Preferred A Shareholder, upon such Early Conversion the relevant register shall revise its records accordingly.

7.8.3 To effect a Cash Acquisition Conversion pursuant to Article 7.7, a Preferred A Shareholder must, during the Cash Acquisition Conversion Period, deliver to DTC the appropriate instruction form for conversion pursuant to DTC's conversion program and, if required, pay all transfer or similar taxes or duties, if any.

The Cash Acquisition Conversion shall be effective on the date on which a Preferred A Shareholder has satisfied the foregoing requirements, to the extent applicable (the «Cash Acquisition Conversion Date»). A Preferred A Shareholder shall not be required to pay any transfer or similar taxes or duties relating to the issuance or delivery of Common Shares if such Preferred A Shareholder exercises its conversion rights, but such Preferred A Shareholder shall be required to pay any transfer or similar tax or duty that may be payable relating to any transfer involved in the issuance or delivery of Common Shares in a name other than the name of such Preferred A Shareholder. Common Shares shall be issued and delivered only after all applicable taxes and duties, if any, payable by the Preferred A Shareholder have been paid in full and shall be issued, together with any cash to which the converting Preferred A Shareholder is entitled, on the later of the third (3rd) Business Day immediately succeeding the Cash Acquisition Conversion Date and the Business Day after the Preferred A Shareholder has paid in full all applicable taxes and duties, if any. For the avoidance of doubt, Preferred A Shareholders who do not submit their instruction form for conversion during the Cash Acquisition Conversion Period shall not be entitled to convert their Preferred A Shares at the Cash Acquisition Conversion Rate or to receive the Cash Acquisition Dividend Make-whole Amount.

The Person or Persons entitled to receive the Common Shares issuable upon such Cash Acquisition Conversion shall be treated for all purposes as the record holder(s) of such Common Shares as of 5:00 p.m., New York City time, on the applicable Cash Acquisition Conversion Date. No allowance or adjustment, except as set forth in Article 7.11.3.3, shall be made in respect

of dividends or distributions payable to holders of Common Shares of record as of any date prior to such applicable Cash Acquisition Conversion Date. Prior to such applicable Cash Acquisition Conversion Date, Common Shares issuable upon conversion of any Preferred A Shares shall not be deemed outstanding for any purpose, and Preferred A Shareholders shall have no rights with respect to the Common Shares (including voting rights, rights to respond to tender offers for the Common Shares and rights to receive any dividends or other distributions on the Common Shares, by virtue of holding Preferred A Shares.

In the event that a Cash Acquisition Conversion is effected with respect to Preferred A Shares representing less than all the Preferred A Shares held by a Preferred A Shareholder, upon such Cash Acquisition Conversion the relevant register shall revise its records accordingly.

7.8.4 In the event that a Preferred A Shareholder shall not by written notice designate the name in which Common Shares to be issued upon conversion of such Preferred A Shares should be registered, the Company shall be entitled to register such Shares, and make such payment, in the name of the Preferred A Shareholder as shown on the records of the Company.

7.8.5 Preferred A Shares shall cease to be outstanding on the applicable Conversion Date, subject to the right of relevant Preferred A Shareholder to receive Common Shares issuable upon conversion of such Preferred A Shares and other amounts and Common Shares, if any, to which they are entitled pursuant to Articles 7.5, 7.6 or 7.7, as applicable.

7.9 Reservation of Common Shares

7.9.1 The Company shall at all times reserve and keep available out of its authorized and unissued Common Shares or Common Shares held in the treasury of the Company, solely for issuance upon the conversion of Preferred A Shares as herein provided, free from any preemptive or other similar rights, the maximum number of shares of Common Shares as shall from time to time be issuable upon the conversion of all the Preferred A Shares then outstanding. For purposes of this Article 7.9.1, the number of Common Shares that shall be deliverable upon the conversion of all outstanding Preferred A Shares shall be computed as if at the time of computation all such outstanding Preferred A Shares were held by a single Preferred A Shareholder.

7.9.2 Notwithstanding the foregoing, the Company shall be entitled to deliver upon conversion of Preferred A Shares, as herein provided, Common Shares reacquired and held in the treasury of the Company (or a subsidiary of the Company) (in lieu of the issuance of authorized and unissued Common Shares), so long as any such treasury Common Shares are free and clear of all liens, charges, security interests or encumbrances (other than liens, charges, security interests and other encumbrances created by the Preferred A Shareholders).

7.9.3 All Common Shares delivered upon conversion of the Preferred A Shares shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Preferred A Shareholders).

7.9.4 Prior to the delivery of any securities that the Company shall be obligated to deliver upon conversion of the Preferred A Shares, the Company shall use reasonable best efforts to comply with all U.S. federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

7.9.5 If at any time the Common Shares shall be listed on the New York Stock Exchange or any other (U.S.) national securities exchange or automated quotation system, the Company shall, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Shares shall be so listed on such exchange or automated quotation system, all Common Shares issuable upon conversion of the Preferred A Shares; provided, however, that if the rules of such exchange or automated quotation system permit the Company to defer the listing of such Common Shares until the first conversion of Preferred A Shares into Common Shares in accordance with the provisions hereof, the Company covenants to list such Common Shares issuable upon first conversion of the Preferred A Shares in accordance with the requirements of such exchange or automated quotation system at such time.

7.10 Fractional Shares

7.10.1 No fractional Common Shares shall be issued as a result of any conversion of Preferred A Shares.

7.10.2 In lieu of any fractional Common Share otherwise issuable in respect of any mandatory conversion pursuant to Article 7.5 or a conversion at the option of the Preferred A Shareholder pursuant to Article 7.6 or Article 7.7, the Company shall pay an amount in cash (computed to the nearest cent) equal to the product of (i) that same fraction and (ii) the average of the Closing Prices over the five consecutive Trading Day period ending on the second Trading Day immediately preceding the Mandatory Conversion Date, Cash Acquisition Conversion Date or Early Conversion Date, as applicable.

7.10.3 If more than one Preferred A Share is surrendered for conversion at one time by or for the same Preferred A Shareholder, the number of full Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate number of Preferred A Shares so surrendered.

7.11 Anti-Dilution Adjustments to the Fixed Conversion Rates.

7.11.1 Each Fixed Conversion Rate shall be subject to the following adjustments:

7.11.1.1 Shares Dividends and Dividends.

If the Company issues Common Shares to all holders of Common Shares as a dividend or other distribution, each Fixed Conversion Rate in effect at 5:00 p.m., New York City time, on the date fixed for determination of the holders of Common Shares entitled to receive such dividend or other distribution shall be divided by a fraction:

(A) the numerator of which is the number of Common Shares outstanding at 5:00 p.m., New York City time, on the date fixed for such determination, and

(B) the denominator of which is the sum of the number of Common Shares outstanding at 5:00 p.m., New York City time, on the date fixed for such determination and the total number of Common Shares constituting such dividend or other distribution.

Any adjustment made pursuant to this Article 7.11.1.1 shall become effective immediately after 5:00 p.m., New York City time, on the date fixed for such determination. If any dividend or distribution described in this Article 7.11.1.1 is declared but not so paid or made, each Fixed

Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its or, as the case may be, the General Meeting's, decision not to make such dividend or distribution, to such Fixed Conversion Rate that would be in effect if such dividend or distribution had not been declared. For the purposes of this Article 7.11.1.1, the number of Common Shares outstanding at 5:00 p.m., New York City time, on the date fixed for such determination shall not include Common Shares held in treasury by the Company but shall include any Common Shares issuable in respect of any scrip certificates issued in lieu of fractions of Common Shares. The Company shall not pay any dividend or make any distribution on Common Shares held in treasury by the Company.

7.11.1.2 Issuance of Share Purchase Rights.

If the Company issues to all holders of Common Shares rights or warrants (other than rights or warrants issued pursuant to a dividend reinvestment plan or share purchase plan or other similar plans), entitling such holders, for a period of up to forty-five (45) calendar days from the date of issuance of such rights or warrants, to subscribe for or purchase Common Shares at a price per Common Share less than the Current Market Price, each Fixed Conversion Rate in effect at 5:00 p.m., New York City time, on the date fixed for determination of the holders of Common Shares entitled to receive such rights or warrants shall be increased by multiplying such Fixed Conversion Rate by a fraction:

(A) the numerator of which is the sum of the number of shares of Common Shares outstanding at 5:00 p.m., New York City time, on the date fixed for such determination and the number of Common Shares issuable pursuant to such rights or warrants, and

(B) the denominator of which shall be the sum of the number of Common Shares outstanding at 5:00 p.m., New York City time, on the date fixed for such determination and the number of Common Shares equal to the quotient of the aggregate offering price payable to exercise such rights or warrants divided by the Current Market Price.

Any adjustment made pursuant to this Article 7.11.1.2 shall become effective immediately after 5:00 p.m., New York City time, on the date fixed for such determination. In the event that such rights or warrants described in this Article 7.11.1.2 are not so issued, each Fixed Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its or, as the case may be, the General Meeting's, decision not to issue such rights or warrants, to such Fixed Conversion Rate that would then be in effect if such issuance had not been declared. To the extent that such rights or warrants are not exercised prior to their expiration or Common Shares are otherwise not delivered pursuant to such rights or warrants upon the exercise of such rights or warrants, each Fixed Conversion Rate shall be readjusted to such Fixed Conversion Rate that would then be in effect had the adjustment made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered. In determining the aggregate offering price payable to exercise such rights or warrants, there shall be taken into account any consideration received for such rights or warrants and the value of such consideration (if other than cash, to be determined by the Board of Directors). For the purposes of this Article 7.11.1.2, the number of Common Shares at the time outstanding shall not include Shares held in treasury by the Company but shall include any Common Shares issuable in respect of any scrip certificates issued in lieu of fractions of Common Shares. The Company shall not issue any such rights or warrants in respect of Common Shares held in treasury by the Company.

7.11.1.3 Subdivisions and Combinations of the Common Shares.

If outstanding Common Shares shall be subdivided into a greater number of Common Shares or combined into a lesser number of Common Shares, each Fixed Conversion Rate in effect at 5:00 p.m., New York City time, on the effective date of such subdivision or combination shall be multiplied by a fraction:

(A) the numerator of which is the number of Common Shares that would be outstanding immediately after, and solely as a result of, such subdivision or combination, and

(B) the denominator of which is the number of Common Shares outstanding immediately prior to such subdivision or combination.

Any adjustment made pursuant to this Article 7.11.1.3 shall become effective immediately after 5:00 p.m., New York City time, on the effective date of such subdivision or combination.

7.11.1.4 Debt or Asset Dividend.

(A) If the Company distributes to all holders of Common Shares evidences of its indebtedness, Shares, securities, rights to acquire the Company's Share capital, cash or other assets (excluding (1) any dividend or distribution covered by Article 7.11.1.1, (2) any rights or warrants covered by Article 7.11.1.2, (3) any dividend or distribution covered by Article 7.11.1.5 and (4) any Spin-Off to which the provisions set forth in Article 7.11.1.4 (B) apply), each Fixed Conversion Rate in effect at 5:00 p.m., New York City time, on the date fixed for the determination of holders of Common Shares entitled to receive such distribution shall be multiplied by a fraction:

(1) the numerator of which is the Current Market Price, and

(2) the denominator of which is the Current Market Price minus the Fair Market Value, on such date fixed for determination, of the portion of the evidences of indebtedness, Shares, securities, rights to acquire the Company's share capital, cash or other assets so distributed applicable to one Common Share.

(B) In the case of a Spin-Off, each Fixed Conversion Rate in effect at 5:00 p.m., New York City time, on the date fixed for the determination of holders of Common Shares entitled to receive such distribution shall be multiplied by a fraction:

(1) the numerator of which is the sum of (x) the Current Market Price of the Common Shares and (y) the Fair Market Value of the portion of those Shares or similar equity interests so distributed which is applicable to one Common Share as of the fifteenth (15th) Trading Day after the effective date for such distribution (or, if such Shares or equity interests are listed on a U.S. national or regional securities exchange, the Current Market Price of such securities), and

(2) the denominator of which is the Current Market Price of the Common Shares.

Any adjustment made pursuant to this Article 7.11.1.4 shall become effective immediately after 5:00 p.m., New York City time, on the date fixed for the determination of the holders of Common Shares entitled to receive such distribution. In the event that such distribution described in this Article 7.11.1.4 is not so made, each Fixed Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its or, as the case may be, the General

Meeting's, decision not to make such distribution, to such Fixed Conversion Rate that would then be in effect if such distribution had not been declared. If an adjustment to each Fixed Conversion Rate is required under this Article 7.11.1.4 during any settlement period in respect of Preferred A Shares that have been tendered for conversion, delivery of the Common Shares issuable upon conversion shall be delayed to the extent necessary in order to complete the calculations provided for in this Article 7.11.1.4.

7.11.1.5 Cash Dividends or Distributions.

If the Company distributes an amount exclusively in cash to all holders of Common Shares (excluding (1) any cash that is distributed in a Reorganization Event to which Article 7.11.5 applies, (2) any dividend or distribution in connection with the liquidation, dissolution or winding up of the Company or (3) any consideration payable in as part of a tender or exchange offer by the Company or any subsidiary of the Company), each Fixed Conversion Rate in effect at 5:00 p.m., New York City time, on the date fixed for determination of the holders of Common Shares entitled to receive such distribution shall be multiplied by a fraction:

(1) the numerator of which is the Current Market Price, and

(2) the denominator of which is the Current Market Price minus the amount per Common Share of such distribution.

Any adjustment made pursuant to this Article 7.11.1.5 shall become effective immediately after 5:00 p.m., New York City time, on the date fixed for the determination of the holders of Common Shares entitled to receive such distribution. In the event that any distribution described in this Article 7.11.1.5 is not so made, each Fixed Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its or, as the case may be, the General Meeting's, decision not to make such distribution, to such Fixed Conversion Rate which would then be in effect if such distribution had not been declared.

7.11.1.6 Self Tender Offers and Exchange Offers.

If the Company or any subsidiary of the Company successfully completes a tender or exchange offer pursuant to a Schedule TO or registration statement on Form F-4 (or Form S-4) for Common Shares (excluding any securities convertible or exchangeable for Common Shares), where the cash and the value of any other consideration included in the payment per Common Share exceeds the Current Market Price, each Fixed Conversion Rate in effect at 5:00 p.m., New York City time, on the date of expiration of the tender or exchange offer (the «Expiration Date») shall be multiplied by a fraction:

(A) the numerator of which shall be equal to the sum of:

(1) the aggregate cash and Fair Market Value on the Expiration Date of any other consideration paid or payable for Common Shares purchased in such tender or exchange offer; and

(2) the product of the Current Market Price and the number of Common Shares outstanding immediately after such tender or exchange offer expires (after giving effect to the purchase or exchange of shares pursuant to such tender or exchange offer); and

(B) the denominator of which shall be equal to the product of (1) the Current Market Price and (2) the number of Common Shares outstanding immediately prior to the time such tender or exchange offer expires.

Any adjustment made pursuant to this Article 7.11.1.6 shall become effective immediately after 5:00 p.m., New York City time, on the seventh (7th) Trading Day immediately following the Expiration Date. In the event that the Company or one of its subsidiaries is obligated to purchase Common Shares pursuant to any such tender offer or exchange offer, but the Company or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then each Fixed Conversion Rate shall be readjusted to such Fixed Conversion Rate that would then be in effect if such tender offer or exchange offer had not been made. Except as set forth in the preceding sentence, if the application of this Article 7.11.1.6 to any tender offer or exchange offer would result in a decrease in each Fixed Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this Article 7.11.1.6. If an adjustment to each Fixed Conversion Rate is required pursuant to this Article 7.11.1.6 during any settlement period in respect of Preferred A Shares that have been tendered for conversion, delivery of the related conversion consideration shall be delayed to the extent necessary in order to complete the calculations provided for in this Article 7.11.1.6.

7.11.1.7 Except with respect to a Spin-Off, in cases where the Fair Market Value of the evidences of the Company's indebtedness, Shares, securities, rights to acquire the Company's share capital, cash or other assets as to which Article 7.11.1.4 or Article 7.11.1.5 apply, applicable to one Common Share, distributed to holders of Common Shares equals or exceeds the average of the Closing Prices of the Common Shares over the five (5) consecutive Trading Day period ending on the Trading Day before the ExDate for such distribution, rather than being entitled to an adjustment in each Fixed Conversion Rate, Preferred A Shareholders shall be entitled to receive upon conversion, in addition to a number of Common Shares otherwise deliverable on the applicable Conversion Date, the kind and amount of the evidences of the Company's indebtedness, Shares, securities, rights to acquire the Company's share capital, cash or other assets comprising the distribution that such Preferred A Shareholder would have received if such Preferred A Shareholder had owned immediately prior to the record date for determining the holders of Common Shares entitled to receive the distribution, for each Preferred A Share, a number of Common Shares equal to the Maximum Conversion Rate in effect on the date of such distribution.

7.11.1.8 Rights Plans.

To the extent that the Company has a rights plan in effect with respect to the Common Shares on any Conversion Date, upon conversion of any Preferred A Shares, Preferred A Shareholders shall receive, in addition to the Common Shares, the rights under such rights plan, unless, prior to such Conversion Date, the rights have separated from the Common Shares, in which case each Fixed Conversion Rate shall be adjusted at the time of separation of such rights as if the Company made a distribution to all holders of the Common Shares as described in Article 7.11.1.4, subject to readjustment in the event of the expiration, termination or redemption of such rights. Any distribution of rights or warrants pursuant to a rights plan that would allow

Preferred A Shareholders to receive upon conversion, in addition to any Common Shares, the rights described therein (unless such rights or warrants have separated from Common Shares) shall not constitute a distribution of rights or warrants that would entitle Preferred A Shareholders to an adjustment to the Fixed Conversion Rates.

7.11.2 Adjustment for Tax Reasons.

The Company may make such increases in each Fixed Conversion Rate, in addition to any other increases required by this Article 7.11, as the Company deems advisable to avoid or diminish any income tax to holders of the Common Shares resulting from any dividend or distribution of Common Shares (or issuance of rights or warrants to acquire Common Shares) or from any event treated as such for income tax purposes or for any other reasons; provided that the same proportionate adjustment must be made to each Fixed Conversion Rate.

7.11.3 Calculation of Adjustments; Adjustments to Threshold Appreciation Price, Initial Price and Share Price.

7.11.3.1 All adjustments to each Fixed Conversion Rate shall be calculated to the nearest 1/10,000th of a Common Share. Prior to the Mandatory Conversion Date, no adjustment in a Fixed Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) therein; provided, that any adjustments which by reason of this Article 7.11.3.1 are not required to be made shall be carried forward and taken into account in any subsequent adjustment; provided, however that with respect to adjustments to be made to the Fixed Conversion Rates in connection with cash dividends or distributions paid by the Company, the Fixed Conversion Rates shall be adjusted regardless of whether such aggregate adjustments amount to one percent (1%) or more of the Fixed Conversion Rates no later than November 15 of each calendar year; provided, further that on the earlier of the Mandatory Conversion Date, an Early Conversion Date and the Effective Date of a Cash Acquisition, adjustments to each Fixed Conversion Rate shall be made with respect to any such adjustment carried forward that has not been taken into account before such date.

7.11.3.2 If an adjustment is made to the Fixed Conversion Rates pursuant to Article 7.11.1 or Article 7.11.2, an inversely proportional adjustment shall also be made to the Threshold Appreciation Price and the Initial Price solely for purposes of determining which of Articles 7.5.2.1, 7.5.2.2, or 7.5.2.3 of Article 7.5.2 shall apply on the Mandatory Conversion Date. Such adjustment shall be made by dividing each of the Threshold Appreciation Price and the Initial Price by a fraction, the numerator of which shall be either Fixed Conversion Rate immediately after such adjustment pursuant to Article 7.11.1 or Article 7.11.2 and the denominator of which shall be such Fixed Conversion Rate immediately before such adjustment. The Company shall make appropriate adjustments to the Closing Prices prior to the relevant Ex-Date, effective date or Expiration Date, as the case may be, used to calculate the Applicable Market Value to account for any adjustments to the Initial Price, the Threshold Appreciation Price and the Fixed Conversion Rates that become effective during the forty (40) consecutive Trading Day period used for calculating the Applicable Market Value.

7.11.3.3 If:

(A) the record date for a dividend or distribution on Common Shares occurs after the end of the forty (40) consecutive Trading Day period used for calculating the Applicable Market Value and before the Mandatory Conversion Date; and

(B) such dividend or distribution would have resulted in an adjustment of the number of Common Shares issuable to the Preferred A Shareholders had such record date occurred on or before the last Trading Day of such forty (40) Trading Day period, then the Company shall deem the Preferred A Shareholders to be holders of record of Common Shares for purposes of that dividend or distribution. In this case, the Preferred A Shareholders would receive the dividend or distribution on Common Shares together with the number of Common Shares issuable upon the Mandatory Conversion Date.

7.11.3.4 If an adjustment is made to the Fixed Conversion Rates pursuant to Article 7.11.1 or Article 7.11.2, a proportional adjustment shall be made to each Share Price column heading set forth in the table included in the definition of «Cash Acquisition Conversion Rate.» Such adjustment shall be made by multiplying each Share Price included in such table by a fraction, the numerator of which is the Minimum Conversion Rate immediately prior to such adjustment and the denominator of which is the Minimum Conversion Rate immediately after such adjustment.

7.11.3.5 No adjustment to the Fixed Conversion Rates shall be made if Preferred A Shareholders may participate in the transaction that would otherwise give rise to an adjustment as if they held, for each Preferred A Share, a number of Common Shares equal to the Maximum Conversion Rate then in effect. In addition, the applicable Fixed Conversion Rate shall not be adjusted:

(A) upon the issuance of any Common Shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in Common Shares under any plan;

(B) upon the issuance of Common Shares or rights or warrants to purchase those shares pursuant to any present or future benefit or other incentive plan or program of or assumed by the Company or any of its subsidiaries;

(C) upon the issuance of any Common Shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the Preferred A Issue Date;

(D) for a change in the nominal value or no nominal value of the Common Shares; or

(E) for accumulated Preferred Dividends on the Preferred A Shares, except as provided under Articles 7.5, 7.6 and 7.7.

7.11.4 Notice of Adjustment.

Whenever the Fixed Conversion Rates and the Cash Acquisition Conversion Rates are to be adjusted, the Company shall:

7.11.4.1 compute such adjusted Fixed Conversion Rates and Cash Acquisition Conversion Rates and prepare and transmit to the Transfer Agent an Officer's Certificate setting forth such adjusted Fixed Conversion Rates and Cash Acquisition Conversion Rates, the method of calculation thereof in reasonable detail and the facts requiring such adjustment and upon which such adjustment is based;

7.11.4.2 within five (5) Business Days following the occurrence of an event that requires an adjustment to the Fixed Conversion Rates and the Cash Acquisition Conversion Rates (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), give notice, or cause notice to be given to the Preferred A Shareholders of the occurrence of such event; and

7.11.4.3 within five (5) Business Days following the determination of such adjusted Fixed Conversion Rates and Cash Acquisition Conversion Rates provide, or cause to be provided, to the Preferred A Shareholders a statement setting forth in reasonable detail the method by which the adjustment to such Fixed Conversion Rates and Cash Acquisition Conversion Rates, as applicable, was determined and setting forth such adjusted Fixed Conversion Rates or Cash Acquisition Conversion Rates.

7.11.5 Reorganization Events.

7.11.5.1 In the event of:

(i) any consolidation or merger of the Company with or into another Person (other than a merger or consolidation in which the Company is the continuing company and in which the Common Shares outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of the Company or another Person);

(ii) any sale, transfer, lease or conveyance to another Person of all or substantially all of the property and assets of the Company;

(iii) any reclassification of Common Shares into securities including securities other than Common Shares; or

(iv) any statutory exchange of securities of the Company with another Person (other than in connection with a merger or acquisition),

in each case, as a result of which the Company's Common Shares would be converted into, or exchanged for, securities, cash or property (each, a «Reorganization Event»), each Preferred A Share outstanding immediately prior to such Reorganization Event shall, without the consent of Preferred A Shareholders, become convertible into the kind of securities, cash and other property (the «Exchange Property») that such Preferred A Shareholder would have been entitled to receive if such Preferred A Shareholder had converted its Preferred A Shares into Common Shares immediately prior to such Reorganization Event. For purposes of the foregoing, the type and amount of Exchange Property in the case of any Reorganization Event that causes the Common Shares to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election) shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Shares that affirmatively make such an election. For purposes of this Article 7.11.5, a «Unit of Exchange Property» means the type and amount of such Exchange Property attributable to one Common Share. The number of Units of Exchange Property for each Preferred A Share converted following the effective date of such Reorganization Event shall be determined based on the Mandatory Conversion Rate, Minimum Conversion Rate or Cash Acquisition Conversion Rate, as the case may be, then in effect on the applicable Conversion Date (without any interest thereon and without any right to dividends or distributions thereon which have a record date that

is prior to the Conversion Date). In the event of any such Reorganization Event, the applicable conversion rate shall be (1) in the case of an Early Conversion, the Minimum Conversion Rate (with any adjustment thereto under Article 7.6.2 based on the Applicable Early Conversion Market Value as determined using the alternative formulation of Applicable Early Conversion Market Value set forth in the following paragraph) and (2) in the case of a Mandatory Conversion, the Mandatory Conversion Rate (determined under Article 7.5 based upon the Applicable Market Value as determined using the alternative formulation of Applicable Market Value set forth in the following paragraph).

For purposes of this Article 7.11.5, «Applicable Market Value» and «Applicable Early Conversion Market Value» shall be deemed to refer to the Applicable Market Value or Applicable Early Conversion Market Value, as the case may be, of the Exchange Property and such value shall be determined (A) with respect to any publicly traded securities that compose all or part of the Exchange Property, based on the Closing Price of such securities, (B) in the case of any cash that composes all or part of the Exchange Property, based on the amount of such cash and (C) in the case of any other property that composes all or part of the Exchange Property, based on the value of such property, as determined by a (U.S.) nationally recognized independent investment banking firm retained by the Company for this purpose. For purposes of this Article 7.11.5, the term «Closing Price» shall be deemed to refer to the closing sale price, last quoted bid price or mid-point of the last bid and ask prices, as the case may be, of any publicly traded securities that comprise all or part of the Exchange Property. For purposes of this Article 7.11.5, references to Common Shares in the definitions of «Trading Day,» «Applicable Market Value» and «Applicable Early Conversion Market Value» shall be replaced by references to any publicly traded securities that comprise all or part of the Exchange Property.

The above provisions of this Article 7.11.5 shall similarly apply to successive Reorganization Events and the provisions of Article 7.11 shall apply to any Shares of the Company (or any successor) received by the holders of Common Shares in any such Reorganization Event.

The Company (or any successor) shall, within twenty (20) days of the occurrence of any Reorganization Event, give notice to the Preferred A Shareholders of such occurrence of such event and of the kind and amount of the cash, securities or other property that constitute the Exchange Property. Failure to deliver such notice shall not affect the operation of this Article 7.11.5.

7.12 Notices to Preferred A Shareholders

All notices or other communications, other than as may be required by applicable law with respect to General Meetings, in respect of the Preferred A Shares shall be sufficiently given if given by the Company (i) with respect to Preferred A Shares the holders of which are (directly) inscribed in the register of shareholders of the Company to such registered holders of Preferred A Shares in writing and delivered in person or by first class mail, postage prepaid, or in such other manner as may be permitted in these Articles of Incorporation or by applicable law and (ii) with respect to Preferred A Shares held by or through DTC (and any other depository or settlement system, by notice to DTC (or such other depository or settlement).

7.13 Miscellaneous.

7.13.1 The Company shall pay any and all share transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery Preferred A Shares or Common Shares or other securities issued on account of Preferred A Shares pursuant hereto. The Company shall not, however, be required to pay any such tax that may be payable in respect of any transfer involved in the issuance or delivery of Common Shares or other securities in a name other than that in which the Preferred A Shares with respect to which such shares or other securities are issued or delivered were registered, and shall not be required to make any such issuance or delivery unless and until the Person otherwise entitled to such issuance or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid or is not payable.

7.13.2 The Liquidation Preference and the Dividend Rate each shall be subject to equitable adjustment whenever there shall occur a share split, combination, reclassification or other similar event involving the Preferred A Shares. Such adjustments shall be determined in good faith by the Board of Directors and submitted by the Board of Directors to the Transfer Agent.

Art. 8. Limitation of Ownership - Communications Laws.

8.1 The Company may restrict the ownership, or proposed ownership, of Shares or other equity securities of the Company by any Person or the transfer of Shares (or other equity securities) to any Person if the ownership or proposed ownership of Shares (or other equity securities) (or the transfer of Shares or other equity securities to) of such Person (i) is or could be, as determined by the Board of Directors, inconsistent with, or in violation of, any provision of, the Communications Laws, (ii) will or may limit or impair, as determined by the Board of Directors, any business activities or proposed business activities of the Company and/or its group or any group entity under the Communications Laws or (iii) will, or could, make the Company and/or its group or any group entity, subject to any specific law, rule, regulation, provision or policy under the Communications Laws to which the Company, its group or group entity would not be subject to but for such ownership, proposed ownership or transfer ((i), (ii) and (iii) collectively the «Communications Law Limitations»).

8.2 If the Company believes that the ownership or proposed ownership of Shares or other equity securities of the Company by any Person may result in a Communications Law Limitation, the Company may at any time request information from Shareholders, other equity securities holders, transferees or proposed transferees, including without limitation information on citizenship, affiliations, and ownership or other interests in other companies or enterprises, and such Person shall furnish promptly the Company with such information.

8.3 If (A) the Company does not receive the relevant information requested pursuant to Article 8.2 or (B) the Company determines that the ownership or proposed ownership of Shares or other equity securities by a Person or that the exercise of any rights of Shares or other equity securities by a Person, results or could result, as determined by the Company, in a Communications Law Limitation, the Company has the absolute right to (i) refuse to issue Shares or other equity securities to such Person, (ii) refuse to permit or recognise a transfer (or attempted transfer) of Shares or other equity securities to such Person and any such transfer or attempted

transfer shall not be inscribed in the register(s) of the Company, (iii) suspend any rights attached to such Shares or equity securities (including without limitation the right to attend and vote at General Meetings and the right to receive dividends or other distributions) and which causes or could cause such Communications Law Limitation, (iv) compulsorily redeem the Shares or other equity securities of the Company held by such Person. The Company shall in addition have the right to exercise any and all appropriate remedies, at law or in equity in any court of competent jurisdiction, against any such Person, with a view towards obtaining such information or preventing or curing any situation which causes or could cause a Communications Law Limitation. Any measure taken by the Company pursuant to (i), (ii) or (iii), respectively, shall remain in effect until the requested information has been received and/or the Company has determined that the ownership, proposed ownership or transfer of Shares or other equity securities by (or to) the relevant Person or that the exercise of any rights of Shares or other equity securities by such Person as the case may be, will not result in a Communications Law Limitation.

8.4 In case of a compulsory redemption,

8.4.1 the Company shall serve a notice (a «Redemption Notice») upon the relevant Shareholder(s), specifying (1) the Shares to be redeemed, (2) the redemption price for such Shares, and (3) the place at which the redemption price in respect for such Shares is payable. Immediately after the close of business on the date specified in the Redemption Notice, each such Shareholder shall cease to be the owner of the Shares specified in such notice and, as the case may be, such Shareholder's name shall be removed from the relevant register of Shareholders.

8.4.2 The price at which the Shares specified in any Redemption Notice shall be redeemed (the «Redemption Price») shall be an amount equal to the lesser of (A) the aggregate amount paid for such Shares (if acquired within the preceding twelve months from the date of the relevant Redemption Notice), (B) in case the Shares of the Company are listed on a Regulated Market, the last price quoted for the Shares on the business day immediately preceding the day on which the Redemption Notice is served, and (C) the book value per Share determined on the basis of the last published accounts prior to the day of service of the Redemption Notice.

8.4.3 Payment of the Redemption Price may be made directly to the holder of the Shares so redeemed or may be deposited by the Company on an account with a bank in Luxembourg, the United States or elsewhere (as specified in the Redemption Notice) for payment to such holder. Upon payment of the Redemption Price (either directly or through the deposit of such price as aforesaid), no Person interested in the Shares specified in such Redemption Notice shall have any further interest in such Shares or any of them, or any claim against the Company or its assets in respect thereof, except in the case of a deposit of the Redemption Price as aforesaid, the right to receive the Redemption Price so deposited (without interest).

8.4.4 The exercise by the Company of the powers conferred by this Article shall not be questioned or invalidated in any case, on the ground that there was insufficient evidence of ownership of Shares by any Person or that the true ownership of any Shares was otherwise than appeared to the Company at the date of any Redemption Notice.

Art. 9. Shares - Voting Rights.

9.1 Except and subject as set forth in the present Articles, each Share shall be entitled to one vote at all General Meetings of Shareholders.

9.2 Except as otherwise mandatorily provided for by Company Law or as set forth in the Articles, the Preferred A Shares shall not have any voting rights at any General Meeting of the Company or otherwise.

Art. 10. Management of the Company - Board of Directors.

10.1 The Company shall be managed by a Board of Directors which is vested with the broadest powers to manage the business of the Company and to authorise and/or perform all acts of disposal, management and administration falling within the purposes of the Company.

10.2 All powers not expressly reserved by the law or by these Articles to the General Meeting shall be within the competence of the Board of Directors.

10.3 Except as otherwise provided herein or by law, the Board of Directors of the Company is authorised to take such action (by resolution or otherwise) and to adopt such provisions as shall be necessary, appropriate, convenient or deemed fit to implement the purpose of the Company.

Art. 11. Composition of the Board of Directors.

11.1 The Company shall be managed by a Board of Directors composed of a minimum of three (3) Directors and a maximum of twenty (20) (unless otherwise provided for herein) who may but do not need to be Shareholders of the Company.

The Directors are appointed by the General Meeting of Shareholders for a period of up to three (3) years (provided however that such three (3) year term may be exceeded by a period up to the annual General Meeting held following the third anniversary of the appointment); provided however the Directors shall be divided into three (3) classes, namely class I, class II and class III, so that, subject to the number of Directors, each class will consist (as near as possible) of one third (1/3) of the Directors. Directors are elected on a staggered basis, with the Directors of one of the classes being elected each year for a term of up to three (3) years (subject as provided above as to the extension of the term), and provided that the initial class I Directors and the class II Directors shall be elected until the first (for class I) and the second (for class II) annual General Meeting, respectively, held following their appointment. The Directors may be removed with or without cause (ad nutum) by the General Meeting of Shareholders by a simple majority vote of votes cast at a General Meeting of Shareholders. The Directors shall be eligible for re-election indefinitely.

11.2 In the event of a vacancy in the office of a Director because of death, retirement, resignation, dismissal, removal or otherwise, the remaining Directors may fill such vacancy by simple majority vote and appoint a successor in accordance with applicable law.

11.3 (A) Unless otherwise determined by the Board of Directors, candidates for election to the Board must provide to the Company, (i) a written completed questionnaire with respect to the background and qualification of such Person (which questionnaire shall be provided by the Company upon written request), (ii) such information as the Company may request including without limitation as may be required, necessary or appropriate pursuant to any laws or regulation (including any rules, policies or regulation of any Regulated Market where Shares of the Company are listed or trading) applicable to the Company and (iii) the written representation and

undertaking that such Person would be in compliance, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading and other policies and guidelines of the Company or under applicable law that are applicable to Directors. (B) Any candidate to be considered must comply as to his/her qualification and affiliations with any laws, regulations, rules or policies (including any rules, policies or regulation of any Regulated Market where Shares of the Company are listed or trading) applicable to the Company.

11.4 Any proposal by Shareholder(s) holding less than ten percent (10%) of the issued share capital (the «Nominating Shareholder(s)»), of candidate(s) for election to the Board of Directors by the General Meeting (a «Proposal») must be received by the Company in writing pursuant to the provisions set forth hereafter, unless otherwise expressly provided by mandatory law:

11.4.1 Notice of Candidates - Timing

11.4.1.1 Any Proposal must be made to the Company by timely written notice by the Nominating Shareholder(s) (the «Notice of Candidates»). To be timely, the Notice of Candidates must be received at the registered office of the Company by the following dates prior to the relevant General Meeting where the election of members to the Board is on the agenda:

11.4.1.2 in the case of a Proposal for election to the Board at an annual General Meeting, not less than ninety (90) days and no more than one hundred and twenty (120) days prior to the date set forth in the Articles for the relevant annual General Meeting; provided that in the event the date of such annual General Meeting is advanced by more than thirty (30) days prior to, or delayed by more than thirty (30) days after, the date set forth in the Articles for the annual General Meeting; the Notice of Candidates must be received in writing by the Company not earlier than the close of business (local time, CET) on the one hundred and twentieth (120th) day prior to such annual General Meeting and not later than the close of business (CET) on the later of the ninetieth (90th) day prior to such annual General Meeting and the tenth (10th) day following the day on which the first public announcement of such (advanced or delayed) annual General Meeting is made;

11.4.1.3 in the case of a Proposal for election to the Board at a General Meeting other than the annual General Meeting (it being understood that such Proposal is only admissible if the election of members to the Board is referenced as an agenda item of such General Meeting), the Notice of Candidates in writing must be received by the Company not earlier than the close of business (local time, CET) on the one hundred and twentieth (120th) day prior to such General Meeting and not later than the close of business (CET) on the later of the ninetieth (90th) day prior to such General Meeting and the tenth (10th) day following the day on which the first public announcement of such General Meeting is made.

11.4.1.4 An adjournment, postponement or deferral, or announcement of an adjournment, postponement or deferral, of an annual or other General Meeting will not commence a new time period (or extend any time period) for the receipt of a Notice of Candidates by the Company.

11.4.2 The Notice of Candidates must at least include the following information or evidence:

11.4.2.1 the name and record address of each Nominating Shareholder;

11.4.2.2 a representation that each Nominating Shareholder is a holder of Shares of the Company and intends to appear in Person or by proxy at the General Meeting to make the Proposal, and the evidence of such Nominating Shareholder's holding of Shares;

11.4.2.3 the written consent of the candidate contained therein to being named as a candidate for the election to the Board and in any announcement, proxy statement or other document, and to serve as a Director of the Company if elected;

11.4.2.4 the information under Article 11.3 as to the candidate named therein and evidence that the candidate named therein complies with the provisions of Article 11.3 (B); and the written representation by the Nominating Shareholder(s) and by the candidate contained therein that such information and evidence is true, correct and up to date;

11.4.2.5 the written undertaking by the candidate to promptly provide such further information and/or evidence as may be required by the Company pursuant to Article 11.3;

11.4.2.6 the written undertaking by the Nominating Shareholder(s) to provide the Company promptly with any information or evidence reasonably requested by the Company in order for the Company to comply with any laws, regulations, rules or policies (including any rules, policies or regulation of any Regulated Market where Shares of the Company are listed or trading) applicable to the Company.

11.5 If the Nominating Shareholder(s) (or a qualified representative thereof) does not appear at the applicable General Meeting to make the Proposal, such Proposal shall be disregarded, notwithstanding that proxies in respect thereof may have been received by the Company.

Art. 12. Chairman.

12.1 The Board of Directors shall, to the extent required by law and otherwise may, appoint the chairman of the Board of Directors amongst its members (the «Chairman»). The Chairman shall preside over all meetings of the Board of Directors and of Shareholders. In the absence of the Chairman of the Board, a chairman determined ad hoc, shall chair the relevant meeting.

12.2 In case of a tie, neither the Chairman nor any other Board member shall have a casting (tie breaking) vote.

Art. 13. Board Proceedings.

13.1 The Board of Directors shall meet upon call by (or on behalf of) the Chairman or any two Directors. The Board of Directors shall meet as often as required by the interest of the Company.

13.2 Notice of any meeting of the Board of Directors must be given by letter, cable, telegram, telephone, facsimile transmission, or e-mail advice to each Director, two (2) days before the meeting, except in the case of an emergency, in which event twenty four (24) hours' notice shall be sufficient. No convening notice shall be required for meetings held pursuant to a schedule previously approved by the Board and communicated to all Board members. A meeting of the Board may also be validly held without convening notice to the extent the Directors present or represented do not object and those Directors not present or represented have waived the convening notice in writing, by facsimile transmission, email or otherwise.

13.3 Meetings of the Board of Directors may be held physically or, in all circumstances, by way of telephone conference call, video conference or similar means of communication which permit the participants to communicate with each other. A Director attending in such manner shall be deemed present at the meeting for as long as he is connected.

13.4 Any Director may act at any meeting of the Board of Directors by appointing in writing by letter or by cable, telegram, facsimile transmission or e-mail another Director as his proxy. A Director may represent more than one of the other Directors.

13.5 The Board of Directors may deliberate and act validly only if a majority of the Board members (entitled to vote) are present or represented. Decisions shall be taken by a simple majority of the votes validly cast by the Board members present or represented (and entitled to vote).

13.6 The Board of Directors may also in all circumstances with unanimous consent pass resolutions by circular means and written resolutions signed by all members of the Board will be as valid and effective as if passed at a meeting duly convened and held. Such signatures may appear on a single document or multiple copies of an identical resolution and may be evidenced by letters, cables, facsimile transmission, or e-mail.

13.7 The minutes of any meeting of the Board of Directors (or copies or extracts of such minutes which may be produced in judicial proceedings or otherwise) shall be signed by the Chairman, the chairman (ad hoc) of the relevant meeting or by any two (2) Directors or as resolved at the relevant Board meeting or any subsequent Board meeting. Minutes or resolutions of the Board (or copies or extracts thereof) may further be certified by the secretary of the Board.

Art. 14. Delegation of power, committees, secretary.

14.1 The Board may delegate the daily management of the business of the Company, as well as the power to represent the Company in its day to day business, to individual Directors or other officers or agents of the Company (with power to sub-delegate). In addition the Board of Directors may delegate the daily management of the business of the Company, as well as the power to represent the Company in its day to day business, to an executive or other committee as it deems fit. The Board of Directors shall determine the conditions of appointment and dismissal as well as the remuneration and powers of any Person or Persons so appointed.

14.2 The Board of Directors may (but shall not be obliged to unless required by law) establish one or more committees and for which it shall, if one or more of such committees are set up, appoint the members (who may be but do not need to be Board members), determine the purpose, powers and authorities as well as the procedures and such other rules as may be applicable thereto.

14.3 The Board of Directors may appoint a secretary of the Company who may but does not need to be a member of the Board of Directors and determine his/her responsibilities, powers and authorities.

Art. 15. Binding Signature. The Company will be bound by the sole signature of the Chairman or the sole signature of any one (1) Director or by the sole or joint signatures of any Persons to whom such signatory power shall have been delegated by the Board of Directors. For the avoidance of doubt, for acts regarding the daily management of the Company, the Company will be bound by the sole signature of the administrateur délégué («Chief Executive Officer» or «CEO») or any Person or Persons to whom such signatory power is delegated by the Board of Directors (with or without power of substitution).

Art. 16. Board Liability, Indemnification.

16.1 The Directors are not held personally liable for the indebtedness or other obligations of the Company. As agents of the Company, they are responsible for the performance of their duties. Subject to the exceptions and limitations listed in Article 16.2, every person who is, or has been, a director or officer of the Company or a direct or indirect subsidiary of the Company shall be indemnified by the Company to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding which he becomes involved as a party or otherwise by virtue of his being or having been a director or officer of the Company or a direct or indirect subsidiary of the Company and against amounts paid or incurred by him in the settlement thereof. The words «claim», «action», «suit» or «proceeding» shall apply to all claims, actions, suits or proceedings (civil, criminal or otherwise including appeals) actual or threatened and the words «liability» and «expenses» shall include without limitation attorneys' fees, costs, judgements, amounts paid in settlement and other liabilities.

16.2 No indemnification shall be provided to any director or officer of the Company or a direct or indirect subsidiary of the Company:

16.2.1 Against any liability to the Company or its shareholders by reason of wilful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his/her office;

16.2.2 With respect to any matter as to which he/she shall have been finally adjudicated to have acted in bad faith and not in the interest of the Company (or as the case may be the relevant subsidiary); or

16.2.3 In the event of a settlement, unless the settlement has been approved by a court of competent jurisdiction or by the Board of Directors.

16.3 The Company may, to the fullest extent permitted by law, purchase and maintain insurance or furnish similar protection or make other arrangements, including, but not limited to, providing a trust fund, letter of credit, or surety bond on behalf of a director or officer of the Company or a direct or indirect subsidiary of the Company against any liability asserted against him or incurred by or on behalf of him in his capacity as a director or officer of the Company or a direct or indirect subsidiary of the Company.

16.4 The right of indemnification herein provided shall be severable, shall not affect any other rights to which any director or officer of the Company or a direct or indirect subsidiary of the Company may now or hereafter be entitled, shall continue as to a person who has ceased to be such director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person. The right to indemnification provided herein is not exclusive, and nothing contained herein shall affect any rights to indemnification to which corporate personnel, including directors and officers, may be entitled by contract or otherwise under law.

16.5 Expenses in connection with the preparation and representation of a defence of any claim, action, suit or proceeding of the character described in this Article shall be advanced by

the Company prior to final disposition thereof upon receipt of an undertaking by or on behalf of the officer or director, to repay such amount if it is ultimately determined that he/she is not entitled to indemnification under this Article.

Art. 17. Conflicts of Interest.

17.1 No contract or other transaction between the Company and any other company or firm shall be affected or invalidated by the fact that any one or more of the Directors or officers of the Company is interested in, or is a director, associate, officer, agent, adviser or employee of such other company or firm. Any Director or officer who serves as a director, officer or employee or otherwise of any company or firm with which the Company shall contract or otherwise engage in business shall not, by reason of such affiliation with such other company or firm only, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

17.2 In the case of a conflict of interest of a Director, such Director shall indicate such conflict of interest to the Board and shall not deliberate or vote on the relevant matter. Any conflict of interest arising at Board level shall be reported to the next General Meeting of Shareholders before any resolution as and to the extent required by law.

Art. 18. General Meetings of Shareholders.

18.1 Any regularly constituted General Meeting of Shareholders of the Company shall represent the entire body of Shareholders of the Company. It shall have the broadest powers to order, carry out or ratify acts relating to the operations of the Company.

18.2 The annual General Meeting shall be held, in accordance with Luxembourg law, at the registered office of the Company, or at such other place in Luxembourg as may be specified in the notice of the meeting on the third Thursday in June of each year at 12 noon (local time, CET) (or such other date as may be permitted by law), except for the annual general meeting held in 2013 which has been held on 16th April 2013. If such day is a legal or bank holiday, the annual General Meeting shall be held on the immediately preceding normal business day.

18.3 Other General Meetings may be held at such place and time as may be specified in the respective notices of meeting.

18.4 General Meetings shall be convened in accordance with the provisions of law. If all of the Shareholders are present or represented at a general meeting of Shareholders, the General Meeting may be held without prior notice or publication.

18.5 Proposals from Shareholders for any General Meeting, including, as to in particular without limitation regarding agenda items, resolutions or any other business, may only be made in compliance with the Company Law and Rule 14a-8 and these Articles and will only be accepted by the Company if required by the Company Law and Rule 14a-8 and these Articles.

18.6 The Board of Directors may determine a date preceding the General Meeting as the record date for admission to, and voting any Shares at, the General Meeting (the «GM Record Date»). If a GM Record Date is determined for the admission to and voting at a General Meeting only those Persons holding Shares on the GM Record Date may attend and vote at the General Meeting (and only with respect to those Shares held by them on the GM Record Date).

18.7 Where, in accordance with the provisions of Article 6.1.7 of the present Articles, Shares are recorded in the register(s) of Shareholders in the name of a Depositary or sub-depositary of the former, the certificates provided for in Article 6.1.7 must be received by the Company (or its agents as set forth in the convening notice) no later than the day determined by the Board. Such certificates must (unless otherwise required by applicable law) certify, in case a GM Record Date has been determined, that the Shares were held for the relevant Person on the GM Record Date.

18.8 Proxies for a General Meeting must be received by the Company (or its agents) by the deadline determined by the Board, provided that the Board of Directors may, if it deems so advisable amend these periods of time for all Shareholders and admit Shareholders (or their proxies) who have provided the appropriate documents to the Company (or its agents as aforesaid) to the General Meeting, irrespective of these time limits.

18.9 The Board of Directors shall adopt all other regulations and rules concerning the attendance to the General Meeting, and availability of access cards, proxy forms and/or voting forms in order to enable Shareholders to exercise their right to vote.

18.10 Any Shareholder may be represented at a General Meeting by appointing as his or her proxy another Person, who need not be a Shareholder.

18.11 Holders of notes or bonds or other securities issued by the Company (if any) shall not, unless compulsorily otherwise provided for by law, be entitled to assist or attend General Meetings or receive notice thereof.

Art. 19. Majority and Quorum at the General Meeting.

19.1 At any General Meeting of Shareholders other than a General Meeting convened for the purpose of amending the Company's Articles of Incorporation or voting on resolutions whose adoption is subject to the quorum and majority requirements for amendments of the Articles of Incorporation, no presence quorum is required and resolutions shall be adopted, irrespective of the number of Shares represented, by a simple majority of votes validly cast.

19.2 At any extraordinary General Meeting of Shareholders for the purpose of amending the Company's Articles of Incorporation or voting on resolutions whose adoption is subject to the quorum and majority requirements for amendments of the Articles of Incorporation, the quorum shall be at least one half of the issued share capital of the Company. If the said quorum is not present, a second General Meeting may be convened at which there shall be no quorum requirement (subject to the provisions of Article 19.3). Resolutions amending the Company's Articles of Incorporation or whose adoption is subject to the quorum and majority requirements for amendments of the Articles of Incorporation shall only be validly passed by a two thirds (2/3) majority of the votes validly cast at any such General Meeting, save as otherwise provided by law or the present Articles (including in particular Article 19.3 and Article 20.2).

19.3 Any resolutions for the amendment of the provisions of Article 8 (Limitation of Ownership-Communications Laws), Article 11.1 (with respect to the staggering of Board terms), Articles 11.4 (as to proposal(s) of candidates for election to the Board of Directors), and the present Article 19.3 (and any cross references thereto), shall only be validly passed by the favourable vote of a two thirds (2/3) majority of the Common Shares in issue and entitled to vote.

Art. 20. Amendments of Articles.

20.1 The Articles of Incorporation may be amended from time to time by a resolution of the General Meeting of Shareholders to the quorum and voting requirements provided by the laws of Luxembourg and as may otherwise be provided herein (including without limitation Article 19.3 and Article 20.2).

20.2 The Company shall not, without the affirmative vote of (i) at least two-thirds of the outstanding Preferred A Shares as a separate class or (ii) at least two-thirds of the outstanding Preferred A Shares and all other series of preferred Shares entitled to vote thereon under the Articles of Incorporation or applicable law:

20.2.1 amend or alter the provisions of the Articles of Incorporation so as to authorize or create, or increase the authorized amount of, any specific class or series of Shares ranking senior to the Preferred A Shares with respect to payment of dividends or the distribution, to the extent this adversely impacts the Preferred A Shares, of assets upon the liquidation, dissolution or winding up of the Company; or

20.2.2 amend, alter or repeal the provisions of the Articles of Incorporation which materially and adversely affect the special rights, preferences, privileges and voting powers of the Preferred A Shares; or

20.2.3 consummate a binding Share exchange or reclassification involving the Preferred A Shares or a merger or consolidation of the Company into or with another entity, unless in each case: (i) the Preferred A Shares remain outstanding and are not amended in any respect or, in the case of any such merger or consolidation with respect to which the Company is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent; and (ii) such Preferred A Shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the Preferred A Shareholders than the rights, preferences, privileges and voting powers of the Preferred A Shares immediately prior to such consummation, taken as a whole, provided, however, that, unless otherwise required by law, (1) any increase in the number of the authorized but unissued preferred Shares, (2) any increase in the authorized or issued number of preferred shares and (3) the creation and issuance, or an increase in the authorized or issued amount, of any other series of preferred Shares ranking equally with or junior to the Preferred A Shares with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon the liquidation, dissolution or winding up of the Company, will be deemed not to materially and adversely affect the special rights, preferences, privileges or voting powers of the Preferred A Shares.

Notwithstanding the foregoing, unless otherwise required by law, such vote shall not be required for, and amendments, alteration, supplements or repealing to the terms of the Preferred A Shares may be made without such affirmative vote so long as such action does not adversely affect the special rights, preferences, privileges and voting powers of the Preferred A Shares, taken as a whole, for the following purposes: (i) to cure any ambiguity or mistake, or to correct or supplement any provision contained in the Articles of Incorporation relating to the Preferred A

Shares that may be defective or inconsistent with any other provision contained in the Articles of Incorporation relating to the Preferred A Shares; or (ii) to make any provision with respect to matters or questions relating to the Preferred A Shares that is not inconsistent with the provisions of the Articles of Incorporation relating to the Preferred A Shares.

Art. 21. Accounting Year. The accounting year of the Company shall begin on first of January and shall terminate on thirty-first of December of each year.

Art. 22. Auditor. The operations of the Company shall be supervised by a supervisory auditor (commissaire aux comptes) who may but need not be a shareholder. The supervisory auditor shall be elected by the General Meeting for a period ending at the next annual General Meeting or until a successor is elected. The supervisory auditor in office may be removed at any time by the General Meeting with or without cause.

In the event the thresholds set by law as to the appointment of an approved statutory auditor (réviseur d'entreprises agréé) are met or otherwise required or permitted by law, the accounts of the Company shall (and in case only permitted but not required by law, may) be supervised by an approved statutory auditor (réviseur d'entreprises agréé).

Art. 23. Dividends/Distributions.

23.1 From the annual net profits of the Company, five per cent (5%) shall be allocated to an un-distributable reserve required by law. This allocation shall cease to be required as soon and as long as such reserve amounts to ten per cent (10%) of the issued share capital of the Company.

23.2 The General Meeting of Shareholders, upon recommendation of the Board of Directors, shall determine how the remainder of the annual net profits will be disposed of.

23.3 Interim distributions (including for the avoidance of doubt, interim dividends) may be declared and paid (including by way of staggered payments) by the Board of Directors (including out of any premium or other capital or other reserves) subject to observing the terms and conditions provided by law either by way of a cash distribution or by way of an in kind distribution (including Shares).

23.4 The distributions declared may be paid in United States Dollars (USD) or any other currency selected by the Board of Directors and may be paid at such places and times as may be determined by the Board of Directors (subject to the resolutions of the General Meeting of Shareholders). The Board of Directors may make a final determination of the rate of exchange applicable to translate distributions of funds into the currency of their payment. Distributions may be made in specie (including by way of Shares).

23.5 In the event it is decided by the General Meeting or the Board (in the case interim distributions declared by the Board or otherwise), that a distribution be paid in Shares or other securities of the Company, the Board of Directors may exclude from such offer such Shareholders it deems necessary or advisable due to legal or practical problems in any territory or for any other reasons as the Board may determine (including Communications Law Limitations).

23.6 A distribution declared but not paid (and not claimed) on a Share after five years cannot thereafter be claimed by the holder of such Share and shall be forfeited by the holder of such Share, and revert to the Company. No interest will be paid on distributions declared and unclaimed which are held by the Company on behalf of holders of Shares.

Art. 24. Liquidation.

24.1 In the event of the dissolution of the Company for whatever reason or at whatever time, the liquidation will be performed by liquidators or by the Board of Directors then in office who will be endowed with the powers provided by articles 144 et seq. of the Company Law. Once all debts, charges and liquidation expenses have been met, any balance resulting shall be paid to the holders of Shares in the Company in accordance with the provisions of these Articles.

Art. 25. Sole Shareholder. If, and as long as one Shareholder holds all the Shares of the Company, the Company shall exist as a single Shareholder company pursuant to the provisions of Company Law. In the event the Company has only one Shareholder, the Company may at the option of the sole Shareholder be managed by one Director as provided for by law and all provisions in the present Articles referring to the Board of Directors shall be deemed to refer to the sole Director (*mutatis mutandis*), who shall have all such powers as provided for by law and as set forth in the present Articles with respect to the Board of Directors.

Art. 26. Definitions.

Affiliate	Means of any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, «control» (including, with correlative meanings, the terms «controlling,» «controlled by» and «under common control with»), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.
Applicable Market Value	Means the average of the Closing Prices per Common Share over the forty (40) consecutive Trading Day period ending on the third (3 rd) Trading Day immediately preceding the Mandatory Conversion Date.
Articles or Articles of Incorporation	Means the present articles of incorporation of the Company as amended from time to time.
Board or Board of Directors	Means the board of directors (<i>conseil d'administration</i>) of the Company.
Business Day	Means any day other than a Saturday or Sunday or any other day on which commercial banks in New York City, New York or Luxembourg city, Luxembourg are authorized or required by law or executive order to close.
Cash Acquisition	Shall be deemed to have occurred, at such time after the Preferred A Issue Date upon: (i) the consummation of any transaction or event (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, recapitalization or otherwise) in connection with which 90% or more of the Common Shares is exchanged for, converted into, acquired for or constitutes solely the right to receive, consideration 10% or more of which is not common

stock that is listed on, or immediately after the transaction or event will be listed on, a United States national securities exchange; (ii) any «person» or «group» (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, whether or not applicable), other than the Company, any of its majority-owned subsidiaries or any of the Company's or its majority-owned subsidiaries' employee benefit plans, or any of the Permitted Holder becoming the «beneficial owner,» directly or indirectly, of more than 50% of the total voting power in the aggregate of all classes of share capital then outstanding entitled to vote generally in elections of the Company's directors, or (iii) our Common Shares (or any Common Shares, depositary receipts or other securities representing common equity interests into which the Preferred A Shares become convertible in connection with a Reorganization Event) cease (further to admission to the New York Stock Exchange in 2013) to be listed for trading on the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors) or other United States national securities exchange.

**Cash Acquisition
Conversion Rate**

Means the conversion rate set forth in the table below for the Effective Date and the Share Price applicable to any Cash Acquisition Conversion that occurs on or prior to the Mandatory Conversion Date:

Effective date	Share price on effective date					
	\$ 5.00	\$ 10.00	\$ 12.50	\$ 15.00	\$ 18.00	\$ 20.00
April 17, 2013	2.7297	2.6281	2.5428	2.4597	2.3780	2.3368
May 1, 2014	2.7493	2.6952	2.6199	2.5295	2.4292	2.3759
May 1, 2015	2.7639	2.7534	2.7120	2.6280	2.5000	2.4226
May 1, 2016	2.7778	2.7778	2.7778	2.7778	2.7778	2.5000

Effective date	Share price on effective date					
	\$ 22.05	\$ 25.00	\$ 30.00	\$ 40.00	\$ 50.00	\$ 60.00
April 17, 2013	2.3047	2.2729	2.2451	2.2313	2.2311	2.2321
May 1, 2014	2.3340	2.2932	2.2596	2.2450	2.2445	2.2448
May 1, 2015	2.3608	2.3044	2.2665	2.2564	2.2562	2.2562
May 1, 2016	2.2676	2.2676	2.2676	2.2676	2.2676	2.2676

If the Share Price falls between two Share Prices set forth in the table above, or if the Effective Date falls between two Effective Dates set forth in the table above, the Cash Acquisition Conversion Rate shall be determined by straight-line interpolation between the Cash Acquisition Conversion Rates set forth for the higher and lower Share Prices and the earlier and later Effective Dates, as applicable, based on a 365-day year.

If the Share Price is in excess of sixty US Dollars (USD 60.00) per Common Share (subject to adjustment in the same manner as adjustments are made to the Share Price in accordance with the provisions of Article 7.11.3.4, then the Cash Acquisition Conversion Rate shall be the Minimum Conversion Rate. If the Share Price is less than five US Dollars (USD 5.00) per Common Share (subject to adjustment in the same manner as adjustments are made to the Share Price in accordance with the provisions of Article 7.11.3.4, then the Cash Acquisition Conversion Rate shall be the Maximum Conversion Rate. The Share Prices in the column headings in the table above are subject to adjustment in accordance with the provisions of Article 7.11.3.4. The conversion rates set forth in the table above are each subject to adjustment in the same manner as each Fixed Conversion Rate as set forth in Article 7.11.

Class	Means a class or series of Shares of the Company, namely the series of Common Shares and the series of Preferred A Shares.
Closing Price	<p>Means for the Common Shares or any securities distributed in a Spin-Off, as the case may be, as of any date of determination:</p> <p>(i) the closing price or, if no closing price is reported, the last reported sale price, of the Common Shares or such other securities on the New York Stock Exchange on that date; or</p> <p>(ii) if the Common Shares or such other securities are not traded on the New York Stock Exchange, the closing price on that date as reported in composite transactions for the principal U.S. national or regional securities exchange on which the Common Shares or such other securities are so traded or, if no closing price is reported, the last reported sale price of the Common Shares or such other securities on the principal U.S. national or regional securities exchange on which the Common Shares or such other securities are so traded on that date; or</p> <p>(iii) if the Common Shares or such other securities are not traded on a U.S. national or regional securities exchange, the last quoted bid price on that date for the Common Shares or such other securities in the over-the-counter market as reported by Pink OTC Markets Inc. or a similar organization; or (iv) if the Common Shares or such other securities are not so quoted by Pink OTC Markets Inc. or a similar organization, the market price of the Common Shares or such other securities on that date as determined by a nationally recognized independent investment banking firm retained by the Company</p>

	for this purpose. For the purposes of these Articles of Incorporation, all references herein to the closing price and the last reported sale price of the Common Shares on the New York Stock Exchange shall be such closing price and last reported sale price as reflected on the website of the New York Stock Exchange (www.nyse.com) and as reported by Bloomberg Professional Service; provided that in the event that there is a discrepancy between the closing price and the last reported sale price as reflected on the website of the New York Stock Exchange and as reported by Bloomberg Professional Service, the closing price and the last reported sale price on the website of the New York Stock Exchange shall govern.
Common Shareholder	Means a holder of one or more Common Shares (with respect to his/her/its Common Shares).
Common Shares	Means the common shares (actions ordinaires) of the Company with the rights and obligations as set forth in the Articles other than the Preferred A Shares.
Communications Laws	Means the United States Communications Act of 1934, as amended, the United States Telecommunications Act of 1996, any rule, regulation or policy of the Federal Communications Commission, and/or any statute, rule, regulation or policy of any other U.S., federal, state or local governmental or regulatory authority, agency, court commission, or other governmental body with respect to the operation of channels of radio communication and/or the provision of communications services.
Company Law	Means the law of 10 th August 1915 on commercial companies as amended (and any replacement law thereof).
Current Market Price	<p>Means per Common Share (or, in the case of Article 7.11.1.4, per Common Share, the Company's Share capital or equity interest, as applicable) on any date means for the purposes of determining an adjustment to the Fixed Conversion Rate:</p> <p>(i) for purposes of adjustments pursuant to Article 7.11.1.2, Article 7.11.1.4 in the event of an adjustment not relating to a Spin-Off, and Article 7.11.1.5, the average of the Closing Prices of the Common Shares over the five (5) consecutive Trading Day period ending on the Trading Day immediately preceding the Ex-Date with respect to the issuance or distribution requiring such computation;</p> <p>(ii) for purposes of adjustments pursuant to Article 7.11.1.4 in the event of an adjustment relating to a Spin-Off, the average of the Closing Prices of the Common Shares, the Company's share capital or equity interests, as</p>

	applicable, over the first ten consecutive Trading Days commencing on and including the fifth (5 th) Trading Day immediately following the effective date of such distribution; and
	(iii) for purposes of adjustments pursuant to Article 7.11.1.6, the average of the Closing Prices of the Common Shares over the five (5) consecutive Trading Day period ending on the seventh Trading Day after the Expiration Date of the relevant tender offer or exchange offer.
Director	Means a member of the Board of Director or, as the case may be, the sole Director of the Company.
dividend or distribution	Means any dividend or other distribution whether made out of profits, premium or any other available reserves.
Dividend Payment Date	Means (subject to the relevant declaration being made) February 1, May 1, August 1 and November 1, of each year commencing on August 1, 2013 to and including the Mandatory Conversion Date
Dividend Period	Means the period from, and including, a Dividend Payment Date to, but excluding, the next Dividend Payment Date, except that the initial Dividend Period shall commence on, and include, the Preferred A Issue Date and shall end on, but exclude, August 1, 2013.
DTC	Means The Depository Trust Corporation or any similar facility or depository used for the settlement of transactions in the Preferred A Shares.
Exchange Act	Means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.
Ex-Date	Means when used with respect to any issuance or distribution, means the first date on which Common Shares trade without the right to receive such issuance or distribution.
Fair Market Value	Means the fair market value as determined in good faith by the Board of Directors, whose determination shall be conclusive.
Fixed Conversion	Rates Means the Maximum Conversion Rate and the Minimum Conversion Rate.
General Meeting	Means the general meeting of Shareholders.
Junior Shares	Means (i) the Common Shares and (ii) each other class or series of share capital or series of preferred shares established after the Preferred A Issue Date, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Preferred A Shares as to dividend or distribution rights or rights upon the Company's liquidation, winding-up or dissolution.
Liquidation Preference	Means, as to the Preferred A Shares, USD 50.00 per Preferred A Share.

Management Group	Means the group consisting of the directors, executive officers and other management personnel of the Company on the Preferred A Issue Date.
Mandatory Conversion Date	Means May 1, 2016.
Officers Certificate	Means a certificate of the Company, signed by any of the Chief Executive Officer, the Chief Financial Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary of the Company duly authorized therefore.
outstanding	Means with respect to Shares, Shares that are in issue and not held in treasury by the Company or a subsidiary of the Company.
Parity Shares	Means any class or series of share capital or class or series of preferred shares established after the Preferred A Issue Date, the terms of which expressly provide that such class or series shall rank on a parity with the Preferred A Shares as to dividend or distribution rights or rights upon the Company's liquidation, winding-up or dissolution.
Permitted Holders	Means, at any time, (i) the Sponsors, (ii) the Management Group and (iii) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) the members of which include any of the Permitted Holders specified in clauses (i) and/or (ii) above, and that (directly or indirectly) hold or acquire beneficial ownership of the share capital of the Company entitled to vote in elections of the Company's directors (a «Permitted Holder Group»), so long as no Person or other «group» (other than Permitted Holders specified in clauses (i) and (ii) above) beneficially owns more than 50% on a fully diluted basis of the share capital of the Company entitled to vote in elections of the Company's directors held by such Permitted Holder Group.
Person	Means any individual, partnership, firm, corporation, limited liability company, business trust, joint-stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.
Preferred A Issue Date	Shall mean April 23, 2013, the first original issue date of the Preferred A Shares.
Preferred A Record Date	Means the January 15, April 15, July 15 and October 15, immediately preceding the Dividend Payment Date on February 1, May 1, August 1 and November 1, respectively. These Preferred A Record Dates shall apply regardless of whether a particular Preferred A Record Date is a Business Day.

Preferred A Record Holders	Means a holder of record of Preferred A Shares at 5:00 p.m., New York City time, on a Preferred A Record Date.
Preferred A Shareholder	Means a holder of one or more Preferred A Shares (with respect to his/her/its Preferred A Shares).
Preferred A Shares	Means the Series A mandatory convertible junior non-voting preferred shares (actions préférentielles junior sans droits de vote convertibles obligatoirement en actions ordinaires) of the Company with the rights and obligations as set forth in the Articles.
RCS Law	Means the law dated 19 December 2002 concerning the register of commerce and of companies as well as the accounting and the annual accounts of undertakings.
Regulated Market	Means any official stock exchange or securities exchange market in the European Union, the United States of America or elsewhere.
Rule 14a-8	Means Rule 14a-8 of the Exchange Act and any successor rule promulgated thereunder.
SEC	Means the United States Securities and Exchange Commission.
Senior Shares	Means each class or series of share capital or series of preferred shares established after the Preferred A Issue Date, the terms of which expressly provide that such class or series shall rank senior to the Preferred A Shares as to dividend or distribution rights or rights upon the Company's liquidation, winding-up or dissolution.
set apart	Means with respect to treasury Shares, such treasury Shares which have been set apart for a specific purpose or with respect to authorized unissued Shares, Shares for which the issuance has been decided in principle by the Board for a specific purpose.
Share Dilution Amount	Means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the Preferred A Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to employees and equitably adjusted for any share split, share dividend, reverse share split, reclassification or similar transaction.
Share Price	Means the price paid per Common Share in a Cash Acquisition. If the consideration paid consists only of cash, the Share Price shall equal the amount of cash paid per Common Share. If the consideration paid consists, in whole or in part, of any property other than cash, the Share Price shall be the average VWAP per Common Share over the ten (10) consecutive Trading Day period ending on the Trading Day preceding the Effective Date.
Shareholder	Means subject to the Articles a duly registered holder of one or more Shares of the Company.

Shares	Means the shares (actions) of the Company regardless of class or series.
Shelf Registration Statement	Shall mean a shelf registration statement filed with the SEC in connection with the issuance of or resales of Common Shares issued as payment of a Preferred Dividend, including Preferred Dividends paid in connection with a conversion.
Spin-Off	Means a dividend or distribution to all holders of Common Shares consisting of share capital of, or similar equity interests in, or relating to a subsidiary or other business unit of the Company.
Sponsors	Means (1) one or more investment funds advised, managed or controlled by BC Partners Holdings Limited or any Affiliate thereof, (2) one or more investment funds advised, managed or controlled by Silver Lake or any Affiliate thereof and (3) one or more investment funds advised, managed or controlled by any of the Persons described in (1) and (2) of this definition, and, in each case, (whether individually or as a group) their Affiliates.
Trading Days	Means days on which the Common Shares: a) are not suspended from trading on any U.S. national or regional securities exchange or association or over-the-counter market at the close of business; and (b) have traded at least once on the U.S. national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Shares.
VWAP	Means per Common Share on any Trading Day the per Common Share volume-weighted average price as displayed on Bloomberg page «IAQR» (or its equivalent successor if such page is not available) in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such Trading Day; or, if such price is not available, «VWAP» means the market value per Common Share on such Trading Day as determined by a nationally recognized independent investment banking firm retained by the Company for this purpose. The «average VWAP» means the average of the VWAP for each Trading Day in the relevant period.

Art. 27. Applicable law, Forum.

27.1 For anything not dealt with in the present Articles of Incorporation, the Shareholders refer to the relevant legislation.

27.2 The competent Luxembourg courts shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a duty owed by any director or officer of the Company to the Company or the Company's Shareholders, (iii) any action asserting a claim against the Company arising pursuant to any provision of the Company Law and the RCS Law or the Company's Articles of Incorporation, and (iv) any action asserting a claim against the Company with respect to its internal affairs, relationship with its Shareholders or other holders of interest, its directors, officers, or any action as to its Articles of Incorporation or other constitutional or governing documents.

FIFTH AMENDMENT TO EMPLOYMENT AGREEMENT

This Fifth Amendment ("Amendment") to the December 29, 2008 Employment Agreement, effective February 4, 2008 ("Employment Agreement") between David McGlade (the "Executive") and Intelsat S.A. (f/k/a Intelsat Global Holdings S.A.), Intelsat Investments S.A. (f/k/a Intelsat S.A.) and Intelsat Management LLC is entered into by the undersigned parties and is effective as of December 11, 2014.

1. Section 1.2(a) of the Employment Agreement is amended by amending the first sentence thereof to read as follows:

"During the Employment Period (as defined in Section 3 hereof) until April 1, 2015, the Executive shall serve as the Chief Executive Officer of the Parent and the Company, and from and after April 1, 2015 through the end of the Employment Period, the Executive shall cease to be the Chief Executive Officer and shall instead serve as Executive Chairman of the Parent and the Company."

The remaining references to "Chief Executive Officer" throughout the Employment Agreement shall be deemed to refer to "Executive Chairman" for periods on and after April 1, 2015.

2. Section 1.3 of the Employment Agreement is amended to read as follows:

"During the Employment Period, the Executive's principal place of employment shall be at the Executive's primary personal residence, except for necessary travel on the Company's business."

3. Section 2.1(a) of the Employment Agreement is amended to read as follows:

"During the Employment Period, effective as of December 11, 2014, the Company shall pay the Executive for services during his employment under the Agreement a base salary of no less than the annual rate at \$1,160,196, which rate shall decrease effective April 1, 2016 to \$950,000, and effective April 1, 2017 to \$750,000 (as modified in accordance with this section, the "Base Salary"). Changes to the Base Salary made in accordance with this section shall not require written amendment of this Agreement, and the new Base Salary, once effective, shall be the Base Salary for all purposes under this Agreement. During the Employment Period, such Base Salary shall be payable in equal biweekly installments pursuant to the Company's customary payroll policies in force at the time of payment, less any required or authorized payroll deductions."

4. Section 2.1(b) of the Employment Agreement is amended by adding the following at the end thereof:

"Effective April 1, 2015, the target percentages indicated for Basic Bonus and Stretch Bonus shall each be reduced from 125% to 100%. For purposes of the 2015 calendar year (or other fiscal year period that includes April 1, 2015, if the Company changes from a calendar fiscal year), the target bonus for such period shall be determined by applying a weighted-average of the applicable target bonus amounts during such year."

5. Section 2.3 of the Employment Agreement is amended by adding the following at the end thereof:

"For the avoidance of doubt, from and after April 1, 2015, expenses incurred by the Executive for travel to and from meetings in connection with his duties as Executive Chairman shall be reimbursable in accordance with the foregoing."

6. Exhibit C to the Employment Agreement is amended by deleting Section 15 thereof.

7. Section 3 of the Employment Agreement is amended to read as follows:

"Effective December 11, 2014, the term of Executive's employment under this Agreement shall terminate on March 31, 2018, unless terminated earlier pursuant to Section 4 (such term, the "Employment Period")."

8. Section 4.4(iv) of the Employment Agreement is amended to read as follows:

"(iv) Subject to Sections 8(b) and 4.7 hereof, a lump sum payment of an amount equal to two (2) times the sum of (x) the Executive's annual Base Salary plus (y) the Basic Bonus (as in effect on the date of termination) (provided that, with respect to any termination of employment under this Section 4.4 or Section 4.5 that is effective on or after April 1, 2015, the foregoing lump sum payment amount shall be fixed at \$5,220,882), payable on the sixtieth (60th) day after such termination"

9. The Executive agrees that the modifications to the Employment Agreement affected by this Amendment shall not give rise to "Good Reason" thereunder. Without limiting the generality of the foregoing, Section 4.5(b) of the Employment Agreement is amended, effective April 1, 2015, to read as follows (strikethrough indicates deleted text; bold and italics indicate new text):

"For purposes of this Agreement, the term "Good Reason" shall mean any of the following conditions or events without the Executive's prior consent: (i) a material diminution of the Executive's title or a material diminution of the Executive's position or responsibilities that is inconsistent with the Executive's title, (ii) a material breach by the Company of any terms of the Agreement, (iii) a reduction in the Executive's Base Salary or bonus potential (***other than reductions provided for in this Agreement***), or the failure to pay the Executive any material amount of compensation when due, ***or*** (iv) ~~a relocation of the Company's principal U.S. place of business more than fifty (50) miles away from Washington, D.C. or (v)~~ a determination according to the criteria set forth on Exhibit D on any date that is more than fifteen (15) months after the date the Company or its shareholders enter into a definitive agreement with respect to an acquisition by or merger of the Company with any of those certain Person(s) described in the resolutions of the Compensation Committee of the Board dated as of December 29, 2008 (the "Travel Notice Date") that the Executive has been required to travel for Company business (as reasonably determined in good faith by the Executive) and work from a location other than the Executive's principal places of employment described in Section 1.3 hereof for more than 50% of the days in the three (3) month period immediately preceding the Travel Notice Date. Any such occurrence of a condition or event set forth

in clause (i)-~~(iii)~~ ~~(iv)~~ above shall constitute “Good Reason” only after the Executive has given the Company written notice of, and thirty (30) business days’ opportunity to cure such violation(s). Any termination of employment as a result of Good Reason shall occur within one hundred and eighty (180) days of the occurrence of the Good Reason event.”

10. Sections 4.7 through 4.11 of the Employment Agreement are hereby renumbered as Sections 4.8 through 4.12, respectively (and all references in the Employment Agreement to Sections 4.7 through 4.11 are deemed to refer to the applicable renumbered Section), and a new Section 4.7 of the Employment Agreement is added to read as follows:

“4.7 Expiration of the Employment Period. Upon the termination of the Executive’s employment with the Company at the expiration of the Employment Period on March 31, 2018, the Company shall have no obligation other than the payment to the Executive of the Accrued Amounts through such date.”

11. As amended and modified by this Amendment, the Employment Agreement shall remain in full force and effect.

12. If there is any conflict between the terms of the Employment Agreement and this Amendment, the terms of this Amendment shall prevail.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of December 11, 2014.

INTELSAT S.A.

By: /s/ Michelle V. Bryan
Name: Michelle V. Bryan
Title: Executive Vice President, General Counsel
and Chief Administrative Officer

INTELSAT INVESTMENTS S.A.

By: /s/ Michelle V. Bryan
Name: Michelle V. Bryan
Title: Deputy Chairman and Secretary

INTELSAT MANAGEMENT LLC

By: /s/ Michelle V. Bryan
Name: Michelle V. Bryan
Title: Deputy Chairman and Secretary

THE EXECUTIVE

/s/ David P. McGlade
David P. McGlade

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Second Amendment ("Amendment") to the March 18, 2013 Employment Agreement ("Employment Agreement") between Stephen Spengler (the "Executive") and Intelsat Corporation is entered into by the undersigned parties and is effective as of December 11, 2014.

1. Effective December 15, 2014, the Executive's employment is transferred from Intelsat Corporation to Intelsat Management LLC, and the rights and obligations of Intelsat Corporation under the Employment Agreement are hereby assigned to Intelsat Management LLC. For the sake of clarity, you agree that the foregoing changes as well as the modifications provided elsewhere in this Amendment shall not give you grounds to terminate your employment or the Employment Agreement for Good Reason (as defined in the Employment Agreement). All references in the Employment Agreement to the Company shall be deemed to refer to Intelsat Management LLC.

2. Section 2(a) of the Employment Agreement is amended by modifying the second sentence thereof to read as follows:

"During the Term until April 1, 2015, the Executive shall serve as the Deputy Chief Executive Officer of Intelsat S.A. ("Parent") and the Company, with such duties and responsibilities commensurate with his title and position as directed from time to time by the Chief Executive Officer of Parent and the Company, and the Board of Directors of Parent and the Company (as applicable, the "Board"). From and after April 1, 2015 through the end of the Term, the Executive shall serve as the Chief Executive Officer of Parent and the Company, with such duties and responsibilities commensurate with his title and position as directed from time to time by the Board."

3. The first sentence of Section 3(a) of the Employment Agreement is amended to read as follows:

"During the Term, effective as of December 11, 2014, for all services rendered under this Agreement, the Executive shall receive an aggregate annual base salary ("Base Salary") at an initial rate of \$650,000, which rate shall increase to \$750,000 effective April 1, 2015, increase to \$850,000 effective on or about March 1, 2016 (at the time that regular salary increases become effective for senior executive employees of the Company generally), and increase to \$950,000 effective on or about March 1, 2017 (at the time that regular salary increases become effective for senior executive employees of the Company generally)."

4. Section 3(b) of the Employment Agreement is amended by adding the following as the new second and third sentence thereof:

"The Executive's target bonus shall increase to 100% of Base Salary effective December 11, 2014, and the Executive's target bonus shall increase to 125% of Base Salary effective April 1, 2015. For purposes of the 2014 calendar year (or other fiscal year period that includes December 11, 2014, if the Company changes from a calendar fiscal year), and 2015 calendar year (or other fiscal year period that includes April 1, 2015, if the Company changes from a calendar fiscal year), the target bonus for such period shall be determined by applying a weighted-average of the applicable target bonus amounts during such year."

5. Section 4(d)(i) of the Employment Agreement is amended by replacing, in the second sentence thereof, the phrase “one and one-half (1.5) times the sum” with “two (2.0) times the sum”.

6. Exhibit A to the Employment Agreement is amended by modifying Section 10 thereof to increase the value of financial planning/tax preparation assistance/car allowance from “\$20,000” to “\$50,000” per year.

7. Exhibit A to the Employment Agreement is further amended by modifying Section 8 hereof to increase the value of the umbrella insurance policy coverage from “\$10,000,000 per occurrence” (which had previously been increased by the Company to \$15,000,000 without modifying the actual Employment Agreement) to “\$20,000,000 per occurrence”.

8. Intelsat S.A. and Intelsat Management LLC shall each become a party to the Employment Agreement. Intelsat Corporation shall cease to be a party to the Employment Agreement.

9. As amended and modified by this Amendment, the Employment Agreement shall remain in full force and effect.

10. If there is any conflict between the terms of the Employment Agreement and this Amendment, the terms of this Amendment shall prevail.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of December 11, 2014.

INTELSAT S.A.

By: /s/ Michelle V. Bryan
Name: Michelle V. Bryan
Title: Executive Vice President, General Counsel
and Chief Administrative Officer

INTELSAT CORPORATION

By: /s/ Michelle V. Bryan
Name: Michelle V. Bryan
Title: Executive Vice President, General Counsel
and Chief Administrative Officer

INTELSAT MANAGEMENT LLC

By: /s/ Michelle V. Bryan
Name: Michelle V. Bryan
Title: Deputy Chairman and Secretary

THE EXECUTIVE

/s/ Stephen Spengler
Stephen Spengler

**FIRST AMENDMENT TO THE
INTELSAT S.A.
2013 EQUITY INCENTIVE PLAN**

The Intelsat S.A. 2013 Equity Incentive Plan (the "Plan"), is hereby amended effective as of October 23, 2014 (the "Effective Date") as follows:

1. Amendment to Section 5(b) of the Plan. Section 5(b) of the Plan shall be amended to delete the following phrase:

"(ii) no more than 1,000,000 shares of Common Stock in the aggregate (or the equivalent amount in cash, other securities or property) may be subject to grants of Awards to any single Participant during any calendar year;"

and to replace it with the following:

"(ii) no more than 1,500,000 shares of Common Stock in the aggregate (or the equivalent amount in cash, other securities or property) may be subject to grants of Awards to any single Participant during any calendar year;"

2. Effect on the Plan. This Amendment shall not constitute a waiver, amendment or modification of any provision of the Plan not expressly referred to herein. Except as expressly amended or modified herein, the provisions of the Plan are and shall remain in full force and effect and are hereby ratified and confirmed. On and after the Effective Date, each reference in the Plan to "this Plan," "herein," "hereof," "hereunder" or words of similar import shall mean and be a reference to the Plan as amended hereby. To the extent that a provision of this Amendment conflicts with or differs from a provision of the Plan, such provision of this Amendment shall prevail and govern for all purposes and in all respects.

LIST OF SUBSIDIARIES

1. Intelsat (Luxembourg) S.A., a company organized under the laws of Luxembourg.
2. Intelsat Africa (Pty) Ltd., a company organized under the laws of South Africa.
3. Intelsat Align S.à r.l., a company organized under the laws of Luxembourg.
4. Intelsat Asia (Hong Kong) Limited, a company organized under the laws of Hong Kong.
5. Intelsat Asia Carrier Services, Inc., a corporation organized under the laws of Delaware.
6. Intelsat Asia Pty. Ltd., a company organized under the laws of Australia.
7. Intelsat Brasil Ltda., a company organized under the laws of Brazil.
8. Intelsat Brasil Servicos de Telecomunicacao Ltda., a company organized under the laws of Brazil.
9. Intelsat Clearinghouse Corporation, a corporation organized under the laws of Delaware.
10. Intelsat Corporation, a corporation organized under the laws of Delaware.
11. Intelsat Finance Bermuda Ltd., a company organized under the laws of Bermuda.
12. Intelsat Finance Nevada LLC, a limited liability company organized under the laws of Nevada.
13. Intelsat France SAS, a company organized under the laws of France.
14. Intelsat General Corporation, a corporation organized under the laws of Delaware.
15. Intelsat Germany GmbH, a company organized under the laws of Germany.
16. Intelsat Global Sales & Marketing Ltd., a company organized under the laws of England and Wales.
17. Intelsat Global Service LLC, a limited liability company organized under the laws of Delaware.
18. Intelsat Holdings LLC, a limited liability company organized under the laws of Delaware.
19. Intelsat Holdings S.A., a company organized under the laws of Luxembourg.
20. Intelsat India Private Limited, a company organized under the laws of India.
21. Intelsat International Employment, Inc., a corporation organized under the laws of Delaware.
22. Intelsat International Systems LLC, a limited liability company organized under the laws of Delaware.

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23. Intelsat Investment Holdings S.à r.l., a company organized under the laws of Luxembourg.
 24. Intelsat Investments S.A., a company organized under the laws of Luxembourg.
 25. Intelsat Ireland Operations Limited, a company organized under the laws of Ireland.
 26. Intelsat Jackson Holdings S.A., a company organized under the laws of Luxembourg.
 27. Intelsat Kommunikations GmbH, a company organized under the laws of Germany.
 28. Intelsat License Holdings LLC, a limited liability company organized under the laws of Delaware.
 29. Intelsat License LLC, a limited liability company organized under the laws of Delaware.
 30. Intelsat Management LLC, a limited liability company organized under the laws of Delaware.
 31. Intelsat New Dawn (Gibraltar) Limited, a company organized under the laws of Gibraltar.
 32. Intelsat Operations S.A., a company organized under the laws of Luxembourg.
 33. Intelsat Satellite LLC, a limited liability company organized under the laws of Delaware.
 34. Intelsat Service and Equipment Corporation, a corporation organized under the laws of Delaware.
 35. Intelsat Singapore Pte. Ltd., a company organized under the laws of Singapore.
 36. Intelsat Subsidiary (Gibraltar) Limited, a company organized under the laws of Gibraltar.
 37. Intelsat UK Financial Services Ltd., a company organized under the laws of England and Wales.
 38. Intelsat USA License LLC, a limited liability company organized under the laws of Delaware.
 39. Intelsat USA Sales LLC, a limited liability company organized under the laws of Delaware.
 40. Mountainside Teleport LLC, a limited liability company organized under the laws of Delaware.
 41. PanAmSat Capital Corporation, a company organized under the laws of Delaware.
 42. PanAmSat de Mexico S. de R. L. de C.V., a company organized under the laws of Mexico.
 43. PanAmSat Europe Corporation, a corporation organized under the laws of Delaware.

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44. PanAmSat India Marketing, L.L.C., a limited liability company organized under the laws of Delaware.
 45. PanAmSat India, Inc., a corporation organized under the laws of Delaware.
 46. PanAmSat International Holdings, LLC, a limited liability company organized under the laws of Delaware.
 47. PanAmSat International Sales, Inc., a corporation organized under the laws of Delaware.
 48. PanAmSat International Systems Limited, a company organized under the laws of the Cayman Islands.
 49. PanAmSat International Systems Marketing, L.L.C., a limited liability company organized under the laws of Delaware.
 50. PanAmSat Limited Liab. Co., a company organized under the laws of Switzerland.
 51. PanAmSat Satellite Europe Limited, a company organized under the laws of England and Wales.
 52. PanAmSat Services, Inc., a corporation organized under the laws of Delaware.
 53. PanAmSat Sistemas de Comunicacao DTH do Brasil Ltda., a company organized under the laws of Brazil.
 54. PAS International LLC, a limited liability company organized under the laws of Delaware.
 55. Southern Satellite Corporation, a corporation organized under the laws of Connecticut.
 56. Southern Satellite Licensee Corporation, a corporation organized under the laws of Delaware.
 57. WP Com, S. de R.L. de C.V., a company organized under the laws of Mexico.

CERTIFICATIONS

I, David McGlade, Chairman and Chief Executive Officer of Intelsat S.A. (the “Company”) certify that:

1. I have reviewed this annual report on Form 20-F of Intelsat S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: February 18, 2015

/s/ DAVID MCGLADE

 David McGlade
 Chairman & Chief Executive Officer

CERTIFICATIONS

I, Michael McDonnell, Executive Vice President and Chief Financial Officer of Intelsat S.A. (the “Company”) certify that:

1. I have reviewed this annual report on Form 20-F of Intelsat S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: February 18, 2015

/s/ MICHAEL McDONNELL

Michael McDonnell
Executive Vice President & Chief Financial Officer

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant
To Section 906 of the Sarbanes-Oxley Act Of 2002**

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Intelsat S.A. (the “Company”) hereby certifies that to such officer’s knowledge, the Company’s Annual Report on Form 20-F for the year ended December 31, 2014 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 18, 2015

/s/ DAVID MCGLADE

David McGlade
Chairman & Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION BY CHIEF FINANCIAL OFFICER
Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant
To Section 906 of the Sarbanes-Oxley Act Of 2002

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Intelsat S.A. (the “Company”) hereby certifies that to such officer’s knowledge, the Company’s Annual Report on Form 20-F for the year ended December 31, 2014 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 18, 2015

/s/ MICHAEL McDONNELL

Michael McDonnell
Executive Vice President & Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Intelsat S.A.:

We consent to the incorporation by reference in the registration statement (No. 333-187976) on Form S-8 of Intelsat S.A. of our reports dated February 18, 2015, with respect to the consolidated balance sheets of Intelsat S.A. and subsidiaries as of December 31, 2013 and 2014, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' deficit and cash flows for each of the years in the three-year period ended December 31, 2014, and the effectiveness of internal control over financial reporting as of December 31, 2014, which reports appear in the December 31, 2014 annual report on Form 20-F of Intelsat S.A.

/s/ KPMG LLP

McLean, Virginia
February 18, 2015

