

Intelsat S.A.

Société anonyme
Annual accounts

For the year ended December 31, 2019

(With the report of the Réviseur d'Entreprises agréé thereon)

4, rue Albert Borschette
L-1246 Luxembourg
RCS Luxembourg B162.135

Intelsat S.A.
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To the Shareholders of
Intelsat S.A.
4, rue Albert Borschette
L-1246 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the annual accounts of Intelsat S.A. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2019 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Valuation of Shares in Affiliated Undertakings	
Refer to accounting policies and valuation methods in note 2(c) and to note 3 (financial assets) to the annual accounts.	
Why the matter was considered to be one of the most significant in our audit of the annual accounts of the current period	How the matter was addressed in our audit
<p>During the financial year 2014 and 2015, the Company recorded value adjustments of USD 1,193 and USD 1,458 million respectively on the shares in Intelsat Investment Holding S.à r.l..</p> <p>As at 31 December 2019, shares in Intelsat Investment Holding S.à r.l. are recorded for USD 1,142 million under Shares in affiliated undertakings, representing 87% of the total balance sheet.</p> <p>The assessment of the recoverable amount of Shares in Affiliated undertakings requires significant judgement applied by the management in considering the necessity, amount and durable nature of the value adjustment, in the context of share price volatility and on-going C-Band process.</p>	<p>Our audit procedures over the valuation of shares in affiliated undertakings included, but were not limited to:</p> <ul style="list-style-type: none">• Evaluating the appropriateness of the accounting policies and valuation methods, our business understanding and industry practice;• Assessing our understanding of management's processes over valuation of shares in affiliated undertakings;• Evaluating the reasonableness of management's key judgements and estimates made in valuation of shares in affiliated undertakings, including selection of methods, models, assumptions and data sources;• Assessing the completeness, accuracy and relevance of key data used in the Company's valuation model;• Evaluating the appropriateness and tested the mathematical accuracy of the model applied;• Evaluating the completeness, accuracy and relevance of disclosures required by Luxembourg legal and regulatory requirements.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Luxembourg, 18 March 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

A handwritten signature in black ink, appearing to read 'Fabien Hedouin', with a long, sweeping flourish extending to the right.

Fabien Hedouin

RCSL Nr.: B162135

Matricule : 2011 2215 302

eCDF entry date : 16/03/2020

ABRIDGED BALANCE SHEET**Financial year from** 01 01/01/2019 **to** 02 31/12/2019 (in 03 USD)

Intelsat S.A.
 4, rue Albert Borschette
 L-1246 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets	1109 _____	109 <u>1.291.674.252,78</u>	110 <u>1.291.674.252,78</u>
I. Intangible assets	1111 _____	111 _____	112 _____
II. Tangible assets	1125 _____	125 _____	126 _____
III. Financial assets	1135 _____ 3	135 <u>1.291.674.252,78</u>	136 <u>1.291.674.252,78</u>
D. Current assets	1151 _____	151 <u>12.630.592,16</u>	152 <u>11.331.189,91</u>
I. Stocks	1153 _____	153 _____	154 _____
II. Debtors	1163 _____ 4	163 <u>3.998.562,45</u>	164 <u>1.965.321,77</u>
a) becoming due and payable within one year	1203 _____	203 <u>3.998.562,45</u>	204 <u>1.965.321,77</u>
b) becoming due and payable after more than one year	1205 _____	205 _____	206 _____
III. Investments	1189 _____	189 _____	190 _____
IV. Cash at bank and in hand	1197 _____	197 <u>8.632.029,71</u>	198 <u>9.365.868,14</u>
E. Prepayments	1199 _____ 5	199 <u>9.882.615,18</u>	200 <u>10.842.067,98</u>
TOTAL (ASSETS)		201 <u>1.314.187.460,12</u>	202 <u>1.313.847.510,67</u>

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B162135

Matricule : 2011 2215 302

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves	1301 <u>6</u>	301 <u>910.099.489,75</u>	302 <u>908.844.628,32</u>
I. Subscribed capital	1303 _____	303 <u>1.411.304,31</u>	304 <u>1.380.188,94</u>
II. Share premium account	1305 _____	305 <u>3.685.561.877,07</u>	306 <u>3.684.526.393,61</u>
III. Revaluation reserve	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 _____	310 _____
V. Profit or loss brought forward	1319 _____	319 <u>-2.777.061.954,23</u>	320 <u>-2.770.280.045,44</u>
VI. Profit or loss for the financial year	1321 _____	321 <u>188.262,60</u>	322 <u>-6.781.908,79</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 _____	332 _____
C. Creditors	1435 <u>7</u>	435 <u>404.087.970,37</u>	436 <u>405.002.882,35</u>
a) becoming due and payable within one year	1453 _____	453 <u>1.587.970,37</u>	454 <u>2.502.882,35</u>
b) becoming due and payable after more than one year	1455 _____	455 <u>402.500.000,00</u>	456 <u>402.500.000,00</u>
D. Deferred income	1403 _____	403 _____	404 _____
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 <u>1.314.187.460,12</u>	406 <u>1.313.847.510,67</u>

RCSL Nr.: B162135

Matricule : 2011 2215 302

eCDF entry date : 16/03/2020

ABRIDGED PROFIT AND LOSS ACCOUNTFinancial year from ⁰¹ 01/01/2019 to ⁰² 31/12/2019 (in ⁰³ USD)

Intelsat S.A.
 4, rue Albert Borschette
 L-1246 Luxembourg

ABRIDGED PROFIT AND LOSS ACCOUNT

	Reference(s)	Current year	Previous year
1. to 5. Gross profit or loss	1651 <u>8</u>	651 <u>1.114.742,12</u>	652 <u>-5.962.608,94</u>
6. Staff costs	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 <u>9</u>	621 <u>-715.984,80</u>	622 <u>-507.760,96</u>

RCSL Nr. : B162135

Matricule : 2011 2215 302

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
10. Income from other investments and loans forming part of the fixed assets	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	725	726
11. Other interest receivable and similar income	1727	727	728
a) derived from affiliated undertakings	1729	729	730
b) other interest and similar income	1731	731	732
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663	664
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665	666
14. Interest payable and similar expenses	1627	627	628
a) concerning affiliated undertakings	1629	629	630
b) other interest and similar expenses	1631	631	632
15. Tax on profit or loss	1635	635	636
16. Profit or loss after taxation	1667	667	668
17. Other taxes not shown under items 1 to 16	1637	637	638
18. Profit or loss for the financial year	1669	669	670

Note 1 Background

Intelsat S.A. (the "Company") was incorporated in Luxembourg on July 8, 2011, as a "société anonyme" under Luxembourg law for an unlimited period of time. The Company has its registered office at 4, rue Albert Borschette, L-1246 Luxembourg and is registered with the Registre de Commerce et des Sociétés of Luxembourg under number B 162.135.

On April 23, 2013, the Company completed an initial public offering on the New York Stock Exchange (the "IPO").

The Company and its subsidiaries provide satellite communications services worldwide through a global communications network of satellites and ground facilities related to the satellite operations and control, and teleport services.

The Company's purpose 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.

The Company may further conduct or be involved in any way in, directly or indirectly, any satellite telecommunications related business, including without limitation the owning and/or operation of satellites, teleports, any ground assets, and any related or connected activity.

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.

The Company can perform all commercial, technical and financial operations, connected directly or indirectly in all areas as described above in order to facilitate the accomplishment of its purpose.

The financial year begins on January 1 and ends on December 31 of each year.

In accordance with article 79-2 of the Law of December 19, 2002, as subsequently amended, the profit and loss of the Company is not published.

The Company also prepares consolidated financial statements, which are published according to the provisions of applicable Luxembourg law.

Note 2 Significant accounting policies and valuation methods

(a) Basis of presentation

The annual accounts have been prepared in conformity with applicable legal and statutory requirements in Luxembourg, including the following significant accounting policies.

These annual accounts have been prepared in conformity with the going concern principle. The going concern principle assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Note 2 Significant accounting policies and valuation methods (cont.)

(b) Foreign currency translation

The Company maintains its accounts in U.S. Dollars (“USD”), and the balance sheet and profit and loss account are expressed in this currency. All assets and liabilities denominated in a currency other than USD are valued respectively at the lower or at the higher of their value translated into USD at their historical exchange rate or at the exchange rate applicable at the balance sheet date, except for cash items which are translated at the exchange rate applicable at the balance sheet date. Consequently, only realized exchange gains and losses and unrealized exchange losses are recognized in the profit and loss account. Income and charges expressed in currencies other than USD are translated into USD at exchange rates applicable at the transaction date.

(c) Financial assets

Shares in affiliated undertakings are valued at purchase price, loans to affiliated undertakings are valued at their nominal value. Value adjustments are recorded if, in the opinion of the Board of Directors, there is any durable decrease in value. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

(d) Debtors

Debtors are recorded at their nominal value. Debtors are written down to their recoverable amount if, in the opinion of the Board of Directors, there is a permanent decrease in value.

(e) Cash at bank and at hand

Cash balances are valued at their nominal value.

(f) Prepayments

Prepayments include expenditures incurred during the financial year but relating to a subsequent financial year, as well as issue costs incurred in relation to the convertible note. Issue costs are amortized based on the effective interest rate method over the term of the debts.

(g) Creditors

Debts are stated at their reimbursement value.

(h) Share based and other compensation plans

Share based and similar compensation plans only impact the balance sheet when issued for consideration.

Intelsat S.A.
Notes to annual accounts
for the year ended December 31, 2019
(continued)

Note 3 Financial assets

Shares in affiliated undertakings

As at December 31, 2019, the Company was carrying an investment value of USD 1,1 billion, as follows:

<u>Name and registered office</u>	<u>Proportion of capital held</u>	<u>Net equity value including result for the financial year * (USD in thousands)</u>	<u>Loss for the financial year * (USD in thousands)</u>
Intelsat Investment Holdings S.à r.l. Registered office: 4, rue Albert Borschette, L-1246 Luxembourg (RCS: B162.240)	100%	1,145,775	(11)

* Figures based on final December 31, 2019 annual accounts submitted to Board approval

In the opinion of the Board of Directors, no durable decrease or increase in value has arisen on the participation in Intelsat Investment Holdings S.à r.l. during the year ended December 31, 2019 that requires an additional value adjustment or a reversal of cumulative value adjustments of USD 2.6 billion (2018: USD 2.6 billion).

Loans to affiliated undertakings

In June 2018, the Company executed an intercompany note with an indirect subsidiary of the Company, Intelsat Envision Holdings LLC (“Intelsat Envision”), whereby Intelsat Envision owes the Company an aggregate principal amount of USD 150 million. The note bears interest at 12.5% annually and matures on June 15, 2026. Interest income is recorded in the profit and loss account under the caption “Income from other Investments and loans forming part of the fixed assets”.

Note 4 Debtors

This represents mainly intercompany receivables due and payable within one year, including interest receivables in relation with the intercompany note (see Note 3).

Note 5 Prepayments

In June 2018, the Company completed an offering of its 4.5% Convertible Senior Notes due 2025 (the “2025 Convertible Notes”) for an aggregate principal amount of USD 402.5 million (see Note 7). The 2025 Convertible Notes are guaranteed by Intelsat Envision. Following the issuance of the 2025 Convertible Notes, the Company recognized issue costs in the aggregate amount of USD 10 million. These costs are amortized over the duration of the debt.

This caption also includes prepaid insurance policies for USD 1 million (2018: USD 1 million).

Note 6 Capital and reserves

Changes in capital and reserves are as follows:

<u>USD in thousands</u>	<u>Subscribed capital</u>	<u>Share premium account</u>	<u>Loss brought forward</u>	<u>Profit or loss for the financial year</u>	<u>Total</u>
As at January 1, 2019	1,380	3,684,526	(2,770,280)	(6,782)	908,844
Allocation of prior year result	-	-	(6,782)	6,782	-
Options exercised (see Note 12)	31	1,036	-	-	1,067
Profit for the financial year	-	-	-	188	188
As at December 31, 2019	1,411	3,685,562	(2,777,062)	188	910,099

Note 6 Capital and reserves (cont.)

a) Subscribed capital:

As of December 31, 2019, the subscribed capital of the Company amounted to USD 1.411 million (2018: USD 1.380 million), represented by 141 million (2018: 138 million) outstanding common shares, each with a nominal value of USD 0.01 per share.

The authorized share capital of the Company (including the issued share capital) is USD 10 million, represented by 1 billion shares, each with a nominal value of USD 0.01 per share. The authorized unissued share capital is valid for a period ending on June 13, 2024.

According to Luxembourg law, at least 5% of the annual income is to be appropriated to a legal reserve until such reserve reaches 10% of the subscribed share capital. The legal reserve is not available for distribution. The Company has not allocated any amount to date.

b) Share premium account:

As of December 31, 2019, the Company had a share premium account of USD 3.7 billion (2018: USD 3.7 billion).

Note 7 Creditors

In June 2018, the Company completed an offering of USD 402.5 million aggregate principal amount of its 2025 Convertible Notes (see Note 5). As of December 31, 2019, the creditors amount becoming due and payable within one year comprised USD 0.8 million of accrued interest payable. Interest expenses on the 2025 Convertible Notes are recorded in the profit and loss account under the caption "Other interest and similar expenses".

The 2025 Convertible Notes bear interest at 4.5% and mature on June 15, 2025 unless earlier repurchased, converted or redeemed, as set forth in the indenture governing the 2025 Convertible Notes (the "2025 Indenture"). Holders may elect to convert their notes depending upon the trading price of our common shares and under other conditions set forth in the 2025 Indenture until December 15, 2024, and thereafter without regard to any conditions. The initial conversion rate is 55.0085 common shares per USD 1,000 principal amount of notes, which is equivalent to an initial conversion price of USD 18.18 per common share, subject to customary adjustments, and will be increased upon the occurrence of specified events set forth in the 2025 Indenture. The Company may redeem the 2025 Convertible Notes at its option, on or after June 15, 2022, and prior to the forty-second scheduled trading day preceding the maturity date, in whole or in part, depending upon the trading price of our common shares as set forth in the optional redemption provisions in the 2025 Indenture or in the event of certain developments affecting taxation with respect to the 2025 Convertible Notes.

Note 8 Gross profit

For the year ended 2019, the gross profit resulted from the recharge, under an intercompany agreement, of some specific external services to other affiliated companies of the group to better reflect the benefit certain affiliated companies received from these services, in an amount of USD 8.4 million (2018: USD 9.7 million), offset by the recording of mainly professional fees and insurance expenses, mostly incurred for the group of Intelsat companies.

Compared to the year ended December 31, 2018, the variance was mainly due to USD 6.8 million of issue costs related to a common shares offering in 2018, recorded in expenses.

Note 9 Other operating expenses

The Company provides non-executive members of the Board of Directors with compensation (including equity based compensation) for their service on the Board of Directors and any committees thereof. The Company does not provide any compensation to members of the Board of Directors elected as representatives of an entity that is a sponsor shareholder. The Board of Directors has adopted a director compensation policy applicable to each director eligible for compensation. The total Board of Directors remuneration for the year ended December 31, 2019, was USD 553.6 thousand (2018: USD 360.0 thousand).

Note 10 Staff costs

The Company had no direct employees during 2019 and 2018.

Note 11 Taxation

The Company is subject to all taxes applicable to Luxembourg commercial companies.

Note 12 Commitment and contingencies

a) Share-based and other compensation plans:

In connection with our IPO in April 2013 (see Note 1), our Board of Directors adopted the amended and restated Intelsat Global, Ltd. 2008 Share Incentive Plan (as amended, the “2008 Equity Plan”). Also in April 2013, our Board of Directors adopted the Intelsat S.A. 2013 Equity Incentive Plan (the “2013 Equity Plan”). While certain awards remain outstanding under the 2008 Equity Plan, no new awards may be granted under the 2008 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 (“RSUs”), and other share-based awards and performance compensation awards. Effective June 16, 2016, the aggregate number of common shares authorized for issuance under the 2013 Equity Plan was increased to 20 million common shares. The total aggregate number of shares available for future grants under the 2013 Equity Plan was 5.9 million as of December 31, 2019.

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 six months to five years.

For the year ended December 31, 2019, the Company received cash of USD 1.1 million from the exercise of stock options (2018: USD 3.2 million).

Anti-dilution options

In connection with the consummation of our IPO in April 2013 (see Note 1), options were granted to certain individuals in accordance with the existing terms of their side letters to a management shareholders agreement to which we are a party, which, when taken together with the common shares received in connection with the reclassification of our outstanding former Class B Shares at the time of our IPO, preserved their ownership interests represented by their outstanding former Class B Shares immediately prior to the reclassification.

These options generally expire 10 years from the date of grant.

The Company measured the fair value of these anti-dilution option grants at the date of grant using a Black-Scholes option pricing model. There were no anti-dilution stock options granted or exercised in 2019 nor in 2018.

Intelsat S.A.
Notes to annual accounts
for the year ended December 31, 2019
(continued)

Note 12 Commitment and contingencies (cont.)

Time-based Restricted Stock Units (“RSUs”)

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

The fair value of time-based RSUs is deemed to be the market price of our common shares on the date of grant. The weighted average grant date fair value of time-based RSUs granted for the year ended December 31, 2019 was USD 21.28 (2018: USD 7.99).

Performance-based RSUs

Performance-based RSUs vest after three years from the date of grant upon achievement of certain performance conditions. These grants are subject to vesting upon achievement of an adjusted EBITDA target or 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 as defined in the grant agreement.

The Company measures the fair value of the portion of performance-based RSUs that vest based on the achievement of the adjusted EBITDA target at the date of grant using the market price of our common shares. The Company measures the fair value of the portion of performance-based RSUs that vest based on the achievement of a RSR using a path-dependent model that incorporates expected RSR into the estimate.

The weighted average grant date fair value of performance-based RSUs granted during the year ended December 31, 2019 was USD 25.40 (2018: USD 4.53).

A summary of the changes for the year ended December 31, 2019, is set forth below (dollar amounts in USD):

	Stock options		Anti-dilution options		Time-based RSUs		Performance-based RSUs	
	Number (thousands)	Weighted average exercise price	Number (thousands)	Weighted average strike price	Number (thousands)	Weighted average grant date fair value	Number (thousands)	Weighted average grant date fair value
Outstanding at January 1, 2019	1,109	\$ 3.71	1,610	\$ 11.98	2,602	\$ 5.93	2,624	\$ 2.69
Granted	3	19.03	-	-	897	21.28	347	25.40
Exercised	(309)	3.45	-	-	-	-	-	-
Vested	-	-	-	-	(1,296)	5.59	(1,004)	0.56
Forfeited	-	-	-	-	(147)	6.88	(169)	7.94
Expired	(1)	19.50	-	-	-	-	-	-
Outstanding at December 31, 2019	802	\$ 3.86	1,610	\$ 11.98	2,056	\$ 12.77	1,798	\$ 7.94
Exercisable at December 31, 2019	802	\$ 3.86	1,610	\$ 11.98	-	-	-	-

Intelsat S.A.
Notes to annual accounts
for the year ended December 31, 2019
(continued)

Note 12 Commitment and contingencies (cont.)

b) Subsidiaries' debts:

As of December 31, 2019, the Company is a co-guarantor of various affiliated company third-party debt agreements, as set forth below:

<u>Note</u>	<u>Issuer</u>	<u>Issuance Date</u>	<u>Principal Outstanding</u> (USD in thousands)
7¾% Senior Notes due 2021	Intelsat (Luxembourg) S.A.	5-Apr-13	421,219
8⅞% Senior Notes due 2023	Intelsat (Luxembourg) S.A.	5-Apr-13	1,000,000
5½% Senior Notes due 2023	Intelsat Jackson Holdings S.A.	5-Jun-13	1,985,000
8½% Senior Notes due 2024	Intelsat Jackson Holdings S.A.	19-Sep-18	2,950,000
9¾% Senior Notes due 2025	Intelsat Jackson Holdings S.A.	5-Jul-17	1,885,000

Note 13 Subsequent event

(a) C-band:

On February 28, 2020, the U.S. Federal Communications Commission approved the final order in the C-band proceeding. The order set forth acceleration incentive payments to certain C-band satellite operators of \$9.7 billion, of which Intelsat would receive \$4.9 billion, payable in two tranches which end on December 5, 2021 and December 5, 2023, respectively. The final order also outlines a cost reimbursement framework that would apply to the various stakeholders in the proceeding, as well as technical specifications and other elements.

The Company continue to analyze the details of the final order, including timing, technical parameters and responsibilities of the various stakeholders, in addition to acceleration incentives, the proportionate share of acceleration payments to be provided in the two phases and clearing cost reimbursements. As we do so, all options are preserved to ensure the Company is treated fairly and to protect our spectrum rights.

(b) COVID-19:

Starting January 2020, the novel coronavirus (“COVID-19”) outbreak originating in Wuhan, China has significantly disrupted and impacted businesses and economies around the world. We are in the process of evaluating the impact of COVID-19, and it is possible that the outbreak may have an adverse impact on our business, operating results and financial condition in the future. Swings in the global financial markets that include illiquidity, market volatility, changes in interest rates and currency exchange fluctuations can be difficult to predict and may negatively affect the ability of certain customers to make payments when due. Such swings may also adversely affect us due to the potential insolvency of certain customers, the inability of customers to obtain financing for their operations, decreased customer demand, delays in supplier performance and contract terminations.