

Intelsat CORP
Form 10-K
March 10, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-22531

INTELSAT CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware
(State or Other Jurisdiction of

95-4607698
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

3400 International Drive, N.W., Washington, D.C.
(Address of Principal Executive Offices)

20008
(Zip Code)

(202) 944-6800

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 Web site, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The Registrant meets the conditions set forth in General Instructions I(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

As of March 5, 2010, an aggregate of 548 shares of our common stock were outstanding.

Documents incorporated by reference: None

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FORWARD-LOOKING STATEMENTS

Some of the statements in this Annual Report on Form 10-K, or Annual Report, 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, 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 goal to expand our leading fixed satellite services (FSS) business in high growth regions and applications while maintaining our focus on operational discipline; our expectation that our current capital expenditure program will position our network to capitalize on the FSS sector's best growth opportunities globally, while providing optimal coverage to meet needs across our targeted customer sets; the characteristics of our refreshed fleet when the current investment cycle is completed; our belief that our strategies will position us to continue to deliver high operating margins, and as our current fleet investment program is completed, strong cash flow generation; 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 continue to evaluate and pursue strategic transactions that complement our global fleet, provide growth capacity and allow us to respond to our customer needs; our belief that our network services and media customers increasingly require managed services best addressed by a network that combines space and terrestrial infrastructure; our expectation that the FSS sector will experience moderate growth over the next few years; our expectation that we will benefit from the general trend towards IP-based networking and distribution, including growing use of new media formats, as well as infrastructure applications in emerging regions; our expectation that we will 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; our belief that our enhancement of our fully-integrated terrestrial network to an all IP network environment will improve our ground support of high bandwidth applications such as high definition video and will allow us to converge our media and network services terrestrial network infrastructures; 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 2010 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 to customers in other regions, enables us to capitalize on changing market conditions and mitigates the impact of fluctuations in any specific customer type or geographic region; our belief that our global scale, diversity, collection of spectrum rights, technical expertise and fully integrated hybrid network form a strategic platform that positions us to identify and capitalize on new opportunities in satellite services; our belief that the scale of our fleet can reduce the financial impact of any satellite failures and protect against service interruption; and the impact on our financial position or results of operations of pending legal proceedings.

The forward-looking statements made in this Annual Report 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 1A 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.

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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 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 have to 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;

domestic and international government regulation;

changes in our revenue backlog or expected revenue backlog for future services;

pricing pressure and overcapacity in the markets in which we compete;

inadequate access to capital markets;

the competitive environment in which we operate;

customer defaults on their obligations owed to us;

our international operations and other uncertainties associated with doing business internationally;

litigation; and

other risks discussed under Item 1A 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

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forward-looking statements, whether as a result of new information, future events or otherwise.

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In this Annual Report, unless otherwise indicated or the context otherwise requires, (1) the terms Intelsat Corp, we, us, our, and the Company refer to Intelsat Corporation, formerly known as PanAmSat Corporation, a wholly-owned subsidiary of Intelsat Holding Corporation, formerly known as PanAmSat Holding Corporation, (2) the term PanAmSat Holdco refers to Intelsat Holding Corporation, and not to its subsidiaries, (3) the term PanAmSat refers to PanAmSat Holdco and its subsidiaries, including Intelsat Corp, (4) the terms Intelsat and combined company refer to Intelsat, Ltd. and its subsidiaries on a consolidated basis prior to the Migration (as defined below) and Intelsat S.A. and its subsidiaries on a consolidated basis subsequent to the Migration, (5) the terms Serafina Holdings and Intelsat Global refer to Intelsat Global, Ltd. (formerly known as Serafina Holdings Limited) prior to the Migration and to Intelsat Global S.A. subsequent to the Migration, (6) the terms Serafina and Intelsat Global Subsidiary refer to Intelsat Global Subsidiary, Ltd. (formerly known as Serafina Acquisition Limited) prior to the Migration and to Intelsat Global Subsidiary S.A. subsequent to the Migration, (7) the term Intelsat Holdings refers to our indirect parent, Intelsat Holdings, Ltd., prior to the Migration and to Intelsat Holdings S.A. subsequent to the Migration, (8) the term Intelsat Bermuda refers to Intelsat (Bermuda), Ltd., Intelsat, Ltd.'s direct wholly-owned subsidiary, prior to the Migration and the term Intelsat Luxembourg refers to Intelsat (Luxembourg) S.A., Intelsat S.A.'s direct wholly-owned subsidiary, subsequent to the Migration, (9) the term Intelsat Jackson refers to Intelsat Jackson Holdings, Ltd., a direct wholly-owned subsidiary of Intelsat Bermuda prior to the Migration and to Intelsat Jackson Holdings S.A., Intelsat Luxembourg's direct wholly-owned subsidiary, subsequent to the Migration, (10) the term Intermediate Holdco refers to Intelsat Intermediate Holding Company, Ltd., a direct wholly-owned subsidiary of Intelsat Jackson, prior to the Migration and to Intelsat Intermediate Holding Company S.A. subsequent to the Migration, (11) the term Intelsat Sub Holdco refers to Intelsat Subsidiary Holding Company, Ltd., a direct wholly-owned subsidiary of Intermediate Holdco, prior to the Migration and to Intelsat Subsidiary Holding Company S.A. subsequent to the Migration, and (12) the term New Sponsors Acquisition Transactions refers to the acquisition of Intelsat Holdings by Serafina and related transactions discussed under Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Impact of the New Sponsors Acquisition Transactions. 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.

Overview

We operate as a fully integrated subsidiary of Intelsat, our indirect parent. As a subsidiary of Intelsat, we are part of the world's largest fixed satellite services (FSS) business, providing a critical layer in the global communications infrastructure. Based on the scale and global coverage of our combined company's network, our combined company's extensive customer relationships and reputation for highly reliable services, we believe that Intelsat is the leading FSS company in the world. Our combined company operates more satellite capacity in orbit, has more satellite capacity under contract, serves more commercial customers and delivers services in more countries than any other commercial satellite operator.

Our combined business provides mission critical communication services to the world's leading media companies, wireline and wireless telecommunications operators, data networking service providers, multinational corporations, and Internet service providers (ISPs). The span of our combined business ranges from global distribution of content for media companies to essential network backbones for communications providers in high-growth emerging markets.

Our combined business is the most diversified in the FSS sector based on types of service offerings, number of customers and revenue concentration by satellite and geography. This diversity reduces our market and operating risk. Our broad customer base and our combined company's geographic presence also provide us with early opportunities to support new communications applications in a converging world.

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Our satellite-based solutions are a critical component of our customers' infrastructures. Generally, our customers need the connectivity satellites provide so long as they are in business or pursuing their mission. This gives us stability during economic downturns. Our services also provide strong value in support of our customers' businesses. For instance, for media applications, our satellite services provide efficient broadcast distribution that is difficult for terrestrial services to match. For network services applications, our satellite solutions provide higher reliability than is available from local terrestrial services, and allow our customers to reach geographies that they would otherwise be unable to serve. The Intelsat network supports:

The distribution of television entertainment and news programming;

The expansion of wireless networks in emerging regions without adequate infrastructure;

Ubiquitous access to broadband for Internet and fixed and mobile networks used by corporations and other organizations; and

Completion and extension of international, national and regional voice and data networks.

Our combined company provides infrastructure services on a satellite fleet comprised of over 50 satellites, covering 99% of the earth's populated regions. This satellite capacity is complemented by a terrestrial network comprised of leased fiber optic cable and owned and operated teleports. We believe that our combined hybrid satellite-terrestrial network provides significant differentiation and is an important element of our combined company's growth strategy.

We have a reputation for operational and engineering leadership, built on Intelsat's experience of over 45 years in the FSS sector. The reliability of our network is outstanding, delivering 99.9994% network availability on station-kept satellites to our customers in 2009. Our combined company built our centrally operated, fully integrated network using the world's largest collection of FSS spectrum rights at valuable orbital locations, from which we can deliver services to established regions as well as higher-growth emerging regions.

We operate in an attractive, well-developed sector of the satellite communications industry, which is benefiting from increasing demand for capacity from the commercial sector. The FSS sector is characterized by steady and predictable contracted revenue streams, high operating margins, strong cash flows and long-term contractual commitments. We believe these sector characteristics, coupled with our cost-efficient, fully integrated operating structure, provide us with an attractive business model.

As of December 31, 2009, our revenue backlog, which is our expected future revenue under existing customer contracts, was approximately \$4.3 billion. We typically contract with our customers for long-term commitments of up to 15 years. Approximately 97% of this backlog relates to contracts that are non-cancelable or cancelable only upon payment of substantial termination fees. For the year ended December 31, 2009, we generated revenue of \$1.1 billion, a growth rate of 1% over the combined year ended December 31, 2008.

We believe that our combined company's global scale and efficient operating profile, diversified customer sets and sizeable backlog, together with the growing worldwide demand for entertainment and connectivity, provide us with a platform for success.

The FSS Sector

Fixed satellite services are an integral part of the global communications infrastructure. The global FSS sector is expected to generate revenues of approximately \$9.6 billion in 2010 according to *NSR*, a leading international market research and consulting firm specializing in satellite and wireless technology and applications.

Our customers use our services because of the distinct technical and economic benefits that satellite services provide for certain critical applications. Satellites provide a number of advantages over terrestrial communications systems, including the following:

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Satellite beams effectively blanket service regions with bandwidth, enabling any user within a coverage area to have equal access to highly reliable bandwidth;

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Efficient content distribution through the ability to broadcast high quality signals from a single location to many locations simultaneously;

The ability to extend beyond terrestrial network end points, or provide an alternative path to terrestrial infrastructure, thus avoiding points of congestion or unreliability;

Fast network deployments, with network performance easily replicated across each site regardless of geography or infrastructure, and efficient centralized control and management;

Superior end-to-end network availability as compared to the availability of terrestrial networks; and

Instant communications infrastructure for disaster recovery.

There is a finite number of geostationary orbital slots in which FSS satellites can be located, and many orbital locations already hold operational satellites. The owners of these satellites operate them under coordination agreements designed to avoid interference with other operators satellites.

Today, there are only three FSS operators, including Intelsat, providing global services, which is increasingly 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. Intelsat is the largest of any operator in terms of rights to orbital slots in the most valuable C- and Ku-band spectrums.

We believe a number of trends are creating increasing demand for satellite services, expanding the FSS sector:

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

Connectivity and broadband access are essential elements of infrastructure supporting the rapid economic growth of developing nations. Globally dispersed organizations are increasingly moving to satellite-based infrastructure to provide better access, reliability and control.

Proliferation of content and formats is resulting in increased bandwidth requirements as content owners seek to maximize distribution to multiple viewing audiences across multiple technologies. High definition television (HDTV), three-dimensional high definition television (3DTV), Internet distribution of traditional television programming, Internet protocol television (IPTV) and video to the handset are all examples of the expanding format and distribution requirements of media programmers.

Mobility applications, such as wireless phone services, maritime communications and aerial services, are fueling demand for bandwidth on the move. Rapid growth in cellular services for developing regions is expected to transition demand for voice only services to demand for data and video services over time, resulting in increased network bandwidth requirements. Given the low penetration of fixed-line telephone services in emerging markets and the introduction of smart phones and netbooks, Internet access in these markets may be primarily mobile.

In total, C- and Ku-band transponder service revenue in the FSS sector is expected to grow at a compound annual growth rate (CAGR) of 4.1% from 2010 to 2015 according to *NSR*. The fundamentals of the sector have consistently improved over the past few years, with continued strong demand despite the generally poor economic environment in many regions of the world. The average price per transponder for the period 2009 to 2011 forecasted by *NSR* in its 2009 study was approximately 12.5% higher than that forecasted for the same period in a similar study issued

by *NSR* in 2006.

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Our Customer Sets

Our combined company is the largest FSS operator and, based on the number of transponders contracted, Intelsat holds the leading position in each of its three customer sectors: media, network services and government.

We provide satellite capacity and related communications services for the transmission of video, data and voice signals. Our customer contracts offer three different service types: transponder services, managed services and mobile satellite services and other. We also perform satellite-related consulting and technical services for various third parties, such as operating satellites for other satellite owners.

Media

Media customers represented 60% of our third-party revenue for the year ended December 31, 2009 and a contracted backlog of \$3.3 billion as of such date. Our combined company provides satellite capacity for the transmission of entertainment, news, sports and educational programming for approximately 300 content providers and direct-to-home (DTH) platform operators worldwide. Our revenue 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;

Cable programmers; and

DTH platform operators.

Broadcasters, content providers and cable programmers seek efficient distribution of their content to make it easily obtainable by affiliates, cable operators and DTH platforms. Intelsat's strong cable distribution neighborhoods offer media customers high penetration of regional and national audiences.

Broadcasters, content providers and cable 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. We believe DTH platform operators turn to us because the scale and flexibility of our fleet lowers their operating risk, as we have multiple satellites serving every region.

Our media sector service offerings are comprised of two primary categories:

Transponder services, which include:

Video distribution services full-time services used by programmers and broadcasters to distribute content to cable systems and to affiliates;

DTH television services full-time services used by DTH platform operators to distribute their content to consumer set-top boxes; and

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Video contribution services full-time and part-time services used to gather news and events from a remote location for delivery to a production facility.

Managed services, which include:

Hybrid satellite, fiber and teleport managed services full-time services typically used by programmers to outsource additional elements of their transmission infrastructure, such as uplinking programming in digitally compressed formats; and

Part-time managed services, including occasional use services for news, sports and entertainment organizations gathering programming from a remote location for delivery to a production facility.

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We believe that our combined company enjoys 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. We are increasingly offering bundled, value-added services 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 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 combined company's media business include the following:

Of our combined company's 54 satellites, 25 are premium video neighborhoods, offering programmers superior audience penetration, with 10 serving the United States, five serving Latin America, three serving Asia, four serving Europe, and three serving Africa and the Middle East.

We are positioned as a leading provider of global distribution to our media customers. Our top 20 video distribution customers buy service on our network across three or more geographic regions, demonstrating the value provided by the global reach of our network.

In North America, we believe that our combined company is the leading provider of FSS capacity for the distribution of high definition and cable programming. Our Galaxy 13 satellite provided the first high definition neighborhood in North America, and today, the Galaxy fleet distributes nearly 150 high definition channels, and Intelsat distributes nearly 200 high definition channels on a global basis. In its 2009 study, *NSR* forecasted that the number of standard and high definition television channels are expected to grow at a CAGR of 6.7% from 2010 to 2015.

We are a leading provider of FSS capacity for DTH services, delivering programming to millions of viewers and supporting more than 30 DTH platforms around the world.

We are a leading provider of managed occasional use services for news and sports organizations. In early 2010, we landed a special events team in Haiti within hours of its tragic earthquake, providing a critical link for broadcast teams reporting on the event. In the eleven days following the event, we uplinked over 500 hours of broadcasts from the disaster zone.

Global C- and Ku-band transponder revenue from FSS video applications is forecasted to grow at an overall CAGR of approximately 4.8% from 2010 to 2015, according to *NSR*.

Network Services

Network services accounted for 31% of our third-party revenue for the year ended December 31, 2009 and a contracted backlog of \$821 million as of such date. Our business generated from the network services sector is generally characterized by three to five year, and up to 15 year, contracts with many of the world's leading communications providers, including:

Wireline and wireless telecommunications carriers, including global, regional and national providers;

Corporate network service providers;

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Value-added services providers, such as those serving the oil and gas and maritime industries; and

Multinational corporations and entities.

There is an increasing need for basic and high-speed connectivity in developed and emerging regions around the world. Our combined company's satellite capacity, paired with our terrestrial network comprised of leased fiber, teleports, and data networking platforms, enables the transmission of video, data and voice to and from virtually any point on the surface of the earth. We provide an essential element of the infrastructure supporting the rapid expansion of wireless services in many emerging markets. Penetration of 3G wireless services in developing regions is expected to reach over one billion subscribers by 2012 according to the International Telecommunications Union (the ITU).

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Our network services offerings are comprised of two primary categories:

Transponder services full-time capacity services used by telecom operators, wireless companies, data network operators and value-added network operators for telecom or broadband network infrastructure; and

Managed services full-time services used by value-added network operators, mobile services operators, telecom operators and ISPs that provide integrated networking platforms comprised of satellite capacity, fiber, teleport and hardware. Operators and service providers use these shared, managed platforms as the basis for, or an economical extension of, their service offerings.

Our network services offerings are an essential component of our customers' services, providing backbone infrastructure, expanded service areas and hard-to-reach connectivities. We believe that our combined company is a preferred provider because of our global service capability and our expertise in delivering service operator-grade network availability and efficient network control.

Our combined company has established regional shared data networking platforms at our teleports that are connected to over 40 of our satellites on our combined fleet. 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 combined company's network services business include the following:

Our combined company is the leading provider of satellite capacity for voice and data applications in every region according to *Euroconsult*, a leading international research and consulting company specializing in space satellite communications and broadcasting;

We provide services to many of the world's largest telecommunications companies. Of the customers we categorize as telecommunications companies, our combined company's revenue from the top 25 in aggregate grew at a CAGR of 11.3% from 2007 to 2009;

We believe our combined company is the leading provider of satellite capacity for cellular backhaul applications connecting a cellular access point to the telecommunications network, providing network extensions in emerging regions. Approximately 60 of our combined company's customers use our satellite-based backhaul services as a core component of their network infrastructure due to unreliable or non-existent terrestrial infrastructure. Our combined company's cellular backhaul customers include eight of the top ten mobile groups in Africa, such groups representing 64% of the region's subscribers; and

Over 200 value-added network operators use our combined global broadband hybrid infrastructure to deliver regional and global services. Applications for these services include corporate networks for multi-nationals, Internet access and broadband for maritime applications.

We believe our combined company is the leading provider of satellite capacity for network services, and that we are well positioned to benefit from the growing segments of this market. These segments include:

Satellite-based private data networks, including VSAT networks. C- and Ku-band transponder demand for VSAT services is expected to grow at a CAGR of 6.8% from 2010 to 2015, according to *NSR*;

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Cellular backhaul via satellite, for which satellite capacity demand is expected to grow by a CAGR of 6.3% from 2010 to 2015, according to *NSR*; and

Broadband for maritime applications, which is expected to grow by a CAGR of 9.7% from 2010 to 2015 according to *NSR*.

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Government

Prior to the completion of the Intelsat Acquisition Transactions (as defined below under *Our History* *The Intelsat Acquisition Transactions*), our former government services business was comprised of global satellite and related telecommunications services provided to the U.S. government, international government entities and their contractors. In connection with the consummation of the Intelsat Acquisition Transactions, our government services business was purchased by Intelsat General Corporation (*Intelsat General*).

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.

We believe our combined company is the sector leader by transponder share in all but one of the geographic regions covered by our combined network, and these 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.

The diversity in our combined company also reduces our business risk. The diversity of our revenue and customer base enables us to capitalize on changing market conditions and mitigates the impact of fluctuations in any specific customer type or geographic region. 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 approximately 10% of our third-party revenue and no single customer accounted for more than approximately 11% of our third-party revenue for the year ended December 31, 2009.

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By region and service sector, our backlog as of December 31, 2009 was as follows:

Note: Regional designation for backlog is based on customer billing address.

Our Strategy

We seek revenue growth and increased cash flows by expanding our combined company's leading FSS business in high growth regions and applications while maintaining our focus on operational discipline. Given our efficient operating structure, we believe the strategies of our combined company will position it to continue to deliver high operating margins, and to generate strong cash flow and growth as its current combined fleet investment program is completed. The key components of our strategy include the following:

Focus our core business on attractive and growing applications

Our combined company has an industry-leading position in each of the customer sets served by our business. We believe our combined global network and regional strengths will allow us to capture new business opportunities as a result of the following:

Network Services:

Growth in multinational enterprise broadband access requirements resulting from globalization;

The continued expansion of cellular networks and voice and data growth in emerging regions with inadequate infrastructure; and

New broadband connectivity requirements for aerial and maritime applications.

Media:

Content and format proliferation, such as standard definition and high definition formats, increasing the capacity needs of our programmer customers;

New and expanding DTH platforms in fast growing emerging regions; and

Programmers and broadcasters seeking new global distribution capabilities to deliver content in new regions.

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

Our combined company is conducting a significant capital expenditure fleet investment program during the five-year period from 2008 to 2012. The program is designed to position the Intelsat satellite network to capitalize on the FSS sector's best growth opportunities globally, while providing optimal coverage to meet

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needs across our targeted customer sets. By the conclusion of the current investment cycle in 2012, the characteristics of our refreshed combined company fleet are expected to include the following:

A significant increase in the proportion of high-power, land mass-focused transponders suitable for broadband and video applications, which typically command a higher price, resulting in an opportunity to increase the overall yield on our fleet;

Expanded capacity to serve our faster-growth network services customers, particularly in emerging markets;

Expanded capacity at our most valuable regional video distribution neighborhoods;

Reduced risk of anomalies resulting from the replacement of satellites with known health issues;

No significant increase in the total amount of station-kept transponder capacity; and

A longer average remaining useful life of our combined company satellite fleet.

Incorporate new technology into our core combined network to capture growth from new applications and next generation customer requirements

Our global scale, diversity, collection of spectrum rights, technical expertise and fully integrated hybrid network form a strategic platform that positions us to identify and capitalize on new opportunities in satellite services. Our combined company 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 newer assets, including our enhanced terrestrial network, are used to address current market requirements, allowing older assets to be redeployed to serve legacy customer applications still efficiently served by those assets.

As a result, we believe our combined company is well positioned to accommodate new business models as they are adopted by our customers. We expect to benefit from the general trend towards IP-based networking and distribution, including growing use of new media formats, as well as infrastructure applications in emerging regions.

We are also investing in enhanced technology in our combined 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 combined ground network to reduce the bandwidth necessary for network service applications, increasing our customers' efficiency and expanding our market potential, particularly in emerging regions.

Opportunistically use acquisitions and creative business structures for cost-efficient growth and attractive returns

Our combined company's record of capitalizing on strategic growth opportunities through targeted acquisitions and business ventures is well established. In addition, our combined company has demonstrated its ability to integrate acquisitions efficiently and quickly, due to our scale and our centralized satellite operations philosophy. We completed the integration of the combined company as a result of the Intelsat Acquisition Transactions. In recent years, Intelsat has completed other, smaller transactions involving single satellites with partners in diverse regions, such as JSAT International Inc. (JSAT) in Asia, Telenor Inma AS (Telenor) in Europe, and Convergence SPV Ltd. (Convergence Partners) in Africa. Intelsat will continue to evaluate potential asset purchases, joint ventures and creative business and financial structures that complement our combined global fleet, provide growth capacity and allow us to respond to customer needs.

Our Network

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We have a global network of 25 satellites that are integrated with 29 satellites owned by other subsidiaries of Intelsat for a combined global network comprised of 54 satellites and ground facilities, including teleports and leased fiber that support our commercial services and the operation and control of our satellites.

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

Prime orbital locations, reflecting a valuable portfolio of coordinated fixed satellite spectrum rights;

Highly reliable services, including network availability of 99.9994% on our station-kept satellites for the year ended December 31, 2009;

Flexibility to relocate satellites to other orbital locations as demand patterns change;

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.

The table below provides a summary of our satellite fleet as of December 31, 2009, excluding the 29 satellites owned by other subsidiaries of Intelsat.

Satellite	Manufacturer	Orbital Location	Launch Date	Estimated End of Service Life (1)
<i>Station Kept:</i>				
HGS-3	BSS(2)	38°E	2/96	9/11
IS-1R	BSS	50°W	11/00	2/16
IS-4 (3)	BSS	72°E	8/95	8/10
IS-5	BSS	169°E	8/97	10/12
IS-7	SS/L(4)	68.65°E	9/98	11/13
IS-8	SS/L	166°E	11/98	1/14
IS-9	BSS	58°W	7/00	10/12
IS-10	BSS	68.5°E	5/01	6/16
IS-11	ORB(5)	317°E	10/07	10/23
IS-12	SS/L	45°E	10/00	1/16
IS-14	SS/L	315°E	11/09	TBD
Galaxy 3C	BSS	95.05°W	6/02	9/20
Galaxy 11	BSS	32.8°E	12/99	4/15
Galaxy 12	ORB	123.1°W	4/03	4/20
Galaxy 13/Horizons-1 (6)	BSS	127°W	9/03	12/18
Galaxy 14	ORB	125°W	8/05	12/20
Galaxy 15	ORB	133°W	10/05	10/22
Galaxy 16	SS/L	99°W	6/06	6/24
Galaxy 17	Thales(7)	91°W	5/07	5/23
Galaxy 18	SS/L	123°W	5/08	5/24
Horizons-2 (8)	ORB	74.05°W	12/07	12/23
<i>Inclined Orbit:</i>				
Leasat F5 (9)	BSS	100°E	1/90	3/11
IS-2	BSS	169.1°E	7/94	7/11
Galaxy 9 (10)	BSS	81°W	5/96	7/10
IS-3R	BSS	43.1°W	1/96	7/11

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- (1) Engineering estimates of the service life as of December 31, 2009 as determined by remaining fuel levels, consumption rates and other considerations (including power) and assuming no relocation of the satellite.
- (2) Boeing Satellite Systems, Inc., formerly Hughes Aircraft Company.
- (3) On February 1, 2010, the backup spacecraft control processor (SCP) on IS-4 failed, resulting in a loss of the spacecraft.
- (4) Space Systems/Loral, Inc.

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- (5) Orbital Sciences Corporation.
- (6) Horizons Satellite Holdings, LLC (Horizons), our joint venture with JSAT, owns and operates the Ku-band payload on this satellite. We are the exclusive owner of the C-band payload.
- (7) Thales Alenia Space.
- (8) Horizons owns and operates the payload on this satellite.
- (9) Leasat F5 provides services in the X-band and UHF-band frequencies for military applications.
- (10) Galaxy 9 was relocated from 74.15°W to 81°W and placed into an inverted North/South attitude in order to serve Latin America.

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.

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 impairments such as rain. 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, 2009, four 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 the strong operational performance of our combined company 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

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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, 2009 our in-orbit fleet of satellites had 380 and 375 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 (including guaranteed reservations for service), was 85.1% as of December 31, 2009.

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 or 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, 2009 weighted on the basis of nominally available capacity for the station-kept satellites we own.

Planned Satellites

As of December 31, 2009 we had orders for the following two satellites, both of which are replacement satellites. Generally, these satellites are being built over a period of three years. In the following table, a replacement satellite refers to a planned satellite of which certain customers may have the option of continuity of service between the existing satellite operating at the designated role and the planned satellite.

Satellite	Manufacturer	Role	Earliest Launch Date	Expected Launch Provider
IS-19	SS/L	Replacement satellite for IS-8 located at 166°E.	Q1 2012	TBD
IS-20	SS/L	Replacement satellite for IS-10 and IS-7 co-located at 68.5°E.	Q1 2012	TBD

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

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most of these services from our satellite operations centers in Washington, D.C. 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 17 earth stations (TT&C stations) that provide tracking, telemetry and control (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. Our combined company also maintains a back-up operations facility and data center a relatively short distance from our Washington, D.C. 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 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 points of presence, 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. We are enhancing our terrestrial network to an all IP network environment that will improve our ground support of high bandwidth applications such as HD video. We believe the CISCO-based network architecture will effectively allow us to converge our media and network services terrestrial network infrastructures, resulting in reduced costs, and will provide 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 combined company's fleet of 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 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.

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.

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We typically obtain launch insurance for our satellites at the time of 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).

Three of the satellites in our fleet are 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.

One of the three insured satellites, Galaxy 13/Horizons-1, was covered by an insurance policy with substantial exclusions or exceptions to coverage for failures of specific components identified by the underwriters as at risk for possible failure, primarily related to Xenon-Ion Propulsion System (XIPS) related anomalies (Significant Exclusion Policies). The Significant Exclusion Policies reduce the probability of an insurance recovery in the event of a loss on this satellite.

Sales, Marketing and Distribution Channels

Intelsat's tagline, "Closer, by far," describes the close working relationship we strive to build with our customers. The Intelsat subsidiary, Intelsat Global Sales & Marketing Ltd. (Intelsat Global Sales), located in London, England, is our global sales and marketing headquarters. In addition, Intelsat has established local sales and marketing support offices in the following locations around the world:

Australia	Japan
Brazil	Mexico
China	Singapore
France	South Africa
Germany	United Arab Emirates
India	United States

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.

Satellite Health and Technology

Our satellite fleet is diversified by manufacturer and satellite type, and as a result, our fleet is generally healthy, with 99.9994% availability of station-kept satellite capacity during the year ended December 31, 2009. 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

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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.

We have identified three 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; 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, 2009, we operated four BSS 601 satellites: HGS-3, which is utilized by a third-party, IS-2, IS-3R and IS-4, which had previously experienced primary SCP failure and was operating on its backup SCP. These satellites have been identified as having heightened susceptibility to the SCP problem. On February 1, 2010, the backup SCP on IS-4 failed, resulting in a loss of the spacecraft. IS-4 carried commercial traffic and operated in a secondary role. Its failure did not cause a significant interruption of our business or require replacement of a satellite. IS-2 and IS-3R have been in continuous operation since 1994 and 1996, respectively. Both primary and backup SCPs on these satellites 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 these satellites 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 bi-propellant 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 bi-propellant propulsion system, which could result in a shorter operating life for the satellite depending on the amount of bi-propellant 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, 2009, we operated four BSS 601 HP satellites, IS-5, IS-9, IS-10 and Galaxy 13/Horizons-1. IS-5 and Galaxy 13/Horizons-1 continue to have both XIPS available as their primary propulsion system. IS-9 and IS-10 have experienced the failure of both XIPS and are operating on their backup bi-propellant systems. These two satellites are expected to be replaced by 2012. Our BSS 601 HP satellites had available bi-propellant fuel for a range of approximately two and a half to eight years from December 31, 2009. 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 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

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BSS 702 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, 2009, we operated three BSS 702 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 April 2015 and IS-1R's estimated end of service life is February 2016. Both satellites are currently operating in secondary roles. The third BSS 702 satellite that we operated as of December 31, 2009, 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.

On November 28, 2004, Intelsat's 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 SS/L. Intelsat's 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. Intelsat has determined that the north electrical distribution system on Galaxy 27 and the communications capacity associated with it are not operational, and the satellite has lost redundancy in nearly all of its components. As a result, Galaxy 27 faces an increased risk of loss in the future. As of December 31, 2009, a substantial subset of Galaxy 27's transponders, which are all powered by the south electrical distribution system, have been tested, are performing normally and are available for service to Intelsat's customers. Some of these transponders are currently being used by Intelsat's customers.

On June 29, 2008, Intelsat's 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 continue to operate normally. However, the anomaly resulted in a reduction to the estimated remaining useful life of the satellite.

With respect to both the Galaxy 27 and Galaxy 26 anomalies, the failure review boards that Intelsat established with SS/L 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 our IS-8 satellite. 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 and we have ordered a replacement for IS-8 expected to be launched in 2012.

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. See The FSS Sector above for a description of the FSS sector generally and the advantages of satellite communications.

Our combined company is a satellite operator that operates worldwide. Our competition includes providers of fixed satellite services of varying size. We also face significant competition from suppliers of terrestrial communications capacity. We compete with other satellite operators for both point-to-multipoint and point-to-point services. We compete with fiber optic cable operators principally for point-to-point services.

We also face competition from resellers of FSS and fiber capacity. Resellers purchase FSS or fiber capacity from current or future providers and then resell the capacity to their customers. Capacity for resale is readily available because resellers can typically procure capacity on short notice, given that FSS and fiber capacity is available.

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Regulation

As an operator of privately owned global satellite systems, 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. Almost all of the satellites in our current constellation are licensed and regulated by the Federal Communications Commission (the FCC). We have final or temporary FCC authorization for all of our U.S.-licensed operating satellites. Satellite licenses typically have a fifteen-year term. At the end of a license term, we can request special temporary authorization or a license modification to continue operating a satellite. In addition, our FCC satellite licenses which relate to use of those orbital locations and associated frequencies that were transferred to the United States at the time of the Intelsat privatization in July 2001 are conditioned on Intelsat remaining a signatory to the Public Services Agreement with the International Telecommunications Satellite Organization. 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.

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 are unopposed and propose technical characteristics consistent with those of the satellite that is being replaced. In the case of additional FSS geostationary satellites, the FCC processes requests 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 completion of each milestone, the amount of the bond is reduced proportionately. 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 have subsidiaries that hold other FCC licenses, including earth station licenses associated with technical facilities located in several states and in Washington, D.C. 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 combined company's 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. The Intelsat common carrier subsidiary currently qualifies for exemptions from several of these reporting requirements.

U.S. Export Control Requirements and Sanctions Regulation. We must comply with U.S. export control laws and regulations, specifically the Arms Export Control Act, the International Traffic in Arms Regulations (ITAR), the Export Administration Regulations and the trade sanctions laws and regulations in the operation of our business. The export of satellites, satellite hardware, defense services and technical information relating to satellites to non-U.S. satellite manufacturing firms, launch services providers, insurers, customers, employees and other non-U.S. persons is regulated by the U.S. Department of State's Directorate of Defense Trade Controls,

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or DDTC, under the ITAR. Certain of our contracts for the manufacture, launch, operation and insurance of our satellites involve the export to non-U.S. persons of technical data or hardware regulated by the ITAR. We have obtained all of the specific DDTC 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. Many of our employees are non-U.S. nationals. We have obtained a license from the DDTC to allow certain of our non-U.S. national employees access to our technical information that is controlled under the ITAR.

The U.S. Department of Commerce's Bureau of Industry and Security also regulates some of our activities under the Export Administration Regulations. The Bureau regulates our export of equipment to earth stations in our ground network located outside of the United States. It is our practice to obtain all licenses necessary for the furnishing of original or spare equipment for the operation of our TT&C stations in a timely manner in order to facilitate the shipment of this equipment when needed.

We cannot provide services to certain countries subject to U.S. trade sanctions unless we first obtain the necessary authorizations from the Office of Foreign Assets Control. Where required, the U.S. Department of the Treasury's Office of Foreign Assets Control has granted us 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, Intelsat sought and obtained security clearances for one of its subsidiaries from the U.S. Department of Defense as required under the national security laws and regulations of the United States by entering into a proxy agreement with the U.S. government. Because Intelsat S.A. is a Luxembourg company, and prior to the Migration was a Bermuda company, with significant non-U.S. investment and employees, it sought and obtained Department of Defense approval of various mechanisms to mitigate the impact on the required security clearances. If Intelsat does not maintain the security clearances that it has obtained from the U.S. Department of Defense, Intelsat will not be able to perform its obligations under any classified U.S. government contracts to which its subsidiary is a party, the U.S. government would have the right to terminate its contracts requiring access to classified information and Intelsat will not be able to enter into new classified contracts. Further, if Intelsat materially violates 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.

Regulation by Foreign National Telecommunications Authorities

German Regulation. We hold an authorization to operate the IS-12 satellite at one orbital location.

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.

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 foreign countries in which we operate. Most countries require us to obtain a license or other form of written authorization from the regulator prior to offering service. We have obtained or are obtaining these licenses or written authorizations in all countries in which they are required. 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

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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 Regulation

Our use of orbital locations is subject to the frequency coordination and recording process of the ITU. In order to protect satellite systems from harmful radio frequency interference from other satellite systems, the ITU maintains a Master International Frequency Register 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 the coordination process is completed, the ITU formally notifies all proposed users of frequencies and orbital locations in order 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.

Employees

As of December 31, 2009, our combined company had 1,111 full-time regular employees. These employees consisted of:

523 employees in engineering, operations and related information systems;

280 employees in finance, legal, corporate information systems and other administrative functions;

217 employees in sales, marketing and strategy; and

91 employees in support of government sales and marketing.

As of December 31, 2009, 991 of these employees were located in the United States, and the remainder of our employees were in various other locations around the world. 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.

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.

Table of Contents**Our History**

Prior to the consummation of the Intelsat Acquisition Transactions (as defined below), we were the product of the May 1997 merger of PanAmSat International and the Galaxy Satellite Services business of Hughes Communications, Inc., a subsidiary of The DIRECTV Group, into a new publicly held company, which retained the PanAmSat name. The related financing transactions and the related contractual arrangements entered into with The DIRECTV Group are collectively referred to as the Recapitalization. Prior to the Recapitalization in August 2004, The DIRECTV Group beneficially owned approximately 80.4% of our outstanding common stock. The DIRECTV Group was owned by Fox Entertainment Group, Inc., an 82% owned subsidiary of News Corporation. Following the Recapitalization, we were owned by entities affiliated with Kohlberg Kravis Roberts and Co., L.P., The Carlyle Group, Providence Equity Partners, Inc. and certain members of management and of our board of directors.

On September 22, 2004, PanAmSat Holdco was formed by the then existing stockholders of the Company. On October 8, 2004, all of the Company's outstanding common stock held by its then existing stockholders was contributed to PanAmSat Holdco in exchange for an equal number of shares of PanAmSat Holdco common stock, par value \$0.01 per share (the Contribution). As a result of and immediately following the Contribution, the Company's then existing stockholders owned PanAmSat Holdco in equal proportion to their prior ownership interest in the Company, and we became a wholly-owned subsidiary of PanAmSat Holdco.

The Contribution was accounted for as a recapitalization because neither a change in control nor a business combination occurred and PanAmSat Holdco was not a substantive operating entity. Accordingly, there was no change in the basis of the assets and liabilities of Intelsat Corp. Therefore, all operations of the Company prior to the Contribution are reflected herein at their historical amounts.

The Intelsat Acquisition Transactions

On August 28, 2005, Intelsat Bermuda, PanAmSat Holdco and Proton Acquisition Corporation, a wholly-owned subsidiary of Intelsat Bermuda, signed a definitive merger agreement pursuant to which Intelsat Bermuda acquired all of the outstanding equity interests in PanAmSat Holdco 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). Upon completion of the transactions on July 3, 2006, PanAmSat Holdco and Intelsat Sub Holdco became separate direct or indirect wholly-owned subsidiaries of Intelsat Bermuda. As part of this transaction, approximately \$3.2 billion in existing debt of PanAmSat Holdco and its subsidiaries was either refinanced or remained outstanding. The merger and the related transactions are referred to collectively as the Intelsat Acquisition Transactions. Concurrently with the Intelsat Acquisition Transactions, Intelsat General, the entity that operates our government services business, purchased the government services business of PanAmSat.

The New Sponsors Acquisition Transactions

On February 4, 2008, Serafina completed its acquisition of 100% of the equity ownership of Intelsat Holdings (the New Sponsors Acquisition) for total cash consideration of approximately \$5.0 billion, pursuant to a share purchase agreement among Serafina, Intelsat Holdings, certain shareholders of Intelsat Holdings and Serafina Holdings (the BC Share Purchase Agreement). 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 BC 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 New Sponsors. As a result of completion of the New Sponsors Acquisition and related financing transactions, we and our subsidiaries assumed aggregate net incremental debt of approximately \$3.7 billion. See Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Impact of the New Sponsors Acquisition Transactions.

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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, Intelsat's 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. is now known as Intelsat Global S.A., Intelsat Global Subsidiary, Ltd. is now known as Intelsat Global Subsidiary S.A., Intelsat Holdings, Ltd. is now known as Intelsat Holdings S.A., Intelsat, Ltd. is now known as Intelsat S.A., Intelsat (Bermuda), Ltd. is now known as Intelsat (Luxembourg) S.A., Intelsat Jackson Holdings, Ltd. is now known as Intelsat Jackson Holdings S.A., Intelsat Intermediate Holding Company, Ltd. is now known as Intelsat Intermediate Holding Company S.A. and Intelsat Subsidiary Holding Company, Ltd. is now known as Intelsat Subsidiary Holding Company S.A.

Item 1A. 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 both within the FSS sector 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 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. Competition in the FSS sector lowers prices, which can 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 may have to invest in similar technology.

In addition, we 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.

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 would 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 would restrict our access to the capital markets.

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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, is currently expected to experience moderate growth over the next few years. However, the market for fixed satellite services 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, the global economic downturn, the transition of video traffic from analog to digital and continuing improvements in compression technology 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 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 fixed satellite services may not grow or may shrink, we may not be able to attract customers for the managed services that we are providing as part of our strategy to sustain 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 decade experienced periods of pricing pressures that have resulted in reduced revenues of FSS operators. If similar pricing pressures were to occur in the future, this 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 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 also maintain third-party liability insurance on certain of our satellites. This 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 several large customers and the loss of, or default by, any one of them could materially reduce our revenue and materially adversely affect our business.

We rely on a limited number of customers to provide a substantial portion of our revenue and contracted backlog. For the predecessor year ended December 31, 2007, the combined year ended December 31, 2008 and the year ended December 31, 2009, our ten largest third-party customers and their affiliates represented approximately 49%, 44% and 43%, respectively, of our revenue from transponder services, satellite-related services and other. The loss of, or default by, one or more of these customers could significantly affect our revenue and operating margins.

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

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customers may in the future default on their obligations to us due to bankruptcy, lack of liquidity, operational failure 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 backlog is reduced due to the financial difficulties of our customers, our revenue and operating margins would be further negatively impacted.

The recent global recession may have significant effects on our customers and suppliers, which could adversely affect our business, operating results and financial condition.

The recent global recession, as well as a slow recovery period, may lead to lower demand for our services, increased incidences of our customers inability to pay for our services, or the insolvency of our customers. In addition, if our suppliers face challenges in obtaining credit, selling their products or otherwise in operating their businesses profitably, they may raise prices, lower production levels or cease operations. Any of these events may negatively impact our sales, revenue generation and margins, and consequently adversely affect our business, operating results and financial condition.

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, 2009, we had approximately \$3.3 billion of total third-party debt and we had \$152.2 million (net of standby letters of credit) of availability under the revolving loan facility of our senior secured credit facility.

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

make it more difficult for us to satisfy obligations with respect to indebtedness, including through refinancing, 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 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 respective 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 our senior secured credit facility, 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.

The credit agreement governing our senior secured credit facility and 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 us, including restrictions that may limit our ability to engage in acts that may be in our long-term best interests. Our senior secured credit facility includes a financial covenant that requires the applicable borrower not to exceed a maximum senior secured leverage ratio. In addition, our senior secured credit facility requires us to use a portion of the proceeds of certain asset sales in excess of a specified amount that are not reinvested in our business to repay indebtedness under such facilities.

The credit agreements governing our senior secured credit facility and the indentures governing our existing notes include covenants restricting, among other things, our ability 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 our senior secured credit facility could result in a default under the applicable credit facilities. If any such default occurs, the lenders under the senior secured credit facility 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 our senior secured credit facility, this would result in an event of default under our existing notes. Those lenders under the senior secured credit facility will also have the right in these circumstances to terminate any commitments they have to fund further borrowings. If we were unable to repay outstanding borrowings when due, the lenders under our senior secured credit facility would have the right to proceed against the collateral granted to them to secure the debt owed to them. If the repayment of the debt under our senior secured credit facility were to be accelerated, our assets might not be sufficient to repay such debt in full or to repay our existing notes and our other existing debt.

Our business is capital intensive, 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 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. We currently expect that the majority of our liquidity requirements in 2010 will be satisfied by cash on hand, cash generated from our operations, intercompany borrowings and borrowings under our revolving credit facility. 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.

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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 credit rating was downgraded by Moody's Investor Services Inc. in June 2006 and again in January 2008 and by Standard & Poor's Ratings Group, or S&P, in June 2006, June 2007 and again in February 2008. 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 our senior secured credit facility, 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 the recent global recession, changing or increased regulation or failures of significant financial institutions could adversely affect our access to capital. If financial market disruptions intensify it may make it 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.

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

Our combined company provides communications services in approximately 200 countries and territories. Accordingly, we may be subject to greater risks than other satellite operators as a result of the international nature of our business operations. We could be harmed financially and operationally by tariffs, taxes and other trade barriers that may be imposed on our services, or by political and economic instability in the countries in which we provide service. If we ever need to pursue legal remedies against our customers or our business partners located outside of the United States, it may be difficult for us to enforce our rights against them.

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. In addition, our non-U.S. customers may have difficulty obtaining U.S. currency and/or remitting payment due to currency exchange controls.

Our New Sponsors control us and may have conflicts of interest with us in the future.

Intelsat Global is controlled by affiliates of the New Sponsors and the funds advised by or associated with the New Sponsors. The New Sponsors, together with certain members of our senior management team and other designated employees, beneficially own substantially all of the equity interests in Intelsat Global, which is the direct parent of Intelsat Global Subsidiary, which is the direct parent of Intelsat Holdings, which is the direct parent of Intelsat S.A. The New Sponsors also own a portion of the outstanding notes issued by Intelsat Luxembourg. The New Sponsors have control over our decisions to enter into any corporate transaction and have the ability to prevent any transaction that requires the approval of shareholders. For example, the New Sponsors could cause us to make acquisitions that increase the amount of our indebtedness. Additionally, the New Sponsors are in the business of making investments in companies and may from time to time acquire and hold

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interests in businesses that compete directly or indirectly with us. The New 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. So long as the New Sponsors continue to own a significant amount of the equity of Intelsat Global, they will continue to be able to strongly influence or effectively control our decisions.

We may not be able to complete strategic transactions, which may prevent us from implementing strategies to grow our business.

We intend to continue to evaluate and pursue strategic transactions that can, among other things, broaden our customer base, provide enhanced geographic presence and provide complementary technical and commercial capabilities. Successful completion of any strategic transaction we identify depends on a number of factors that are not entirely within our control, including our ability to negotiate acceptable terms, conclude satisfactory agreements and obtain all necessary regulatory approvals. In addition, we may need to finance any strategic transaction that we identify, and may not be able to obtain the necessary financing on satisfactory terms and within the timeframe that would permit a transaction to proceed. We may also fail to discover liabilities of a business or operating or other problems prior to completing a transaction. We could experience adverse accounting and financial consequences, such as the need to make large provisions against the acquired assets or to write down the acquired assets. We might also experience a dilutive effect on our earnings. In addition, depending on how any such transaction is structured, there may be an adverse impact on our capital structure. We may incur significant costs arising from our efforts to engage in strategic transactions, and such costs may exceed the returns that we realize from a given transaction. Moreover, these expenditures may not result in the successful completion of a transaction.

We could be prevented from, or significantly delayed in, achieving our strategic goals if we are unable to complete strategic transactions or to integrate acquired businesses successfully into our business. Any strategic transactions that we do complete may not promote our business strategy, may negatively affect the value of our business or may adversely affect our prospects for long-term growth.

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 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

problems with the control systems of the satellites, including:

 failure of the primary and/or backup SCP; and

failure of the XIPS used on certain Boeing satellites, which is an electronic propulsion system that maintains the spacecraft's proper in-orbit position; and/or

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general failures resulting from operating satellites in the harsh space environment, such as premature component failure or wear out. 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 1 Business 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 relationship 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 estimate of their future effect 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. 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 combined fleet have been component failures and anomalies. Intelsat's 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 November 2004 and June 2008, respectively. Intelsat believes 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 also exists on our IS-8 satellite.

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 January 15, 2006, our Galaxy 3R satellite experienced an anomaly of its back-up SCP and was taken out of service. On February 1, 2010 our IS-4 satellite experienced an anomaly of its backup SCP and was taken out of service. These events did not have a material impact on our operations or financial results.

Certain of the BSS 601 HP satellites have experienced various problems associated with their XIPS. We currently operate four satellites of this type, two 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. In 2004, based on a review of available data, we reduced our estimate of the service life of one of our BSS 601 HP satellites, IS-9.

Two of the three BSS 702 satellites that we operate, as well as BSS 702s 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.

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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 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.

Of the 49 satellites launched by us or our predecessors since 1983, three have resulted in launch failures. 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.

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 the 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.

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 are 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, 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.

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Risk Factors Relating to Regulation

We are subject to regulatory and licensing requirements in each of the countries in which we provide services, and our business is sensitive to regulatory changes in those countries.

The telecommunications industry is highly regulated, and 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.

Our operation of existing satellites is authorized and regulated by the 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. If we do not maintain authorizations for our existing satellites, we would not be able to operate the satellites covered by those authorizations, unless we obtained authorization from another licensing jurisdiction. Some of our authorizations provide waivers of technical regulations. If we do not maintain these waivers, we would be subject to operational restrictions or interference that would 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.

Our launch and operation of planned satellites require additional regulatory authorizations from the FCC or a non-U.S. licensing jurisdiction, some of which we have already obtained. If we do not obtain any required authorizations in the future, we would 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 could 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.

Our in-orbit satellites do not currently occupy all of the orbital locations for which we have obtained regulatory authorizations. 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 to use these orbital locations and the locations could become available for other satellite operators to use. We cannot operate our satellites without a sufficient number of suitable orbital locations in which to place the satellites. The loss of one or more of our orbital locations could negatively affect our plans and our ability to implement our business strategy.

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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 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. 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 information related to satellites, earth station equipment and provision of services to certain countries are subject to State Department, Commerce Department and 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 information 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. In addition, because we conduct management activities from Luxembourg, our U.S. suppliers must comply with U.S. export control laws and regulations in connection with their export of satellites and related equipment and technical information to us. 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.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We operate as a fully integrated subsidiary of Intelsat. Intelsat owns the two facilities in which most of our operations and employees are located in Washington, D.C. and Ellenwood, Georgia. Intelsat Global Service Corporation owns the Washington, D.C. building where our administrative headquarters and primary satellite operations center are located. The land that underlies this building is leased from the U.S. government pursuant to a lease that expires in 2081. The building has approximately 917,000 gross square feet, of which approximately 546,500 square feet is used for office space and satellite operations facilities. See Item 1 Business Our Network Network Operations and Current Ground Facilities for descriptions of these facilities. The building also houses the majority of our sales and marketing support staff and other administrative personnel. Intelsat also leases approximately 28,546 square feet in Bethesda, Maryland where the employees of Intelsat General are located.

We also own a facility in Ellenwood, Georgia in which our primary customer service center is located. The facility has approximately 129,000 square feet of office space and operations facilities, which are based in two buildings and multiple antenna shelters on the property. See Item 1 Business Our Network Network Operations and Current Ground Facilities for a description of this facility.

The backup satellite operations center is located at a facility which Intelsat owns in Long Beach, California, which includes approximately 68,875 square feet for administrative and operational facilities. Intelsat's current plan is to lease a significant portion of this facility to third parties.

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Intelsat uses a worldwide ground network to operate our satellite fleet and to manage the communications services that Intelsat provides to its customers. This network is comprised of 49 owned and leased earth station and teleport facilities around the world, including 21 earth stations that perform TT&C services.

The six TT&C earth stations in Intelsat's ground network which Intelsat owns are located in Ellenwood, Georgia, in Fillmore, Napa and Riverside, California, in Paumalu, Hawaii and in Fuchsstadt, Germany. Intelsat leases facilities at 15 other locations for satellite operations. Intelsat also contracts 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, India, Italy, South Korea, Russia, South Africa, French Polynesia, Taiwan, Uruguay and the United Arab Emirates. Intelsat's network also consists of the leased communications links that connect the earth stations to our satellite operations center located at our Washington, D.C. building and to our back-up operations facility.

In addition to providing TT&C services for the operation of our satellite fleet, Intelsat owns and leases facilities in order to provide teleport services to our customers. Intelsat owns seven teleports in Riverside, Napa and Fillmore, California, in Ellenwood, Georgia, in Paumalu, Hawaii, in Hagerstown, Maryland and in Fuchsstadt, Germany. Intelsat leases teleport facilities at a number of other U.S. and international locations, including Castle Rock, Colorado, Australia, Cyprus, Hong Kong, Kuwait, South Korea, Switzerland, the United Arab Emirates and the United Kingdom.

Intelsat has established points of presence connected by leased fiber at key traffic exchange points around the world, including Los Angeles, New York, Hong Kong and London. Intelsat leases our facilities at these traffic exchange points. Intelsat has also established video points of presence connected by leased fiber at key video exchange points around the world, including Los Angeles, Denver, New York, Washington, D.C. and London. Intelsat leases our facilities at these video exchange points. Intelsat uses our teleports and points of presence in combination with our satellite network to provide our customers with managed data and video services.

Intelsat leases office space in Luxembourg, Hamilton, Bermuda, London, England, and Wilton, Connecticut. Intelsat's Luxembourg office serves as the headquarters for Intelsat Global, Intelsat Global Subsidiary, Intelsat Holdings, Intelsat S.A., Intelsat Luxembourg, Intelsat Jackson, Intermediate Holdco and Intelsat Sub Holdco. Prior to the Migration, the headquarters of these companies was located in Bermuda. The lease on Intelsat's Bermuda office is set to expire in June 2010. Intelsat's London office houses the employees of Intelsat Global Sales & Marketing Ltd., Intelsat's sales and marketing subsidiary, and functions as Intelsat's global sales headquarters. The Wilton, Connecticut office formerly housed the administrative functions of the prior PanAmSat business. This facility is under a lease set to expire in 2011, and Intelsat subleased this space to third parties beginning in mid-2007, when Intelsat discontinued operations at this facility under our integration plans. Intelsat also leases office space in New York, Florida, Australia, Brazil, China, France, Germany, India, Japan, Mexico, Singapore, South Africa and the United Arab Emirates for its local sales and marketing support offices.

Item 3. 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.

Item 4. Reserved

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Prior to the completion of the Intelsat Acquisition Transactions on July 3, 2006, the common stock of our parent, PanAmSat Holdco, was traded on the New York Stock Exchange. Subsequent to these transactions, there is no market for our common stock.

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The following selected historical consolidated financial data should be read in conjunction with, and is qualified by reference to, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations 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 year ended December 31, 2007, the period January 1, 2008 to January 31, 2008 (predecessor entity), the period February 1, 2008 to December 31, 2008 (successor entity) and the year ended December 31, 2009, and the consolidated balance sheet data as of December 31, 2008 and 2009 have been derived from consolidated financial statements audited by KPMG LLP, an independent registered public accounting firm, appearing elsewhere in this Annual Report. The consolidated statement of operations data and consolidated cash flow data for the year ended December 31, 2005, the period January 1, 2006 to July 1, 2006 (predecessor entity) and the period July 1, 2006 to December 31, 2006 (predecessor entity) and the consolidated balance sheet data as of December 31, 2005, 2006 and 2007 have been derived from consolidated financial statements that are not included in this Annual Report.

	Predecessor Entity		Predecessor Entity			Successor Entity	
	Year Ended	January 1 to	July 1 to	Year Ended	January 1 to	February 1 to	Year Ended
	December 31,	July 1,	December 31,	December 31,	January 31,	December 31,	December 31,
	2005	2006	2006	2007	2008	2008	2009
	(in thousands)						
Consolidated Statement of Operations Data:							
Revenue:							
Transponder services, satellite-related services and other	\$ 847,149	\$ 436,864	\$ 419,694	\$ 825,187	\$ 71,026	\$ 763,855	\$ 850,514
Revenue from affiliates			102,653	215,010	51,021	232,838	277,622
Outright sales and sales-type leases	13,854	5,895					
Total revenue	861,003	442,759	522,347	1,040,197	122,047	996,693	1,128,136
Operating expenses:							
Direct costs of revenue (exclusive of depreciation and amortization)	143,870	70,977	91,120	148,026	11,152	153,218	172,699
Cost of outright sales and sales-type leases	(4,303)	(1,943)					
Costs from affiliates			31,711	74,104	6,858	94,499	120,257
Selling, general and administrative expenses	74,969	38,604	71,442	123,839	12,117	99,636	119,067
Depreciation and amortization	276,925	138,655	145,329	302,232	26,851	319,412	333,044
Prior sponsor management fees	10,444						
Restructuring and transaction costs	4,294	145,186	9,327	8,776	62,675	1,926	
Loss on termination of sales-type leases	2,307						
Impairment of asset value						256,000	144,100
(Gains) losses on derivative financial instruments	(6,611)	(23,140)	11,731	11,699	11,431	83,451	16,241
Total operating expenses	501,895	368,339	360,660	668,676	131,084	1,008,142	905,408
Income (loss) from operations	359,108	74,420	161,687	371,521	(9,037)	(11,449)	222,728
Interest expense, net	261,383	107,601	143,514	257,459	21,224	223,415	186,122
Gain (loss) on early extinguishment of debt						593	(51)
Other income (expense), net		(2,108)	2,031	3,795	169	5,713	4,689
Income (loss) before income taxes	97,725	(35,289)	20,204	117,857	(30,092)	(228,558)	41,244
Provision for (benefit from) income taxes	2,105	8,007	6,112	20,822	(10,702)	(87,063)	27,072
Net income (loss)	\$ 95,620	\$ (43,296)	\$ 14,092	\$ 97,035	\$ (19,390)	\$ (141,495)	\$ 14,172

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	Predecessor Entity		Predecessor Entity			Successor Entity	
	Year Ended December 31, 2005	January 1 to July 1, 2006	July 1 to December 31, 2006	Year Ended December 31, 2007	January 1 to January 31, 2008	February 1 to December 31, 2008	Year Ended December 31, 2009
Consolidated Cash Flow Data:							
Net cash provided by operating activities	\$ 413,919	\$ 250,388	\$ 148,072	\$ 489,790	\$ 58,000	\$ 456,139	\$ 447,379
Net cash provided by (used in) investing activities	(242,533)	(133,012)	4,422	(375,983)	(14,484)	(123,728)	(135,664)
Net cash used in financing activities	(85,094)	(170,292)	(83,488)	(175,378)	(14,231)	(362,759)	(249,565)
Other Data:							
Capital expenditures	\$ 203,183	\$ 129,265	\$ 53,521	\$ 378,607	\$ 14,484	\$ 120,023	\$ 259,664

	Predecessor Entity	Predecessor Entity		Successor Entity	
	As of December 31, 2005	As of December 31, 2006	As of December 31, 2007	As of December 31, 2008	As of December 31, 2009
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 125,945	\$ 142,021	\$ 81,773	\$ 52,259	\$ 116,705
Satellites and other property and equipment, net	1,949,560	1,828,710	1,918,002	2,452,885	2,392,997
Goodwill	2,244,131	3,742,674	3,734,649	3,340,169	3,346,662
Total assets	4,828,081	7,495,384	7,429,108	7,696,128	7,403,692
Total debt	2,932,000	3,501,325	3,447,242	3,354,021	3,266,723
Shareholder's equity	1,312,530	2,908,777	2,943,525	2,840,005	2,728,467

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our historical consolidated financial statements covers periods before and after the New Sponsors Acquisition Transactions. This discussion should be read together with Item 6 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 1A 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 as a fully integrated subsidiary of Intelsat S.A., our indirect parent. Our combined company operates the world's largest FSS business, providing a critical layer in the global communications infrastructure. We provide our infrastructure services on a satellite fleet comprised of over 20 satellites that are integrated with satellites owned by other subsidiaries of Intelsat S.A. for a combined fleet of over 50 satellites covering 99% of the earth's populated regions. Our satellite capacity is complemented by a terrestrial network comprised of leased fiber optic cable and owned and operated teleports. Our combined company operates more satellite capacity in orbit, has more satellite capacity under contract, serves more commercial customers, delivers services in more countries and distributes more television channels than any other commercial satellite operator.

Impact of the New Sponsors Acquisition Transactions

On February 4, 2008, Serafina completed its acquisition of 100% of the equity ownership of Intelsat Holdings for total cash consideration of approximately \$5.0 billion. The former shareholders of Intelsat Holdings (other than management) sold 100% of their equity interests in Intelsat Holdings. Upon closing, management contributed to Serafina Holdings the portion of their equity interests in Intelsat Holdings not purchased for cash by Serafina in exchange for equity interests in Serafina Holdings (which was renamed Intelsat Global, Ltd. on February 8, 2008).

In order to finance the New Sponsors Acquisition, Serafina borrowed \$4.96 billion in aggregate principal amount of term loans under a \$2.81 billion senior unsecured bridge loan credit agreement, dated as of February 4, 2008 (the Senior Bridge Loan Credit Agreement) and a \$2.15 billion senior unsecured payment-in-kind election bridge loan credit agreement, dated as of February 4, 2008 (the PIK Election Bridge Loan Credit Agreement) and, together with the Senior Bridge Loan Credit Agreement, the Bridge Loan Credit Agreements). See Liquidity and Capital Resources Long-Term Debt New Sponsors Acquisition Financing.

Immediately following the New Sponsors Acquisition, Intelsat Bermuda, our indirect parent, transferred certain of its assets (including all of its direct and indirect ownership interests in Intermediate Holdco and Intelsat Corp) and certain of its liabilities and obligations to a newly formed direct wholly-owned subsidiary, Intelsat Jackson, pursuant to an assignment and assumption agreement (the Intelsat Bermuda Transfer). Following the Intelsat Bermuda Transfer, Intelsat Jackson became the owner of substantially all of Intelsat Bermuda's assets and the obligor with respect to substantially all of Intelsat Bermuda's liabilities and obligations, and Intelsat Bermuda no longer had any rights or obligations with respect to such assets and liabilities. Immediately after the consummation of the Intelsat Bermuda Transfer, Serafina assigned certain of its assets and liabilities to Intelsat

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Bermuda (the *Serafina Assignment*), including Serafina's rights and obligations under the Bridge Loan Credit Agreements and a Commitment Letter, dated as of June 19, 2007, among Serafina and certain banks, related to the financing of the New Sponsors Acquisition, as amended by the Commitment Letter Amendment, dated as of February 7, 2008 (the *Financing Commitment Letter*). In addition, we and Intelsat Sub Holdco entered into amendments to our respective existing senior secured credit facilities, and we entered into a joinder agreement to our existing credit agreement, to facilitate the New Sponsors Acquisition. In connection with the New Sponsors Acquisition, on February 7, 2008, Intelsat Jackson redeemed all \$260.0 million of its outstanding Floating Rate Senior Notes due 2013 and all \$600.0 million of its outstanding Floating Rate Senior Notes due 2015, and on March 6, 2008, Intelsat, Ltd. redeemed all \$400.0 million of its outstanding 5 1/4% Senior Notes due 2008.

In addition, substantially all of the direct and indirect subsidiaries of Intelsat Holdings, including PanAmSat Holdco and us, entered into a master intercompany services agreement (the *MISA*), pursuant to which these entities provide services to each other. In each case, services are provided on terms that we believe are not materially less favorable to each party than are available on an arms' length basis and on terms that the relevant boards of directors have determined to be fair. The New Sponsors Acquisition and the transactions described above are collectively referred to as the New Sponsors Acquisition Transactions.

The New Sponsors Acquisition resulted in a change of control under the indentures governing certain of our outstanding series of notes, giving the holders of those notes the right to require us to repurchase such notes at 101% of their principal amount, plus accrued interest to the date of repurchase. During the second quarter of 2008, we completed each such change of control offer, financing the repurchases through backstop unsecured credit agreement borrowings under the Financing Commitment Letter. See *Liquidity and Capital Resources Long-Term Debt New Sponsors Acquisition Financing Change of Control Offers* and *Liquidity and Capital Resources Long-Term Debt New Sponsors Acquisition Financing 2008 Debt Refinancings*.

In addition, all outstanding restricted performance shares under the Intelsat Holdings, Ltd. 2005 Share Incentive Plan (the *2005 Share Plan*) vested upon consummation of the New Sponsors Acquisition. Vesting in share-based compensation arrangements (*SCAs*) issued under the 2005 Share Plan doubled if the awardee was still employed on February 4, 2008. The vested SCAs were cancelled in return for cash in an amount equal to the excess of approximately \$400 (the per share price of the transaction) over the exercise price of each share covered. Vested restricted shares (including time and performance vesting shares) were purchased at approximately \$400 per share. In connection with the New Sponsors Acquisition, each unvested restricted share of Intelsat Holdings was exchanged for approximately four unvested restricted shares of Intelsat Global (*exchange shares*) and the exchange shares continued to be classified as a liability of Intelsat Global due to certain repurchase features in the 2005 Share Plan. In addition, the original vesting periods associated with the unvested Intelsat Holdings restricted shares continued. In May 2009, the board of directors of Intelsat Global adopted an amended and restated Intelsat Global, Ltd. 2008 Share Incentive Plan (the *2008 Share Plan*), and Intelsat Global entered into new restricted share agreements with respect to the exchange shares. As a result, as of December 31, 2009, these exchange share grants were no longer subject to certain repurchase features and were instead deemed to be granted in accordance with the guidance provided in the Financial Accounting Standards Board (*FASB*) Accounting Standards Codification (*ASC*) (the *Codification*) Topic 718, *Compensation Stock Compensation* (*FASB ASC 718*).

In connection with the completion of the New Sponsors Acquisition Transactions, we recorded \$62.7 million of transaction costs within restructuring and transaction costs in our consolidated statement of operations during the predecessor period January 1, 2008 to January 31, 2008. These costs were associated with the repurchase or cancellation of restricted shares and SCAs of Intelsat Holdings.

The New Sponsors Acquisition was accounted for by Intelsat Holdings under the purchase method of accounting in accordance with FASB ASC Topic 805, *Business Combinations* (*FASB ASC 805*). As a result, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair market values at the date of acquisition. In accordance with Topic 5J of the codified SEC Staff Accounting Bulletins, the purchase accounting adjustments have been pushed down and recorded in our consolidated

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financial statements, which resulted in a new basis of accounting for the successor period beginning after the consummation of the New Sponsors Acquisition. Determining fair values required us to make significant estimates and assumptions. In order to develop estimates of fair values, we considered the following generally accepted valuation approaches: the cost approach, the income approach and the market approach. Our estimates included assumptions about projected growth rates, cost of capital, effective tax rates, tax amortization periods, technology royalty rates and technology life cycles, the regulatory and legal environment, and industry and economic trends. While we believe that the estimates and assumptions underlying the valuation methodologies were reasonable, different assumptions could have resulted in different market values. The purchase price allocation was finalized during the year ended December 31, 2008.

Revenue***Revenue Overview***

We earn revenue primarily by providing services over satellite transponder capacity to our customers. Following the Intelsat Acquisition Transactions, we also earn revenue from affiliates under the MISA for services performed and for capacity on our satellites that is sold by other subsidiaries of Intelsat Holdings. In each case, services are provided on terms that we believe are not materially less favorable to each party than are available on an arms length basis and on terms that the relevant boards of directors have determined to be fair. See Revenue and Operating Expenses below for the impact of the implementation of the MISA on our operating results.

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 15 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 and managed services, which are all services that are provided on, or used to provide access to, our global network. Our customer agreements also cover services from third parties, or mobile satellite services, that can include transponder services and mobile satellite services. The following table describes our primary service types:

Service Type	Description
Transponder Services	Commitments by customers to receive service via, or to utilize capacity on, particular designated transponders according to specified technical and commercial terms
Managed Services	Hybrid services which combine satellite capacity, teleport facilities, satellite communications hardware and fiber optic cable and other ground facilities to provide managed and monitored broadband, Internet, video and private network services to customers.
Mobile Satellite Services and Other	This category includes revenue for a number of satellite-related consulting and technical services that are related to the lifecycle of satellite operations and related infrastructure, from satellite and launch vehicle procurement through TT&C services and related equipment sales.

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 partially dependent on the supply of communications capacity available in a geographic region, including capacity from other satellite providers and from competing technologies such as

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fiber optic cable networks, as well as the level of demand for that capacity. See Item 1 Business The FSS Sector for a discussion of the global trends creating demand for our services. In recent years, we have generated new revenue from a number of sources, including on our global network from growth in demand for transponder services for network services applications such as network extensions for cellular phone operators and satellite-based private data networks and managed services for Internet backbone access and corporate broadband networks. We have also experienced growth in demand for transponder services for use in video applications such as HDTV services and DTH television services. The economic downturn which started in 2008 in the United States has had some impact on our media business, for instance, we have experienced slower decision making on new standard and HD channel introductions. Also, in mid-2009, we eliminated a station-kept satellite for fleet efficiency. This resulted in reduced revenues.

See Item 1 Business Our Customer Sets for a discussion of our customers uses of our services and see Item 1 Business Our Strategy for a discussion of our strategies with respect to marketing to our various customer sets.

Customer Applications

Our transponder services, managed services and mobile satellite services are used by our customers for two primary customer applications: media applications and network service applications.

Pricing

We believe that the flexibility that we have to help our customers optimize their services and in pricing services for new capacity in certain regions has positively affected our revenue. Although the pricing of our services is generally fixed for the duration of existing service commitments, new and renewing service commitments are priced competitively to reflect regional demand and other factors, subject to the contractual restrictions noted in the paragraph below. We believe that this flexibility in pricing our services will continue to positively affect our revenue from certain geographic regions. Over the last three years, we experienced improving pricing trends in most of the regions we serve, including in North America, Africa, the Middle East and Eastern Europe.

Revenue from Affiliates

Subsequent to the closing of the Intelsat Acquisition Transactions and in connection with the associated Employee Transfer Agreement and MISA, we recognize revenue from affiliates for providing satellite capacity and intercompany administrative, engineering and sales related services to other subsidiaries of Intelsat.

Operating Expenses

Cost from Affiliates

Subsequent to the closing of the Intelsat Acquisition Transactions and in connection with the associated Employee Transfer Agreement and MISA, we recognize costs from affiliates for services provided by other subsidiaries of Intelsat to us. These services are primarily related to the operation of our satellites, and to sales and administrative functions.

Direct Costs of Revenue (Exclusive of 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 consist principally of salaries and related employment costs, in-orbit insurance, earth station operating costs and facilities costs. Additionally, direct costs of revenue have increased due to launch vehicle and other costs related to our satellite-related services business. We expect our direct costs of revenue to increase as we add customers and expand our managed services and third-party services.

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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 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 also include fees for professional services and fees payable to the New Sponsors and related parties in support of the New Sponsors Acquisition Transactions and other strategic activities, which have been significant in recent periods due to the high level of transaction activity. Selling, general and administrative expenses fluctuate with the number of customers served and the number and types of services offered.

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 less than one year to 16 years. As a result of the New Sponsors Acquisition Transactions, our depreciation and amortization costs have increased, principally due to depreciation costs we incurred on satellites and the amortization of intangible assets primarily due to increases in fair values as a result of purchase accounting.

Impairment Charges

We recorded a non-cash impairment charge of \$256.0 million in connection with our 2008 annual impairment assessment of our orbital locations. During the first quarter of 2009, the credit markets continued to experience difficulties, with new debt issuances being priced at significantly higher effective interest rates as compared to the pricing of debt issuances completed in prior periods. The higher effective interest rates reflected, in our view, higher discounts being applied in the valuation of companies generally, and were therefore considered by us to be an indicator of potential impairment to the fair value of our right to operate at orbital locations. The higher interest rates resulted in an increase to our weighted average cost of capital, and led to our recognizing a non-cash impairment charge of \$144.1 million in the first quarter of 2009. See Critical Accounting Policies Asset Impairment Assessments.

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We benefit from strong visibility of our future revenues. Our backlog, which is our expected future revenue under all our customer contracts, but includes only our pro rata share of backlog of our joint venture investments, was approximately \$4.3 billion as of December 31, 2009. As of December 31, 2009, the weighted average remaining customer contract life was approximately 4.9 years. We currently expect to deliver services associated with approximately \$767.6 million, or approximately 18%, of our December 31, 2009 backlog during the year ending December 31, 2010. The amount included in backlog represents the full service charge for the duration of the contract and does not include termination fees. As of December 31, 2009, 97% of our total backlog related to contracts that either were non-cancellable or had substantial termination fees. In certain cases of breach for non-payment or customer bankruptcy, we may not be able to recover the full value of certain contracts or termination fees. Our backlog figures exclude the impact of the MISA transactions. Our expected future revenue under contractual backlog as of December 31, 2009 was as follows (in millions):

Period	
2010	\$ 767.6
2011	642.3
2012	522.0
2013	441.3
2014	377.5
2015 and thereafter	1,539.3
Total	\$ 4,290.0

Our backlog by service type as of December 31, 2009 was as follows (in millions, except percentages):

Service Type	Amount	Percent
Transponder services	\$ 3,946.3	92%
Managed services	133.0	3
Mobile satellite services and other	210.7	5
Total	\$ 4,290.0	100%

We believe this backlog and the resulting predictable cash flows in the FSS sector reduce the volatility of our net cash provided by operating activities more than would be typical for a company outside our industry.

Results of Operations***Years Ended December 31, 2008 and 2009***

As a result of the consummation of the New Sponsors Acquisition, the financial results for the combined year ended December 31, 2008 have been separately presented for the predecessor entity for the period January 1, 2008 to January 31, 2008 and for the successor entity for the period February 1, 2008 to December 31, 2008. As such, the reported results of operations for the combined year ended December 31, 2008 are not necessarily comparable to the year ended December 31, 2009, primarily due to interest expense resulting from the acquisition financing and depreciation and amortization costs principally due to the fair value adjustments to long-lived assets in connection with the New Sponsors Acquisition. The historical results are not necessarily indicative of results to be expected for any future period.

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For comparative purposes, we combined the periods from January 1, 2008 to January 31, 2008 and February 1, 2008 to December 31, 2008 in our discussion below, as we believe this combination is useful to provide the reader a year-over-year comparison for purposes of understanding our Management's Discussion and Analysis of Financial Condition and Results of Operations. We believe this combination of results for the predecessor entity and successor entity periods facilitates an investor's understanding of our results of operations for the year ended December 31, 2009 compared to the combined year ended December 31, 2008. However, this combination is not a measure in accordance with United States generally accepted accounting principles (U.S. GAAP) and should not be used in isolation or substituted for the separate predecessor entity and successor entity results.

	Predecessor Entity Period January 1, 2008 to January 31, 2008	Successor Entity Period February 1, 2008 to December 31, 2008	Combined Year Ended December 31, 2008
	(in thousands)		
Revenue:			
Transponder services, satellite-related services and other	\$ 71,026	\$ 763,855	\$ 834,881
Revenue from affiliates	51,021	232,838	283,859
Total revenue	122,047	996,693	1,118,740
Operating expenses:			
Direct costs of revenue (exclusive of depreciation and amortization)	11,152	153,218	164,370
Costs from affiliates	6,858	94,499	101,357
Selling, general and administrative	12,117	99,636	111,753
Depreciation and amortization	26,851	319,412	346,263
Transaction costs	62,675	1,926	64,601
Impairment of asset value		256,000	256,000
Losses on derivative financial instruments	11,431	83,451	94,882
Total operating expenses	131,084	1,008,142	1,139,226
Loss from operations	(9,037)	(11,449)	(20,486)
Interest expense, net	21,224	223,415	244,639
Gain on early extinguishment of debt		593	593
Other income, net	169	5,713	5,882
Loss before income taxes	(30,092)	(228,558)	(258,650)
Benefit from income taxes	(10,702)	(87,063)	(97,765)
Net loss	\$ (19,390)	\$ (141,495)	\$ (160,885)

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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):

	Combined Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2009 Compared to Combined Year Ended December 31, 2008 Increase (Decrease)	Percentage Change
Revenue				
Transponder services, satellite-related services and other	\$ 834,881	\$ 850,514	\$ 15,633	2%
Revenue from affiliates	283,859	277,622	(6,237)	(2)
Total revenue	1,118,740	1,128,136	9,396	1
Operating expenses:				
Direct costs of revenue (exclusive of depreciation and amortization)	164,370	172,699	8,329	5
Costs from affiliates	101,357	120,257	18,900	19
Selling, general and administrative	111,753	119,067	7,314	7
Depreciation and amortization	346,263	333,044	(13,219)	(4)
Transaction costs	64,601		(64,601)	NM
Impairment of asset value	256,000	144,100	(111,900)	(44)
Losses on derivative financial instruments	94,882	16,241	(78,641)	(83)
Total operating expenses	1,139,226	905,408	(233,818)	(21)
Income (loss) from operations	(20,486)	222,728	243,214	NM
Interest expense, net	244,639	186,122	(58,517)	