

Intelsat S.A.
Form 20-F
February 20, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2013

OR

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

OR

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

Commission file number: 001-35878

INTELSAT S.A.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Grand Duchy of Luxembourg

(Jurisdiction of incorporation or organization)

4 rue Albert Borschette

Luxembourg

Grand-Duchy of Luxembourg

L-1246

(Address of principal executive offices)

Michelle V. Bryan, Esq.

Executive Vice President, General Counsel and Chief Administrative Officer

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

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

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

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

None

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

None

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

105,973,137 common shares, nominal value \$0.01 per share	3,450,000 5.75% Series A mandatory convertible junior non-voting preferred shares, nominal value \$0.01 per share
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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

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

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

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

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

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

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Large accelerated filer

Accelerated Filer

Non-accelerated filer

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

U.S. GAAP

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

Other

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

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

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FORWARD-LOOKING STATEMENTS

Some of the statements in this Annual Report on Form 20-F, or Annual Report, 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, estimate, predict, intend, potential, outlook and continue, and the negative of these terms, and other similar expressions are intended to identify forward-looking statements and information. Examples of these forward-looking statements include, but are not limited to, statements regarding the following: our belief that we are well positioned to experience growth in free cash flow in the near future based on our backlog, our high operating leverage, the conclusion of our fleet investment program and our stable tax profile; our ability to efficiently incorporate new technologies into our network to capture growth; our intention to maximize our revenues and returns by managing our capacity in a disciplined and efficient manner; our intention to leverage our satellite launches and orbital rights to supply specialized capabilities for certain customers; our goal to expand our leading fixed satellite services business to capture new business opportunities; the trends we believe will increase demand for satellite services and that we believe will allow us to capture new business opportunities in the future; our intent to consider select acquisitions of complementary businesses or technology; our expectation that the fixed satellite services sector will experience growth over the next few years; 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 2014 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 or launch 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 3D Risk Factors, the political, economic and legal conditions in the markets we are targeting for communications services or in which we operate and other risks and uncertainties inherent in the telecommunications business in general and the satellite communications business in particular.

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

risks associated with operating our in-orbit satellites;

satellite launch failures, satellite launch and construction delays and in-orbit failures or reduced performance;

potential changes in the number of companies offering commercial satellite launch services and the number of commercial satellite launch opportunities available in any given time period that could impact our ability to timely schedule future launches and the prices we pay for such launches;

our ability to obtain new satellite insurance policies with financially viable insurance carriers on commercially reasonable terms or at all, as well as the ability of our insurance carriers to fulfill their obligations;

possible future losses on satellites that are not adequately covered by insurance;

U.S. and other government regulation;

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

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

inadequate access to capital markets;

the competitive environment in which we operate;

customer defaults on their obligations to us;

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

litigation; and

other risks discussed under Item 3D Risk Factors.

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

INDUSTRY AND MARKET DATA

This Annual Report includes information with respect to market share and industry conditions from third-party sources, public filings and based upon our estimates using such sources when available. While we believe that such information and estimates are reasonable and reliable, we have not independently verified the data from third-party sources, including *20th Satellite Communications & Broadcasting Markets Survey, Forecasts to 2022*, dated September 2013, by *Euroconsult*; *DTH Platforms: Key Economics and Prospects*, dated November 2013, by *Euroconsult*; *Broadband Satellite Markets*, 12th Edition, dated December 2013, by *NSR*; *Global Assessment of Satellite Demand*, 10th Edition, dated September 2013, by *NSR*; *Global Military Satellite Communications*, 10th Edition, dated September 2013, by *NSR*; *Wireless Backhaul via Satellite*, 7th Edition, dated June 2013, by *NSR*; *Pyramid Research Fixed Communications Demand Asia Pacific*, dated September 2013, *Pyramid Research Fixed Communications Demand Latin America*, dated June 3013, and *Pyramid Research Total Media Forecast Asia Pacific*, dated October 3013 by *Pyramid Research*. Similarly, our internal research is based upon our understanding of industry conditions, and such information has not been verified by independent sources. Specifically, when we refer to the relative size, regions served, number of customers contracted, experience and financial performance of our business as compared to other companies in our sector, our assertions are based upon public filings of other operators and comparisons provided by third-party sources, as outlined above.

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

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

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

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The following selected historical consolidated financial data should be read in conjunction with, and is qualified by reference to, Item 5 Operating and Financial Review and Prospects and our audited consolidated financial statements and their notes included elsewhere in this Annual Report. The consolidated statement of operations data and consolidated cash flow data for the years ended December 31, 2011, 2012 and 2013, and the consolidated balance sheet data as of December 31, 2012 and 2013 have been derived from audited consolidated financial statements included elsewhere in this Annual Report. The consolidated statement of operations data and consolidated cash flow data for the years ended December 31, 2009 and 2010 and the consolidated balance sheet data as of December 31, 2009, 2010 and 2011 have been derived from audited consolidated financial statements that are not included in this Annual Report.

	Year Ended December 31,				
	2009	2010	2011	2012	2013
	(in thousands, except share and per share amounts)				
Consolidated Statement of Operations Data					
Revenue	\$ 2,513,039	\$ 2,544,652	\$ 2,588,426	\$ 2,610,152	\$ 2,603,623
Operating expenses:					
Direct costs of revenue (excluding depreciation and amortization)	401,826	413,400	417,179	415,900	375,769
Selling, general and administrative	253,123	227,271	208,381	204,025	288,467
Depreciation and amortization	804,037	798,817	769,440	764,903	736,567
Impairment of asset value	499,100	110,625			
Losses on derivative financial instruments	2,681	89,509	24,635	39,935	8,064
Gain on satellite insurance recoveries					(9,618)
Total operating expenses	1,960,767	1,639,622	1,419,635	1,424,763	1,399,249
Income from operations	552,272	905,030	1,168,791	1,185,389	1,204,374
Interest expense, net	1,361,952	1,379,837	1,310,563	1,270,848	1,114,197
Gain (loss) on early extinguishment of debt	4,697	(76,849)	(326,183)	(73,542)	(368,089)
Earnings (loss) from previously unconsolidated affiliates	517	503	(24,658)		
Other income (expense), net	41,496	9,124	1,955	(10,128)	(4,918)
Loss before income taxes	(762,970)	(542,029)	(490,658)	(169,129)	(272,830)
Provision for (benefit from) income taxes	11,689	(26,668)	(55,393)	(19,631)	(30,837)
Net loss	(774,659)	(515,361)	(435,265)	(149,498)	(251,993)
Net (income) loss attributable to noncontrolling interest	369	2,317	1,106	(1,639)	(3,687)

Net loss attributable to Intelsat S.A.	\$ (774,290)	\$ (513,044)	\$ (434,159)	\$ (151,137)	\$ (255,680)
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Other Data

Capital expenditures	\$ 943,133	\$ 982,127	\$ 844,688	\$ 866,016	\$ 600,792
Basic and Diluted loss per common share attributable to Intelsat S.A.	\$ (9.39)	\$ (6.18)	\$ (5.23)	\$ (1.82)	\$ (2.70)
Basic and diluted weighted average shares outstanding (in millions)	82.5	83.0	83.0	83.0	98.5
Dividends declared per 5.75% series A mandatory convertible junior non-voting preferred shares					\$ 2.96

Consolidated Cash Flow Data

Net cash provided by operating activities	\$ 877,033	\$ 1,018,163	\$ 915,897	\$ 821,310	\$ 716,892
Net cash used in investing activities	(967,168)	(958,747)	(840,431)	(783,601)	(134,061)
Net cash provided by (used in) financing activities	104,022	129,786	(478,659)	(139,619)	(516,523)

Consolidated Balance Sheet Data

Cash and cash equivalents, net of restricted cash	\$ 508,283	\$ 698,542	\$ 296,724	\$ 187,485	\$ 247,790
Restricted cash			94,131		
Satellites and other property and equipment, net	5,781,955	5,997,283	6,142,731	6,355,192	5,805,540
Total assets	17,370,365	17,593,017	17,356,613	17,265,846	16,589,670
Total debt	15,325,735	15,920,247	16,003,405	15,904,194	15,287,414
Shareholders deficit	(269,889)	(804,330)	(1,198,885)	(1,357,760)	(975,353)
Net assets	(269,889)	(802,428)	(1,147,959)	(1,312,090)	(934,667)
Number of common shares (in millions)	83.3	83.2	83.2	83.2	106.0
Number of 5.75% series A mandatory convertible junior non-voting preferred shares (in millions)					3.5

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B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

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

Risk Factors Relating to Our Business

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

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

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

growing our managed services business.

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

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

The FSS sector, as a whole, has experienced growth over the past few years. However, the future market for FSS may not grow or may shrink. Competing technologies, such as fiber optic cable, are continuing to adversely affect the point-to-point segment of the FSS sector. In the point-to-multipoint segment, 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 direct-to-home (DTH) platforms, high definition television (HDTV) and niche programming, may fail to materialize or may not occur in the manner or to the extent we anticipate. Any of these industry dynamics could negatively affect our operations and financial condition.

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

The FSS sector has in the past experienced periods of pricing pressures that have resulted in reduced revenues of FSS operators. 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 of December 31, 2013, three of the satellites in our fleet were covered by in-orbit insurance. Amounts recoverable from in-orbit insurance coverage may initially be comparable to amounts recoverable with respect to launch insurance coverage; however, such amounts generally decrease over time and are typically based on the declining book value of the satellite.

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

We also maintain third-party liability insurance on our satellites to cover damage caused by our satellites. As of December 31, 2013, all of the satellites in our fleet were covered by third-party liability insurance. 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 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, 2013, (a) Intelsat (Luxembourg) S.A. (Intelsat Luxembourg), had approximately \$15.3 billion principal amount of total third-party indebtedness on a consolidated basis, approximately \$3.1 billion of which was secured debt, and (b) Intelsat Jackson Holdings S.A. (Intelsat Jackson) had approximately \$11.8 billion principal amount of total third-party indebtedness on a consolidated basis, approximately \$3.1 billion of which was secured debt. Intelsat Luxembourg debt and Intelsat Jackson debt are included in our consolidated debt.

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

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

make it more difficult for us to satisfy obligations with respect to indebtedness, and any failure to comply with the obligations of any of our debt instruments, including financial and other restrictive covenants, could result in an event of default under the indentures governing our notes and the agreements governing such other indebtedness;

require us to dedicate a substantial portion of available cash flow to pay principal and interest on our outstanding debt, which will reduce the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes;

limit flexibility in planning for and reacting to changes in our business and in the industry in which we operate;

limit our ability to engage in strategic transactions or implement our business strategies;

limit our ability to borrow additional funds; and

place us at a disadvantage compared to any competitors that have less debt.

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

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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.

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

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

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

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

incur or guarantee additional debt or issue disqualified stock;

pay dividends (including to fund cash interest payments at different entity levels), or make redemptions, repurchases or distributions, with respect to ordinary shares or capital stock;

create or incur certain liens;

make certain loans or investments;

engage in mergers, acquisitions, amalgamations, asset sales and sale and leaseback transactions; and

engage in transactions with affiliates.

These covenants are subject to a number of qualifications and exceptions. The operating and financial restrictions and covenants in our existing debt agreements and any future financing agreements may adversely affect our ability to

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

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

Implementation of our business strategy requires a substantial outlay of capital. As we pursue our business strategies and seek to respond to opportunities and trends in our industry, our actual capital expenditures may differ from our expected capital expenditures and there can be no assurance that we will be able to satisfy our capital requirements in the future. The nature of our business also requires us to make capital expenditure decisions in anticipation of customer demand, and we may not be able to correctly predict customer demand. We have only a fixed amount of transponder capacity available to serve a particular region. If our customer demand exceeds our transponder capacity, we may not be able to fully capture the growth in demand in the region served by that capacity. We currently expect that the majority of our liquidity requirements in 2014 will be satisfied by cash on

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hand, cash generated from our operations, borrowings under our revolving credit facility and refinancing of our third party debt. However, if we determine we need to obtain additional funds through external financing and are unable to do so, we may be prevented from fully implementing our business strategy.

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

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

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

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

In addition, we conduct business with customers and counterparties in multiple countries and jurisdictions. Our overall tax burden is affected by tax legislation in these jurisdictions and the terms of income tax treaties between these countries and the countries in which our subsidiaries are qualified residents for treaty purposes as in effect from time to time. Tax legislation in these countries and jurisdictions may be amended and treaties are regularly renegotiated by the contracting countries and, in each case, may change. If tax legislation or treaties were to change, we could become subject to additional taxes, including retroactive tax claims or assessments of withholding on amounts payable to us or other taxes assessed at the source, in excess of the taxation we anticipate based on business contracts and practices and the current tax regimes. The extent to which certain taxing jurisdictions may require us to pay tax or to make

payments in lieu of tax cannot be determined in advance. Our results of operations could be materially adversely affected if we become subject to a significant amount of unanticipated tax liabilities.

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

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

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

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Our business is subject to foreign currency risk.

Almost all of our customers pay for our services in U.S. dollars, although we are exposed to some risk related to customers who do not pay in U.S. dollars. Fluctuations in the value of non-U.S. currencies may make payment in U.S. dollars more expensive for our non-U.S. customers. In addition, our non-U.S. customers may have difficulty obtaining U.S. currency and/or remitting payment due to currency exchange controls.

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

Our Sponsors (as defined below in Item 4A History and Development of the Company The Sponsors Acquisition Transactions) beneficially own in the aggregate approximately 73% of our common shares. By virtue of their share ownership, the Sponsors may be able to influence decisions to enter into any corporate transaction that requires the approval of shareholders. In addition, the Sponsors may have the ability to influence the outcome of other matters that require approval of our shareholders and to otherwise influence us. Additionally, the Sponsors are in the business of making investments in companies and, although they do not currently hold interests in any business that competes directly or indirectly with us, may from time to time acquire and hold interests in businesses that compete with us. The Sponsors may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. So long as the Sponsors continue to beneficially own a significant amount of our common shares, they will continue to be able to strongly influence our decisions.

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

We rely on a limited number of customers to provide a substantial portion of our revenue and contracted backlog. For the year ended December 31, 2013, our ten largest customers and their affiliates represented approximately 25% of our revenue. The loss of, or default by, our larger customers could adversely affect our current and future revenue and operating margins.

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

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

The U.S. government, through the Department of Defense and other agencies, is one of our largest customers. Spending authorizations for defense-related and other programs by the U.S. government have fluctuated in the past, and future levels of expenditures and authorizations for these programs may decrease, remain constant or shift to programs in areas where we do not currently provide services. We provide services to the U.S. government and its agencies through contracts that are conditioned upon the continuing availability of Congressional appropriations. Congress usually appropriates funds on a fiscal year basis, even though contract performance may extend over many years. In recent years, there has been a pattern of delays in the finalization and approval of the U.S. government budget, which can create uncertainty over the extent of future government demand for our services. In addition, the

budget passed for government fiscal year 2014 incorporates significant reductions as compared to prior budgets for satellite services. Furthermore, in light of the current geopolitical situation, with reductions in US operational presence in Iraq, Afghanistan and potentially the Middle East more generally, there may be additional future declines in the U.S. government's demand for and use of our services. To the extent the U.S. government and its agencies reduce spending on commercial satellite services, this could adversely affect our revenue and operating margins.

Risk Factors Relating to Our Industry

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

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

the satellite manufacturer's error, whether due to the use of new and largely unproven technology or due to a design, manufacturing or assembly defect that was not discovered before launch;

problems with the power systems of the satellites, including:

circuit failures or other array degradation causing reductions in the power output of the solar arrays on the satellites, which could cause us to lose some of our capacity, require us to forego the use of some transponders initially and to turn off additional transponders in later years; and/or

failure of the cells within the batteries, whose sole purpose is to power the payload and spacecraft operations during the daily eclipse periods which occur for brief periods of time during two 40-day periods around March 21 and September 21 of each year; and/or

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problems with the control systems of the satellites, including:

failure of the primary and/or backup satellite control processor (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

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 4B Business Overview Satellite Health and Technology. An on-satellite backup for certain components may not be available upon the occurrence of such an anomaly.

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

Many of the technical problems we have experienced with our current fleet have been component failures and anomalies. Our IS-804 satellite experienced a sudden and unexpected electrical power system anomaly that resulted in the total loss of the satellite in January 2005. The IS-804 satellite was an LM 7000 series satellite, and as of December 31, 2013, we operated one other satellite in the LM 7000 series, IS-805. We believe that the IS-804 satellite failure was most likely caused by a high current event in the battery circuitry triggered by an electrostatic discharge that propagated to cause the sudden failure of the high voltage power system.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Since 1975, we and the entities we have acquired have launched 115 satellites. Including the IS-27 satellite, nine of these satellites were destroyed as a result of 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.

As of December 31, 2013, we had four satellites in development that are expected to be launched from 2014 to 2015. See Item 4B Business Overview Our Network Satellite Systems Planned Satellites.

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

The construction and launch of satellites are subject to certain delays. Such delays can result from delays in the construction of satellites and launch vehicles, the periodic unavailability of reliable launch opportunities, possible delays in obtaining regulatory approvals and launch failures. We have in the past experienced delays in satellite construction and launch which have adversely affected our operations. Future delays may have the same effect. A significant delay in the future delivery of any satellite may also adversely affect our marketing plan for the satellite. If satellite construction schedules are not met, a launch opportunity may not be available at the time a satellite is ready to be launched. Further, any significant delay in the commencement of service of any of our satellites could enable customers who pre-purchased or agreed to utilize transponder capacity on the satellite to terminate their contracts and could affect our plans to replace an in-orbit satellite prior to the end of its service life. The failure to implement our satellite deployment plan on schedule could have a material adverse effect on our financial condition and results of operations. Delays in the launch of a satellite intended to replace an existing satellite that results in the existing satellite reaching its end of life before being replaced could result in loss of business to the extent an in-orbit backup is not available. As of December 31, 2013, we had four satellites in development that are expected to be launched from 2014 to 2015. See Item 4B Business Overview Our Network Satellite Systems Planned Satellites.

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

There is a limited number of companies that we are able to use to launch our satellites and a limited number of commercial satellite launch opportunities available in any given time period. Adverse events with respect to our launch service providers, such as satellite launch failures or financial difficulties (which some of these providers have previously experienced), could result in increased costs or delays in the launch of our satellites. General economic conditions may also affect the ability of launch providers to provide launch services on commercially reasonable terms or to fulfill their obligations in terms of launch dates, pricing, or both. In the event that our launch service providers are unable to fulfill their obligations, we may have difficulty procuring alternative services in a timely manner and may incur significant additional expenses as a result. Any such increased costs and delays could have a material adverse effect on our business, operating results and financial condition.

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

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

Risk Factors Relating to Regulation

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

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

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

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

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

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

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

If we are unable to place satellites into currently unused orbital locations by specified deadlines and in a manner that satisfies the ITU, or national regulatory requirements, or if we are unable to maintain satellites at the orbital locations that we currently use, we may lose our rights and/or priority to use these orbital locations, and the locations with ITU priority could become available for other satellite operators to use. We cannot operate our satellites without a sufficient number of suitable orbital locations with ITU priority 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.

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

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

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

Item 4. Information on the Company

A. History and Development of the Company

The Company

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

Our History

Intelsat, Ltd. was the successor entity to the International Telecommunications Satellite Organization (the IGO). The IGO was a public intergovernmental organization created on an interim basis by its initial member states in 1964 and formally established in February 1973 upon entry into force of an intergovernmental agreement. The member states that were party to the treaty governing the IGO designated certain entities, known as the Signatories, to market and use the IGO's communications system within their territories and to hold investment share in the IGO. Signatories were either private telecommunications entities or governmental agencies of the applicable party's country or territory. Some Signatories authorized certain other entities located within their territories that used the IGO's satellite system, known as the Investing Entities, to invest in the IGO as well. Both Signatories and Investing Entities made capital contributions to the IGO and received capital repayments from the IGO in proportion to their investment share in the IGO. Signatories and Investing Entities were also the IGO's principal customers. Each Signatory's and Investing Entity's investment share in the IGO was based on its level of use of the IGO's satellite system as compared to the use by other Signatories and Investing Entities.

As a public intergovernmental organization, the IGO was exempt from various taxes and enjoyed privileges, exemptions and immunities in many of its member states. However, due to its status as an intergovernmental organization, the IGO's business was subject to certain operating restrictions. For example, the IGO could not own or operate its own earth stations or provide retail services directly to end users in certain countries. It also could not set market-based pricing for its services or engage in business relationships with non-Signatories without first obtaining Signatory approval.

The Privatization

Our management began contemplating privatization in the mid-1990s in order to be able to operate our business free of the restrictions described above and to better position us to be responsive to a number of commercial, competitive and regulatory forces. In November 2000, the IGO's Assembly of Parties unanimously approved our management's specific plan for our privatization and set the date of privatization for July 18, 2001. On July 18, 2001, substantially all of the assets and liabilities of the IGO were transferred to us.

The privatization required the amendment of the two formal agreements establishing the IGO. These two agreements were the Agreement Relating to the International Telecommunications Satellite Organization (INTELSAT), known as the INTELSAT Agreement, and the Operating Agreement Relating to the International Telecommunications Satellite Organization (INTELSAT), known as the Operating Agreement, which both entered into force in February 1973. Because the process to formally ratify the amendments to the INTELSAT Agreement was expected to be lengthy, the IGO's Assembly of Parties decided to provisionally apply, or rapidly implement, the amendments on a consensus basis with effect from July 18, 2001, pending their formal ratification. Formal entry into force of the amendments to the INTELSAT Agreement occurred on November 30, 2004.

Upon our privatization, each Signatory and Investing Entity that executed and delivered the required privatization agreements, including a shareholders agreement, received shares in Intelsat, Ltd. in proportion to its investment share in the IGO. The IGO, referred to post-privatization as the International Telecommunications Satellite Organization (ITSO), was established

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

The 2005 Acquisition Transactions

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

The PanAmSat Acquisition Transactions

On August 28, 2005, Intelsat (Bermuda), Ltd. (Intelsat Bermuda), our indirect wholly-owned subsidiary now known as Intelsat (Luxembourg) S.A., PanAmSat and Proton Acquisition Corporation, a wholly-owned subsidiary of Intelsat Bermuda, signed a definitive merger agreement pursuant to which Intelsat Bermuda acquired all of the outstanding equity interests in PanAmSat for \$25.00 per common share in cash, or approximately \$3.2 billion in the aggregate (plus approximately \$0.00927 per share as the pro rata share of undeclared regular quarterly dividends).

The Sponsors Acquisition Transactions

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

The Luxembourg Migration

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

The Initial Public Offering

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

B. Business Overview

Overview

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

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

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

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

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

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

Global distribution of television entertainment and news programming to fixed and mobile devices;

Completion and extension of international, national and regional voice and data networks, fixed and wireless, notably in emerging regions;

Universal access to broadband connectivity through fixed and mobile networks by consumers, corporations and other organizations; and

Highly specialized fixed and mobile military applications with large and growing bandwidth requirements, such as global maritime networks.

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

Fast and scalable media and communications infrastructure deployments;

Superior end-to-end network availability as compared to the availability of terrestrial networks, due to fewer potential points of failure;

Highly reliable bandwidth and consistent application performance, as satellite beams effectively blanket service regions;

Ability to extend beyond terrestrial network end points or to provide an alternative path to terrestrial infrastructure;

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

Video neighborhoods, or capacity at orbital locations with a large number of consumer dishes or cable headend dishes pointed to them maximizing potential distribution of television programming; and

Rapidly deployable communications infrastructure for disaster recovery.

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

Our network architecture is flexible and, coupled with our global scale, provides superior capital and operating efficiency. We are able to re-deploy capacity, moving satellites or repositioning beams to capture demand. In 2012, we announced our next-generation fleet design, branded as Intelsat Epic^{NG}, a high throughput platform that will further increase our flexibility while decreasing

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our cost of transmission. Our technology has universal utility across a number of applications, with minimal customization to address diverse applications. We operate our global network from a fully-integrated, centralized satellite operations facility, with regional sales and marketing offices located close to our customers. The operational flexibility of our network is an important element of our differentiation and our growth.

We have a reputation for operational and engineering excellence, built on our experience of 50 years in the communications sector. Our network delivered 99.9995% network availability on station-kept satellites to our customers in 2013. We continue to build upon our engineering leadership in the sector, and in 2012 introduced our next generation satellite platform, known as Intelsat Epic^{NG}, that will progressively evolve our fleet, delivering high throughput capacity in an open-architecture design.

As of December 31, 2013, our contracted backlog, which is our expected future revenue under existing customer contracts, was approximately \$10.1 billion, nearly four times our 2013 annual revenue. For the year ended December 31, 2013, we generated revenue of \$2.6 billion and net loss attributable to Intelsat S.A. of \$255.7 million. Our Adjusted EBITDA, which consists of EBITDA as adjusted to exclude or include certain unusual items, certain other operating expense items and certain other adjustments, was \$2.0 billion, or 78% of revenue, for the year ended December 31, 2013.

We believe we are well-positioned to generate free cash flow in the near future based on the following factors:

Significant long-term contracted backlog, enabling us to generate steady and predictable revenue streams;

High operating leverage, which has allowed us to generate an average Adjusted EBITDA margin of 78% in the past three years;

Reduced interest expense following our IPO and successful refinancing transactions;

A stable, efficient and sustainable tax profile for our global business.

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

Our Sector

Satellite services are an integral and growing part of the global communications infrastructure. Through unique capabilities, such as the ability to effectively blanket service regions, to offer point-to-multipoint distribution and to provide a flexible architecture, satellite services complement, and for certain applications are preferable to, terrestrial telecommunications services, including fiber and wireless technologies. The FSS sector is expected to generate revenues of approximately \$11.6 billion in 2014, and C- and Ku-band transponder service revenue is expected to grow by a CAGR of 3.7% from 2013 to 2018 according to a study issued in 2013 by NSR, a leading international market research and consulting firm specializing in satellite and wireless technology and applications.

In recent years, the addressable market for FSS has expanded to include mobile applications because existing mobile satellite systems cannot provide the broadband access required by high bandwidth mobile platforms, such as ships and aircraft, including unmanned aerial vehicles. Satellite services provide secure bandwidth capacity ideal for global in-theater communications since military operations are often in locations without reliable communications infrastructure. According to a study by NSR, global revenue from C- and Ku-band services used for government and military applications is expected to grow at a CAGR of 5.2% from 2013 to 2018.

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

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

Our sector has consolidated over the course of the last decade, as the combination of large capital commitments, operational infrastructure requirements and access to spectrum has created challenges for smaller operators. Today, there are only four FSS operators, including us, providing global services, which is increasingly important as multinationals and governments seek a one-stop

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solution for obtaining global connectivity. In addition, there are a number of operators with fewer satellites that provide regional and/or national services. We currently hold the largest number of rights to orbital slots in the most valuable C- and Ku-band spectrums.

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

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

Connectivity and broadband access are essential elements of infrastructure supporting the rapid economic growth of developing nations. Globally dispersed organizations often turn to satellite-based infrastructures to provide better access, reliability and control. The penetration of broadband connectivity for businesses is expected to grow from 54% to 89% and from 65% to 77% in the Latin America and Asia Pacific regions, respectively, over the period 2013 to 2018 according to Pyramid Research, a research consultant. Further deployments of wireless telecom infrastructure, and the migration from 2G to 3G technology, also creates demand for satellite bandwidth.

The emergence of new content consumers resulting from economic growth in developing regions results in increased demand for free-to-air and pay-TV content, including cable and DTH. Demand for capacity to support DTH applications is expected to grow at a CAGR of 4.2% for the period 2013 to 2018, according to NSR.

Proliferation of formats results in increased bandwidth requirements as content owners seek to maximize distribution to multiple viewing audiences across multiple technologies. HDTV, and now the introduction of Ultra HD television, Internet distribution of traditional television programming, Internet protocol television and video to mobile devices are all examples of the expanding format and distribution requirements of media programmers, the implementation of which varies greatly from developed to emerging regions. In its 2013 study, NSR forecasted that the number of standard and high definition television channels distributed worldwide for cable, broadcast and DTH is expected to grow at a CAGR of 6.8% from 2013 to 2018;

Mobility applications, such as wireless phone services, maritime communications, and aeronautical services, are fueling demand for mobile bandwidth. Commercial applications, such as broadband services for consumer air flights and cruise ships, as well as broadband requirements from the maritime and oil and gas sectors, are also resulting in increased demand for satellite-based bandwidth. Rapid growth in cellular services for developing regions is expected to transition from demand for voice only services to demand for data and video services over time, resulting in increased network bandwidth requirements. Fixed satellite services revenue growth related to capacity demand for broadband mobility applications from land, aeronautical and maritime is expected to grow at a CAGR of 19.6% for the period 2013 to 2018, according to NSR; and

Increased government applications, such as the increased use of fixed and mobile technology in regions of conflict, are fueling demand for satellite capacity. This includes significant advancements in aeronautical data and video surveillance collection technology, such as manned and unmanned aerial vehicles, which drive increased demand for satellite-based bandwidth. In addition, the cancellation of proprietary government satellite programs has led to an increased government demand for commercial capacity.

In total, C- and Ku-band transponder service revenue is expected to grow at a CAGR of 3.7% from 2013 to 2018, according to NSR.

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

Customer Set	Representative Customers	Year	Annual Revenue (1)(2)	% of 2013 Total Revenue (2)	% of 2013 Backlog (1)(2)	Backlog to 2013 Revenue Multiple
Network Services	Airbus Defence & Space,	2009	\$ 1,245			
	Bharti, France Telecom, Harris	2010	\$ 1,248			
	Caprock UK Limited, Verizon,	2011	\$ 1,218			
	Vodafone	2012	\$ 1,193			
		2013	\$ 1,202	46%	32%	2.7x
Media	Discovery Communications,	2009	\$ 781			
	Fox Entertainment Group,	2010	\$ 788			
	Home Box Office, DIRECTV,	2011	\$ 818			
	The Walt Disney Company,	2012	\$ 859			
	Turner Broadcasting Company	2013	\$ 884	34%	61%	7.0x
Government	Australian Defence Force, U.S.	2009	\$ 418			
	Department of Defense, U.S.	2010	\$ 483			
	Department of State, U.S.	2011	\$ 517			
	Navy, U.S. Air Force, DRS	2012	\$ 524			
	Technologies	2013	\$ 486	20%	7%	1.2x

(1) Dollars in millions; backlog as of December 31, 2013.

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

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

On-Network:

Transponder services

Managed services

Channel services

Off-Network:

Transponder services

Mobile satellite services and other

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

Network Services

We are the world's largest provider of satellite capacity for network services, according to Euroconsult, with a 33% global share. Our 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. There is an increasing need for basic and high-speed connectivity in developed and emerging regions around the world. We provide an essential element of the infrastructure supporting the rapid expansion of wireless services in many emerging regions.

Network services is our largest customer set and accounted for 46% of our revenue for the year ended December 31, 2013 and \$3.2 billion of our contracted backlog as of December 31, 2013. Our business generated from the network services sector is generally characterized by non-cancellable, two to five year contracts with many of the world's leading communications providers, including fixed and wireless telecommunications companies, such as global carriers and regional and national providers in emerging regions, corporate network service providers, such as VSAT services providers to vertical markets including banks, value-added services providers, such as those serving the oil and gas and maritime industries, and multinational corporations and entities.

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

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

Highlights of our network services business include the following:

We are the world's largest provider of satellite capacity for satellite-based private data networks, including VSAT networks, according to Euroconsult;

We believe we are the leading provider of satellite capacity for cellular backhaul applications in emerging regions, connecting cellular access points to the global telecommunications network, a global segment expected to generate over \$966 million in revenue in 2014, according to NSR. Approximately 75% of our customers use our satellite-based backhaul services as a core component of their network infrastructure due to unreliable or non-existent terrestrial infrastructure. Our cellular backhaul customers include the top 10 mobile groups in Africa, such groups representing 78% of the region's subscribers; and

Over 150 value-added network operators use our IntelsatOneSM broadband hybrid infrastructure to deliver their regional and global services. Applications for these services include corporate networks for multinationals, Internet access and broadband for maritime applications. C- and Ku-band revenue from capacity demand for mobility applications is expected to grow at a CAGR of 19.6% from 2013 to 2018, according to NSR.

Media

We are the world's second largest provider of satellite capacity for media services, according to Euroconsult, with a 20% global share. We have delivered television programming to the world since the launch of our first satellite, Early Bird, in 1965. We provide satellite capacity for the transmission of entertainment, news, sports and educational programming for over 400 broadcasters, content providers and DTH platform operators worldwide. We have well-established relationships with our media customers, and in some cases have distributed their content on our satellites for over 25 years.

Media customers are our second largest customer set and accounted for 34% of our revenue for the year ended December 31, 2013 and \$6.2 billion of our contracted backlog as of December 31, 2013. Our business generated from the media sector is generally characterized by non-cancellable, long-term contracts with terms of up to 15 years with premier customers, including national broadcasters, content providers and distributors, television programmers and DTH platform operators.

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

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

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

Our fully integrated satellite, fiber and teleport facilities provide enhanced quality control for programmers. In addition to basic satellite services, we offer bundled, value-added services under our IntelsatOneSM brand that include managed fiber services, digital encoding of video channels and up-linking and down-linking services to and from our satellites and teleport facilities. Our IntelsatOneSM 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.

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Highlights of our media business include the following:

29 of our satellites host premium video neighborhoods, offering programmers superior audience penetration, with nine serving the United States, six serving Europe, eight serving Latin America, four serving Asia and two serving Africa and the Middle East;

We are a leading provider of capacity used in global content distribution to media customers, according to Euroconsult. Our top 10 video distribution customers buy service on our network, on average, across three or more geographic regions, demonstrating the value provided by the global reach of our network;

We believe that we are the leading provider of satellite service capacity for the distribution of cable television programming in North America, with thousands of cable headends pointed to our satellites. Our Galaxy 13 satellite provided the first high definition neighborhood in North America, and today, our Galaxy fleet distributes over 250 high definition channels, and we distribute over 4,900 channels, including 600 high definition channels, on a global basis. In its 2013 study, NSR forecasted that the number of standard and high definition television channels distributed worldwide for cable, broadcast and DTH is expected to grow at a CAGR of 6.8% from 2013 to 2018;

We are a leading provider of satellite services for DTH providers, according to Euroconsult, delivering programming to over 32 million subscribers and supporting more than 30 DTH platforms around the world, including DirecTV in Latin America, GVT in Brazil and Multichoice in Africa;

We are a leading provider of capacity used in video contribution managed occasional use services, supporting coverage of major events for news and sports organizations, according to Euroconsult. For instance, we have carried programming on a global basis for every Olympiad since 1968. Our services for media companies covering the 2014 winter games included the use of 4 Intelsat satellites and our IntelsatOneSM terrestrial network, offering them a robust and secure method for transporting their content. Premiere rights-holder broadcasters are relying on us to support contribution feeds directly from event venues as well as distribution of live coverage to Asia and the Americas; and

Global C- and Ku-band transponder revenue from video applications is forecasted to grow at an overall CAGR of approximately 3.7% from 2013 to 2018, according to NSR.

Government

We are the leading provider of commercial satellite services to the government sector, according to NSR, with a 46% share of the U.S. military and government use of commercial satellite capacity worldwide. With 50 years of experience serving this customer set, we have built a reputation as a trusted partner for the provision of highly customized, secure satellite-based solutions. The government sector accounted for 19% of our revenue for the year ended December 31, 2013 and \$577.0 million of our contracted backlog as of December 31, 2013.

Our satellite capacity business generated from the government sector is generally characterized by single year contracts that are cancellable by the customer upon payment of termination for convenience charges and include annual options to renew for periods of up to four additional years. In 2013, the U.S. government budget sequestration reduced the level of activity in our government business, causing our annual renewal rate to be 81% as compared to our three-year average of 85%.

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

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

We attribute our strength in serving military and government users to our global infrastructure of satellites and our IntelsatOneSM network of teleports and fiber that complement the government's own networks and satellites. Our fleet is flexible and provides global network capacity, resilience and critical surge capabilities, such as for recent missions in the Middle East. For instance, in 2009 we moved two satellites in our fleet to new orbital locations in a matter of months to support special military requirements. The bandwidth available on these satellites was utilized for critical unmanned aerial vehicle missions in the Middle East.

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

Highlights of our government business include the following:

We are the prime contractor or a leading contractor on a number of multi-year contract vehicles under which multiple branches of the government can order our commercial satellite services, including the Commercial Broadband Satellite Program and the Future COMSATCOM Services Acquisition program;

The reliability and scale of our fleet and planned launches of new and replacement satellites allow us to address changing demand for satellite coverage and to provide mission-critical communications capabilities. For instance, our Intelsat 22 satellite hosts a UHF payload under a 15-year agreement with the Australian Defence Force; and

The U.S. government and military is one of the largest users of commercial satellites for government/military applications on a global basis. In 2013, we served approximately 110 customers that are government customers, resellers to government customers or integrators.

Our leading position with the government sector has allowed us to benefit from a number of recent trends, including:

Growth in demand for secure high bandwidth services related to the rapidly increasing use of mobile platforms for gathering and distributing intelligence, surveillance and reconnaissance, such as the use of drones and manned aerial vehicles, which is viewed as a cost efficient technology that will continue to be used following troop withdrawals from Iraq and Afghanistan;

Growth in demand for commercial capacity resulting from the cancellation or delay of expensive proprietary government satellite programs, such as the Transformational Satellite Communications Program, due to budgetary pressures;

Growth in demand for rapid response managed and turn-key secure communication systems encompassing design, hardware, installation and transmission capacity, often from end-to-end service providers such as Intelsat;

Long-term contracts resulting from the use of commercial satellite programs to host proprietary military payloads, providing a shared ride to space and on-going operations for the life of the payload; and

According to a study by NSR, global revenue from C- and Ku-band services used for government and military applications is expected to grow at a CAGR of 5.2% from 2013 to 2018.

Although an approved U.S. budget has ended the sequestration environment, we believe that the level of business activity in this sector in the near to mid-term will remain lower than that of recent years. We believe our reputation as a provider of secure solutions, our global fleet, our customer relationships, our ability to provide turn-key services and our demonstrated willingness to reposition or procure capacity to support specific requirements position us to successfully compete for commercial satellite solutions for bandwidth intensive military and civilian applications. Additionally, certain of our government programs and applications drive greater efficiency and reduce manpower requirements, which we believe makes them important spending priorities in the current government budgetary environment.

Our Diverse Business

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

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

Our diversity 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 6% of our revenue and no single customer accounted for more than 4% of our revenue for the year ended December 31, 2013.

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The following chart shows the geographic diversity of our contracted backlog as of December 31, 2013 by region and service sector, based upon the billing address of the customer.

The majority of our on-network revenue aligns to emerging regions, based upon the position of our satellites and beams. The following chart shows the breakdown of our on-network revenue by the region in which the service is delivered as of December 31, 2013:

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Our Strategy

We seek revenue growth and increased cash flows by expanding our leading infrastructure business in high growth regions and applications while maintaining our focus on operational discipline. Given the limited amount of marketable capacity in our fleet, in the near term we are focused on using increased cash flows to pay down our debt, increasing our operating flexibility and creating equity value. Given our efficient operating structure, we believe our strategies will position us to continue to deliver high operating margins, and to generate strong cash flow as we experience a natural pause in our fleet renewal requirements. As we place into service our next generation capacity starting in 2015, as described below, we will have increased opportunity to generate organic revenue growth. The key components of our business strategy include the following:

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

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

Network Services:

New broadband connectivity requirements for mobility applications such as aeronautical, offshore energy and maritime applications;

The continued expansion of cellular networks, migration of these cellular networks from 2G to 3G and voice and data growth in emerging regions with inadequate infrastructure;

The requirement for highly reliable backup to fiber and other terrestrial links for certain geographies; and

Growth in multinational enterprise broadband access requirements resulting from globalization.

Media:

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

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

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

Government:

The need for a cost efficient complement to government-owned satellite capacity, such as innovative fixed and mobile broadband and turn-key network solutions for in-theatre communications;

Rapidly increasing bandwidth requirements resulting from the use of manned and unmanned aerial vehicles; and

Hosted payload opportunities as government customers increasingly seek timely and cost efficient access to space, filling capacity gaps by co-locating their space assets on commercial satellites.

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

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

Relocating bandwidth in order to support growth for mobile and network services customers, particularly in emerging markets;

Optimizing our space-based assets by creating additional marketable capacity through re-assigning traffic (grooming), repointing steerable beams and relocating satellites; and

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

Design and deploy our next generation satellite fleet, including Intelsat Epic^{NG}, to capture growth from new applications and evolving customer requirements

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

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We concluded an investment program in 2012 that resulted in refreshed capacity in our video neighborhoods and established a global mobility broadband infrastructure. As a result of a satellite launch failure in January 2013, the net transponder growth from the 2008-2012 investment program was 3%.

Our business has benefitted from the fleet investment program. We have utilized the new and enhanced capacity to support our customers' growth requirements. Substantially all of the new and enhanced capacity from this investment program is currently contracted, as is demonstrated by improved performance in our media and mobility revenues. As a result, incremental growth prospects are limited until new satellite launches increase our inventory of marketable capacity, which is not expected to materially change until 2016, when the first of our Intelsat Epic^{NG} satellites go into service.

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

In 2012, we introduced our next generation satellite technology, Intelsat Epic^{NG}, that will be incorporated into our fleet as we complete the scheduled replacement of our IX-series satellites. The Intelsat Epic^{NG} platform features high throughput spot beam technology, utilizing frequency reuse in order to dramatically increase the amount of throughput on the satellites. The innovative design is in contrast to other high throughput platforms, emphasizing open architecture and backward compatibility, which provides our customer base with complete flexibility with respect to leveraging existing ground hardware capital investment, a significant element when analyzing total cost of ownership.

While these Epic^{NG} satellites are expected to cost more per satellite, our cost per bit delivered is expected to decrease significantly. Because Epic^{NG} satellites are significantly larger in terms of capacity and throughput than traditional satellites, we expect the number of station-kept satellites we maintain in our fleet to decline over the course of a 15 year cycle. This will enhance our capital expenditure efficiency over time. Since announcing the introduction of the Intelsat Epic^{NG} platform in 2012, we have signed 4 customer contracts for Intelsat Epic^{NG} capacity services, with nearly \$500 million in backlog. Our newer assets, including our enhanced terrestrial network, IntelsatOneSM, are used to address current market requirements, allowing older assets to be redeployed to serve legacy customer applications still efficiently served by those assets.

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

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

Drive innovation through creative acquisitions and new business models

Our record of capitalizing on strategic growth opportunities through creative business models is well established.

We have also been a leader in hosting payloads for government organizations, as noted by the *Wall Street Journal*. For instance, in 2009 the ADF contracted with us to integrate a UHF communications payload into our IS-22 satellite, which launched in March 2012. We will operate the payload for the ADF for a span of 15 years, providing us with a long-term stream of revenues and our customer with fast and cost-efficient space-based communications.

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

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Sales, Marketing and Distribution Channels

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

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

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

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

Our Network

Our global network is comprised of over 50 satellites and ground facilities, including teleports and leased fiber that support our commercial services and the operation and control of our satellites.

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

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

Highly reliable services, including network availability of 99.9995% on station-kept satellites for the year ended December 31, 2013;

Flexibility to relocate satellites to other orbital locations as we manage fleet replacement, demand patterns change or in response to new customer requirements;

Design features and steerable beams on many of our satellites that enable us to reconfigure capacity to provide different areas of coverage; and

Resilience, with multiple satellites serving each region, allowing for improved restoration alternatives should a satellite anomaly occur.

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

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The table below provides a summary of our satellite fleet as of December 31, 2013, except where noted.

Satellite	Manufacturer	Orbital Location	Launch Date	Estimated End of Service Life ⁽¹⁾
<i>Station Kept in Primary Orbital Role</i> ⁽²⁾ :				
Intelsat 805	LMO ⁽³⁾	304.5°E	Jun-98	Q4 2017
Galaxy 11	BSS ⁽⁴⁾	304.4°E	Dec-99	Q2 2019
Intelsat 12	SS/L ⁽⁵⁾	45°E	Oct-00	Q1 2017
Intelsat 1R	BSS	310°E	Nov-00	Q3 2017
Intelsat 901	SS/L	342°E	Jun-01	Q4 2018
Intelsat 902	SS/L	62°E	Aug-01	Q3 2019
Intelsat 904	SS/L	60°E	Feb-02	Q2 2019
Intelsat 903	SS/L	325.5°E	Mar-02	Q3 2018
Intelsat 905	SS/L	335.5°E	Jun-02	Q2 2020
Galaxy 3C	BSS	95.05°W	Jun-02	Q3 2020
Intelsat 906	SS/L	64.15°E	Sep-02	Q2 2021
Intelsat 907	SS/L	332.5°E	Feb-03	Q1 2021
Galaxy 23 ⁽⁶⁾	SS/L	121°W	Aug-03	Q3 2021
Galaxy 13/Horizons-1 ⁽⁷⁾	BSS	127°W	Oct-03	Q4 2022
Intelsat 10-02 ⁽⁸⁾	EADS Astrium	359°E	Jun-04	Q2 2021
Galaxy 28	SS/L	89°W	Jun-05	Q3 2022
Galaxy 14	OSC ⁽⁹⁾	125°W	Aug-05	Q1 2021
Galaxy 15	OSC	133°W	Oct-05	Q3 2023
Galaxy 16	SS/L	99°W	Jun-06	Q2 2024
Galaxy 17	Thales ⁽¹⁰⁾	91°W	May-07	Q1 2024
Intelsat 11	OSC	317°E	Oct-07	Q3 2022
Horizon-2 ⁽¹¹⁾	OSC	84.85°E	Dec-07	Q4 2024
Galaxy 18	SS/L	123°W	May-08	Q2 2026
Intelsat 25	SS/L	328.5°E	Jul-08	Q3 2024
Galaxy 19	SS/L	97°W	Sep-08	Q3 2026
Intelsat 14	SS/L	315°E	Nov-09	Q3 2027
Intelsat 15	OSC	85.15°E	Nov-09	Q2 2026
Intelsat 16	OSC	79°W	Feb-10	Q1 2028
Intelsat 17	SS/L	66°E	Nov-10	Q2 2027
Intelsat 28 ⁽¹²⁾	OSC	32.8°E	Apr-11	Q2 2025
Intelsat 18	OSC	180°E	Oct-11	Q3 2028
Intelsat 22 ⁽¹³⁾	BSS	72.1°E	Mar-12	Q1 2030
Intelsat 19	SS/L	166°E	Jun-12	Q2 2028
Intelsat 20	SS/L	68.5°E	Aug-12	Q3 2030
Intelsat 21	BSS	302°E	Aug-12	Q3 2030
Intelsat 23	OSC	307°E	Oct-12	Q4 2028
<i>Station Kept Satellites, Redeployed</i> ⁽¹⁴⁾ :				
Galaxy 25	SS/L	93.1°W	May-97	Q2 2019

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Intelsat 8 ⁽¹⁵⁾	SS/L	169°E	Nov-98	Q3 2016
Galaxy 26	SS/L	50°E	Feb-99	Q3 2017
Intelsat 10	BSS	47.5°E	May-01	Q1 2016
Galaxy 12	OSC	129°W	Apr-03	Q4 2017

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Satellite	Manufacturer	Orbital Location	Launch Date	Estimated End of Service Life ⁽¹⁾
<i>Inclined Orbit ⁽¹⁶⁾ :</i>				
Leasat 5 ⁽¹⁷⁾	BSS	72°E	Jan-90	Q3 2015
Intelsat 603	BSS	80.6°W	Mar-90	Q3 2014
Intelsat 701	SS/L	330.5°E	Oct-93	Q2 2018
Intelsat 702	SS/L	32.9°E	Jun-94	Q2 2021
Intelsat 706	SS/L	157°E	May-95	Q4 2014
Intelsat 26	BSS	65.8°E	Feb-97	Q3 2017
Intelsat 5	BSS	50.15°E	Aug-97	Q4 2020
Intelsat 7 ⁽¹⁸⁾	SS/L	68.65°E	Sep-98	Q1 2019
Galaxy 27	SS/L	66.2°E	Sep-99	Q3 2015
Intelsat 9	BSS	316.9°E	Jul-00	Q4 2016

- (1) Engineering estimates of the service life as of December 31, 2013 as determined by remaining fuel levels, consumption rates and other considerations (including power) and assuming no relocation of the satellite. Such estimates are subject to change based upon a number of factors, including updated operating data from manufacturers.
- (2) Primary orbital roles are those that are populated with station-kept satellites, generally, but not always, in their initial service positions, and where our general expectation is to provide continuity of service over the long-term.
- (3) Lockheed Martin Corporation.
- (4) Boeing Satellite Systems, Inc., formerly Hughes Aircraft Company.
- (5) Space Systems/Loral, Inc.
- (6) EchoStar Communications Corporation owns all of this satellite's Ku-band transponders and a portion of the common elements of the satellite.
- (7) Horizons Satellite Holdings, LLC (Horizons Holdings), our joint venture with JSAT International, Inc. (JSAT), owns and operates the Ku-band payload on this satellite. We are the exclusive owner of the C-band payload.
- (8) Telenor owns 18 Ku-band transponders (measured in equivalent 36 MHz transponders) on this satellite.
- (9) Orbital Sciences Corporation.
- (10) Thales Alenia Space.
- (11) Horizons Holdings owns the payload on this satellite and we operate the payload for the joint venture.
- (12) IS-28 was formerly known as Intelsat New Dawn.
- (13) IS-22 includes a UHF payload owned by the Australian Defence Force.
- (14) Certain of our orbital roles are populated with satellites that generally, but not always, have been redeployed from their primary orbital role but still have significant remaining station-kept life.
- (15) In February 2013, we revised the estimated end of service life for IS-8. The table reflects the revised expected life of the satellite.
- (16) Certain of our orbital roles are from time to time populated with inclined orbit satellites, depending upon the applications being serviced by that orbital location.
- (17) Leasat F5 provides services in the X-band and UHF-band frequencies for military applications.
- (18) IS-7 was replaced by IS-20. IS-7 remains at 68.65°E as a backup satellite.

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 weather-related impairments. The Ka-band is utilized for various applications, including broadband services.

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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, 2013, 10 of our satellites were operating in an inclined orbit, with most continuing to earn revenue beyond our original estimated life for each of these satellites.

In-Orbit Satellites

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

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

As of December 31, 2013, our in-orbit fleet of satellites had approximately 1,250 and 925 36-MHz equivalent transponders available for transmitting in the C-band and the Ku-band, respectively. These totals measure transponders on station-kept satellites. The average system fill factor for our satellites, which represents the percentage of our total available transponder capacity that is in use or that is reserved at a given time (including guaranteed reservations for service), was 78%, 78%, 78% and 77% in the quarters ended March 31, 2013; June 30, 2013; September 30, 2013 and December 31, 2013, respectively. The primary factors resulting in the trends in average system fill factor over this period were primarily related to a net decline of in-use transponders related to the release of restoration capacity following the resolution of an anomaly, the non-renewal and terminations of certain services and a decision to relocate a satellite, which resulted in it being temporarily out of service, partially offset by new and expanded customer services. Total available capacity decreased slightly over this period as a result of new satellite launches offset by satellites deorbited and satellites temporarily out of service due to relocation at the end of the period.

The design life of a satellite is the length of time that the satellite's hardware is designed by the manufacturer to remain operational under normal operating conditions. In contrast, a satellite's orbital maneuver life is the length of time the satellite has enough fuel to remain operational. A satellite's service life is based upon fuel levels and other considerations, including power. Satellites launched in the recent past are generally expected to remain in service for the lesser of maneuver life 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 8.9 years as of December 31, 2013, weighted on the basis of nominally available capacity for the station-kept satellites we own.

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As of December 31, 2013, we had orders for the following five satellites. Generally, these satellites are being built over a period of three years.

Satellite	Manufacturer	Role	Earliest Launch Date	Expected Launch Provider
IS - 30	SS/L	New satellite serving Latin America to be located at 95°W.	Q3 2014	Arianespace
IS - 31	SS/L	New satellite serving Latin America to be located at 95°W.	Q3 2015	Proton
IS - 34	SS/L	C-Ku Replacement satellite for IS-805 and G-11 Located at 304.5°E.	Q3 2015	Arianespace
IS - 29e	Boeing	Next generation satellite offering high-throughput, open-architecture platform to be located at 310°E	Q4 2015	Arianespace
IS - 33e	Boeing	Next generation satellite offering high-throughput, open-architecture platform to be located at 60°E	Q3 2016	(TBD)

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

Future Satellites

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

Network Operations and Current Ground Facilities

We control and operate each of our satellites and manage the communications services for which each satellite is used from the time of its initial deployment through the end of its operational life, and we believe that our technical skill in performing these critical operations differentiates us from our competition. We provide most of these services from our satellite operations centers in 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 19 earth stations that provide tracking, telemetry and commanding (TT&C) services for our satellites and various other earth stations worldwide. Through our ground facilities, we constantly monitor signal quality, protect bandwidth from

piracy or other interference and maintain customer installed equipment.

Our customer service center located in Ellenwood, Georgia includes a specialized video operations center, data operations center, and rapid access center. This facility is responsible for managing the communications services that we provide to our customers and is the first point of contact for customers needing assistance in using our network. We also maintain a back-up operations facility and data center a relatively short distance from our 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 IntelsatOneSM 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. Our terrestrial network is an all IP network environment that results in improved ground support of high bandwidth applications such as HD video. The network architecture allows us to converge our media and network services terrestrial network infrastructures, resulting in reduced costs, and provides opportunities for generating additional revenue from existing and new customers by bundling combinations of media and network services products that can be offered through a single access circuit into our network.

Capacity Sparing and Backup and General Satellite Risk Management

As part of our satellite risk management, we continually evaluate, and design plans to mitigate, the areas of greatest risk within our fleet, especially for those satellites with known technical risks. We believe that the availability of spare transponder services capacity, together with the overlapping coverage areas of our satellites and flexible satellite design features described in

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Our Network Satellite Systems above, are important aspects of our ability to provide reliable service to our customers. In addition, these factors could help us to mitigate the financial impact to our operations attributable to the occurrence of a major satellite anomaly, including the loss of a satellite. Although we do not maintain backup for all of our transponder services operating capacity, we generally maintain some form of backup capacity for each satellite designated as being in primary operating service. Our restoration backup capacity may include any one or more of the following:

designated reserve transponders on the satellite or other on-board backup systems or designed-in redundancies,

an in-orbit spare satellite, or

interim restoration capacity on other satellites.

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

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

As of December 31, 2013, three of the satellites in our fleet were covered by in-orbit insurance. In-orbit insurance coverage may initially be for an amount comparable to launch insurance levels, generally decreases over time and is typically based on the declining book value of the satellite. We do not currently insure against lost revenue in the event of a total or partial loss of a satellite.

Satellite Health and Technology

Our satellite fleet is diversified by manufacturer and satellite type, and is generally healthy, with 99.9995% availability of station-kept satellite capacity during the year ended December 31, 2013. We have experienced some technical problems with our current fleet but have been able to minimize the impact of these problems on our customers, our operations and our business in recent years. Many of these problems have been component failures and anomalies that have had little long-term impact to date on the overall transponder availability in our satellite fleet. All of our satellites have been designed to accommodate an anticipated rate of equipment failures with adequate redundancy to meet or exceed their orbital design lives, and to date, this redundancy design scheme has proven effective. After each anomaly we have generally restored services for our customers on the affected satellite, provided alternative capacity on other satellites in our fleet, or provided capacity that we purchased from other satellite operators.

Significant Anomalies

On November 28, 2004, our Galaxy 27 satellite experienced a sudden anomaly in its north electrical distribution system which resulted in the loss of control of the satellite and the interruption of customer services on the satellite. Galaxy 27 is a FS 1300 series satellite manufactured by SS/L. Our engineers were able to regain command and control of Galaxy 27, and it was placed back in service, with reduced payload capacity, following operational testing. We have 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, 2013, 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 our customers. As of December 31, 2013, Galaxy 27 is kept in inclined orbit.

On January 14, 2005, our IS-804 satellite experienced a sudden and unexpected electrical power system anomaly that resulted in the total loss of the satellite. IS-804 was a Lockheed Martin 7000 series (the LM 7000 series) satellite, and as of December 31, 2013 we operated one other satellite in the LM 7000 series, IS-805. IS-805 remains in a primary orbital role. Based on the report of the failure review board that we established with Lockheed Martin Corporation, we believe that the IS-804 failure was not likely to have been caused by an IS-804 specific workmanship or hardware element, but was most likely caused by a high current event in the battery circuitry triggered by an electrostatic discharge that propagated to cause the sudden failure of the high voltage power system. We therefore believe that although this risk exists for our other LM 7000 series satellites, the risk of any individual satellite having a similar anomaly is low.

On September 21, 2006, our IS-802 satellite, which was also an LM 7000 series satellite, experienced a reduction of electrical power capability that resulted in a degraded capability of the satellite. A substantial subset of transponders on IS-802 were subsequently reactivated and operated normally until the end of its service life in September 2010, when it was decommissioned. The anomaly review board that we established with Lockheed Martin Corporation to investigate the cause of the anomaly concluded that the IS-802 anomaly was most likely caused by an electrical short internal to the solar array harness

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located on the south solar array boom. The anomaly review board found that this anomaly was significantly different from previous LM 7000 series spacecraft failures and was the first failure of this type on a solar array of the LM 7000 series. We therefore believe that although this risk exists for our other LM 7000 series satellites, the risk of any individual satellite having a similar anomaly is low.

On June 29, 2008, our Galaxy 26 satellite experienced a sudden and unexpected electrical distribution anomaly causing the loss of a substantial portion of the satellite power generating capability and resulting in the interruption of some of the customer services on the satellite. Galaxy 26 is also a FS 1300 series satellite. Certain transponders 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 we 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 IS-8. This satellite has been in service since November 1998 and has not experienced an electrical system anomaly. Along with the manufacturer, we continually monitor this problem. Traffic on IS-8 was transferred to IS-19 in 2012, and IS-8 has been relocated to 169°E, where it provides normal service.

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

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

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

in one of the satellite's two solar array wings due to a rare combination of factors in the panel fabrication and unrelated to the launch vehicle. While the satellite is operational, the anomaly resulted in structural and electrical damage to one solar array wing, which reduced the amount of power available for payload operation. We filed a partial loss claim with our insurers related to the IS-19 solar array anomaly. As of December 31, 2013, all \$84.8 million of the insurance proceeds from the claim had been received. As planned, IS-19 followed IS-8 at 166°E longitude, in August 2012.

On February 1, 2013, the launch vehicle for our IS-27 satellite failed shortly after liftoff and the satellite was completely destroyed. A Failure Review Board was established and subsequently concluded that the launch failed due to the mechanical failure of one of the first stage engine's thrust control components. The satellite and launch vehicle were fully insured, and we received \$406.2 million of insurance proceeds during the year ended December 31, 2013.

Other Anomalies

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

failure of the on-board satellite control processor (SCP) in Boeing 601 (BSS 601) satellites;

failure of the on-board XIPS used to maintain the in-orbit position of Boeing 601 High Power Series (BSS 601 HP) satellites; and

accelerated solar array degradation in early Boeing 702 (BSS 702) satellites.

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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, 2013, we operated one BSS 601 satellite, IS-26. This satellite has been identified as having heightened susceptibility to the SCP problem. IS-26 has been in continuous operation since 1997. Both primary and backup SCPs on this satellite are monitored regularly and remain fully functional. Accordingly, we believe it is unlikely that additional SCP failures will occur; however, should they occur, we do not anticipate an interruption in business or early replacement of this satellite as a result.

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

As of December 31, 2013, we operated four BSS 601 HP satellites, IS-5, IS-9, IS-10 and Galaxy 13/Horizons-1. Galaxy 13/Horizons-1 continues to have both XIPS available as its primary propulsion system. IS-5, IS-9 and IS-10 have experienced the failure of both XIPS and are operating on their backup chemical propulsion systems. IS-5 was redeployed in 2012 following its replacement by IS-8, which was subsequently replaced by IS-19. Also in 2012, IS-9 and IS-10 were redeployed following their replacement by IS-21 and IS-20, respectively. No assurance can be given that we will not have further XIPS failures that result in shortened satellite lives. We have decommissioned three satellites that had experienced failure of both XIPS. IS-6B was replaced by IS-11 during the first quarter of 2008, Galaxy 10R was replaced by Galaxy 18 during the second quarter of 2008, and Galaxy 4R was decommissioned in March 2009.

BSS 702 Solar Arrays. All of our satellites have solar arrays that power their operating systems and transponders and recharge the batteries used when solar power is not available. Solar array performance typically degrades over time in a predictable manner. Additional power margins and other operational flexibility are designed into satellites to allow for such degradation without loss of performance or operating life. Certain BSS 702 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, 2013, 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 in the second quarter of 2019 and IS-1R's estimated end of service life is in the third quarter of 2017. Galaxy 11 is currently operating in a primary orbital role and IS-1R was redeployed following its replacement by IS-14. The third BSS 702 satellite that we operated as of December 31, 2013, 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.

Competition

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

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

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

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transmissions, such as for video broadcast, and for signals seeking to bypass congested terrestrial networks. Satellite capacity is also competitive in parts of the world where providing fiber optic cable capacity is not yet cost-effective, reliable or is physically not feasible. We believe that in those applications and regions where we do compete with fiber optic cable companies, the basis for competition is primarily price. See Our Sector for a description of the FSS sector generally and the advantages of satellite communications.

Recently, a number of providers of commercial satellite services, selling traditional and high throughput capacity, entered the African market, significantly increasing the amount of fixed satellite services capacity. Concurrent to this market dynamic, the region benefitted from newly established sea and land fiber connectivity. These two events have resulted in heightened competition in this region, the effect of which has been significant price reductions for both fiber and satellite connectivity used for fixed and mobile data networking applications. As a result, Intelsat has experienced higher bad debt expense from a select set of customers in the Africa region. We are also adjusting our strategies with some of our largest network services customers to ensure that they can remain price competitive in the sectors they serve.

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

Regulation

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

U.S. Government Regulation

FCC Regulation. Almost all of the satellites in our current constellation are licensed and regulated by the U.S. Federal Communications Commission (FCC). We have final or temporary FCC authorization for all of our U.S.-licensed operating satellites. The special temporary authorizations (STAs) in effect relating to our satellites cover various time periods, and thus the number held at any given time varies. In some cases, we have sought STAs because we needed temporary operational authority while we are awaiting grant of identical permanent authority. In others, we sought STAs because the activity was temporary in nature, and thus no permanent authority was needed. Historically we have been able to obtain the STAs that we have needed on a timely basis. FCC satellite licenses have a fifteen-year term. At the end of a license term, we can request an extension to continue operating a satellite. In addition, our FCC satellite licenses that relate to use of those orbital locations and associated frequencies that were transferred to the United States at the time of our privatization in July 2001 are conditioned on our remaining a signatory to the Public Services Agreement with the International Telecommunications Satellite Organization previously described in Item 4A History and Development of the Company Our History *The Privatization*. Furthermore, any transfer of these licenses by us to a third party or a successor-in-interest is only permitted if such third party or successor-in-interest has undertaken to perform our obligations under the Public Services Agreement. Some of our authorizations contain waivers of technical regulations. Many of our technical waivers were required when our satellites were initially licensed by the United States at privatization in 2001 because, as satellites previously operated by an intergovernmental entity, they had not been built in compliance with certain U.S. regulations. Since privatization, several replacement satellites for satellites licensed at privatization also have needed technical waivers as they are technically similar to the satellites they are replacing.

Changes to our satellite system generally require prior FCC approval. From time to time, we have pending applications for permanent or temporary changes in orbital locations, frequencies and technical design. From time to time, we also file applications for replacement or additional satellites. Replacement satellite applications are eligible

for streamlined processing if they seek authority for the same orbital location, frequency bands and coverage area as an existing satellite and will be brought into use at approximately the same time, but no later than, the existing satellite is retired. The FCC processes satellite applications for new orbital locations or frequencies on a first come, first served basis and requires licensees to post a \$3.0 million bond and to comply with a schedule of progress milestones, establishing deadlines to sign a satellite construction contract; complete critical design review; begin spacecraft construction; and launch and operate the satellite. Upon an FCC determination that each milestone has been completed, the amount of the bond is reduced by \$750,000. A satellite licensee not satisfying a milestone will lose its license and must forfeit the remaining amount on its bond absent circumstances warranting a milestone extension under the FCC's rules and policies.

We hold other FCC licenses, including earth station licenses associated with technical facilities located in several states 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 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,

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notification and approval for foreign carrier affiliations, filing of contracts with international carriers, annual financial reports, equal employment opportunity reports, assistance for law enforcement and maintenance of customer billing records for 18 months. We currently qualify for exemptions from several of these reporting requirements. In addition, other common carrier requirements (e.g. certain foreign ownership restrictions) do not apply to us because our common carrier affiliate does not hold any FCC spectrum licenses.

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

The Arms Export Control Act, implemented by the International Traffic in Arms Regulations (ITAR) and administered by the U.S. Department of State 's Directorate of Defense Trade Controls (DDTC), regulates the export of satellites, certain associated hardware, defense services, and technical information relating to satellites to non-U.S. persons (including satellite manufacturers, component suppliers, launch services providers, insurers, customers, Intelsat employees, and other non-U.S. persons). Certain of Intelsat 's contracts for consulting, manufacture, launch, operation, and insurance of Intelsat 's and third party satellites involve the export to non-U.S. persons of technical data and/or hardware regulated by the ITAR. We believe that we have obtained all of the ITAR authorizations currently needed in order to fulfill our obligations under contracts with non-U.S. entities, and we believe that the terms of these licenses are sufficient given the scope and duration of the contracts to which they pertain.

The Export Administration Act/International Emergency Economic Powers Act, implemented by the Export Administration Regulations (EAR) and administered by the U.S. Department of Commerce 's Bureau of Industry and Security (BIS), regulates exports of non-ITAR controlled equipment. Intelsat exports such equipment to earth stations in our ground network located outside of the United States and to customers as needed. It is our practice to obtain all licenses necessary, or correctly document the license exception authorized, for the furnishing of original or spare equipment for the operation of our TT&C ground stations, other network stations, and customer locations in a timely manner in order to facilitate the shipment of this equipment when needed.

Congress and the President have authorized the transfer of commercial communication satellites from the ITAR to the EAR. Proposed rules were published in May 2013, and final rules are expected to become effective in 2014. Pursuant to the new rules, jurisdiction over certain aspects of Intelsat 's satellite fleet and operations will move to the EAR, and certain other aspects will remain subject to regulation under ITAR. Intelsat will continue to operate under the current ITAR and EAR rules until the new regulations become effective.

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

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

regularly monitored by the U.S. Department of Defense and reviewed at least annually, and if we materially violate the terms of the proxy agreement, the subsidiary holding the security clearances may be suspended or debarred from performing any government contracts, whether classified or unclassified. Our current proxy agreement expires in 2019 and is subject to extension with the agreement of the U.S. Department of Defense.

Regulation by Non-U.S. National Telecommunications Authorities

U.K. Regulation. The United Kingdom is the licensing jurisdiction for the IS-603 satellite, as well as the BSS portion of the Ku-band on the IS-805 satellite. Satellite operators in the United Kingdom are regulated by the U.K.'s Office of Communications.

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

German Regulation. We hold licenses for several earth stations in Germany, as well as authorizations to operate the IS-12, IS-601, Galaxy 27 and IS-24 satellites.

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

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

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

The International Telecommunication Union Frequency Coordination Process and Associated Regulations

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

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

Environmental Matters

Our operations are subject to various laws and regulations relating to the protection of the environment, including those governing the management, storage and disposal of hazardous materials and the cleanup of contamination. As an owner or operator of property and in connection with current and historical operations at some of our sites, we could incur significant costs, including cleanup costs, fines, sanctions and third-party claims, as a result of violations of or liabilities under environmental laws and regulations. For instance, some of our operations require continuous

power supply, and, as a result, current and past operations at our teleport and other technical facilities include fuel storage and batteries for back-up power generators. We believe, however, that our operations are in substantial compliance with environmental laws and regulations.

C. Organizational Structure

Intelsat S.A. is a holding company with 57 subsidiaries incorporated in the U.S., Luxembourg, Bermuda, Australia, Brazil, China, Hong Kong, Cayman Islands, France, Germany, Gibraltar, India, Singapore, South Africa, and the United Kingdom. All of the aforementioned subsidiaries are wholly-owned by us. A list of our subsidiaries as of December 31, 2013 is set forth in Exhibit 8.1 to this Annual Report.

D. Property, Plants and Equipment

Through October 2012, we owned the Washington, D.C. building where our administrative headquarters and primary satellite operations center are located (the U.S. Administrative Headquarters Property). The land that underlies this building was leased from the U.S. government pursuant to a lease that was to expire in 2081. The building has approximately 917,000 gross square feet, of which approximately 546,500 rentable square feet is used for office space and satellite operations facilities. See Item 4B Business Overview 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. In October 2012, we completed the sale of our U.S. Administrative Headquarters Property, and assigned our Amended and Restated

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Lease Agreement with the U.S. Government relating to the U.S. Administrative Headquarters Property, to the purchaser for a price of \$85.0 million in cash. Upon the closing of the sale, we entered into an agreement under which we are temporarily leasing from the purchaser a portion of the U.S. Administrative Headquarters Property. In November 2012, we also entered into an agreement to lease approximately 188,000 square feet of space in McLean, Virginia for our new permanent U.S. administrative headquarters and primary satellite operations center in a building that is in the process of being constructed (the New U.S. Administrative Headquarters). The lease is for a term of 15 years, beginning in mid-2014. In December 2013, we signed an Amendment to the lease increasing the total square footage to 211,687 square feet being leased and that will allow the relocation of our Intelsat General Corporation office to the same facility in 2014.

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

We also lease approximately 33,000 square feet in Bethesda, Maryland where the employees of our Intelsat General subsidiary are located. The lease expires on January 31, 2017. We plan to sublease this space in conjunction with the planned relocation to McLean, Virginia described above in 2014.

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

We use a worldwide ground network to operate our satellite fleet and to manage the communications services that we provide to our customers. This network is comprised of 52 owned and leased earth station and teleport facilities around the world, including 19 earth stations that perform TT&C services.

The eight TT&C earth stations in our ground network that we own are located in Hagerstown, Maryland, Ellenwood, Georgia, Castle Rock, Colorado, Fillmore, Napa and Riverside, California, Paumalu, Hawaii and Fuchsstadt, Germany. We lease facilities at 44 other locations for satellite and commercial operations worldwide. We also contract with the owners of some of these facilities for the provision of additional services. The locations of other earth stations in our ground network include Argentina, Australia, Bahrain, Canada, Hong Kong, India, Israel, Italy, Kazakhstan, Kenya, Mongolia, the Netherlands, New Zealand, Nigeria, South Korea, South Africa, French Polynesia, Taiwan, Uruguay and the United Arab Emirates. Our network also consists of the leased communications links that connect the earth stations to our satellite operations center located at our Washington, D.C. location and to our back-up operations facility.

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

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

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

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

Item4A. Unresolved Staff Comments

Not applicable.

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Item 5. Operating and Financial Review and Prospects

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

Overview

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

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

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

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

Initial Public Offering and Related Transactions

On April 23, 2013, we completed our initial public offering of common shares and a concurrent public offering of Series A Preferred Shares (the initial public offering, together with the concurrent public offering, the IPO), receiving total proceeds of \$572.5 million (or approximately \$550 million after underwriting discounts and commissions). The net proceeds from the IPO were primarily used to redeem all of the outstanding \$353.6 million aggregate principal amount of Intelsat Investments 6 1/2% Senior Notes due 2013 (the Intelsat Investments Notes) and to prepay \$138.2 million of indebtedness outstanding under the Intelsat Jackson Senior Unsecured Credit Agreement, dated July 1, 2008, consisting of a senior unsecured term loan facility due February 2014 (the New Senior Unsecured Credit Facility). In connection with the redemption of the Intelsat Investments Notes, we recognized a loss on early extinguishment of debt of \$24.2 million in the second quarter of 2013, consisting of the difference between the carrying value of the debt redeemed and the total cash paid (including related fees), and a write-off of unamortized

debt discount and debt issuance costs. In connection with the partial prepayment of the New Senior Unsecured Credit Facility, we recognized a loss on early extinguishment of debt of \$0.2 million in the second quarter of 2013, consisting of a write-off of unamortized debt issuance costs.

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

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

Table of Contents**Preferred Stock Dividend**

In April 2013, our shareholders declared a \$10.2 million preferred dividend to be paid to holders of our Series A Preferred Shares in four installments through June 2014. In July 2013, we announced payment of the first installment of \$0.799 per share, reflecting dividends accrued during the 100 day period commencing on the date of our initial public offering, April 23, and ending July 31, 2013. The dividend was paid on August 1, 2013 to holders of record as of July 15, 2013. Further, in October 2013, we announced a payment of the second installment of \$0.71875 per share. The dividend was paid on November 1, 2013 to holders of record as of October 15, 2013. In January 2014, we announced a payment of the third installment of \$0.71875 per share. The dividend was paid on February 3, 2014 to holders of record as of January 15, 2014.

2013 Intelsat Luxembourg Notes Offering and Redemptions

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

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

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

2013 Intelsat Jackson Notes Offerings, Credit Facility Prepayments and Redemptions

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

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

Senior Secured Credit Facilities

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

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

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Critical Accounting Policies

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

We believe that some of the more important estimates and related assumptions that affect our financial condition and results of operations are in the areas of revenue recognition, the allowance for doubtful accounts, satellites and other property and equipment, business combinations, asset impairments, share-based compensation, income taxes and fair value measurements. There were no accounting policies adopted during 2012 or 2013 that had a material effect on our financial condition or results of operations.

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

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

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

whether an arrangement contains a service contract or a lease;

whether an arrangement should be reported gross as a principal versus net as an agent;

whether we can develop reasonably dependable estimates about the extent of progress towards contract completion, contract revenues and costs;

how the arrangement consideration should be allocated among potential multiple elements, and when to recognize revenue related to those elements.

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

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

Satellites and Other Property and Equipment

Satellites and other property and equipment are depreciated and amortized on a straight-line basis over their estimated useful lives. The remaining depreciable lives of our satellites range from less than one year to 16 years as of December 31, 2013. We make estimates of the useful lives of our satellites for depreciation purposes based upon an analysis of each satellite's performance, including its orbital design life and its estimated service life. The orbital design life of a satellite is the length of time that the manufacturer has contractually committed that the satellite's hardware will remain operational under normal operating conditions. In contrast, a satellite's service life is the length of time the satellite is expected to remain operational as determined by remaining fuel levels and consumption rates. Our in-orbit satellites generally have orbital design lives ranging from ten to 15 years and service lives as high as 20 years. The useful depreciable lives of our satellites generally exceed the orbital design lives and are less than the service lives. Although the service lives of our satellites have historically extended beyond their depreciable lives, this trend may not continue. We periodically review the remaining estimated useful lives of our satellites to determine if any revisions to our estimates are necessary based on the health of the individual satellites. Changes in our estimate of the useful lives of our satellites could have a material effect on our financial position or results of operations.

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We charge to operations the carrying value of any satellite lost as a result of a launch or in-orbit failure upon the occurrence of the loss. In the event of a partial failure, we record an impairment charge to operations upon the occurrence of the loss if the undiscounted future cash flows are less than the carrying value of the satellite. We measure the impairment charge as the excess of the carrying value of the satellite over its estimated fair value as determined by the present value of estimated expected future cash flows using a discount rate commensurate with the risks involved. We reduce the charge to operations resulting from either a complete or a partial failure by the amount of any insurance proceeds received or expected to be received by us, and by the amount of any deferred satellite performance incentives that are no longer applicable following the failure. See **Asset Impairment Assessments** below for further discussion.

Asset Impairment Assessments

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

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

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

Orbital Locations. Intelsat is authorized by governments to operate satellites at certain orbital locations i.e., longitudinal coordinates along the Clarke Belt. The Clarke Belt is the part of space approximately 35,800 kilometers above the plane of the equator where geostationary orbit may be achieved. Various governments acquire rights to these orbital locations through filings made with the ITU, a sub-organization of the United Nations. We will continue to have rights to operate at our orbital locations so long as we maintain our authorizations to do so. See **Item 1 Business Regulation and Risk Factors Risk Factors Relating to Regulation**.

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

Assumptions and Approach Used. We determined the estimated fair value of our right to operate at orbital locations using the build-up method, as described below, to determine the cash flows for the income approach, with the resulting projected cash flows discounted at an appropriate weighted average cost of capital. In instances where the

build-up method did not generate positive value for the rights to operate at an orbital location, but the right was expected to generate revenue, we assigned a value based upon independent source data for recent transactions of similar orbital locations.

Under the build-up approach, the amount an investor would be willing to pay for the right to operate a satellite business at an orbital location is calculated by first estimating the cash flows that typical market participants would assume could be available from the right to operate satellites using the subject location in a similar market. It is assumed that rather than acquiring such a business as a going concern, the buyer would hypothetically start with the right to operate at an orbital location and build a new operation with similar attributes from scratch. Thus the buyer/builder is considered to incur the start-up costs and losses typically associated with the going concern value and pay for all other tangible and intangible assets. Based upon our analysis, which was completed in the fourth quarter of 2013, we did not have an impairment of the orbital locations.

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

Trade Name. We have implemented the relief from royalty method to determine the estimated fair value of the Intelsat trade name. The relief from royalty analysis is comprised of two major steps: (i) a determination of the hypothetical royalty rate, and (ii) the subsequent application of the royalty rate to projected revenue. In determining the hypothetical royalty rate utilized in the

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relief from royalty approach, we considered comparable license agreements, operating earnings benchmark rules of thumb, an excess earnings analysis to determine aggregate intangible asset earnings, and other qualitative factors. Based on our analysis, the fair value of the Intelsat trade name as of the fourth quarter of 2013 was not impaired.

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

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

satellite anomalies, such as a partial or full loss of power;

under-performance of an asset as compared to expectations; and

shortened useful lives due to changes in the way an asset is used or expected to be used.

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

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

Share-Based Compensation

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

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

expected future returns for comparable investments.

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

Income Taxes

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

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

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

Table of Contents***Fair Value Measurements***

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

Level 1 unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted market prices that are observable or that can be corroborated by observable market data by correlation; and

Level 3 unobservable inputs based upon the reporting entity's internally developed assumptions which market participants would use in pricing the asset or liability.

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

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

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

On October 5, 2012, we purchased from Convergence Partners the remaining ownership interest in our New Dawn joint venture for \$8.7 million, increasing our ownership from 74.9% to 100%. Prior to October 5, 2012, New Dawn was a majority owned subsidiary of ours that was a joint venture investment with Convergence Partners. Convergence

Partners had the ability to require Intelsat to buy its ownership interest at fair value subsequent to the operations of New Dawn's assets for a period of time defined in the New Dawn Project Agreement. In accordance with the guidance provided in FASB ASC Topic 480, *Distinguishing Liabilities from Equity* (FASB ASC 480), regarding the classification and measurement of redeemable securities, we marked to market the fair value of the noncontrolling interest in New Dawn at each reporting period. Any changes in fair value were reflected as an adjustment to paid-in capital. As a result of the New Dawn Equity Purchase, we eliminated the redeemable noncontrolling interest of \$8.7 million in the fourth quarter of 2012 in accordance with FASB ASC 480.

Recently Issued Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. Beginning in 2013, entities are required to disclose the effect of reclassification of items out of accumulated other comprehensive income. The majority of our other comprehensive loss and our accumulated other comprehensive loss is related to our defined benefit retirement plans. Beginning in the first quarter of 2013, we have disclosed in Note 7 Retirement Plans and Other Retiree Benefits the effects of reclassifications out of accumulated comprehensive income on line items in our consolidated statement of operations.

In July 2013, the FASB issued ASU 2013-11, *Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. Beginning in the first quarter of 2014, entities are required to present an unrecognized tax benefit, or a portion, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except under certain scenarios. The adoption of this update is not expected to have a material impact on our financial statements.

Table of Contents**Revenue***Revenue Overview*

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

Service Type	Description
On-Network Revenues:	
Transponder Services	<p>Commitments by customers to receive service via, or to utilize capacity on, particular designated transponders according to specified technical and commercial terms. Transponder services also include revenues from hosted payload capacity. Transponder services are marketed to each of our primary customer sets, as follows:</p> <p style="margin-left: 40px;">Network Services: fixed and wireless telecom operators, data network operators, enterprise operators of private data networks, and value-added network operators for broadband network infrastructure.</p> <p style="margin-left: 40px;">Media: broadcasters (for distribution of programming and full time contribution, or gathering, of content), programmers and DTH operators.</p> <p style="margin-left: 40px;">Government: civilian and defense organizations, for use in implementing private networks, or for the provision of capacity or capabilities through hosted payloads.</p>
Managed Services	<p>Hybrid services based upon IntelsatOneSM, which combine satellite capacity, teleport facilities, satellite communications hardware such as broadband hubs or video multiplexers and fiber optic cable and other ground facilities to provide managed and monitored broadband, trunking, video and private network services to customers. Managed services are marketed to each of our customer sets as follows:</p>

Network Services: cellular operators, ISPs and value-added service providers who develop service offerings based upon our integrated broadband platforms.

Media: programmers outsourcing elements of their transmission infrastructure and part time occasional use services used primarily by news and sports organizations to gather content from remote locations.

Government: users seeking secured, integrated, end-to-end solutions.

Channel

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

Table of Contents**Service Type****Description****Off-Network and Other Revenues:**

Transponder, Mobile Satellite Services and Other	Capacity for voice, data and video services provided by third-party commercial satellite operators for which the desired frequency type or geographic coverage is not available on our network. These services include L-band MSS, for which our Intelsat General Corporation (Intelsat General) subsidiary is a reseller. In addition, this revenue category includes the sale of customer premises equipment and other hardware. These products are primarily marketed to:
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Government: direct government users, government contractors working on programs where aggregation of capacity is required.

Satellite-related Services	Services include a number of satellite-related consulting and technical services that involve the lifecycle of satellite operations and related infrastructure, from satellite and launch vehicle procurement through TT&C services and related equipment sales. These services are typically marketed to other satellite operators.
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We market our services on a global basis, with almost every populated region of the world contributing to our revenue. The diversity of our revenue allows us to benefit from changing market conditions and lowers our risk from revenue fluctuations in our service applications and geographic regions.

Trends Impacting Our Revenue

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

Growth in demand for broadband infrastructure from wireless telecommunications companies operating in developing regions or regions with geographic challenges;

Growth in demand for broadband connectivity for enterprises and government organizations providing services and value-added applications on a global basis;

Satellite capacity needed to provide broadband connectivity for mobile networks on ships, planes and oil and gas platforms;

Increasing popularity of DTH television services which use our capacity for program distribution;

The global demand for television content in standard, high definition (HDTV) and ultra-high definition televisions formats, which uses our satellite network and IntelsatOne terrestrial services for distribution;

The use of commercial satellite capacity by governments for military and other operations, but which has slowed with the tightening U.S. budget;

Our use of third party or off network services to satisfy government demand for capacity not available on our network. These services are low risk in nature, with no required up-front investment and terms and conditions of the procured capacity which typically match the contractual commitments from our customers. Demand for certain of these off network services has declined with reductions in troop deployment in regions of conflict;

The competitive environment in Africa; and

Recent reduced procurement activity from the U.S. federal government.

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

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Customer Applications

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

Pricing

Pricing of our services is based upon a number of factors, including, but not limited to, the region served by the capacity, the power and other characteristics of the satellite beam, the amount of demand for the capacity available on a particular satellite and the total supply of capacity serving any particular region. During 2011 and 2012, we experienced generally stable to favorable global pricing trends. In 2013, we experienced modestly unfavorable global pricing trends. According to Euroconsult, the annual average price per transponder for C- and Ku- band capacity is forecasted to be generally stable, growing globally from \$1.63 million to \$1.65 million per 36 MHz transponder over the period 2013 to 2018.

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

Operating Expenses

Direct Costs of Revenue (Excluding Depreciation and Amortization)

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

Selling, General and Administrative Expenses

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

Depreciation and Amortization

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

Capital assets are depreciated or amortized on a straight-line basis over their estimated useful lives. The remaining depreciable lives of our satellites range from less than one year to 16 years as of December 31, 2013.

Table of Contents**Contracted Backlog**

We benefit from strong visibility of our future revenues. Our contracted backlog is our expected future revenue under existing customer contracts, and includes both cancellable and non-cancellable contracts. Our contracted backlog was approximately \$10.1 billion as of December 31, 2013, approximately 87% of which related to contracts that were non-cancellable and approximately 11% related to contracts that were cancellable subject to substantial termination fees. As of December 31, 2013, the weighted average remaining customer contract life was approximately 5 years. We currently expect to deliver services associated with approximately \$2.1 billion, or approximately 21%, of our December 31, 2013 contracted backlog during the year ending December 31, 2014, of which \$90.1 million is from internet trunking services and international private line services and \$53.1 million is from our channel services. The amount included in backlog represents the full service charge for the duration of the contract and does not include termination fees. The amount of the termination fees, which is not included in the backlog amount, is generally calculated as a percentage of the remaining backlog associated with the contract. In certain cases of breach for non-payment or customer bankruptcy, we may not be able to recover the full value of certain contracts or termination fees. Our contracted backlog includes 100% of the backlog of our consolidated ownership interests, which is consistent with the accounting for our ownership interest in these entities.

Our expected future revenue under our contracted backlog as of December 31, 2013 was as follows (in millions):

Period	
2014	\$ 2,094.6
2015	1,570.0
2016	1,153.2
2017	922.9
2018	782.4
2019 and thereafter	3,591.2
Total	\$ 10,114.3

Our contracted backlog by service type as of December 31, 2013 was as follows (in millions, except percentages):

Service Type	Amount	Percent
Transponder services	\$ 8,977.7	89%
Managed services	833.9	8
Off-network and other	209.9	2
Channel	92.8	1
Total	\$ 10,114.3	100%

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

Table of Contents**A. Operating Results***Years Ended December 31, 2012 and 2013*

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

	Year Ended December 31, 2012	Year Ended December 31, 2013	Increase (Decrease)	Percentage Change
Revenue	\$ 2,610,152	\$ 2,603,623	\$ (6,529)	(0)%
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	415,900	375,769	(40,131)	(10)
Selling, general and administrative	204,025	288,467	84,442	41
Depreciation and amortization	764,903	736,567	(28,336)	(4)
Losses on derivative financial instruments	39,935	8,064	(31,871)	(80)
Gain on satellite insurance recoveries		(9,618)	(9,618)	NM
Total operating expenses	1,424,763	1,399,249	(25,514)	(2)
Income from operations	1,185,389	1,204,374	18,985	2
Interest expense, net	1,270,848	1,114,197	(156,651)	(12)
Loss on early extinguishment of debt	(73,542)	(368,089)	(294,547)	NM
Other expense, net	(10,128)	(4,918)	5,210	(51)
Loss before income taxes	(169,129)	(282,830)	(113,701)	67
Benefit from income taxes	(19,631)	(30,837)	(11,206)	57
Net loss	(149,498)	(251,993)	(102,495)	69
Net income attributable to noncontrolling interest	(1,639)	(3,687)	(2,048)	NM
Net loss attributable to Intelsat S.A.	\$ (151,137)	\$ (255,680)	\$ (104,543)	69%

Revenue

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

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

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

On-Network Revenues:

Transponder services an aggregate increase of \$38.5 million, primarily due to a \$39.4 million increase in revenue from network services customers primarily in the Latin America and Caribbean region for wireless

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telecommunication infrastructure and in the Asia-Pacific and North America regions for enterprise networks. An additional \$24.1 million increase in revenue was from capacity services sold to media customers largely in the Latin America and Caribbean, the Asia-Pacific and the Africa and Middle East regions for DTH and programming-distribution applications and an \$11.0 million increase in capacity services sold primarily in the Asia-Pacific region for government applications related to a hosted payload. These increases were partially offset by a \$23.5 million decline from network services customers largely in the Africa and Middle East region and a \$12.5 million decrease in revenue from capacity services sold for government applications for customers in the North America region.

Managed services an aggregate increase of \$22.6 million, largely due to a \$22.9 million increase in revenue from network services customers for new broadband services for mobility applications, primarily in the North America and Europe regions, and a \$6.8 million increase in revenue primarily from hybrid infrastructure solutions sold to government customers, partially offset by a \$5.2 million decrease in revenue related to the contraction of services and lower pricing for international trunking primarily in the Africa and Middle East and the Europe regions.

Channel an aggregate decrease of \$19.7 million related to a continued decline due to the migration of international point-to-point satellite traffic to fiber optic cable, a trend which we expect will continue.

Off-Network and Other Revenues:

Transponder, MSS and other off-network services an aggregate decrease of \$39.5 million, primarily due to declines in the sales of off-network transponder services, the sales of customer premises equipment and mobile satellite services, all of which are primarily related to government applications.

Satellite-related services an aggregate decrease of \$8.4 million, primarily due to decreased revenue from government professional services and flight operations support services for third-party satellites.

Operating Expenses***Direct Costs of Revenue (Excluding Depreciation and Amortization)***

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

a decrease of \$24.0 million in the costs attributable to the purchase of MSS and off-network FSS capacity and other third-party related services primarily related to solutions sold to our government customer set;

a decrease of \$13.2 million related to higher costs of sales for customer premises equipment during 2012; and

a decrease of \$9.2 million in staff-related expenses; partially offset by

an increase of \$6.1 million in costs related to a joint venture.

Selling, General and Administrative

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

an increase of \$20.7 million in bad debt expenses due to collection challenges with a limited number of customers, primarily within the Africa and Middle East region; and

an increase of \$4.3 million in staff-related expenses, including share-based compensation costs; partially offset by

a \$17.2 million decrease due to 2012 expenses related to the 2008 MFA exceeding the comparable 2013 expenses prior to the April 2013 termination of the 2008 MFA.

Depreciation and Amortization

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

a net decrease of \$87.4 million in depreciation expense due to the timing of certain satellites becoming fully depreciated and changes in estimated remaining useful lives of certain satellites; and

a decrease of \$9.5 million in amortization expense largely due to changes in the expected pattern of consumption of amortizable intangible assets, as these assets primarily include acquired backlog, which relates to contracts covering periods that expire over time, and acquired customer relationships, for which the value diminishes over time; partially offset by

an increase of \$67.6 million in depreciation expense resulting from the impact of satellites placed into service during 2012.

Table of Contents*Losses on Derivative Financial Instruments*

Losses on derivative financial instruments were \$8.1 million for the year ended December 31, 2013 as compared to \$39.9 million for the year ended December 31, 2012. The losses on derivative financial instruments are related to the net loss on our interest rate swaps, which reflects interest expense accrued on the interest rate swaps as well as the change in fair value.

Gain on Satellite Insurance Recoveries

Gain on satellite insurance recoveries was \$9.6 million for the year ended December 31, 2013 with no comparable amount for the year ended December 31, 2012. The gain was due to the surplus of \$406.2 million of insurance proceeds received during the year months ended December 31, 2013, over the book value of the IS-27 satellite and its related assets, which was completely destroyed after launch failure on February 1, 2013 (see Note 9(b) Satellites and Other Property and Equipment Satellite Launches).

Interest Expense, Net

Interest expense, net consists of the gross interest expense we incur less the amount of interest we capitalize related to capital assets under construction and less interest income earned. As of December 31, 2013, we also held interest rate swaps with an aggregate notional amount of \$1.6 billion to economically hedge the variability in cash flow on a portion of the floating-rate term loans under our senior secured credit facilities. The swaps have not been designated as hedges for accounting purposes. Interest expense, net decreased by \$156.7 million, or 12%, to \$1.11 billion for the year ended December 31, 2013, as compared to \$1.27 billion for the year ended December 31, 2012. The decrease in interest expense, net was principally due to the following:

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

a net decrease of \$26.6 million in interest expense as a result of the decrease in the interest rate for borrowing under the Intelsat Jackson Secured Credit Agreement (see Liquidity and Capital Resources Long-Term Debt Senior Secured Credit Facilities); partially offset by

an increase of \$72.6 million resulting from lower capitalized interest of \$44.8 million for the year ended December 31, 2013 as compared to \$117.4 million for the year ended December 31, 2012 resulting from decreased levels of satellites and related assets under construction.

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

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt was \$368.1 million for the year ended December 31, 2013 as compared to \$73.5 million for the year ended December 31, 2012. The 2013 loss related to the repayment of debt in connection with various 2013 refinancings, redemptions, prepayments and offerings (see Liquidity and Capital Resources Long-Term

Debt 2013 Debt Transactions). In the year ended December 31, 2013, Intelsat Luxembourg repurchased or redeemed \$5.3 billion of its debt for \$5.6 billion, excluding accrued and unpaid interest and related fees of \$135.8 million. In May 2013, Intelsat Investments repurchased or redeemed \$353.6 million of its debt for \$362.9 million, excluding accrued and unpaid interest. In April and June 2013, Intelsat Jackson prepaid \$1.0 billion of its debt at par value, excluding accrued and unpaid interest and related fees. In October 2013, Intelsat Jackson prepaid \$100.0 million of its debt at par value, excluding accrued and unpaid interest and related fees. The loss of \$368.1 million was primarily driven by a \$311.2 million difference between the carrying value of the debt repurchased, redeemed or prepaid and the total cash amount paid (including related fees), together with a write-off of \$56.9 million of unamortized debt discounts and debt issuance costs.

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

Other Expense, Net

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

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Benefit from Income Taxes

Our benefit from income taxes increased by \$11.2 million to \$30.8 million for the year ended December 31, 2013 as compared to a benefit from income taxes of \$19.6 million for the year ended December 31, 2012. The increase in benefit was principally due to an internal subsidiary reorganization in 2013 as a result of which we recognized a significant tax benefit related to foreign tax credits. We intend to claim these foreign tax credits on our U.S. subsidiaries' tax returns. The credits primarily relate to taxes paid in prior years and are expected to reduce our future tax obligations. Another reason for the increase in the tax benefit was the valuation allowance we recorded on our Washington, D.C. net operating loss carry forwards in 2012 when we entered into a lease for the New U.S. Administrative Headquarters. The above factors were partially offset by the benefit we recorded in 2012 to adjust the basis of certain assets that had generated excluded extraterritorial income in prior years.

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

Net Loss attributable to Intelsat S.A.

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

Table of Contents**Years Ended December 31, 2011 and 2012**

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

	Year Ended December 31, 2011	Year Ended December 31, 2012	Increase (Decrease)	Percentage Change
Revenue	\$ 2,588,426	\$ 2,610,152	\$ 21,726	1%
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	417,179	415,900	(1,279)	(0)
Selling, general and administrative	208,381	204,025	(4,356)	(2)
Depreciation and amortization	769,440	764,903	(4,537)	(1)
Losses on derivative financial instruments	24,635	39,935	15,300	62
Total operating expenses	1,419,635	1,424,763	5,128	0
Income from operations	1,168,791	1,185,389	16,598	1
Interest expense, net	1,310,563	1,270,848	(39,715)	(3)
Loss on early extinguishment of debt	(326,183)	(73,542)	252,641	(77)
Loss from previously unconsolidated affiliates	(24,658)		24,658	NM
Other income (expense), net	1,955	(10,128)	(12,083)	NM
Loss before income taxes	(490,658)	(169,129)	321,529	(66)
Benefit from income taxes	(55,393)	(19,631)	35,762	(65)
Net loss	(435,265)	(149,498)	285,767	(66)
Net (income) loss attributable to noncontrolling interest	1,106	(1,639)	(2,745)	NM
Net loss attributable to Intelsat S.A.	\$ (434,159)	\$ (151,137)	\$ 283,022	(65)%

Revenue

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

	Year Ended December 31,	Year Ended December 31,	Increase	Percentage
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	2011	2012	(Decrease)	Change
On-Network Revenues				
Transponder services	\$ 1,907,768	\$ 1,950,230	\$ 42,462	2%
Managed services	282,386	276,024	(6,362)	(2)
Channel	104,981	91,805	(13,176)	(13)
Total on-network revenues	2,295,135	2,318,059	22,924	1
Off-Network and Other Revenues				
Transponder, MSS and other off-network services	237,020	234,143	(2,877)	(1)
Satellite-related services	56,271	57,950	1,679	3
Total off-network and other revenues	293,291	292,093	(1,198)	(0)
Total	\$ 2,588,426	\$ 2,610,152	\$ 21,726	1%

Total revenue for the year ended December 31, 2012 increased by \$21.7 million, or 1%, as compared to the year ended December 31, 2011. By service type, our revenues increased or decreased due to the following:

On-Network Revenues:

Transponder services an aggregate increase of \$42.5 million, primarily due to a \$43.0 million increase in revenue from growth in capacity services sold to media customers mainly in the Latin America and Caribbean, the Europe and the Asia-Pacific regions, and a \$7.2 million increase in revenue from capacity services sold by our Intelsat General business, partially offset by an aggregate \$7.7 million decrease in revenue from network services customers, reflecting declines in the Europe, the Africa and the Middle East and the Asia-Pacific regions, but an increase in the Latin America and Caribbean region.

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Managed services an aggregate decrease of \$6.4 million, primarily due to a \$14.0 million net decrease in revenue from network services customers related to non-renewal of contracts for international trunking largely in the Africa and Middle East region, a trend which we expect will continue due to the migration of services in these regions to fiber optic cable. This decrease was partially offset by a \$5.9 million net increase in revenue from broadband services for mobility applications and a \$2.4 million net increase in managed video services sold to media customers.

Channel an aggregate decrease of \$13.2 million related to a continued decline from the migration of international point-to-point satellite traffic to fiber optic cables, a trend which we expect will continue.

Off-Network and Other Revenues:

Transponder, MSS and other off-network services an aggregate decrease of \$2.9 million, primarily due to an \$8.7 million decline in usage-based MSS revenue and a \$6.5 million net decrease in off-network transponder and media services primarily in the Asia-Pacific, the North America and the Latin America and Caribbean regions, partially offset by a \$6.8 million increase in network customer premise equipment revenue as well as a \$5.6 million increase in off-network transponder and other services primarily related to contracts being implemented by our Intelsat General business.

Satellite-related services an aggregate increase of \$1.7 million, due primarily to a net increase in government professional services, partially offset by a net decrease in professional fees earned for providing flight operations support for third-party satellites.

Operating Expenses***Direct Costs of Revenue (Excluding Depreciation and Amortization)***

Direct costs of revenue decreased by \$1.3 million to \$415.9 million for the year ended December 31, 2012 as compared to the year ended December 31, 2011. The decline was primarily due to a \$9.9 million decrease in costs associated with purchases of off-network FSS capacity services and other third-party services and a net \$4.3 million decrease in the costs of MSS and off-network FSS capacity purchased related to solutions sold by our Intelsat General business. These decreases were partially offset by a \$6.6 million increase in staff-related and other expenses primarily due to higher retirement plan, bonuses and stock compensation related costs, and a \$6.3 million increase in costs of sales for customer premise equipment.

Selling, General and Administrative

Selling, general and administrative expenses decreased by \$4.4 million, or 2%, to \$204.0 million for the year ended December 31, 2012 as compared to the year ended December 31, 2011. The decrease was primarily due to an \$8.7 million decrease in professional fees, partially offset by a \$3.8 million increase in bad debt expense.

Depreciation and Amortization

Depreciation and amortization expense decreased by \$4.5 million, or 1%, to \$764.9 million for the year ended December 31, 2012 as compared to the year ended December 31, 2011. This decrease was primarily due to the following:

a net decrease of \$39.5 million in depreciation expense due to the timing of certain satellites becoming fully depreciated and changes in estimated remaining useful lives of certain satellites;

a decrease of \$13.7 million in amortization expense largely due to changes in the expected pattern of consumption of amortizable intangible assets, as these assets primarily include acquired backlog, which relates to contracts covering periods that expire over time, and acquired customer relationships, for which the value diminishes over time; and

a net decrease of \$12.6 million in depreciation expense due to the timing of ground and other assets placed in service or becoming fully depreciated; partially offset by

an increase of \$61.8 million in depreciation expense resulting from the impact of satellites placed into service during 2011 and 2012.

Table of Contents*Losses on Derivative Financial Instruments*

Losses on derivative financial instruments were \$39.9 million for the year ended December 31, 2012 as compared to \$24.6 million for the year ended December 31, 2011. The losses on derivative financial instruments are related to the net loss on our interest rate swaps, which reflects amounts accrued on the interest rate swaps as well as the change in fair value.

Interest Expense, Net

Interest expense, net decreased by \$39.7 million, or 3%, to \$1.27 billion for the year ended December 31, 2012, as compared to \$1.31 billion for the year ended December 31, 2011. As of December 31, 2012, we also held interest rate swaps with an aggregate notional amount of \$2.3 billion to economically hedge the variability in cash flow on a portion of the floating-rate term loans under our senior secured and unsecured credit facilities. The swaps have not been designated as hedges for accounting purposes. The decrease in interest expense, net was principally due to the following:

a net decrease of \$39.8 million in interest expense resulting from our refinancing transactions in 2011 (see Item 5B Liquidity and Capital Resources Long-Term Debt 2011 Debt Transactions); and

a net decrease of \$10.2 million in interest expense as a result of our refinancing transactions in 2012 (see Item 5B Liquidity and Capital Resources Long-Term Debt 2012 Debt Transactions); partially offset by

an increase of \$11.8 million from lower capitalized interest resulting from decreased levels of satellites and related assets under construction.

The non-cash portion of total interest expense, net was \$62.3 million for the year ended December 31, 2012 and included \$5.0 million of payment-in-kind (PIK) interest expense. The remaining non-cash interest expense was primarily associated with the amortization of deferred financing fees incurred as a result of new or refinanced debt and the amortization and accretion of discounts and premiums.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt was \$73.5 million for the year ended December 31, 2012 as compared to \$326.2 million for the year ended December 31, 2011. The 2012 loss primarily related to the repayment of debt in connection with the April and October 2012 Intelsat Jackson tender offers and redemptions (see Item 5B Liquidity and Capital Resources Long-Term Debt 2012 Debt Transactions 2012 Intelsat Jackson Notes Offerings, Tender Offers and Redemptions). In April, May and June, 2012, Intelsat Jackson repurchased or redeemed \$1,146.9 million of its debt for \$1,186.2 million, excluding accrued and unpaid interest and related fees of \$57.7 million. In October and November, 2012, Intelsat Jackson repurchased or redeemed \$603.2 million of its debt for \$628.2 million, excluding accrued and unpaid interest and related fees of \$22.6 million. In July 2012, \$112.2 million of New Dawn debt was prepaid from restricted cash relating to proceeds received from an insurance claim, and in October 2012, the remainder of the outstanding \$82.6 million balance of New Dawn debt was repaid in conjunction with the New Dawn Equity Purchase (see Item 5B Liquidity and Capital Resources Long-Term Debt Senior Secured Credit Facilities New Dawn Equity Purchase and Repayments of Credit Facilities). The loss of \$73.5 million was primarily driven by a \$65.9 million difference between the carrying value of the Intelsat Jackson debt repurchased or redeemed and the total

cash amount paid (including related fees), together with a write-off of \$7.6 million of Intelsat Jackson unamortized debt premium and debt issuance costs and \$5.8 million of New Dawn unamortized debt issuance costs.

The 2011 loss on early extinguishment of debt of \$326.2 million related to the repayment of debt in connection with various 2011 refinancings, redemptions, tender offers and offerings. In January 2011, we repurchased \$2,849.3 million of Intelsat Corporation (Intelsat Corp) and Intelsat Subsidiary Holding Company S.A. (Intelsat Sub Holdco) debt for \$2,906.1 million, excluding accrued and unpaid interest of \$8.7 million (see Item 5B Liquidity and Capital Resources Long-Term Debt 2011 Debt Transactions 2011 Secured Loan Refinancing). In March 2011, we redeemed \$710.8 million of Intelsat S.A. and Intelsat Sub Holdco debt for \$747.6 million, excluding accrued and unpaid interest of \$19.1 million (see Item 5B Liquidity and Capital Resources Long-Term Debt 2011 Reorganization and 2011 Debt Transactions Notes Redemptions). In April and May 2011, we redeemed or repurchased \$2,527.0 million of Intelsat Sub Holdco, Intelsat Jackson and Intelsat Intermediate Holding Company S.A. (Intermediate Holdco) debt for \$2,604.4 million, excluding accrued and unpaid interest of \$58.1 million (see Item 5B Liquidity and Capital Resources Long-Term Debt 2011 Debt Transactions 2011 Intelsat Jackson Notes Offering, Tender Offers and Additional Redemptions). The loss of \$326.2 million was driven by a \$171.1 million difference between the carrying value of the debt repurchased, redeemed or repaid and the total cash amount paid (including related fees), together with a write-off of \$155.1 million of unamortized debt discounts and debt issuance costs.

Loss from Previously Unconsolidated Affiliates

Loss from previously unconsolidated affiliates was \$24.7 million for the year ended December 31, 2011 with no comparable amount for the year ended December 31, 2012, due to our consolidation of the Horizons Holdings joint venture on September 30, 2011 (see Note 10(a) Investments - Horizons Holdings) to our audited consolidated financial statements included elsewhere in this Annual Report.

Table of Contents***Other Income (Expense), Net***

Other expense, net was \$10.1 million for the year ended December 31, 2012 as compared to other income, net of \$2.0 million for the year ended December 31, 2011. The difference of \$12.1 million was primarily due to a \$20.0 million pre-tax charge plus \$1.0 million of associated costs and expenses in connection with the expiration of an unconsummated third-party investment commitment, together with an \$8.7 million increase in exchange rate losses, primarily related to our business conducted in Brazilian *reais*. These expenses were partially offset by a \$12.8 million pre-tax gain as a result of the sale of our U.S. Administrative Headquarters Property in 2012 and a decrease of \$6.1 million of expense related to the settlement of a dispute concerning our investment in WildBlue Communications, Inc. (WildBlue) in 2011, with no comparable expense in 2012.

Benefit from Income Taxes

Our benefit from income taxes decreased by \$35.8 million to \$19.6 million for the year ended December 31, 2012 as compared to a benefit from income taxes of \$55.4 million for the year ended December 31, 2011. The decrease in benefit was principally due to the 2011 tax benefits recorded in connection with the Horizons Holdings re-measurement charge, certain internal subsidiary mergers completed in September 2011, the release of withholding tax liabilities resulting from certain customer transactions in the Asia-Pacific region, and refinancing expenses and changes in the balance of deferred taxes as a result of a series of internal transactions and related steps completed on January 12, 2011, that reorganized the ownership of our assets among our subsidiaries and effectively combined the legacy business of Intelsat Sub Holdco and Intelsat Corporation in order to simplify our operations and enhance our ability to transact business in an efficient manner (the 2011 Reorganization). Another reason for the decline in the tax benefit was the valuation allowance we recorded on our Washington, D.C. net operating loss carry forwards in 2012 when we signed a lease for the New U.S. Administrative Headquarters. The above factors were partially offset by the benefit we recorded in 2012 to adjust the basis of certain assets that had generated excluded extraterritorial income in prior years.

Cash paid for income taxes, net of refunds, totaled \$16.1 million and \$33.1 million for the years ended December 31, 2011 and 2012, respectively.

Net Loss Attributable to Intelsat S.A.

Net loss attributable to Intelsat S.A. for the year ended December 31, 2012 totaled \$151.1 million compared to \$434.2 million for the year ended December 31, 2011. The loss decreased as a result of the various items discussed above, including improved income from operations and a \$252.6 million decrease in loss on early extinguishment of debt in the year ended December 31, 2012 as compared to the prior year period.

EBITDA

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

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

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

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Net loss	\$ (435,265)	\$ (149,498)	\$ (251,993)
Add (Subtract):			
Interest expense, net	1,310,563	1,270,848	1,114,197
Loss on early extinguishment of debt	326,183	73,542	368,089
Benefit from income taxes	(55,393)	(19,631)	(30,837)
Depreciation and amortization	769,440	764,903	736,567
EBITDA	\$ 1,915,528	\$ 1,940,164	\$ 1,936,023

Adjusted EBITDA

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

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

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

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Net loss	\$ (435,265)	\$ (149,498)	\$ (251,993)
Add (Subtract):			
Interest expense, net	1,310,563	1,270,848	1,114,197
Loss on early extinguishment of debt	326,183	73,542	368,089
Benefit from income taxes	(55,393)	(19,631)	(30,837)
Depreciation and amortization	769,440	764,903	736,567
EBITDA	1,915,528	1,940,164	1,936,023
Add (Subtract):			
Compensation and benefits (1)	8,811	5,237	25,711
Management fees (2)	24,867	25,062	64,239
Earnings from previously unconsolidated affiliates (3)	24,658		
Losses on derivative financial instruments (4)	24,635	39,935	8,064
Non-recurring and other non-cash items (5)	18,488	5,786	(606)
Adjusted EBITDA	\$ 2,016,987	\$ 2,016,184	\$ 2,033,431

- (1) Reflects non-cash expenses incurred relating to our equity compensation plans and a portion of the expenses related to our defined benefit retirement plan and other postretirement benefits.
- (2) Reflects expenses incurred in connection with the 2008 MFA. In connection with the IPO in April 2013, the 2008 MFA was terminated.
- (3) Represents gains and losses under the equity method of accounting relating to our investment in Horizons Holdings prior to the consolidation of Horizon Holdings. In addition, includes the charge from the remeasurement of our investment in Horizons Holdings to fair value upon the consolidation of the joint venture on September 30, 2011.
- (4) Represents (i) the changes in the fair value of the undesignated interest rate swaps, (ii) the difference between the amount of floating rate interest we receive and the amount of fixed rate interest we pay under such swaps, both of which are recognized in operating income and (iii) the change in the fair value of our put option embedded derivative in 2011 related to the 2015 Sub Holdco Notes, Series B, all of which were repaid as part of the 2011 Secured Loan Refinancing.
- (5) Reflects certain non-recurring gains and losses and non-cash items, including the following: costs associated with the 2011 Reorganization; 2011 expense for services on the Galaxy 13/Horizons-1 and Horizons-2 satellites prior to the consolidation of Horizons Holdings; net costs related to the settlement of a dispute concerning our investment in WildBlue in 2011; charges related to costs and expenses in connection with an unconsummated third-party investment commitment and its expiration in 2012; expenses related to the IPO, severance and

retention payments; costs related to Intelsat Jackson's 2013 Second Amendment and Joinder Agreement; the total impairment of an immaterial investment in 2013; costs associated with a 2013 intercompany reorganization and other non-recurring projects. These costs were partially offset by non-cash income related to the recognition of deferred revenue on a straight-line basis for certain prepaid capacity service contracts for 2011 to 2013; non-cash income related to the WildBlue settlement in 2012; a pre-tax gain related to the sale of the U.S. Administrative Headquarters Property in 2012 and the gain on satellite insurance recoveries in 2013.

B. Liquidity and Capital Resources

Overview

We are a highly leveraged company and our contractual obligations, commitments and debt service requirements over the next several years are significant. At December 31, 2013, our total indebtedness was \$15.3 billion. Our interest expense for the year ended December 31, 2013 was \$1.11 billion, which included \$46.0 million of non-cash interest expense. We also expect to make significant capital expenditures in 2014 and future years, as set forth below in Capital Expenditures.

Our primary source of liquidity is and will continue to be cash generated from operations as well as existing cash. At December 31, 2013, cash and cash equivalents were \$247.8 million. In addition, we had \$487.0 million of borrowing capacity (net of \$13.0 million of letters of credit outstanding) under our \$500.0 million total senior secured revolving credit facility at December 31, 2013.

We currently expect to use cash on hand, cash flows from operations, borrowings under our senior secured revolving credit facility and refinancing of our third party debt to fund our most significant cash outlays, including debt service requirements and capital expenditures, in the next twelve months and beyond, and expect such sources to be sufficient to fund our requirements over that time and beyond. In past years, our cash flows from operations and cash on hand have been sufficient to fund our interest expense obligations (\$1.27 billion and \$1.11 billion in 2012 and 2013, respectively) and significant capital expenditures (\$866.0 million and \$600.8 million in 2012 and 2013, respectively). Additionally, we have been able to refinance significant

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portions of our debt at favorable rates and on favorable terms, as discussed in Long-Term Debt 2013 Debt Transactions 2013 Intelsat Luxembourg Notes Offerings and Redemptions and Long-Term Debt 2013 Debt Transactions 2013 Intelsat Jackson Notes Offerings, Credit Facility Prepayments and Redemptions. We also used insurance proceeds from satellite and launch failure total loss claims to redeem substantial amounts of debt, as discussed in Long-Term Debt 2013 Debt Transactions 2013 Intelsat Luxembourg Notes Offerings and Redemptions.

Total capital expenditures are expected to range from \$575 million to \$650 million in 2014, \$775 million to \$850 million in 2015 and \$625 million to \$700 million in 2016. In addition, we expect to receive significant customer prepayments under our customer service contracts. Significant prepayments are currently expected to range from \$75 million to \$100 million in 2014 and from \$50 million to \$75 million in 2015. There are no significant prepayments under contract for 2016. Significant prepayments received in 2013 totaled \$105 million.

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

On April 23, 2013, we completed our IPO, receiving net proceeds of approximately \$550 million after underwriting discounts and commissions. The net proceeds from the IPO were primarily used to redeem and prepay significant amounts of debt, as discussed above.

Following our IPO, we began paying a quarterly preferred dividend of approximately \$0.719 per share to holders of our Series A Preferred Shares. See Item 5 Operating and Financial Review and Prospects Preferred Stock Dividend for further information regarding the preferred dividend.

Cash Flow Items

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

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Net cash provided by operating activities	\$ 915,897	\$ 821,310	\$ 716,892
Net cash used in investing activities	(840,431)	(783,601)	(134,061)
Net cash used in financing activities	(478,659)	(139,619)	(516,523)
Net change in cash and cash equivalents	(401,818)	(109,239)	60,305

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased by \$104.4 million to \$716.9 million for the year ended December 31, 2013, as compared to the year ended December 31, 2012. The primary drivers of the year-over-year decrease in net cash provided by operating activities was higher cash outflows related to the timing of interest

payments and lower customer prepayments received under our long-term service contracts in 2013 as compared to 2012. During the year ended December 31, 2013, cash flows from operating activities reflected a \$49.9 million cash inflow related to deferred revenue for customer prepayments received under our long-term service contracts and a \$16.3 million cash inflow due to the timing of cash collections on receivables, partially offset by a \$202.5 million cash outflow related to accounts payable and accrued liabilities largely due to the timing of interest payments, and a \$29.7 million cash outflow related to accrued retirement benefits, primarily due to employer contributions to our defined benefit retirement plan in 2013.

Net Cash Used in Investing Activities

Net cash used in investing activities decreased by \$649.5 million to \$134.1 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012. This decrease was primarily due to a cash inflow of \$487.9 million of proceeds received from insurance claim settlements in the year ended December 31, 2013, as discussed in Note 9 Satellites and Other Property and Equipment included elsewhere in this Annual Report, and a \$265.2 million decrease in capital expenditures in 2013 as compared to 2012.

Table of Contents*Net Cash Used in Financing Activities*

Net cash used in financing activities increased by \$376.9 million to \$516.5 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012. During the year ended December 31, 2013, cash flows from financing activities primarily reflected \$6.3 billion in proceeds received from the 2013 Intelsat Luxembourg and Intelsat Jackson Notes Offerings, as discussed in Long-Term Debt 2013 Debt Transactions, \$545.8 million of proceeds received from the IPO net of related stock issuance costs, \$6.9 billion in repayments of long-term debt and the associated \$311.2 million of payment of premiums on early extinguishment of debt, and \$84.8 million of debt issuance costs.

Long-Term Debt

This section describes the changes to our long-term debt during the years ended December 31, 2011, 2012 and 2013. For detail regarding our outstanding long-term indebtedness as of December 31, 2013, see Note 12 to our consolidated financial statements included elsewhere in this Annual Report.

*Senior Secured Credit Facilities**Intelsat Jackson Senior Secured Credit Facilities*

On January 12, 2011, Intelsat Jackson, our wholly-owned subsidiary, entered into a secured credit agreement (the Intelsat Jackson Secured Credit Agreement), which includes a \$3.25 billion term loan facility and a \$500.0 million revolving credit facility, and borrowed the full \$3.25 billion under the term loan facility. The term loan facility requires regularly scheduled quarterly payments of principal equal to 0.25% of the original principal amount of the term loan beginning six months after January 12, 2011, with the remaining unpaid amount due and payable at maturity.

Up to \$350.0 million of the revolving credit facility is available for issuance of letters of credit. Additionally, up to \$70.0 million of the revolving credit facility is available for swingline loans. Both the face amount of any outstanding letters of credit and any swingline loans reduce availability under the revolving credit facility on a dollar for dollar basis. Intelsat Jackson is required to pay a commitment fee for the unused commitments under the revolving credit facility, if any, at a rate per annum of 0.375%. As of December 31, 2013, Intelsat Jackson had \$487.0 million (net of standby letters of credit) of availability remaining thereunder.

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

On November 27, 2013, Intelsat Jackson entered into the Second Jackson Credit Agreement Amendment, which further amended the Intelsat Jackson Secured Credit Agreement. The Second Jackson Credit Agreement Amendment reduced interest rates for borrowings under the term loan facility and extended the maturity of the term loan facility. In addition, it reduced the interest rates applicable to \$450 million of the \$500 million total revolving credit facility and extended the maturity of such portion. As a result of the Second Jackson Credit Agreement Amendment, interest rates for borrowings under the term loan facility and the new tranche of the revolving credit facility are LIBOR plus 2.75%, or ABR plus 1.75%. The LIBOR and the ABR, plus applicable margins, related to the term loan facility and

the new tranche of the revolving credit facility are determined as specified in the Intelsat Jackson Secured Credit Agreement, as amended by the Second Jackson Credit Agreement Amendment, and the LIBOR will not be less than 1.00% per annum. The maturity date of the term loan facility was extended from April 2, 2018 to June 30, 2019 and the maturity of the new \$450 million tranche of the revolving credit facility was extended from January 12, 2016 to July 12, 2017. The interest rates and maturity date applicable to the \$50 million tranche of the revolving credit facility that was not amended did not change.

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

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

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Jackson was in compliance with these financial maintenance covenant ratios with a consolidated secured debt to consolidated EBITDA ratio of 1.40 to 1.00 and a consolidated EBITDA to consolidated interest expense ratio of 2.93 to 1.00 as of December 31, 2013. In the event we were to fail to comply with these financial maintenance covenant ratios and were unable to obtain waivers, we would default under the Intelsat Jackson Secured Credit Agreement, and the lenders under the Intelsat Jackson Secured Credit Agreement could accelerate our obligations thereunder, which would result in an event of default under our existing notes.

New Dawn Equity Purchase and Repayment of Credit Facilities

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

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

2013 Debt Transactions*2013 Intelsat Jackson Senior Secured Credit Facilities Prepayment*

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

2013 Intelsat Luxembourg Notes Offerings and Redemptions

On April 5, 2013, Intelsat Luxembourg completed an offering of \$3.5 billion aggregate principal amount of Senior Notes, consisting of \$500.0 million aggregate principal amount of the 2018 Luxembourg Notes, \$2.0 billion aggregate principal amount of the 2021 Luxembourg Notes and \$1.0 billion aggregate principal amount of the 2023 Luxembourg Notes. The net proceeds from this offering were used by Intelsat Luxembourg in April 2013 to redeem all \$2.5 billion aggregate principal amount of Intelsat Luxembourg's outstanding 2017 PIK Notes and \$754.8 million aggregate principal amount of Intelsat Luxembourg's outstanding 2017 Senior Notes.

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

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

issuance costs.

2013 Intelsat Investments Notes Redemption

On April 12, 2012, we obtained agreements from affiliates of Goldman, Sachs & Co. and Morgan Stanley to provide unsecured term loan commitments sufficient to refinance in full the Intelsat Investments Notes on or immediately prior to their maturity date, in the event that Intelsat Investments did not otherwise refinance or retire the Intelsat Investments Notes. These term loans would have had a maturity of two years from funding, and the funding thereof was subject to various terms and conditions. On May 23, 2013, Intelsat Investments redeemed all of the outstanding \$353.6 million aggregate principal amount of the Intelsat Investments Notes using proceeds of the IPO. In connection with the redemption of the Intelsat Investments Notes, we recognized a loss on early extinguishment of debt of \$24.2 million in the second quarter of 2013, consisting of the difference between the carrying value of the debt redeemed and the total cash paid (including related fees), and a write-off of unamortized debt discount and debt issuance costs. Additionally, in conjunction with the redemption of the Intelsat Investments Notes, the agreements to provide unsecured term loan commitments were terminated. We recorded a charge of \$7.6 million related to this termination in the second quarter of 2013.

2013 Intelsat Jackson New Senior Unsecured Credit Facility Prepayment

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

Table of Contents*2013 Intelsat Jackson Notes Offerings, Credit Facility Prepayments and Redemptions*

On June 5, 2013 Intelsat Jackson completed an offering of \$2.6 billion aggregate principal amount of Senior Notes, consisting of \$2.0 billion aggregate principal amount of the 2023 Jackson Notes and \$635.0 million aggregate principal amount of the 2022 Jackson Notes. The net proceeds from this offering were used by Intelsat Jackson in June 2013 to prepay all \$672.7 million of indebtedness outstanding under its New Senior Unsecured Credit Facility, and all \$195.2 million of indebtedness outstanding under its Senior Unsecured Credit Facility. The remaining net proceeds were used to redeem all of the remaining \$1.7 billion aggregate principal amount outstanding of the 2017 Senior Notes.

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

2012 Debt Transactions*2012 Intelsat Jackson Notes Offerings, Tender Offers and Redemptions*

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

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

2011 Debt Transactions*2011 Reorganization and 2011 Secured Loan Refinancing*

On January 12, 2011, certain of our subsidiaries completed the 2011 Reorganization. Also on January 12, 2011, Intelsat Jackson entered into the Intelsat Jackson Secured Credit Agreement as discussed above, and borrowed \$3.25 billion under the term loan facility. Part of the net proceeds of the term loan, amounting to \$2.4 billion, were contributed or loaned to Intelsat Corp, which used such funds to repay all existing indebtedness under Intelsat Corp's senior secured credit facilities and to redeem Intelsat Corp's 9 $\frac{1}{4}$ % Senior Notes due 2016. Separately, Intelsat Corp also redeemed the Intelsat Corp 9 $\frac{1}{4}$ % Senior Notes due 2014 and the Intelsat Corp 6 $\frac{7}{8}$ % Senior Secured Debentures due 2028. In addition, Intelsat Jackson contributed approximately \$330.2 million of the net proceeds of the new term loan to Intelsat Sub Holdco to repay all existing indebtedness under Intelsat Sub Holdco's senior secured credit

facilities. The entry into the Intelsat Jackson Secured Credit Agreement, the repayment of the existing indebtedness of Intelsat Corp and the repayment of all the secured existing indebtedness of Intelsat Sub Holdco are referred to collectively as the 2011 Secured Loan Refinancing . In connection with the 2011 Secured Loan Refinancing, certain of our interest rate swaps were assigned by Intelsat Sub Holdco and Intelsat Corp to Intelsat Jackson, and are now secured by a first priority security interest in the collateral that also secures obligations under the Intelsat Jackson Secured Credit Agreement.

2011 Notes Redemptions

On March 18, 2011, Intelsat S.A. redeemed all of the \$485.8 million aggregate principal amount outstanding of its 7 ⁵/₈% Senior Notes due 2012 (the 2012 Intelsat S.A. Notes). Additionally, on March 18, 2011, Intelsat Sub Holdco redeemed \$225.0 million aggregate principal amount outstanding of its 8 ¹/₂% Senior Notes due 2013 (the 2013 Sub Holdco Notes). On April 8, 2011, Intermediate Holdco redeemed all of the \$4.5 million aggregate principal amount outstanding of its 9 ¹/₄% Senior Discount Notes due 2015. We refer to these transactions collectively as the 2011 Notes Redemptions.

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2011 Intelsat Jackson Notes Offering, Tender Offers and Additional Redemptions

On April 5, 2011, Intelsat Jackson completed an offering of \$2.65 billion aggregate principal amount of senior notes (the 2011 Intelsat Jackson Notes Offering), consisting of \$1.5 billion aggregate principal amount of $4\frac{1}{4}\%$ Senior Notes due 2019 and \$1.15 billion aggregate principal amount of $7\frac{1}{2}\%$ Senior Notes due 2021 (collectively, the New Jackson Notes). The net proceeds from the sale of the New Jackson Notes were primarily used to repurchase all of the following notes in tender offers launched on March 21, 2011 and completed on April 15, 2011, and to subsequently redeem the remaining outstanding amounts of such notes on May 5, 2011:

\$481.0 million aggregate principal amount outstanding of the Intermediate Holdco $9\frac{1}{2}\%$ Senior Discount Notes due 2015;

\$625.3 million aggregate principal amount outstanding of the 2013 Sub Holdco Notes, after giving effect to the March 2011 partial redemption of the 2013 Sub Holdco Notes, as discussed above;

\$681.0 million aggregate principal amount outstanding of the Intelsat Sub Holdco $8\frac{7}{8}\%$ Senior Notes due 2015;

\$400.0 million aggregate principal amount outstanding of the 2015 Sub Holdco Notes, Series B;

\$55.0 million aggregate principal amount outstanding of the Intelsat Jackson $9\frac{1}{4}\%$ Senior Notes due 2016; and

\$284.6 million aggregate principal amount outstanding of the Intelsat Jackson $11\frac{1}{2}\%$ Senior Notes due 2016.

As a result, all of the above series of notes were paid off in full and no third party debt remained outstanding at Intermediate Holdco and Intelsat Sub Holdco as of May 5, 2011. Additionally, in connection with the above transactions, we recognized a loss on early extinguishment of debt of \$158.0 million during the second quarter of 2011, which consists of the difference between the carrying value of the debt repaid or redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt discounts and debt issuance costs.

Horizons Holdings Debt

On September 30, 2011, we began consolidating Horizons Holdings within our results. Horizons Holdings had a debt balance of \$73.3 million which is included in long-term debt on our consolidated balance sheet at December 31, 2011. Horizons Holdings incurred the debt pursuant to a loan agreement with JSAT in August 2005 whereby JSAT loaned Horizon Holdings funds for the construction of the Horizons-2 satellite.

Satellite Performance Incentives

Our cost of satellite construction includes an element of deferred consideration to satellite manufacturers referred to as satellite performance incentives. We are contractually obligated to make these payments over the lives of the satellites, provided the satellites continue to operate in accordance with contractual specifications. We capitalize the present value of these payments as part of the cost of the satellites and record a corresponding liability to the satellite manufacturers. This asset is amortized over the useful lives of the satellites and the liability is accreted as interest expense based on the passage of time and reduced as the payments are made. Our total satellite performance incentive payment liability as of December 31, 2012 and 2013 was \$194.1 million and \$176.6 million, respectively.

Table of Contents***Capital Expenditures***

Our capital expenditures depend on our business strategies and reflect our commercial responses to opportunities and trends in our industry. Our actual capital expenditures may differ from our expected capital expenditures if, among other things, we enter into any currently unplanned strategic transactions. Levels of capital spending from one year to the next are also influenced by the nature of the satellite life cycle and by the capital-intensive nature of the satellite industry. For example, we incur significant capital expenditures during the years in which satellites are under construction. We typically procure a new satellite within a timeframe that would allow the satellite to be deployed at least one year prior to the end of the service life of the satellite to be replaced. As a result, we frequently experience significant variances in our capital expenditures from year to year. The following table compares our satellite-related capital expenditures to total capital expenditures from 2009 through 2013 (in thousands).

Year	Satellite-Related Capital Expenditures	Total Capital Expenditures
2009	\$ 887,595	\$ 943,133
2010	915,184	982,127
2011	792,760	844,688
2012	793,451	866,016
2013	542,942	600,792
Total	\$ 3,931,932	\$ 4,236,756

Our capital expenditure guidance for the periods 2014 through 2016 (the Guidance Period) forecasts capital expenditures during those periods for nine satellites. We expect to launch five satellites during the Guidance Period, one of which is expected to be launched in the third quarter of 2014. By the conclusion of the Guidance Period, our total transmission capacity is expected to increase significantly from levels at year end 2013. We expect our capital expenditures to range from \$575 million to \$650 million in 2014. For 2015, we anticipate capital expenditures to range from \$775 million to \$850 million. For 2016, we anticipate capital expenditures to range from \$625 million to \$700 million as we begin investing in replacement satellites that will be launched beyond the Guidance Period. Our capital expenditures guidance includes capitalized interest. The annual classification of capital expenditure payments could be impacted by the timing of achievement of satellite manufacturing and launch contract milestones.

During the Guidance Period, we expect to receive significant customer prepayments under our existing customer service contracts. We contract for these prepayments in an effort to balance our growth and delevering objectives, and our prepayment guidance reflects only amounts currently contractually committed. Significant prepayments received in 2013 totaled \$105 million, consistent with previous guidance of \$100 million to \$125 million. Significant prepayments are currently expected to range from \$75 million to \$100 million in 2014 and from \$50 million to \$75 million in 2015. There are no significant prepayments under contract for 2016. The annual classification of capital expenditures and prepayments could be impacted by the timing of achievement of contract, satellite manufacturing, launch and other milestones. We intend to fund our capital expenditure requirements through cash on hand, cash provided from operating activities and, if necessary, borrowings under our senior secured revolving credit facility.

Currency and Exchange Rates

Substantially all of our customer contracts, capital expenditure contracts and operating expense obligations are denominated in U.S. dollars. Consequently, we are not exposed to material foreign currency exchange risk. However, the service contracts with our Brazilian customers provide for payment in Brazilian *reais*. Accordingly, we are subject to the risk of a reduction in the value of the Brazilian *real* as compared to the U.S. dollar in connection with payments made by Brazilian customers, and our exposure to fluctuations in the exchange rate for Brazilian *reais* is ongoing. However, the rates payable under our service contracts with Brazilian customers are generally adjusted annually to account for inflation in Brazil, thereby mitigating the risk. For the years ended December 31, 2011, 2012 and 2013, our Brazilian customers represented approximately 3.7%, 4.4% and 4.6% of our revenue, respectively. Transactions in other currencies are converted into U.S. dollars using exchange rates in effect on the dates of the transactions.

We recorded a foreign currency exchange gain of \$1.4 million and losses of \$7.3 million and \$6.0 million for the years ended December 31, 2011, 2012 and 2013, respectively. The gain or loss in each year was primarily attributable to the conversion of our Brazilian *reais* cash balances held in Brazil, and was net of other working capital account balances translated into U.S. dollars at the exchange rates in effect on the last day of the applicable year or, with respect to exchange transactions effected during the year, at the time the exchange transactions occurred.

Table of Contents**C. Research and Development, Patents and Licenses, Etc.**

We do not conduct any independent research and development activities. A few isolated patent initiatives have been conducted for the innovation efforts of the Company. In addition, Intelsat personnel regularly engage in activities that are intended to result in new or improved functions, performance, or quality related to our network, teleports and satellites.

D. Trend Information

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions. See Item 5 Operating and Financial Review and Prospects for further discussion.

E. Off-Balance Sheet Arrangements

We have a revenue sharing agreement with JSAT related to services sold on the Horizons Holdings satellites. We are responsible for billing and collection for such services and we remit 50% of the revenue, less applicable fees and commissions, to JSAT. Under an amended joint venture agreement between us and JSAT, we agreed to guarantee to JSAT certain minimum levels of annual gross revenues for a three-year period beginning early in 2012 (the date that the Horizons-2 satellite was relocated to 85°E). (See Note 10(a) Investments Horizons Holdings). This guarantee could require us to pay JSAT a maximum potential amount ranging from \$7.8 million to \$10.3 million per year over the three-year period, less applicable fees and commissions. We assess this guarantee on a quarterly basis, and in the year ended December 31, 2013 we recorded an expense of \$9.0 million related to the guarantee, in addition to \$5.6 million previously accrued in 2012. We paid \$5.5 million, (before applicable fees and commissions) under the guarantee in the year ended December 31, 2013. At December 31, 2013, the remaining off-balance sheet guarantee commitment is \$7.7 million.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations and capital and certain other commitments as of December 31, 2013, and the expected year of payment (in thousands):

Contractual Obligations (1)	Payments due by year						2019 and thereafter	Other	Total
	2014	2015	2016	2017	2018				
Long-term debt obligations									
Intelsat S.A. and subsidiary									
leases and credit facilities principal payment	\$ 24,418	\$	\$	\$	\$ 500,000	\$ 14,720,000	\$	\$ 15,244,4	
Intelsat S.A. and subsidiary									
leases and credit facilities interest payment (2)	981,456	981,164	981,346	980,135	962,268	2,330,531		7,216,9	

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Operating lease obligations	8,968	14,698	14,870	13,688	13,287	148,158		213,6
Lease rental income	(418)	(369)	(299)	(14)	(20)	(210)		(1,3
Purchase obligations (4)	521,865	473,992	432,501	340,793	215,830	254,267		2,239,2
Other long-term liabilities								
Including interest (5)	37,834	28,880	26,730	25,089	20,899	124,445		263,8
Income tax contingencies (6)							65,111	65,1
Total contractual obligations	\$ 1,574,123	\$ 1,498,365	\$ 1,455,148	\$ 1,359,691	\$ 1,712,264	\$ 17,577,191	\$ 65,111	\$ 25,241,8

- (1) Obligations related to our pension and postretirement medical benefit obligations are excluded from the table. We maintain a noncontributory defined benefit retirement plan covering substantially all of our employees hired prior to July 19, 2001. We expect that our future contributions to the defined benefit retirement plan will be based on the minimum funding requirements of the Internal Revenue Code and on the plan's funded status. The impact on the funded status as of October 1, the plan's annual measurement date, is determined based upon market conditions in effect when we completed our annual valuation. During the year ended December 31, 2013, we made a cash contribution to the defined benefit retirement plan of \$32.0 million. We anticipate that our contributions to the defined benefit retirement plan in 2014 will be approximately \$27.6 million. We fund the postretirement medical benefits throughout the year based on benefits paid. We anticipate that our contributions to fund postretirement medical benefits in 2014 will be approximately \$4.4 million. See Note 7 Retirement Plans and Other Retiree Benefits to our consolidated financial statements included elsewhere in this Annual Report.
- (2) Represents estimated interest payments to be made on our fixed and variable rate debt and fees owed in connection with our senior secured credit facilities and letters of credit. All interest payments assume that principal payments are made as originally scheduled. Interest payments for variable rate debt and incentive obligations have been estimated based on the current interest rates.
- (3) Includes commitments relating to our New U.S. Administrative Headquarters. The obligation and timing of these lease payments are contingent upon the completion of the building and office space. Further, if the building and office space is not complete by the appointed time in 2014, we will continue to lease space at the U.S. Administrative Headquarters Property in Washington D.C. See Operating Leases for further discussion.
- (4) Includes satellite construction and launch contracts, estimated payments to be made on performance incentive obligations related to certain satellites that are currently under construction, vendor contracts and customer commitments.
- (5) Represents satellite performance incentive obligations related to satellites that are in service (and interest thereon). Also, excludes future commitments related to our interest rate swaps.
- (6) The timing of future cash flows from income tax contingencies cannot be reasonably estimated and therefore are reflected in the Other column. See Note 14 Income Taxes to our consolidated financial statements included elsewhere in this Annual Report for further discussion of income tax contingencies.

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Satellite Construction and Launch Obligations

As of December 31, 2013, we had approximately \$2.1 billion of expenditures remaining under our existing satellite construction contracts and satellite launch contracts. Satellite launch and in-orbit insurance contracts related to future satellites to be launched are cancelable up to thirty days prior to the satellite's launch. As of December 31, 2013, we did not have any non-cancelable commitments related to existing launch insurance or in-orbit insurance contracts for satellites to be launched.

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

Operating Leases

We have commitments for operating leases primarily relating to equipment and office facilities. These leases contain escalation provisions for increases. As of December 31, 2013, minimum annual rentals of all leases (net of sublease income on leased facilities), totaled approximately \$212.3 million, exclusive of potential increases in real estate taxes, operating assessments and future sublease income.

In October 2012, we completed the sale of our U.S. Administrative Headquarters Property, and assigned our Amended and Restated Lease Agreement with the U.S. Government relating to the U.S. Administrative Headquarters Property, to the purchaser for a price of \$85.0 million in cash. Upon the closing of the sale, we entered into an agreement under which we are temporarily leasing from the purchaser a portion of the U.S. Administrative Headquarters Property. In November 2012, we also entered into an agreement to lease space in a building under construction in McLean, Virginia, beginning in mid-2014, for our new permanent U.S. administrative headquarters and primary satellite operations center. In December 2013, we signed an amendment to the lease that will allow the relocation of our Intelsat General Corporation office to the same facility in 2014. See Item 4D Property, Plants and Equipment for further discussion.

Customer and Vendor Contracts

We have contracts with certain of our customers which require us to provide equipment, services and other support during the term of the related contracts. We also have long-term contractual obligations with service providers primarily related to the operation of certain of