

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

Washington, D.C. 20549

**FORM 10-K**

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

For the fiscal year ended December 31, 2009

OR

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

For the transition period from            to

Commission file number 0-22531

**INTELSAT CORPORATION**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or Other Jurisdiction of

**95-4607698**  
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

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

**20008**  
(Zip Code)

**(202) 944-6800**

Registrant's telephone number, including area code

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

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

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

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

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

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

**Documents incorporated by reference: None**



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**FORWARD-LOOKING STATEMENTS**

Some of the statements in this Annual Report on Form 10-K, or Annual Report, constitute forward-looking statements that do not directly or exclusively relate to historical facts. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for certain forward-looking statements as long as they are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements.

When used in this Annual Report, the words may, will, might, should, expect, plan, anticipate, project, believe, estimate, potential, outlook and continue, and the negative of these terms, and other similar expressions are intended to identify forward-looking statements and information. Examples of these forward-looking statements include, but are not limited to, statements regarding the following: our goal to expand our leading fixed satellite services ( FSS ) business in high growth regions and applications while maintaining our focus on operational discipline; our expectation that our current capital expenditure program will position our network to capitalize on the FSS sector's best growth opportunities globally, while providing optimal coverage to meet needs across our targeted customer sets; the characteristics of our refreshed fleet when the current investment cycle is completed; our belief that our strategies will position us to continue to deliver high operating margins, and as our current fleet investment program is completed, strong cash flow generation; the trends we believe will increase demand for satellite services and that we believe will allow us to capture new business opportunities in the future; our intent to continue to evaluate and pursue strategic transactions that complement our global fleet, provide growth capacity and allow us to respond to our customer needs; our belief that our network services and media customers increasingly require managed services best addressed by a network that combines space and terrestrial infrastructure; our expectation that the FSS sector will experience moderate growth over the next few years; our expectation that we will benefit from the general trend towards IP-based networking and distribution, including growing use of new media formats, as well as infrastructure applications in emerging regions; our expectation that we will continue to implement compression technologies into our ground network to reduce the bandwidth necessary for network service applications, increasing our customers' efficiency and expanding our market potential, particularly in emerging regions; our belief that our enhancement of our fully-integrated terrestrial network to an all IP network environment will improve our ground support of high bandwidth applications such as high definition video and will allow us to converge our media and network services terrestrial network infrastructures; the trends that we believe will impact our revenue and operating expenses in the future; our assessments regarding how long satellites that have experienced anomalies in the past should be able to provide service on their transponders; our assessment of the risk of additional anomalies occurring on our satellites; our expectation that certain anomalies will not result in the acceleration of capital expenditures; our plans for satellite launches in the near term; our expected capital expenditures in 2010 and during the next several years; our belief that the diversity of our revenue and customer base allows us to recognize trends, capture new growth opportunities, and gain experience that can be transferred to customers in other regions, enables us to capitalize on changing market conditions and mitigates the impact of fluctuations in any specific customer type or geographic region; our belief that our global scale, diversity, collection of spectrum rights, technical expertise and fully integrated hybrid network form a strategic platform that positions us to identify and capitalize on new opportunities in satellite services; our belief that the scale of our fleet can reduce the financial impact of any satellite failures and protect against service interruption; and the impact on our financial position or results of operations of pending legal proceedings.

The forward-looking statements made in this Annual Report reflect our intentions, plans, expectations, assumptions and beliefs about future events. These forward-looking statements speak only as of their dates and are not guarantees of future performance or results and are subject to risks, uncertainties and other factors, many of which are outside of our control. These factors could cause actual results or developments to differ materially from the expectations expressed or implied in the forward-looking statements and include known and unknown risks. Known risks include, among others, the risks discussed in Item 1A Risk Factors, the political, economic and legal conditions in the markets we are targeting for communications services or in which we operate and other risks and uncertainties inherent in the telecommunications business in general and the satellite communications business in particular.

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

risks associated with operating our in-orbit satellites;

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

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

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

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

domestic and international government regulation;

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

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

inadequate access to capital markets;

the competitive environment in which we operate;

customer defaults on their obligations owed to us;

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

litigation; and

other risks discussed under Item 1A Risk Factors.

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

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

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

**Overview**

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

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

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



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

The distribution of television entertainment and news programming;

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

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

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

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

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

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

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

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

### **The FSS Sector**

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

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

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

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

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

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

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

Instant communications infrastructure for disaster recovery.

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

Today, there are only three FSS operators, including Intelsat, providing global services, which is increasingly important as multinationals and governments seek a one-stop solution for obtaining global connectivity. In addition, there are a number of operators with fewer satellites that provide regional and/or national services. Intelsat is the largest of any operator in terms of rights to orbital slots in the most valuable C- and Ku-band spectrums.

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

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

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

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

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

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

by *NSR* in 2006.

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### **Our Customer Sets**

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

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

### ***Media***

Media customers represented 60% of our third-party revenue for the year ended December 31, 2009 and a contracted backlog of \$3.3 billion as of such date. Our combined company provides satellite capacity for the transmission of entertainment, news, sports and educational programming for approximately 300 content providers and direct-to-home ( DTH ) platform operators worldwide. Our revenue generated from the media sector is generally characterized by non-cancellable, long-term contracts with terms of up to 15 years with premier customers including:

National broadcasters;

Content providers and distributors;

Cable programmers; and

DTH platform operators.

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

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

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

Transponder services, which include:

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

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

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

Managed services, which include:

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

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

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We believe that our combined company enjoys a strong reputation for delivering the high network reliability required to serve the demanding media sector.

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

Highlights of our combined company's media business include the following:

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

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

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

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

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

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

### ***Network Services***

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

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

Corporate network service providers;

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

Multinational corporations and entities.

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



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Our network services offerings are comprised of two primary categories:

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

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

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

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

Highlights of our combined company's network services business include the following:

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

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

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

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

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

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

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

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

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### ***Government***

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

### **Our Diverse Business**

Our revenue and backlog diversity spans customer sets and applications, as discussed above, as well as geographic regions and satellites. We believe our diversity allows us to recognize trends to capture new growth opportunities, and gain experience that can be transferred to customers in different regions.

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

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

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

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

### **Our Strategy**

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

#### ***Focus our core business on attractive and growing applications***

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

##### *Network Services:*

Growth in multinational enterprise broadband access requirements resulting from globalization;

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

New broadband connectivity requirements for aerial and maritime applications.

##### *Media:*

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

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

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

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

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

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

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

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

Expanded capacity at our most valuable regional video distribution neighborhoods;

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

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

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

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

Our global scale, diversity, collection of spectrum rights, technical expertise and fully integrated hybrid network form a strategic platform that positions us to identify and capitalize on new opportunities in satellite services. Our combined company fleet is large and diversified by coverage, manufacturer and age. As satellites reach the end of their service lives, we have an ongoing opportunity to refresh the technology we use to serve our customers, resulting in flexibility to address new opportunities as they are identified. Our newer assets, including our enhanced terrestrial network, are used to address current market requirements, allowing older assets to be redeployed to serve legacy customer applications still efficiently served by those assets.

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

We are also investing in enhanced technology in our combined terrestrial network to deliver converging video and IP content, thus expanding the services we provide to the media and telecommunications industries. We intend to continue to implement compression technologies into our combined ground network to reduce the bandwidth necessary for network service applications, increasing our customers' efficiency and expanding our market potential, particularly in emerging regions.

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

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

## **Our Network**

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

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

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

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

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

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

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

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

Satellite	Manufacturer	Orbital Location	Launch Date	Estimated End of Service Life (1)
<i>Station Kept:</i>				
HGS-3	BSS(2)	38°E	2/96	9/11
IS-1R	BSS	50°W	11/00	2/16
IS-4 (3)	BSS	72°E	8/95	8/10
IS-5	BSS	169°E	8/97	10/12
IS-7	SS/L(4)	68.65°E	9/98	11/13
IS-8	SS/L	166°E	11/98	1/14
IS-9	BSS			