PANAMSAT COMMUNICATIONS JAPAN INC
Form S-4/A
February 08, 2007
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**As filed with the Securities and Exchange Commission on February 8, 2007**

**Registration No. 333-140219**

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# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, D.C. 20549**

# AMENDMENT NO. 1

# TO

# FORM S-4

**REGISTRATION STATEMENT**

**UNDER THE SECURITIES ACT OF 1933**

# Intelsat Corporation

**(Exact name of registrant as specified in its charter)**

| Delaware | 4899 | 95-4607698 |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification No.) |

**3400 International Drive, N.W., Washington, D.C. 20008 (202) 944-6800**

**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)**

**(see following pages for additional registrants)**

**Phillip L. Spector, Esq.**

**General Counsel**

**Intelsat Corporation**

**3400 International Drive, N.W.**

**Washington, D.C. 20008**

**(202) 944-6800**

**(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)**

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*Copies to:*

**Arnold B. Peinado, III, Esq.**

**Milbank, Tweed, Hadley & McCloy LLP**

**1 Chase Manhattan Plaza**

**New York, New York 10005**

**(212) 530-5000**

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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**The Registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.**

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**TABLE OF ADDITIONAL REGISTRANT GUARANTORS**

| Exact Name of Registrant as Specified in its Charter | State or Other Jurisdiction of Incorporation or Organization | I.R.S Employer Identification Number | Industrial Classification Code Number |
|---|---|---|---|
| PanAmSat Communications Carrier Services, Inc. | California | 95-3684190 | 4899 |
| PanAmSat Communications Japan, Inc. | California | 95-3976181 | 4899 |
| PanAmSat Communications Services, Inc. | California | 95-3270893 | 4899 |
| Southern Satellite Corp. | Connecticut | 06-1396534 | 4899 |
| AccessPas, Inc. | Delaware | 06-1586835 | 4899 |
| PanAmSat International Holdings, LLC | Delaware | 95-4130814 | 4899 |
| Service and Equipment Corporation | Delaware | 06-1614545 | 4899 |
| Southern Satellite Licensee Corporation | Delaware | 06-1532182 | 4899 |
| PanAmSat India Marketing, L.L.C. | Delaware | None | 4899 |
| PanAmSat Asia Carrier Services, Inc. | Delaware | 06-1532021 | 4899 |
| PanAmSat Capital Corporation | Delaware | 06-1371155 | 4899 |
| PanAmSat India, Inc. | Delaware | 06-1532023 | 4899 |
| PAS International Employment, Inc. | Delaware | 06-1475361 | 4899 |
| PanAmSat International Sales, Inc. | Delaware | 06-1532018 | 4899 |
| PAS International, LLC | Delaware | None | 4899 |
| PanAmSat Licensee Corp. | Delaware | 06-1369810 | 4899 |
| USHI, LLC | Delaware | 95-4130816 | 4899 |
| PanAmSat International Systems, LLC | Delaware | 06-1407851 | 4899 |
| PanAmSat International Systems Marketing, L.L.C. | Delaware | None | 4899 |
| PanAmSat Satellite PAS 1R, Inc. | Delaware | 20-1472039 | 4899 |
| PanAmSat Satellite PAS 6B, Inc. | Delaware | 55-0878680 | 4899 |
| PanAmSat Satellite PAS 7, Inc. | Delaware | 20-1472426 | 4899 |
| PanAmSat Satellite PAS 8, Inc. | Delaware | 20-1472451 | 4899 |
| PanAmSat Satellite PAS 9, Inc. | Delaware | 20-1472476 | 4899 |
| PanAmSat Satellite PAS 10, Inc. | Delaware | 20-1472491 | 4899 |
| PanAmSat Satellite Galaxy 3C, Inc. | Delaware | 20-1471588 | 4899 |
| PanAmSat Satellite Galaxy 4R, Inc. | Delaware | 20-1471713 | 4899 |
| PanAmSat Satellite Galaxy 10R, Inc. | Delaware | 20-1471804 | 4899 |
| PanAmSat Satellite Galaxy 11, Inc. | Delaware | 20-1471834 | 4899 |
| PanAmSat Satellite Galaxy 12, Inc. | Delaware | 20-1471854 | 4899 |
| PanAmSat Satellite Galaxy 13, Inc. | Delaware | 20-1471917 | 4899 |
| PanAmSat Satellite HGS 3, Inc. | Delaware | 20-1471366 | 4899 |
| PanAmSat Satellite HGS 5, Inc. | Delaware | 20-1471468 | 4899 |
| PanAmSat Satellite Galaxy 1R, Inc. | Delaware | 20-1471522 | 4899 |
| PanAmSat Satellite Galaxy 3R, Inc. | Delaware | 20-1471588 | 4899 |
| PanAmSat Satellite Galaxy 5, Inc. | Delaware | 20-1471747 | 4899 |
| PanAmSat Satellite Galaxy 9, Inc. | Delaware | 20-1471773 | 4899 |
| PanAmSat Satellite Galaxy 14, Inc. | Delaware | 20-1471944 | 4899 |
| PanAmSat Satellite Leasat F5, Inc. | Delaware | 20-1472011 | 4899 |
| PanAmSat Satellite PAS 2, Inc. | Delaware | 20-1472059 | 4899 |
| PanAmSat Satellite PAS 3, Inc. | Delaware | 20-1472087 | 4899 |
| PanAmSat Satellite PAS 4, Inc. | Delaware | 20-1472113 | 4899 |
| PanAmSat Satellite PAS 5, Inc. | Delaware | 20-1472383 | 4899 |
| PanAmSat Satellite SBS 6, Inc. | Delaware | 20-1472512 | 4899 |
| PanAmSat Europe Corporation | Delaware | 20-3131299 | 4899 |
| PanAmSat H-2 Licensee Corp. | Delaware | 20-3187992 | 4899 |
| PanAmSat Satellite Galaxy 15, Inc. | Delaware | 20-1471970 | 4899 |
| PanAmSat Services, Inc. | Delaware | 06-1377869 | 4899 |
| PanAmSat Satellite Galaxy 16, Inc. | Delaware | 20-5993755 | 4899 |

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**The information in this prospectus is not complete and may be changed. This prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion, Dated February 8, 2007**

**PROSPECTUS**

## Exchange Offer for

## 9% Senior Notes due 2016

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This is an offer to exchange any 9% Senior Notes due 2016 that you now hold for newly issued 9% Senior Notes due 2016. This offer will expire at 5:00 p.m. New York City time on March 30, 2007, unless we extend the offer. You must tender your original notes by this deadline in order to receive the new notes. We do not currently intend to extend the expiration date.

The exchange of outstanding original notes for exchange notes in the exchange offer will not constitute a taxable event for U.S. federal income tax purposes. The terms of the exchange notes to be issued in the exchange offer are substantially identical to the original notes, except that the exchange notes will be freely tradeable and will not benefit from the registration and related rights pursuant to which we are conducting this exchange offer. All untendered original notes will continue to be subject to the restrictions on transfer set forth in the original notes and in the applicable indenture.

There is no existing public market for your original notes, and there is currently no public market for the new notes to be issued to you in the exchange offer.

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**See Risk Factors beginning on page 28 for a description of the business and financial risks associated with the new notes.**

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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The date of this prospectus is February , 2007.

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**You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to exchange the notes only in jurisdictions where these offers and exchanges are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus.**

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The 9% Senior Notes due 2016 are referred to as the notes. Unless we indicate differently, when we use the term notes or new notes, we mean the new notes that we will issue to you if you exchange your original notes. However, unless we indicate differently, references to notes for periods prior to the exchange of the original notes for new notes means the original notes.

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## SATELLITE NAME CHANGES

As indicated in the chart below, we recently renamed 11 of our satellites. Unless the context requires otherwise, references to satellites in this prospectus refer to the new names which became effective on February 1, 2007.

| Location | Previous Name | New Name Effective February 1, 2007 | Acronym |
|---|---|---|---|
| 58°W | PAS-9 | Intelsat 9 | IS-9 |
| 45°W | PAS-1R | Intelsat 1R | IS-1R |
| 43°W | PAS-3R | Intelsat 3R | IS-3R |
| 43.1°W | PAS-6B | Intelsat 6B | IS-6B |
| 26.15°E | PAS-5 | Intelsat 5 | IS-5 |
| 45°E | PAS-12 | Intelsat 12 | IS-12 |
| | (Europe*Star 1) | (Europe*Star 1) | |
| 68.65°E | PAS-7 | Intelsat 7 | IS-7 |
| 68.5°E | PAS-10 | Intelsat 10 | IS-10 |
| 72°E | PAS-4 | Intelsat 4 | IS-4 |
| 166°E | PAS-8 | Intelsat 8 | IS-8 |
| 169°E | PAS-2 | Intelsat 2 | IS-2 |

## INDUSTRY AND MARKET DATA

This prospectus includes information with respect to market share and industry conditions from third-party sources or that is based upon estimates using such sources when available. While we believe that such information and estimates are reasonable and reliable, we have not independently verified any of the data from third-party sources, including *World Satellite Communication & Broadcasting Markets Survey*, *Market Forecasts to 2015* dated September 2006, by *Euroconsult*, *Broadband Satellite Markets,* 5th Edition, dated February 2006 and *Global Assessment of Satellite Demand,* 3rd Edition, dated November 2006, by *Northern Sky Research.* Similarly, our internal research is based upon our understanding of industry conditions, and such information has not been verified by any independent sources.

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## PROSPECTUS SUMMARY

*Intelsat Corporation is the obligor under the original notes and will be the obligor under the notes offered hereby. The notes will be guaranteed to the extent described herein by certain subsidiaries of Intelsat Corporation. You should read the following summary together with the more detailed information and financial statements and their notes included elsewhere in this prospectus. Investing in the notes involves significant risks, as described in the Risk Factors section. Unless otherwise indicated, or the context otherwise requires, financial information identified in this prospectus as pro forma gives effect to the consummation of the Transactions as defined below in The Transactions, in the manner described under Unaudited Pro Forma Condensed Consolidated Financial Information. In this prospectus, unless otherwise indicated or the context otherwise requires, (1) the terms PanAmSat Opco , we , us, our, and the Company refer to Intelsat Corporation, formerly known as PanAmSat Corporation, PanAmSat Holdco s direct wholly owned subsidiary, on a pro forma basis and after giving effect to the Transactions, (2) the term PanAmSat Holdco refers to Intelsat Holding Corporation, formerly known as PanAmSat Holding Corporation, and not to its subsidiaries, on a pro forma basis and after giving effect to the Transactions, (3) the term PanAmSat refers to PanAmSat Holdco and its subsidiaries, including PanAmSat Opco, on a pro forma basis and after giving effect to the Transactions, (4) the term Prior Intelsat refers to Intelsat, Ltd. and its subsidiaries on a consolidated basis before giving effect to the Transactions, (5) the term Intelsat refers to Intelsat, Ltd. and its currently existing subsidiaries on a consolidated basis after giving effect to the PanAmSat Acquisition Transactions, (6) the term Intelsat Holdings refers to Intelsat, Ltd. s parent, Intelsat Holdings, Ltd., (7) the term Intelsat Bermuda refers to Intelsat (Bermuda), Ltd., PanAmSat Holdco s indirect parent on a pro forma basis and after giving effect to the Transactions, and Intelsat, Ltd. s direct wholly owned subsidiary, (8) the term Intelsat Sub Holdco refers to Intelsat Subsidiary Holding Company, Ltd., Intelsat Bermuda s indirect wholly owned subsidiary, (9) the term Intermediate Holdco refers to Intelsat Intermediate Holding Company, Ltd., Intelsat Bermuda s wholly owned subsidiary, and (10) the term PanAmSat Acquisition Transactions refers to the acquisition of PanAmSat by Intelsat Bermuda and the related transactions discussed in this Prospectus Summary. We recently renamed 11 of our satellites. See Satellite Name Changes in the forepart of this prospectus. Unless the context requires otherwise, references to satellites in this prospectus refer to the new names which became effective on February 1, 2007.*

### The Company

#### Overview

We are a leading provider of fixed satellite services worldwide and a leading provider of these services to each of the media and network services sectors through our large and modern fleet of 24 in-orbit satellites. We lease transponder capacity on our satellites to a variety of customers, including: television programmers that deliver programming to cable television systems, television broadcasters, direct-to-home, or DTH, television systems, Internet service providers, or ISPs, telecommunications companies and other corporations. The services that we provide to our customers are generally mission critical and our key customer relationships have been built over many years. Our customers include some of the world s leading media and communications companies, multinational corporations and ISPs. We believe we distribute more television channels over our network than any other company in the world. We operate in an attractive, well-developed sector of the satellite communications industry, which is benefiting from increasing demand for fixed satellite services capacity from private industry.

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The fixed satellite services sector is characterized by steady and predictable contracted revenue streams, high operating margins, strong free cash flows and long-term contractual commitments. As of September 30, 2006, our revenue backlog, which is based on long-term customer commitments, was approximately $4.3 billion, approximately 94% of which relates to contracts that are non-cancelable or cancelable only upon payment of substantial termination fees. For the nine months ended September 30, 2006 we generated revenue of $694.2 million.

Our in-orbit fleet is one of the world s largest commercial geosynchronous, or GEO, satellite networks, capable of reaching over 98% of the world s population. We also have an extensive terrestrial network, including global teleport facilities in the United States, which provide transmission, monitoring and control services for operating our fleet and transmission and other services for our customers. Following our acquisition by Prior Intelsat, we gained access to its fleet of 27 in-orbit satellites, which provides additional geographic coverage and back-up capacity and enables us to increase fill rates as our business grows. In addition to gaining access to Prior Intelsat s satellite fleet, we also gained access to its terrestrial network, which includes additional teleport facilities strategically located around the world, effectively expanding our ground support network.

The global fixed satellite services, or FSS, sector generated revenue of approximately $7.6 billion in 2005 according to *Euroconsult*. There are multiple growth areas that we believe will drive the continued expansion of the FSS industry. For example the increased transmission of high definition television, or HDTV, signals requires greater transmission capacity than standard definition signals, and will create additional demand for capacity. Also, the demand for the large, cost-effective private corporate networks made possible through the combination of our satellite fleet s broad geographic coverage and the use of small, low-cost terrestrial satellite terminals, commonly referred to as VSATs (very small aperture terminals), is expected to be a source of growth, especially in international markets where terrestrial networks are not well developed. Efforts by consumer communications companies to combine video services and telephony into a single platform, wired or mobile, should also benefit the FSS industry through increased requirements for the broadcast of video services to new and developing networks. In total, C and Ku-band transponder lease revenue in the FSS sector is expected to grow at a compound annual growth rate, or CAGR, of 3.8% from 2006 to 2011 according to *Northern Sky Research.*

**The Acquisition**

On August 28, 2005, Intelsat Bermuda, PanAmSat Holdco and Proton Acquisition Corporation, a wholly owned subsidiary of Intelsat Bermuda, signed a definitive merger agreement pursuant to which Intelsat Bermuda acquired all of the outstanding equity interests in PanAmSat Holdco for $25 per common share in cash, or approximately $3.2 billion in the aggregate (plus approximately $0.00927 per share as the pro rata share of undeclared regular quarterly dividends). Upon completion of the PanAmSat Acquisition Transactions on July 3, 2006, PanAmSat Holdco and Intelsat Sub Holdco became separate direct or indirect wholly owned subsidiaries of Intelsat Bermuda. As part of this transaction, approximately $3.2 billion in existing debt of PanAmSat Holdco and its subsidiaries was either refinanced or remained outstanding. Concurrently with the PanAmSat Acquisition Transactions, Intelsat General Corporation, the entity that operates Prior Intelsat s government services business, purchased our government services business. See The Transactions The PanAmSat Acquisition Transactions and The Transactions The Government Business Merger for more information concerning the acquisition of PanAmSat by Intelsat Bermuda.

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We expect the combination of Prior Intelsat and PanAmSat to benefit from many FSS industry growth opportunities, such as standard and high definition video distribution and provision of data applications primarily for corporate and broadband data networks. PanAmSat and Prior Intelsat had complementary customer bases, regional and customer sector market strengths, orbital locations and management. We believe the newly combined operations and assets of the two companies will allow us to expand and improve our service capabilities for existing and new customers. We also believe that the combination will provide the opportunity to generate increased cash flow and improved operating results as a result of significant operating and capital expense savings. We plan to attain these cost savings by fully integrating with Prior Intelsat, enabling us to eliminate redundant staff and to rationalize our satellite fleet and ground infrastructure.

The combined satellite fleet offers increased capacity for expanded services. For example, cable operators require fully protected services, which necessitates that operators maintain redundant capacity. This type of service has been in short supply over North America, but the combined fleet will enable us to expand the amount of capacity available for this level of service. Additionally, incremental backup capacity from Prior Intelsat s satellite fleet will allow us to increase fill rates on our satellites as our business grows, as well as enable us to serve broader geographies where there is additional demand.

## Our Customer Sectors

We provide satellite capacity and related communication services for the transmission of video, data and voice connectivity. Our services are provided to two primary sectors: media and network services.

***Media 62% of revenue for the nine months ended September 30, 2006***

We are the largest and most comprehensive provider of FSS services to the media sector, based on the number of transponders contracted, and as a combined company we serve approximately 300 media customers worldwide, including Time Warner, Viacom and The Walt Disney Company. According to *Northern Sky Research*, video applications currently use more FSS capacity than any other application, representing approximately 62% of total global C and Ku-band FSS transponder demand in 2005, and are expected to grow at a CAGR of 4.3% from 2006 to 2011. We currently offer three primary types of services to our media customers: video distribution, direct-to-home and video contribution.

Video distribution services of high definition and standard content involve the transmission of entertainment, news, sports, and educational programming to content providers. Through our direct-to-home, or DTH, services, we transmit television channels for household reception, and through our video contribution services we offer either the full-time or short-term transmission of news, sports and other video programming from various locations to a central video production studio.

***Network Services 27% of revenue for the nine months ended September 30, 2006***

We are a leading provider of satellite capacity for corporate data and voice applications in the world, offering satellite capacity to telecommunications carriers, ISPs, and multinational corporations to support data and voice applications. We believe that the demand for satellite capacity for certain data and voice applications will continue to grow. For example, according to

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*Northern Sky Research*, demand for C and Ku-band FSS services for enterprise and small and medium size enterprise broadband VSATs, which are often used to support private corporate networks, is expected to grow at a CAGR of 9.2% between 2005 and 2010. Additional growth opportunities are driven by the proliferation of wireless services worldwide, which has created increased satellite demand for cellular backhaul and network extensions in developing regions due to unreliable or non-existent terrestrial infrastructure. Our network services offerings fall into three categories:

- Private business network services satellite capacity that we provide for secure, high speed corporate data networks used in a variety of business functions;

- Internet services satellite capacity that we provide to Internet service providers, or ISPs, for high data rate Internet connections and point-to-multipoint content distribution; and

- Consulting and technical services consulting and technical services that we perform for various third parties, including satellite manufacturers and other satellite operators.

We are a leading provider of managed solutions. Because of our strength in voice and data services, established customer relationships and extensive satellite and terrestrial network, we expect to benefit as customers increasingly look for more integrated services to meet their communications needs. As we optimize our capacity on our combined satellite fleet, we may increasingly offer these services on our satellites.

***Government Services 4% of revenue for the nine months ended September 30, 2006***

We derived 4% of our revenue for the nine months ended September 30, 2006 from our government services business, which 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 PanAmSat Acquisition Transactions, our government services business was purchased by Intelsat General Corporation, the entity that operates Prior Intelsat s government services business. See The Transactions The Government Business Merger.

***Revenue from Affiliates 7% of revenue for the nine months ended September 30, 2006***

Following the completion of the PanAmSat Acquisition Transactions on July 3, 2006, substantially all of the Prior Intelsat entities and substantially all of the PanAmSat entities entered into a master inter-company services agreement, or MISA, pursuant to which these entities provide services to each other.

## Our Strengths

Our business is characterized by the following key strengths:

***Leading FSS Position in Growing Regional Markets and Customer Sectors***

We are a leading FSS provider and, based on number of transponders contracted, we hold the leading position in each of our customer sectors. As a result of our scale and leadership position, we expect to benefit from the following key growth areas in our business:

- *North American Video:* We are a leading transmission platform for the distribution of video programming to cable systems in North America. Through a combination of our

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long-standing customer relationships, key North American orbital slots, leading anchor tenant cable channels and reception of our signals by our combined company s approximately 8,500 qualified cable head-ends, we have been successful in creating cable neighborhoods. These cable neighborhoods are a powerful tool in attracting and retaining customers because ground infrastructure is specifically designed to receive information from our satellites, making switching costs significant.

*High definition television:* We intend to utilize our position and well situated capacity to better serve the rapidly growing high definition demand in the cable and broadcast arcs. The number of HDTV channels distributed to broadcasters and cable communities worldwide by FSS operators is forecasted to increase from 76 to 346 channels between 2006 and 2011, according to *Northern Sky Research*.

*Direct-to-Home (DTH) providers:* We are a leading provider of FSS capacity for global DTH services. In many international markets, DTH platform operators rely upon FSS capacity in order to deliver their programming services to their subscribers. According to *Northern Sky Research,* the demand for C and Ku-band FSS capacity used for DTH services is expected to grow at a CAGR of approximately 5.5% between 2006 and 2011.

*Data and telecommunications services:* We are the leading provider of FSS capacity for satellite voice and data services worldwide. We have relationships with virtually every incumbent telecom operator in every country in the world. Our leading position with telecommunications and data networking customers has positioned us to benefit from a number of recent trends, including the growth in wireless networks, which has resulted in increased demand for capacity to be used for cellular backhaul requirements, and the recent growth of voice over Internet protocol, or VoIP, which has resulted in increased demand for Internet trunking services in developing regions.

***Stable and Diverse Revenue Generation***

Our revenue and revenue backlog are diversified among service sectors, geographic regions, satellites and customers. No single satellite generated more than 11% of our revenue and, excluding revenues related to our MISA agreement with Prior Intelsat, no single customer accounted for more than 8% of our revenue during the nine months ended September 30, 2006. The diversity of our revenue base enables us to capitalize on changing market conditions and mitigates the impact of fluctuations in any specific service sector or geographic region and difficulties that any one customer may experience. The redundancy in our fleet also reduces the financial impact of satellite failures and protects against service interruption.

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We believe our substantial revenue backlog provides both significant near-term revenue visibility as well as a reliable stream of future revenues. As of September 30, 2006, our revenue backlog was approximately $4.3 billion, approximately 94% of which relates to contracts that are non-cancelable or cancelable only upon payment of substantial termination fees. By service sector and region, our revenue backlog as of September 30, 2006 was as follows:

Note: This revenue backlog data has been derived on a revenue basis to conform to Intelsat, Ltd. s presentation. Regional designation for revenue backlog is based on customer billing addresses.

***Significant Free Cash Flow from Operations***

We believe that our strong operating profits, modest capital expenditure profile and the cost saving opportunities resulting from our integration with Prior Intelsat will enable us to generate significant free cash flow from operations. The FSS sector requires sizable investment to develop and launch satellites. However, once satellites are operational, costs do not vary significantly, creating operating leverage which can lead to high margins and strong free cash flow from operations.

We have invested significantly in our fleet and the average fill rate and remaining service life of our 20 station-kept satellites as of September 30, 2006 were approximately 77% and approximately 6.7 years, respectively. As a result, we have the ability to add incremental customers and revenue without significant increases in satellite investment or costs of operations. Over time, we intend to consolidate the number of orbital locations required to serve our customers and we expect future capital allocation decisions will focus on the prudent selection of the number, size and characteristics of new satellites to be launched. Because of our disciplined approach towards fleet renewal, we expect that the capital expense needed to fund future replacement cycles will be significantly lower than the combined total of the prior replacement cycles of Prior Intelsat and PanAmSat. After our full integration into Prior Intelsat s operations, we expect the combined company to realize approximately $92 million in annual operating cost savings, $48 million of which is expected to be realized by Intelsat Corporation.

***Leading Global Fleet and Infrastructure***

We believe that we have one of the world s largest and most technologically advanced commercial communications systems comprised of a fleet of geosynchronous satellites,

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teleports, points of presence and leased and owned fiber. Our 24 satellites cover over 98% of the world s population and include satellite capacity in the C and Ku-bands that serve over 100 countries and territories.

We have incurred capital expenditures of approximately $1.1 billion through September 30, 2006 on seven satellites launched since 2001. We currently have two satellites in back-up positions, and to provide further resilience, we have access to Prior Intelsat s satellites, many of which are equipped with steerable beams that can be moved to cover areas with higher demand, enabling us to respond rapidly to changing market conditions and demand for satellite capacity. As we fully integrate our fleet with Prior Intelsat, additional in-orbit back-up capacity may become available and the number of in-orbit spares may change. In addition, once fully integrated, we expect the combined company to operate our global satellite fleet from a single consolidated operations center, and maintain a second operations center which can provide instantaneous restoration in the case of natural disasters or other events resulting in the loss of our primary satellite operations center. We also have terrestrial assets consisting of teleports, points of presence and leased fiber connectivity that complement our satellite network and enable us to provide customized managed solutions and to provide customers with global access to our fleet. Our market-leading fleet and infrastructure, flexibility and ability to offer comprehensive managed solutions allow us to provide integrated worldwide distribution and delivery services, reducing our customers risk of data loss or service interruptions.

***Established Relationships with Premier Customers***

We provide satellite services to approximately 830 customers, including many of the world s leading media and broadcasting organizations, multinational corporations, telecommunications companies and ISPs. We have developed close, long-standing relationships with our customers. We believe we are recognized by our customers as a resource for technical excellence and a partner in optimizing the performance of their networks. In most cases our services are mission critical to the delivery of our customers services. The following table includes examples of our customers for each service sector:

| **Service Sector Category** | **Selected Customers** |
|---|---|
| Media | The Walt Disney Company (including The Disney Channel, ESPN & ABC), The News Corporation (including Sky Latin America, Sky Brazil, Sky Mexico, DirecTV, Inc., DirecTV Latin America & Fox Entertainment Group), Comcast (including E! Entertainment, The Golf Channel, WTCI (HITS) & Versus), Time Warner (including HBO, Turner Broadcasting, Warner Bros. & CNN), Viacom (including Showtime, BET & MTV), Multichoice Ltd., BBC, Sentech, Liberty Sports, Televisa, NHK and China Central Television |
| Network Services | Hughes Network Systems, National Public Radio, International Satellite Communications, Walgreens, General Communications Inc, Segovia, Equatorial Research & Marketing, and Microspace Communications |

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***Strong Management Team***

We are led by Intelsat s senior management team with broad experience in the telecommunications, information technology and satellite industries. Intelsat s Chief Executive Officer, David McGlade, has over 20 years experience in the telecommunications industry, most recently serving as Chief Executive Officer of O2 UK, a leading U.K. cellular telephone company, prior to joining Intelsat in April 2005. James Frownfelter was appointed Intelsat s Chief Operating Officer upon the closing of the PanAmSat Acquisition Transactions, the same role in which he served at PanAmSat. Jeffrey Freimark was appointed Intelsat s Executive Vice President and Chief Financial Officer in May 2006, after most recently serving as Executive Vice President and Chief Financial Officer for health care concern, Beverly Enterprises, Inc. Phillip Spector, Intelsat s Executive Vice President and General Counsel, joined Intelsat in February 2005, and has over 20 years experience in the satellite industry. Joseph Wright, who served as the Chief Executive Officer of PanAmSat for almost five years, was appointed the Chairman of Intelsat s Board of Directors upon the closing of the PanAmSat Acquisition Transactions. We have built a strong leadership team both from within Prior Intelsat and PanAmSat, as well as outside these organizations. As of December 31, 2006, our senior management team and other designated employees collectively held approximately 4.2% of the outstanding voting equity of our ultimate parent, Intelsat Holdings.

**Our Business Strategy**

Our goal is to capitalize on our leadership position in the FSS sector to enhance our growth and free cash flow by pursuing the following key business strategies:

***Execute a Disciplined Integration with Prior Intelsat***

PanAmSat and Prior Intelsat have adopted a one company operating philosophy, and expect PanAmSat to fully integrate into Prior Intelsat s operations. The goal of our integration plan for the PanAmSat Acquisition Transactions was to identify the best operational alternatives that allow us to maintain or increase customer service while also generating targeted levels of cost savings. We currently expect complete functional integration within the first 12 to 18 months following the closing of the PanAmSat Acquisition Transactions and have already begun achieving key integration milestones, such as the transfer of operational control of two prior PanAmSat satellites to the primary Intelsat control center in Washington, D.C.

Our integration process includes four primary thrusts: sales and marketing, staffing, operations and facilities. The sales and marketing organizations were integrated shortly after the closing of the PanAmSat Acquisition Transactions, with near-term objectives that include network optimization in order to increase marketable capacity. We expect total headcount to decrease from approximately 1,370 at the closing of the PanAmSat Acquisition Transactions to approximately 1,000 by mid-year 2008. Most facility closures and integration of back office functions are expected to be complete by mid-year 2007. We expect to conclude much of the satellite fleet and operations center integration in 2007, with the process fully complete by the end of 2008. After the integration process is completed, we expect the combined company to realize approximately $92 million in annual operating cost savings, of which $48 million is expected to be realized by Intelsat Corporation. Prior to the closing of the PanAmSat Acquisition Transactions, our network integration planning indicated that three satellites of the combined company would not need to be replaced as we integrated our fleets, two of which are in the Intelsat Corporation fleet, with total expected savings of approximately $400.0 million over our

previous combined capital expense plans during the period 2006 to 2011. We also believe that

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we can maintain and grow market share in each of our customer sectors through capitalizing on our market leading positions while simultaneously reducing costs and capital expenditures, thus yielding higher margins and greater free cash flow.

***Grow Our Business in the Media and Network Services Sectors***

We believe that the media and network services sectors represent opportunities for revenue growth over the long-term for operators in the FSS industry. We intend to focus our resources on further penetrating these sectors in order to increase our profitability and free cash flow.

*Media*: We intend to expand our media services by continuing to capitalize on the strength of our cable neighborhoods, maintaining and growing our leadership position in HDTV distribution and expanding our DTH services. We believe that we are well positioned to grow both the distribution and contribution portions of our video business by continuing to develop and expand our cable neighborhoods in the United States, South America and the Asia-Pacific region. As cable operators build out their plant capacity, we have the opportunity to benefit as more channels, services and other data needs require satellite distribution to cable head-ends. Furthermore, as the number of channels grows, demand increases for our premium cable neighborhood satellites. In addition, many U.S. cable operators are increasingly faced with the need to offer non-English language programming to compete effectively with providers of direct broadcast satellite services in the United States. With strong content provider relationships and assets spanning the globe, we believe we can offer cable operators a rebroadcast package of international channels that is attractive from the standpoint of both cost and technical efficiency.

We also believe that demand for HDTV will experience significant growth in the coming years, which will result in the need for more satellite bandwidth. To fulfill the growing demand for HDTV, we will continue to build upon the success of the Galaxy 13/Horizons 1 satellite, which was placed in service as an HDTV neighborhood to attract the newest and fastest growing cable television sector. Since announcing our HDTV neighborhood on the Galaxy 13 satellite, the combined company has grown the number of HDTV channels carried by our system to 23. We also intend to continue to expand our ability to offer high-definition programmers an end-to-end service, such as is provided by our GlobalConnex® Media terrestrial network, which includes facilities at sports and other arenas that enable the capture and transport of high definition programming to satellite production facilities, which is then distributed through our cable neighborhoods.

Lastly, we will continue to build on our leading international DTH platform business, targeting Eastern Europe, Middle East, Africa and regions within Asia where we can use our available capacity and the flexibility of our satellite fleet to capture additional growth opportunities. We intend to develop new video communities by leveraging our existing satellites and relationships with successful DTH platform operators to capture growth in new DTH markets.

*Network Services*: We believe we are well positioned to expand our business serving network services customers by focusing on growing applications, including VSAT private data networks, solutions for mobile service providers and VoIP. We also expect to continue to serve telecom providers by marketing services to telecom companies in newly deregulated markets and by more efficiently packaging our existing services to current telecom customers.

We believe we are a leading provider of satellite services supporting private data applications such as VSAT networks, virtual private networks, or VPNs, and trunking solutions

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for ISPs. We will grow our business by continuing to build our wholesale relationships with major VSAT service providers in the largest and fastest growing regions and also by supporting providers of satellite-based broadband services. We intend to solidify our leadership position through partnering initiatives with data and IT services providers in key growth regions. We will also continue to develop and introduce managed solutions for regional service providers and corporations implementing VPNs and VoIP services. Leveraging our combined company s GlobalConnex and SPOTbytes managed solutions and Internet points of presence around the world, we will also continue to market managed solutions trunking services to regional ISPs that are seeking to grow their businesses by offering VoIP in their local markets.

We believe that we are well positioned with telecom service providers throughout the world. As the global leader in providing voice and data services, with a flexible and reliable network, technical expertise and well-established customer relationships, we expect to also grow by offering our services to new customers, such as competitive carriers in newly deregulated markets. New carrier companies and providers of competitive services, such as wireless communications and Internet services in newly deregulated regions, are seeking to introduce their services quickly and independently of established local carriers. In addition, there are still many countries that lack direct access to telecom cable interconnects or where internal infrastructure either does not exist or is unreliable. We have an extensive customer base of traditional telecommunications carriers that use our services to reach these regions. We intend to enhance our retention rates and generate new business by introducing new, more cost-effective technologies and managed solutions, providing our customers with more efficient use of our network.

***Focus on Maximization of Free Cash Flow***

We intend to manage our operating and capital expenses to optimize margins and free cash flow. We believe our operating leverage, modest capital expenditure needs in the near term and the cost saving opportunities that exist in connection with the integration into Prior Intelsat will allow us to generate significant free cash flow from operations. We have invested significantly in our fleet and as a result we have the ability to add incremental customers and revenue without significant increases in satellite investment or costs of operations. Through disciplined yield and capacity management, we intend to maximize the revenues generated by our assets. Over time, we intend to consolidate the number of satellites required to serve our customers and future capital allocation decisions will focus on the prudent selection of the number, size and characteristics of new satellites to be launched. As a result of our disciplined approach towards fleet renewal, we expect that the capital expense needed to fund future replacement cycles will be significantly lower than the combined total of the prior replacement cycles of Prior Intelsat and PanAmSat. Additionally, after our full integration into Prior Intelsat s operations, we believe our combined company can further enhance cash flow through the realization of approximately $92 million in expected annual operating cost savings, $48 million of which is expected to be realized by Intelsat Corporation.

***Pursue Other Growth Opportunities***

We believe that current trends in telecommunications and mobile applications will create new demand for FSS in the next few years. Our experience with global telecom operators and with video programming distributors positions us to identify requirements for new satellite services that arise from the convergence of voice, data and video onto single platforms, such as IPTV services being offered by telephone companies and video services being offered by mobile operators. In the future, we intend to pursue additional market opportunities through enhanced or new capabilities that will enable us to expand the market for FSS services.

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We have a proven track record of capitalizing on new growth opportunities and expanding the FSS market. New service introductions, such as our rapidly growing managed solutions business, have resulted in substantial new revenue streams. In April 2006 we announced the introduction of an IPTV integrated service that is targeted to small and mid-sized telephone companies, which may seek to offer television services to their wireline customers. We also intend to market this service to small and medium-sized cable system operators who are seeking more efficient transmission and expanded programming. We will continue to develop and introduce new products that leverage our existing assets and provide new sources of growth and profitability.

We have made substantial investments in our satellites, infrastructure, technical expertise and personnel. We leverage our expertise to find innovative ways to generate new sources of revenue. Examples of asset maximizing activities we have recently undertaken include our consulting and technical services, which include overseeing the construction and launch of other operators satellites; shared payloads through which we can achieve economies of scale by sharing satellite payloads among multiple parties; and the use of our infrastructure to host tracking, telemetry and control, or TT&C, and production equipment for third-party network operators, including assistance with the procurement, manufacture, launch and operation of others satellites.

We expect that near-term strategic opportunities in the FSS sector may involve smaller, regional or national satellite operators seeking joint ventures or revenue sharing arrangements in order to provide follow-on capacity for satellites that are aging and facing replacement. We plan to strengthen our position in providing services to these other satellite operators, while at the same time gaining access to strategic regional markets and increasing the utilization of our global fleet.

## The Transactions

### *The PanAmSat Acquisition Transactions*

On August 28, 2005, Intelsat Bermuda entered into a Merger Agreement, referred to as the Merger Agreement, with PanAmSat Holdco and Proton Acquisition Corporation, a wholly owned subsidiary of Intelsat Bermuda referred to as Merger Sub. Pursuant to the Merger Agreement, Intelsat Bermuda acquired PanAmSat Holdco on July 3, 2006 for total cash consideration of approximately $3.2 billion, with the stockholders of PanAmSat Holdco receiving $25.00 per common share (plus approximately $0.00927 as the pro rata share of undeclared regular quarterly dividends). Merger Sub was newly formed for the purpose of consummating the PanAmSat Acquisition Transactions. As part of this transaction, approximately $3.2 billion in existing debt of PanAmSat Holdco and its subsidiaries was either refinanced or remained outstanding.

In connection with, and in order to effect, the transactions contemplated by the Merger Agreement and the related financing, the following transactions occurred:

Intelsat Bermuda created a new direct wholly owned subsidiary, Intermediate Holdco;

Intelsat Bermuda transferred substantially all its assets (other than the capital stock of Merger Sub) and liabilities (including Intelsat Bermuda s 9 1/4% Senior Discount Notes due 2015, referred to as the discount notes) to Intermediate Holdco; and

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Merger Sub merged with PanAmSat Holdco, with PanAmSat Holdco continuing as the surviving corporation and being a direct wholly owned subsidiary of Intelsat Bermuda. Upon completion of this merger, referred to as the Merger Transaction, PanAmSat Holdco s equity holders immediately prior to the merger ceased to hold shares or other equity interests in PanAmSat Holdco.

The net proceeds of the original notes and the net proceeds of the $260.0 million Floating Rate Senior Notes due 2013, the $1.3 billion 11¼% Senior Notes due 2016, and the $750.0 million 9¼% Senior Notes due 2016, all issued by Intelsat Bermuda, and referred to collectively as the 2006 Intelsat Bermuda Notes, and a borrowing by Intelsat Bermuda under a new $600.0 million senior unsecured credit facility and available cash on hand of Intelsat Bermuda and PanAmSat Holdco and their respective subsidiaries were used to consummate the PanAmSat Acquisition Transactions and to pay related fees and expenses and to fund the purchase of PanAmSat Holdco s 10 3/8% Senior Discount Notes due 2014 tendered in the tender offer, described below, plus related fees and expenses. In addition, in connection with the PanAmSat Acquisition Transactions, Intelsat Sub Holdco entered into new senior secured credit facilities and PanAmSat Opco amended and restated its senior secured credit facilities to change certain of the terms thereunder.

Consummation of the PanAmSat Acquisition Transactions resulted in a change of control under the indenture governing PanAmSat Opco s outstanding 9% Senior Notes due 2014, giving the holders of those notes the right to require the issuer thereof to repurchase those notes at the price stated in the indenture therefor. On August 2, 2006, PanAmSat Opco commenced a tender offer, referred to as the Change of Control Offer, to purchase any and all of its outstanding $656.5 million aggregate principal amount of 9% Senior Notes due 2014 for cash. Upon consummation of the Change of Control Offer on September 29, 2006, approximately 0.03%, or $180,000 aggregate principal amount, of the outstanding 9% Senior Notes due 2014 were repurchased by PanAmSat Opco. The 9% Senior Notes due 2014 not tendered to PanAmSat Opco in the Change of Control Offer remain outstanding obligations of PanAmSat Opco.

In connection with and since the closing of the PanAmSat Acquisition Transactions, Intelsat Holdings, entered into share-based compensation arrangements under its existing 2005 Share Incentive Plan with certain directors, officers and key employees of Intelsat, PanAmSat and their respective subsidiaries. In the aggregate, these arrangements outstanding as of December 31, 2006 provided for the issuance of approximately 3.9% of the outstanding voting equity of Intelsat Holdings.

The transactions described above, including the Merger Transaction, the funding transactions, these share-based compensation arrangements and the use of cash on hand, are referred to collectively in this prospectus as the PanAmSat Acquisition Transactions.

***The Government Business Merger***

Following consummation of the PanAmSat Acquisition Transactions, Intelsat General Corporation, a wholly-owned indirect subsidiary of Intelsat Sub Holdco and referred to as IGen, acquired G2 Satellite Solutions Corporation, a subsidiary of PanAmSat Opco and the government services business of PanAmSat, referred to as G2 Satellite Solutions or G2, for cash consideration in the amount of $73.0 million by means of a merger in which G2 Satellite Solutions merged into IGen with IGen continuing as the surviving entity. We refer to this transaction as the Government Business Merger.

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***Other Intercompany Transactions***

Following consummation of the PanAmSat Acquisition Transactions, substantially all of the employees of Intelsat Global Service Corporation were transferred to PanAmSat Opco pursuant to an employee transfer agreement and substantially all of the Intelsat entities and substantially all of the PanAmSat entities entered into the MISA pursuant to which certain PanAmSat entities and Intelsat entities provide services to each other. In each case, services are provided on terms that are not materially less favorable to each party than are available on an arms length basis and on terms that the board of directors of each of Intelsat Bermuda and PanAmSat Holdco determine to be fair. We refer to these transactions as the Other Intercompany Transactions.

***The Tender Offer and Consent Solicitation***

On May 30, 2006, PanAmSat Holdco commenced a tender offer, referred to as the Tender Offer, to purchase any and all of its outstanding $416.0 million aggregate principal amount at maturity 10 3/8% Senior Discount Notes due 2014, referred to as the 10 3/8% discount notes, for cash. Approximately 99.65% of the outstanding 10 3/8% discount notes were repurchased by PanAmSat Holdco upon completion of the Tender Offer, at the closing of PanAmSat Acquisition Transactions. The 10 3/8% discount notes not tendered to PanAmSat Holdco in the Tender Offer, or approximately $1.5 million aggregate principal amount, were repurchased by PanAmSat Holdco on August 29, 2006.

***Intelsat Bermuda Intercompany Loan***

Prior to and immediately after the consummation of the PanAmSat Acquisition Transactions, Intelsat Bermuda extended to PanAmSat Holdco several intercompany loans, referred to collectively as the Intelsat Bermuda Intercompany Loan, in an aggregate principal amount at the time of borrowing equal to approximately $1.3 billion, the proceeds of which were used by PanAmSat Holdco to fund a portion of the purchase price of the PanAmSat acquisition and to fund the purchase of the 10 3/8% discount notes tendered in the Tender Offer, plus related fees, referred to collectively as the Tender Amount.

The PanAmSat Acquisition Transactions, the Government Business Merger, the Other Intercompany Transactions, the Tender Offer and the Intelsat Bermuda Intercompany Loan are referred to collectively in this prospectus as the Transactions.

***Post-closing Transactions***

Following the consummation of the PanAmSat Acquisition Transactions, PanAmSat Holdco and PanAmSat Opco were renamed as Intelsat Holding Corporation and Intelsat Corporation, respectively.

In addition, Intelsat Bermuda created a new direct wholly owned subsidiary organized in Gibraltar that owns all of the equity of a subsidiary organized in Luxembourg which owns all of the equity of a subsidiary organized in Poland, referred to as Intelsat Poland, which has registered a branch in Luxembourg, referred to as Intelsat Poland, Luxembourg Branch. Following the consummation of the PanAmSat Acquisition Transactions, Intelsat Bermuda effected the contribution of the Intelsat Bermuda Intercompany Loan to Intelsat Poland, Luxembourg Branch and, upon receipt of the necessary Federal Communications Commission, or FCC, and other regulatory approvals, Intelsat Bermuda effected the contribution of the stock

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of PanAmSat Holdco to Intelsat Poland, Luxembourg Branch, which became the parent of PanAmSat Holdco. Upon the consummation of these transactions, PanAmSat Holdco became an indirect subsidiary of Intelsat Bermuda.

These name changes, the creation of these new subsidiaries and Intelsat Bermuda s contribution of the Intelsat Bermuda Intercompany Loan and the stock of PanAmSat Holdco are referred to collectively as the Post-closing Transactions.

**The Refinancings**

On January 12, 2007, Intelsat Bermuda issued $600.0 million aggregate principal amount of floating rate senior notes due 2015, referred to as the Intelsat Bermuda Notes due 2015, and used the net proceeds thereof, together with cash on hand, to repay Intelsat Bermuda s outstanding $600.0 million senior unsecured credit facility, referred to as the Intelsat Bermuda Senior Unsecured Bridge Loan, and to pay related fees and expenses. In addition, on February 2, 2007, Intelsat Bermuda borrowed a $1.0 billion term loan due 2014 pursuant to a new unsecured credit agreement, referred to as the New Intelsat Bermuda Unsecured Credit Agreement. The proceeds of the borrowing thereunder were contributed to Intermediate Holdco, and Intermediate Holdco contributed the proceeds to Intelsat Sub Holdco, which used the proceeds, together with cash on hand, to redeem its outstanding $1.0 billion Floating Rate Senior Notes due 2012 and pay the related premium, fees and expenses. The issuance of the Intelsat Bermuda Notes due 2015, the borrowing under the New Intelsat Bermuda Unsecured Credit Agreement and the related repayment of Intelsat Bermuda s Senior Unsecured Bridge Loan and redemption of Intelsat Sub Holdco s $1.0 billion Floating Rate Senior Notes due 2012 are referred to collectively as the Refinancings.

**Recent Development**

On January 19, 2007, the Company further amended and modified its Amended and Restated Credit Agreement to reduce the Term Loan A-3 interest rate and Term Loan B-2 interest rate from a range of LIBOR plus 2.125% to LIBOR plus 2.875% to a range of LIBOR plus 1.75% to LIBOR plus 2.00%.

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**Organizational Structure**

The following chart summarizes our ownership, corporate structure and principal amount of third-party indebtedness outstanding upon completion of the Refinancings. The amount of existing indebtedness shown below is as of September 30, 2006.

(dollars in millions)

(1) Intelsat, Ltd. s senior notes are carried at a discount from their face value, created as a result of fair value accounting associated with the Acquisition Transactions. The amounts shown here do not reflect these discounts.

(2) Intelsat, Ltd. guarantees the existing senior notes noted in this table of Intelsat Bermuda and Intelsat Sub Holdco and the new unsecured term loan due 2014. Intelsat, Ltd. is also a co-obligor on the discount notes of Intermediate Holdco. The amounts shown here do not reflect Intelsat, Ltd. s obligations as co-obligor of the discount notes or its guarantees of the debt of Intelsat Bermuda or Intelsat Sub Holdco.

(3) Intelsat Bermuda guarantees the discount notes of Intermediate Holdco and the senior notes noted in this table of Intelsat Sub Holdco.

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(4) The new unsecured term loan due 2014 under the New Intelsat Bermuda Unsecured Credit Agreement and the 9 1/4% Senior Notes due 2016 are guaranteed by Intelsat Sub Holdco and its subsidiaries that guarantee Intelsat Sub Holdco s notes.

(5) Intelsat Bermuda owns all of the stock of PanAmSat Holdco through its subsidiaries Intelsat (Gibraltar) Limited, Intelsat (Luxembourg) Sarl and Intelsat (Poland) Sp. z o.o. Intelsat Poland, Luxembourg Branch is the direct owner of the stock of PanAmSat Holdco.

(6) Intelsat, Ltd. is co-obligor of the discount notes.

(7) Intermediate Holdco guarantees the debt noted in this table of Intelsat Sub Holdco.

(8) Intelsat, Ltd. is a co-obligor of the discount notes and Intelsat Bermuda is a guarantor of the discount notes. This amount will accrete to approximately $478.7 million aggregate principal amount at February 1, 2010.

(9) Does not include Intelsat Bermuda s $750.0 million 9 1/4% Senior Notes due 2016 and the new unsecured term loan due 2014 that are guaranteed by Intelsat Sub Holdco and its subsidiaries that guarantee Intelsat Sub Holdco s notes.

(10) Total facility size is $300.0 million.

(11) The term loan is a $344.8 million facility.

(12) Does not include guarantees of debt of Intelsat Sub Holdco and Intelsat Bermuda.

(13) This note is guaranteed by Intelsat, Ltd.

(14) PanAmSat Holdco is the borrower of the Intelsat Bermuda Intercompany Loan. $250.0 million of the $1.3 billion Intelsat Bermuda Intercompany Loan is non-cash pay and will accrete to approximately $718 million aggregate principal amount at June 15, 2016.

(15) PanAmSat Holdco does not guarantee any of the debt of PanAmSat Opco.

(16) Certain of PanAmSat Opco s senior notes are carried at discounts or premiums from their face value, created as a result of fair value accounting associated with the PanAmSat Acquisition Transactions. The actual amounts shown do not reflect the aggregate unamortized discount of $13.8 million or premium accretion of $16.9 million.

(17) Total facility size is $250.0 million.

(18) These notes are not guaranteed by any entity other than certain subsidiaries of PanAmSat Opco.

(19) Refers to subsidiaries that guarantee Intelsat Bermuda s 9 1/4% Senior Notes due 2016 and Intelsat Bermuda s new unsecured term loan due 2014 and Intelsat Sub Holdco s senior notes.

(20) Refers to subsidiaries that guarantee the 9% Senior Notes due 2014 and the notes.

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**Ownership of Intelsat**

Upon the completion of the PanAmSat Acquisition Transactions, PanAmSat Holdco, which owns 100% of the equity interest of PanAmSat Opco, became 100% owned by Intelsat Bermuda. Following the consummation of the PanAmSat Acquisition Transactions and upon receipt of the necessary FCC and other regulatory approvals, Intelsat Bermuda effected the contribution of the stock of PanAmSat Holdco to Intelsat Poland, Luxembourg Branch, which became the parent of PanAmSat Holdco. Intelsat Bermuda is owned 100% by Intelsat, Ltd., which is 100% owned by Intelsat Holdings, Ltd. As of December 31, 2006, approximately 95.8% of Intelsat Holdings common equity was owned by the Investors. Investors include funds advised by or associated with Apax Partners Worldwide LLP and Apax Partners, L.P., referred to jointly as Apax Partners, Apollo Management V, L.P., referred to as Apollo, MDP Global Investors Limited, referred to as MDP Global, and Permira Advisers LLC, referred to as Permira. Each of Apax Partners, Apollo, MDP Global and Permira is referred to as a Sponsor and the funds advised by or associated with each Sponsor are referred to as an Investor group. The Investor groups collectively are referred to as the Investors. Prior to the acquisition of Prior Intelsat, funds advised by or associated with MDP Global transferred less than 0.1% of their interest in Intelsat Holdings to an unaffiliated investment partnership and references to the Investors include this partnership. As of December 31, 2006, our senior management team and other designated employees collectively held approximately 4.2% of the outstanding voting equity of our parent, Intelsat Holdings.

A brief description of each of the Sponsors is set forth below.

**Apax Partners**

Apax Partners, which includes Apax Partners Worldwide LLP, Apax Partners, L.P. and their affiliates, is a leading global private equity firm, with offices in London, Hong Kong, Madrid, Milan, Mumbai, Munich, New York, Paris, Stockholm and Tel Aviv. With over 30 years of experience, Apax Partners focuses on the following industry sectors: information technology, telecommunications, healthcare, media, financial services and retail/consumer. Apax Partners has funds under advice or management totaling approximately $20 billion globally. Recent investments in the telecommunications sector include Bezeq, Kabel Deutschland, Inmarsat, TDC and TIM Hellas.

**Apollo Management, L.P.**

Apollo Management, L.P. was founded in 1990 and is among the most active and successful private investment firms in the United States. Since its inception, Apollo and its affiliated investment entities have invested in excess of $13 billion in corporate transactions, in a wide variety of industries, both domestically and internationally. Apollo is currently investing its sixth corporate fund, Apollo Investment Fund VI, L.P., with total committed capital of over $10 billion. Apollo has significant expertise in the satellite sector through investments in Hughes Network Systems, Sirius Satellite Radio Inc. and SkyTerra Communications, Inc.

**MDP Global Investors Limited**

MDP Global Investors Limited is associated with Madison Dearborn Partners, LLC (also known as MDP), a private equity firm based in Chicago. Madison Dearborn Partners is one of the largest and most experienced private equity investment firms in the United States. MDP has raised over $14 billion of capital, and makes new investments through its most recent fund,

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Madison Dearborn Capital Partners V, a $6.5 billion investment fund raised in 2006. MDP focuses on management buyout transactions and other private equity investments across a broad spectrum of industries, including basic industries, communications, consumer, financial services, and health care. Over the last decade, MDP has been an active investor in the communications sector, with investments in such companies as Clearnet Communications, MetroPCS, Nextel Partners, Omnipoint Corporation, Telemundo Communications Group and XM Satellite Radio.

**Permira**

Permira, which includes Permira Advisers LLC and various other entities which act as advisers and consultants to the Permira funds, is a leading international private equity specialist, advising funds of approximately $25 billion. Permira is an independent business with offices in New York, Frankfurt, London, Madrid, Milan, Paris, Stockholm and Tokyo. Since 1985, the Permira funds have completed over 280 private equity transactions. Recent investments in the communications sector include debitel, Inmarsat, Premiere, SBS Broadcasting, Seat PG and TDC.

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**The Exchange Offer**

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| Notes Offered for Exchange | We are offering up to $575,000,000 in aggregate principal amount of our new 9% Senior Notes due 2016 in exchange for an equal aggregate principal amount of our original 9% Senior Notes due 2016 on a one-for-one basis;<br><br>The new notes have substantially the same terms as the original notes you hold, except that the new notes have been registered under the Securities Act of 1933, as amended, referred to as the Securities Act of 1933, and therefore will be freely tradable and will not contain the provisions for an increase in the interest rate related to defaults in our agreement to carry out this exchange offer. |
| The Exchange Offer | We are offering to exchange $2,000 principal amount, or integral multiples of $1,000 in excess thereof, of new notes for each $2,000 principal amount, or integral multiples of $1,000 in excess thereof, of your original notes. In order to be exchanged, your original notes must be properly tendered and accepted. All original notes that are validly tendered and not withdrawn will be exchanged. |
| Ability to Resell Notes | We believe that the new notes issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act of 1933 if:<br><br>the notes issued in the exchange offer are being acquired in the ordinary course of your business;<br><br>you are not participating, do not intend to participate and have no arrangement with any person to participate in the distribution of notes issued to you in the exchange offer;<br><br>you are not an affiliate of ours; and<br><br>you are not a broker-dealer tendering original notes acquired directly from us for your own account.<br><br>By tendering your original notes as described below, you will be making representations to this effect. See The Exchange Offer Representations We Need From You Before You May Participate in the Exchange Offer. |
| Those Excluded from the Exchange Offer | You may not participate in the exchange offer if you are: |

a holder of original notes in any jurisdiction in which the exchange offer is not, or your acceptance will not be, legal under the applicable securities or blue sky laws of that jurisdiction; or

a holder of original notes who is an affiliate of ours.

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| Consequences of Failure to Exchange Your Original Notes | After the exchange offer is complete, you will no longer be entitled to exchange your original notes for registered notes. If you do not exchange your original notes for new notes in the exchange offer, your original notes will continue to have the restrictions on transfer contained in the original notes and in the indenture governing the original notes. In general, your original notes may not be offered or sold unless registered under the Securities Act of 1933, unless there is an exemption from, or unless in a transaction not governed by, the Securities Act of 1933 and applicable state securities laws. We have no current plans to register your original notes under the Securities Act of 1933. |
| Expiration Date | The exchange offer expires at 5:00 p.m., New York City time, on March 30, 2007, the expiration date, unless we extend the offer. We do not currently intend to extend the expiration date. |
| Conditions to the Exchange Offer | The exchange offer has customary conditions that may be waived by us. There is no minimum aggregate amount of original notes that must be tendered to complete the exchange offer. |
| Procedures for Tendering Your Original Notes | If you wish to tender your original notes for exchange in the exchange offer, you or the custodial entity through which you hold your notes must send to Wells Fargo Bank, National Association, the exchange agent, on or before the expiration date of the exchange offer:<br><br>a properly completed and executed letter of transmittal, which has been provided to you with this prospectus, together with your original notes and any other documentation requested by the letter of transmittal; and<br><br>for holders who hold their positions through The Depository Trust Company, referred to as DTC:<br><br>an agent s message from DTC stating that the tendering participant agrees to be bound by the letter of transmittal and the terms of the exchange offer;<br><br>your original notes by timely confirmation of book-entry transfer through DTC; and<br><br>all other documents required by the letter of transmittal.<br><br>Holders who hold their positions through Euroclear and Clearstream, Luxembourg must adhere to the procedures |

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| | described in The Exchange Offer Procedures for Tendering Your Original Notes. |
| Special Procedures for Beneficial Owners | If you beneficially own original notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your original notes in the exchange offer, you should contact the registered holder promptly and instruct it to tender on your behalf. |
| Guaranteed Delivery Procedures for Tendering Original Notes | If you wish to tender your original notes and the original notes are not immediately available, or time will not permit your original notes or other required documents to reach Wells Fargo Bank, National Association before the expiration date, or the procedure for book-entry transfer cannot be completed on a timely basis, you may tender your original notes according to the guaranteed delivery procedures set forth under The Exchange Offer Guaranteed Delivery Procedures. |
| Withdrawal Rights | You may withdraw the tender of your original notes at any time prior to 5:00 p.m., New York City time, on the expiration date. |
| U.S. Tax Considerations | The exchange of original notes for new notes will not constitute a taxable event for U.S. federal income tax purposes. Rather, the notes you receive in the exchange offer will be treated as a continuation of your investment in the original notes. For additional information regarding U.S. federal income tax considerations, you should read the discussion under Taxation United States. |
| Use of Proceeds | We will not receive any proceeds from the issuance of the notes in the exchange offer. We will pay all expenses incidental to the exchange offer. |
| Exchange Agent<br><br>Wells Fargo Bank, N.A.<br><br>Corporate Trust Services<br><br>608 2nd Avenue South<br><br>Northstar East Building 12th Floor<br><br>Minneapolis, MN 55402<br><br>Telephone: (800) 344-5128<br><br>Fax: (612) 667-6282 | Wells Fargo Bank, National Association is serving as the exchange agent. Its address, telephone number and facsimile number are: |

Please review the information under the heading The Exchange Offer for more detailed information concerning the exchange offer.

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## The Notes

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of the Notes section of the prospectus contains a more detailed description of the terms and conditions of the notes.

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|---|---|
| Issuer | Intelsat Corporation. |
| Securities Offered | $575,000,000 9% Senior Notes.<br><br>The terms of the new notes will be identical in all material respects to the terms of the original notes, except that the new notes have been registered and therefore will not contain transfer restrictions and will not contain the provisions for an increase in the interest rate related to defaults in the agreement to carry out this exchange offer. |
| Maturity | The notes will mature on June 15, 2016. |
| Interest Rate | The notes will bear interest at a rate of 9% per annum. |
| Interest Payment Dates | Interest will be paid on the notes on each June 15 and December 15, beginning on December 15, 2006. |
| Guarantees | PanAmSat Opco s obligations under the notes will be guaranteed on an unsecured senior basis by each of PanAmSat Opco s existing and certain of PanAmSat Opco s future domestic subsidiaries. |
| Ranking | The notes will be senior unsecured obligations of PanAmSat Opco and will rank:<br><br>equal in right of payment with the existing and future senior unsecured indebtedness of PanAmSat Opco;<br><br>effectively junior in right of payment to the existing and future secured indebtedness (to the extent of the value of the security for that indebtedness) of PanAmSat Opco; and<br><br>structurally junior in right of payment to the existing and future indebtedness of PanAmSat Opco s existing and future subsidiaries that are not guarantors. |

The guarantees of the notes will be the guarantors senior unsecured obligations and will rank:

- equal in right of payment with the existing and future senior unsecured indebtedness of each guarantor;

- effectively junior in right of payment to the existing and future secured indebtedness (to the extent of the value

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| | |
|---|---|
| | of the security for that indebtedness) of each guarantor; and |
| | structurally junior in right of payment to the existing and future indebtedness of the existing and future subsidiaries of the guarantors that are not guarantors. |
| | As of September 30, 2006, the aggregate amount of PanAmSat Opco s and the guarantors outstanding senior third party indebtedness was approximately $3.5 billion, approximately $2.3 billion of which was secured. As of September 30, 2006, PanAmSat Opco had availability of $195.4 million (net of standby letters of credit of approximately $54.6 million) under its revolving credit facility. The aggregate availability under PanAmSat Opco s and Intelsat Sub Holdco s revolving credit facilities is subject to compliance by Intelsat, Ltd. with a secured debt covenant, and as a result such aggregate availability was limited to $404.2 million as of September 30, 2006. None of PanAmSat Opco s foreign subsidiaries will guarantee the notes offered hereby. |
| Optional Redemption | PanAmSat Opco may redeem all or a portion of the notes at any time prior to June 15, 2011 at a price equal to 100% of the principal amount thereof plus the make-whole premium described in the Description of the Notes section under the heading Optional Redemption. |
| | PanAmSat Opco may redeem all or a portion of the notes at any time and from time to time on or after June 15, 2011 at the redemption described in the Description of the Notes section under the heading Optional Redemption, plus accrued and unpaid interest. |
| Optional Redemption After Equity Offerings | At any time, which may be more than once, before June 15, 2009, PanAmSat Opco may redeem up to 35% of the outstanding notes with the proceeds of certain equity offerings and capital contributions, as long as: |
| | PanAmSat Opco pays a redemption price equal to 109.0% of the principal amount of the notes; |
| | the applicable notes are redeemed within 90 days of completing such equity offering or of such capital contribution; and |
| | at least 65% of the aggregate principal amount of the notes remains outstanding afterwards. |
| Change of Control Offer | If a change of control occurs, each holder of the notes may require PanAmSat Opco to repurchase all or a portion of such holder s notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. |

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PanAmSat Opco might not be able to pay you the required price for notes you present to it at the time of a change of control, because:

- PanAmSat Opco might not have enough funds at that time; or
- the terms of PanAmSat Opco s other indebtedness may prevent it from paying.

Asset Sale Proceeds

If PanAmSat Opco or its subsidiaries engage in asset sales or receive certain proceeds from certain events of loss, PanAmSat Opco generally must either invest the net cash proceeds from such sales or events of loss in its business within a specified period of time, prepay senior indebtedness or make an offer to purchase a principal amount of the notes equal to the excess net cash proceeds. The purchase price of the notes will be 100% of their principal amount, plus accrued interest.

Certain Indenture Provisions

The indenture governing the notes will contain covenants that, among other things, limit PanAmSat Opco s and its restricted subsidiaries ability to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- create liens;
- enter into sale and lease-back transactions;
- pay dividends or make other equity distributions;
- repurchase or redeem capital stock;
- make investments;
- sell assets or consolidate or merge with or into other companies;
- create limitations on the ability of its restricted subsidiaries to make dividends or distributions to it; and
- engage in transactions with affiliates.

| | |
|---|---|
| | These covenants are subject to important exceptions and qualifications, which are described under Description of the Notes Certain Covenants. |
| Risk Factors | Investing in the notes involves substantial risks. See Risk Factors for a description of certain of the risks you should consider before investing in the notes. |

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## SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following information is only a summary and should be read in conjunction with the historical Selected Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Unaudited Pro Forma Condensed Consolidated Financial Information and the consolidated audited and unaudited financial statements and their notes included elsewhere in this prospectus, as well as the other financial information included in this prospectus.

The summary historical consolidated financial data for PanAmSat Opco as of and for the years ended December 31, 2003, 2004 and 2005 has been derived from the audited consolidated financial statements of PanAmSat Opco. The consolidated statement of operations data and cash flow data for each of the years in the three-year period ended December 31, 2005 and the consolidated balance sheet data as of December 31, 2004 and 2005 have been derived from PanAmSat Opco s audited consolidated financial statements included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2003 has been derived from audited consolidated financial statements that are not included in this prospectus. The consolidated statement of operations data and cash flow data for the nine months ended September 30, 2005, the period January 1, 2006 to July 1, 2006, and the period July 1, 2006 to September 30, 2006 and the consolidated balance sheet data as of September 30, 2006 are derived from unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth herein. Interim financial results are not necessarily indicative of results that may be expected for the full year or any future reporting period.

As a result of the consummation of the PanAmSat Acquisition Transactions, the financial results for the nine months ended September 30, 2006 have been separately presented for the Predecessor Entity for the period January 1, 2006 through July 1, 2006 and for the Successor Entity for the period July 1, 2006 through September 30, 2006. Although the effective date of the PanAmSat Acquisition Transactions was July 3, 2006, due to the immateriality of the results of operations for the period between July 1, 2006 and July 3, 2006, we have accounted for the consummation of the PanAmSat Acquisition Transactions as if they had occurred on July 1, 2006, except for acquisition transaction costs which were recorded within the predecessor period of July 1, 2006.

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| | Predecessor Entity | | | | | Successor Entity Period |
|---|---|---|---|---|---|---|
| | 2003 | Year ended December 31, 2004 | 2005 | Nine Months Ended September 30, 2005 (1) | Period January 1 to July 1, 2006 | July 1 to September 30, 2006 |
| | (dollars in thousands except where stated) | | | | | |
| **Consolidated Statement of Operations Data:** | | | | | | |
| Operating leases, satellite services and other | $ 814,006 | $ 811,124 | $ 847,149 | $ 621,183 | $ 436,864 | $ 200,177 |
| Revenue from affiliates | | | | | | 51,227 |
| Outright sales and sales-type leases (2) | 17,005 | 15,946 | 13,854 | 10,595 | 5,895 | |
| Total revenues | 831,011 | 827,070 | 861,003 | 631,778 | 442,759 | 251,404 |
| Operating Costs and Expenses: | | | | | | |
| Cost of outright sales and sales-type leases | | 2,224 | (4,303) | (4,303) | (1,943) | |
| Depreciation and amortization | 312,833 | 294,822 | 276,925 | 205,791 | 138,655 | 71,866 |
| Direct operating costs (exclusive of depreciation and amortization) | 149,696 | 157,354 | 143,870 | 99,811 | 70,977 | 44,304 |
| Costs from affiliates | | | | | | 18,468 |
| Selling, general and administrative expenses | 86,081 | 110,898 | 74,969 | 56,777 | 38,033 | 25,068 |
| Prior sponsor management fees | | 731 | 10,444 | 10,444 | | |
| Facilities restructuring and severance costs | 4,227 | 6,192 | 4,294 | | | |
| Restructuring and transaction costs | | | | 3,974 | 145,186 | 5,213 |
| Loss on termination of sales-type lease | | | 2,307 | 2,307 | | |
| (Gain) loss on undesignated interest rate swap | | | (6,611) | 305 | (23,140) | 14,328 |
| Gain on insurance claims | | (9,090) | | | | |
| Gain on sale of teleport | | (11,113) | | | | |
| Satellite impairment loss | | 99,946 | | | | |
| Transaction-related costs | | 155,131 | | | | |
| Total operating cost and expenses | 552,837 | 807,095 | 501,895 | 375,106 | 367,768 | 179,247 |
| Income from operations | 278,174 | 19,975 | 359,108 | 256,672 | 74,991 | 72,157 |
| Interest expense, net | 143,632 | 186,754 | 261,383 | 211,875 | 107,601 | 70,710 |
| Other income (expense), net | | | | 1,524 | (2,679) | 1,443 |
| Income (loss) before income taxes | 134,542 | (166,779) | 97,725 | 46,321 | (35,289) | 2,890 |
| Income tax expense (benefit) | 35,010 | (91,290) | 2,105 | 7,095 | 8,007 | 527 |
| Net income (loss) | $ 99,532 | $ (75,489) | $ 95,620 | $ 39,226 | $ (43,296) | $ 2,363 |
| **Consolidated Cash Flow Data:** | | | | | | |
| Net cash provided by operating activities | $ 472,504 | $ 293,274 | $ 413,919 | $ 272,408 | $ 250,389 | $ 62,904 |
| Net cash provided by (used in) investing activities | 70,111 | 574,282 | (247,195) | (180,881) | (133,012) | 27,812 |
| Net cash used in financing activities | (855,267) | (1,005,968) | (80,432) | (43,933) | (170,292) | (21,552) |
| **Consolidated Balance Sheet Data (at end of period):** | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ 176,087 | $ 38,607 | $ 125,945 | $ 87,411 | | $ 142,736 |
| Satellites and other property and equipment, net | 2,306,705 | 1,955,664 | 1,949,560 | 1,984,222 | | 1,834,040 |
| Total assets | 5,734,877 | 4,764,495 | 4,828,081 | 4,863,663 | | 7,515,107 |
| Total debt | 1,700,000 | 3,608,000 | 2,932,000 | 2,936,100 | | 3,502,037 |
| | | | | | | |
| **PanAmSat Opco Other Data (balance sheet data at period end):** | | | | | | |
| Capital expenditures | $ 103,205 | $ 177,130 | $ 207,845 | $ 142,179 | $ 129,265 | $ 28,858 |
| Number of satellites (at period end) | 25 | 23 | 23 | 23 | | 24 |
| EBITDA (3) | $ 591,007 | $ 314,797 | $ 636,033 | $ 463,987 | $ 210,967 | $ 145,466 |
| Ratio of earnings to fixed charges (4) | 1.86x | | 1.33x | 1.20x | | 1.01x |

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(1) As a result of the PanAmSat Acquisition Transactions, certain prior period amounts have been reclassified to conform with Intelsat Ltd. s presentation.

(2) As a result of the PanAmSat Acquisition Transactions, certain of our accounting policies have been changed to conform with Intelsat, Ltd. s current accounting policies. As a result of the change to conform accounting policies, these outright sales and sales-type leases are now recognized as service contracts. Previously, under an outright sales contract, we sold all rights and title to a transponder to a customer, which in turn paid us the full amount of the sale price in cash at the commencement of the contract. At that time, we recognized the sale amount as revenues and recorded the cost of the transponder to cost of outright sales. Under sales-type leases, we recognized as revenues at the inception of the lease the net present value of the future minimum lease payments, but we continued to receive cash payments from the lessee throughout the term of the lease. In addition, during the life of the lease, we recognized as revenues the portion of each periodic lease payment deemed to be attributable to interest income. The principal difference between a sales-type lease and an operating lease is when revenues and related costs are recognized, but not when the cash is received.

(3) EBITDA consists of net income (loss) before interest, taxes and depreciation and amortization. EBITDA is a measure commonly used in the FSS sector, and we present our EBITDA to enhance your understanding of our operating performance. We use our 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, and our EBITDA may not be comparable to similarly titled measures of other companies. You should not consider our EBITDA as an alternative to operating or net income, as an indicator of our operating performance, or as an alternative to cash flows from operating activities, as an indicator of cash flows, or as a measure of liquidity.

Set forth below is a reconciliation of net income (loss) to EBITDA for the years ended December 31, 2003, 2004 and 2005 and the nine months ended September 30, 2005, the period January 1, 2006 to July 1, 2006 and the period July 1, 2006 to September 30, 2006.

| | Predecessor Entity | | | | | Successor Entity |
|---|---|---|---|---|---|---|
| | Year Ended December 31, | | | Nine Months Ended September 30, | Period January 1 to July 1, | Period July 1 to September 30, |
| | 2003 | 2004 | 2005 | 2005 | 2006 | 2006 |
| | (dollars in thousands) | | | | | |
| Net income (loss) | $ 99,532 | $ (75,489) | $ 95,620 | $ 39,226 | $ (43,296) | $ 2,363 |
| Add (Subtract): | | | | | | |
| Interest expense, net | 143,632 | 186,754 | 261,383 | 211,875 | 107,601 | 70,710 |
| Income tax expense (benefit) | 35,010 | (91,290) | 2,105 | 7,095 | 8,007 | 527 |
| Depreciation and amortization | 312,833 | 294,822 | 276,925 | 205,791 | 138,655 | 71,866 |
| EBITDA | $ 591,007 | $ 314,797 | $ 636,033 | $ 463,987 | $ 210,967 | $ 145,466 |

(4) For purposes of calculating the ratio of earnings to fixed charges, earnings represent income from continuing operations before income taxes, less capitalized interest, plus amortization of capitalized interest and fixed charges. Fixed charges include interest expense (including amortization of debt issuance costs), capitalized interest and the portion of operating rental expense that our management believes is representative of the interest component of rent expense. The ratio of earnings to fixed charges is not presented for the year ended December 31, 2004 and the period January 1 to July 1, 2006 as earnings were inadequate to cover fixed charges during those periods by $149.9 million and $35.2 million, respectively. The ratio of earnings to fixed charges excludes the impact of the amendment to the Company s Amended and Restated Credit Agreement on January 19, 2007.

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## RISK FACTORS

*You should carefully consider the risks described below before deciding to invest in the notes. 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 Indebtedness and the Notes

***If you do not elect to exchange your original notes for new notes, you will hold securities that are not registered and that contain restrictions on transfer.***

The original notes that are not tendered and exchanged will remain restricted securities. If the exchange offer is completed, we will not be required to register any remaining original notes, except in the very limited circumstances described in the registration rights agreement for the original notes. That means that if you wish to offer, sell, pledge or otherwise transfer your original notes at some future time, they may be offered, sold, pledged or transferred only if an exemption from registration under the Securities Act of 1933 is available or, outside of the United States, to non-U.S. persons in accordance with the requirements of Regulation S under the Securities Act of 1933. Any remaining original notes will bear a legend restricting transfer in the absence of registration or an exemption from registration.

To the extent that original notes are tendered and accepted in connection with the exchange offer, any trading market for remaining original notes could be adversely affected.

***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, including the notes.***

As of September 30, 2006, PanAmSat Opco and its subsidiaries, on a consolidated basis, had outstanding indebtedness of approximately $3.5 billion and PanAmSat Opco had availability of $195.4 million (net of standby letters of credit of approximately $54.6 million) under its revolving credit facility. The aggregate availability under PanAmSat Opco s and Intelsat Sub Holdco s revolving credit facilities is subject to compliance by Intelsat, Ltd. with a secured debt covenant, and as a result such aggregate availability was limited to $404.2 million as of September 30, 2006. As of September 30, 2006, Intelsat, Ltd., the direct parent of Intelsat Bermuda and the indirect parent of PanAmSat Holdco, and its subsidiaries, on a consolidated basis, had outstanding indebtedness of approximately $11.3 billion (including indebtedness of PanAmSat Holdco and its subsidiaries and capital leases).

In addition, notwithstanding the fact that PanAmSat Opco will not guarantee or otherwise agree to be liable for the indebtedness of PanAmSat Holdco, no assurance can be given that a court or other tribunal in a bankruptcy or similar proceeding would not seek to substantively consolidate the estates of PanAmSat Opco and PanAmSat Holdco. Substantive consolidation would effectively merge the assets and liabilities of affiliated entities, such as PanAmSat Holdco and PanAmSat Opco, in bankruptcy so that they will be treated as though held and incurred by one entity. In the event that a bankruptcy court were to reach such a finding, the notes would no longer be structurally senior to any indebtedness of PanAmSat Holdco.

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

- make it more difficult for us to satisfy our obligations with respect to indebtedness, including the notes, 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 indenture governing the notes and the agreements governing such other indebtedness;

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

limit our 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 amounts; and

place us at a disadvantage compared to our competitors who have less debt.

Any of the above listed factors could materially and adversely affect our business and results of operations. Furthermore, our interest expense could increase if interest rates rise because the entire amount of debt under PanAmSat Opco s senior secured credit facilities bears interest at floating rates. If we do not have sufficient earnings 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 on commercially reasonable terms or at all.

We will be able to incur significant additional indebtedness in the future. Although the instruments governing our indebtedness contain restrictions on the incurrence of 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 new debt is added to our existing debt levels, the related risks that we now face, including those described above, could intensify.

***To service our indebtedness**, **we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control**, **and any failure to meet our debt service obligations could harm our business**, **financial condition and results of operations.***

PanAmSat Opco s and its subsidiaries estimated payment obligations with respect to their indebtedness for the twelve months ended September 30, 2007 are comprised of approximately $39.0 million of principal payments and approximately $289.0 million of interest payments.

PanAmSat Opco s ability to pay interest on and principal of the notes and our ability to satisfy our other debt obligations will depend principally upon our future operating performance. As a result, prevailing economic conditions and financial, business and other factors, many of which are beyond our control, will affect our ability to make payments on our indebtedness. If we do not generate sufficient cash flow from operations to satisfy our debt service obligations, including payments on the notes, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. Our ability to restructure or refinance our debt will depend on the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of existing or future debt instruments, including PanAmSat Opco s senior secured credit facilities and the indentures governing PanAmSat Opco s existing notes may restrict us from adopting some of these alternatives. Our inability to generate sufficient cash flow to satisfy our debt service obligations, including PanAmSat Opco s inability to service the notes or its other debt obligations, or to refinance its obligations on commercially reasonable terms, would have an adverse effect, which could be material, on our business, financial position, results of

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operations and cash flows, as well as on PanAmSat Opco s ability to satisfy its obligations in respect of the notes.

***The terms of our indebtedness may restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions.***

The credit agreement governing PanAmSat Opco s senior secured credit facilities and the indentures governing PanAmSat Opco s existing notes contain, and any future indebtedness of ours would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions that may limit our ability to engage in acts that may be in our best long-term interests. PanAmSat Opco s senior secured credit facilities include a financial covenant that requires it not to exceed a maximum senior secured leverage ratio. In addition, PanAmSat Opco s senior secured credit facilities limit its ability to make capital expenditures and require that it use the proceeds of certain asset sales that are not reinvested in its business to repay indebtedness under the senior secured credit facilities.

PanAmSat Opco s senior secured credit facilities also include covenants restricting, among other things, PanAmSat Opco s ability to:

- incur or guarantee additional debt or issue preferred stock;
- pay dividends, or make redemptions and repurchases, with respect to capital stock;
- create or incur certain liens;
- make certain loans, acquisitions, capital expenditures or investments; and
- engage in mergers, acquisitions, asset sales and sale and lease-back transactions.

The indentures relating to PanAmSat Opco s existing notes also contain numerous covenants including, among other things, restrictions on our ability to:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- create liens;
- enter into sale and lease-back transactions;
- pay dividends or make other equity distributions;
- repurchase or redeem capital stock;
- make investments or other restricted payments;

sell assets or consolidate or merge with or into other companies;

create limitations on the ability of our restricted subsidiaries to make dividends or distributions to us; 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 PanAmSat Opco s senior secured credit facilities could result in a default under such facilities. If any such default occurs, the lenders under the senior secured credit facilities

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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 PanAmSat Opco to apply all of its available cash to repay these borrowings, any of which would result in an event of default under PanAmSat Opco s existing notes. Those lenders will also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to repay outstanding borrowings when due, the lenders under the senior secured credit facilities will have the right to proceed against the collateral granted to them to secure the debt owed to them. If the debt under our senior secured credit facilities were to be accelerated, our assets may not be sufficient to repay such debt in full or to repay PanAmSat Opco s existing notes and our other existing debt.

***The notes and the guarantees of the notes are not secured by the assets of PanAmSat Opco or the guarantors, and the lenders under our senior secured credit facilities will be entitled to remedies available to a secured lender, which gives them priority over you to collect amounts due to them.***

The notes and the guarantees of the notes will be PanAmSat s and the guarantors unsecured obligations. In contrast, the guarantors obligations under the senior secured credit facilities will be secured by a perfected lien on, and a pledge of, all of the capital stock of many of our direct and indirect material subsidiaries and substantially all of our tangible and intangible assets. The notes will be effectively subordinated to this secured debt to the extent of the value of the collateral securing such debt. In addition, PanAmSat Opco and the guarantors of the notes may incur additional secured debt, and the notes will be effectively subordinated to any such additional secured debt that PanAmSat Opco or such guarantors may incur to the extent of the value of the collateral securing such debt.

Because the notes and the guarantees will be unsecured obligations, the assets that secure our secured debt will be available to pay obligations on the notes only after all such secured debt has been repaid in full. Accordingly, your right of repayment may be compromised if any of the following situations occurs:

- we enter into bankruptcy, liquidation, reorganization or other winding-up proceedings;
- there is a default in payment under the senior secured credit facilities or other secured indebtedness; or
- there is an acceleration of any indebtedness under the senior secured credit facilities or other secured indebtedness.

If any of these events occur, the secured lenders could sell those of our assets in which they have been granted a security interest, to your exclusion, even if an event of default exists under the indenture for the notes at such time. As a result, upon the occurrence of any of these events, there may not be sufficient funds to pay amounts due on the notes.

***You should not expect Intelsat, Ltd. or Intelsat Bermuda to participate in making any payments in respect of the notes. You should not expect PanAmSat Holdco to participate in making any payments in respect of the notes.***

Neither Intelsat, Ltd. nor Intelsat Bermuda will be an obligor on the notes. You should not assign any value to the fact that Intelsat Bermuda is the indirect parent of PanAmSat Holdco and PanAmSat Opco. The covenants in the indenture governing the notes will not apply to Intelsat Bermuda or any direct or indirect parent of Intelsat Bermuda, including Intelsat, Ltd. and Intelsat Holdings, Ltd. Currently, Intelsat, Ltd. and Intelsat Bermuda and their existing subsidiaries have

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a substantial amount of indebtedness outstanding. As part of the Transactions, Intelsat Bermuda incurred substantial additional debt, the aggregate principal amount of which was approximately $2.9 billion. Additionally, Intelsat, Ltd. and Intelsat Bermuda may be able to incur significant additional indebtedness in the future, and the indenture governing the notes does not prohibit them from doing so.

PanAmSat Holdco will not be an obligor on the notes. You should not assign any value to the fact that PanAmSat Holdco owns all the shares of PanAmSat Opco and is the direct parent of PanAmSat Opco. The covenants in the indenture governing the notes will not apply to PanAmSat Holdco. As part of the Transactions, PanAmSat Opco incurred substantial additional debt, the aggregate principal amount of which was approximately $575.0 million. Additionally, PanAmSat Holdco and PanAmSat Opco may be able to incur significant additional indebtedness in the future, and the indenture governing the notes does not prohibit PanAmSat Holdco from doing so.

***The issuer may not be able to repurchase the notes upon a change of control.***

The indenture for the notes requires PanAmSat Opco to offer to repurchase some or all of the notes when certain change of control events occur. If PanAmSat Opco experiences a change of control, you will have the right to require PanAmSat Opco to repurchase your notes at a purchase price in cash equal to 101% of the principal amount of your notes plus accrued and unpaid interest, if any.

Any future credit agreement or other agreements relating to senior indebtedness to which PanAmSat Opco becomes a party may contain similar provisions. If PanAmSat Opco experiences a change of control that triggers a default under the senior secured credit facilities, PanAmSat Opco could seek a waiver of such default or seek to refinance the senior secured credit facilities. In the event that PanAmSat Opco does not obtain such a waiver or refinance the senior secured credit facilities, such default could result in amounts outstanding under the senior secured credit facilities being declared due and payable. In the event that PanAmSat Opco experiences a change of control that results in it having to repurchase the notes, PanAmSat Opco may not have sufficient financial resources to satisfy all of its obligations under the senior secured credit facilities and its notes and PanAmSat Opco may not be able to distribute amounts to PanAmSat Holdco because of restrictions in its debt instruments. In addition, the change of control covenant in the indenture governing the notes does not cover all corporate reorganizations, mergers or similar transactions and may not provide you with protection in a highly leveraged transaction. See Description of the Notes Change of Control.

***Not all of PanAmSat Opco s subsidiaries will guarantee the notes, and the assets of PanAmSat Opco s non-guarantor subsidiaries may not be available to make payments on the notes.***

Not all of PanAmSat Opco s subsidiaries will be required to guarantee the notes. In the event that any non-guarantor subsidiary becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, holders of its indebtedness and its trade creditors generally will be entitled to payment on their claims from the assets of that subsidiary before any of those assets are made available to PanAmSat Opco. Consequently, your claims in respect of the notes will be effectively subordinated to all of the liabilities of PanAmSat Opco s non-guarantor subsidiaries, including trade payables, and any claims of third-party holders of preferred equity interests, if any, in PanAmSat Opco s non-guarantor subsidiaries.

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***U.S. federal and state statutes allow courts, under specific circumstances, to void the notes and the related guarantees, subordinate claims in respect of the notes and the guarantees and require noteholders to return payments received from the PanAmSat Opco or the guarantors.***

Certain of PanAmSat Opco s subsidiaries will guarantee the obligations under the notes. PanAmSat Opco s issuance of the notes and the issuance of the guarantees by the subsidiary guarantors may be subject to review under state and federal laws if a bankruptcy, liquidation or reorganization case or a lawsuit, including in circumstances in which bankruptcy is not involved, were commenced at some future date by, or on behalf of, our unpaid creditors or the unpaid creditors of a guarantor. Under the federal bankruptcy laws and comparable provisions of state fraudulent transfer laws, a court may void or otherwise decline to enforce the notes or a subsidiary guarantor s guarantee, or may subordinate the notes or such guarantee to our or the applicable subsidiary guarantor s existing and future indebtedness. While the relevant laws may vary from state to state, a court might do so if it found that when the notes were issued or when the applicable subsidiary guarantor entered into its guarantee, or, in some states, when payments became due under the notes or such guarantee, the issuer or the applicable subsidiary guarantor received less than reasonably equivalent value or fair consideration and either:

- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

A court would likely find that PanAmSat Opco or a subsidiary guarantor did not receive reasonably equivalent value or fair consideration for the notes or such guarantee if PanAmSat Opco or such subsidiary guarantor did not substantially benefit directly or indirectly from the issuance of the notes. The measures of insolvency for purposes of these fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, PanAmSat Opco or a subsidiary guarantor, as applicable, would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

A court might also void the notes or a guarantee, without regard to the above factors, if the court found that the notes were issued or the applicable subsidiary guarantor entered into its guarantee with actual intent to hinder, delay or defraud its creditors. In addition, any payment by PanAmSat Opco or a subsidiary guarantor pursuant to the notes or its guarantee could be voided and required to be returned to PanAmSat Opco or such subsidiary guarantor or to a fund for the benefit of PanAmSat Opco s or such guarantor s creditors, and accordingly the court might direct a holder of the notes to repay any amounts that such holder had already received from PanAmSat Opco or such subsidiary guarantor.

To the extent a court voids the notes or any of the guarantees as fraudulent transfers or holds the notes or any of the guarantees unenforceable for any other reason, holders of the

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notes would cease to have any direct claim against PanAmSat Opco or the applicable subsidiary guarantor. If a court were to take this action, PanAmsat Opco s or the applicable guarantor s assets would be applied first to satisfy PanAmSat Opco s or the applicable guarantor s liabilities, if any, before any portion of its assets could be applied to the payment of the notes. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantors, if any.

Each subsidiary guarantee will contain a provision intended to limit the guarantor s liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantees from being voided under applicable fraudulent transfer laws or may reduce the guarantor s obligation to an amount that effectively makes the guarantee worthless.

***There has not been, and may not be, a public market for the notes.***

The notes will be new issues of securities for which there is currently no market. We cannot guarantee the future development of a market for the notes or the ability of holders to sell, or the price at which holders may be able to sell, their notes. If the notes are traded after their initial issuance, they may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar securities and other factors. The initial purchasers have informed us that, subject to applicable laws and regulations, they currently intend to make a market in the notes. However, the initial purchasers are not obligated to do so, and any market making by them may be discontinued at any time without notice. Therefore, no assurance can be given as to whether an active trading market will develop for the notes or, if a market develops, whether it will continue.

We do not intend to apply for listing of the notes on any securities exchange or for quotation through Nasdaq.

**Risk Factors Relating to Our Business**

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

We face significant competition in the FSS industry 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 created an excess supply of telecommunications capacity in certain regions. Competition in the FSS industry lowers prices, which can reduce our operating margins and the cash available to fund our operations, service our debt obligations and pay dividends. In addition, there has been a trend toward consolidation of major FSS providers as customers increasingly demand more robust distribution platforms with network redundancies and worldwide reach, and we expect to face increased competition as a result of this trend. Our direct competitors are likely to continue developing and launching satellites with greater power and more transponders, which may create satellite capacity at lower costs. In order to compete effectively, we may have to invest in similar technology.

In addition, we believe that there are many companies that are seeking ways to improve the ability of existing land-based infrastructure, such as fiber optic cable, to transmit signals. Any

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

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

***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 revenues.***

The FSS sector, as a whole, is currently expected to experience moderate growth over the next few years. However, the market for fixed satellite services may not grow or may shrink. Competing technologies, such as fiber optic cable, are continuing to adversely affect the point-to-point segment of the FSS sector. In the point-to-multipoint segment, the global economic downturn, the transition of video traffic from analog to digital and continuing improvements in compression technology have negatively impacted demand for certain fixed satellite services. Developments that we expect to support the growth of the satellite services industry, such as continued growth in data traffic and the proliferation of HDTV and niche programming, may fail to materialize or may not occur in the manner or to the extent we anticipate. Any of these industry dynamics could negatively affect our operations and financial condition.

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

Pricing trends in recent years have negatively impacted our revenue. In particular, pricing pressure for services in the Asian and Latin American markets due to overcapacity and regional economic downturns has negatively impacted FSS operators revenue in these markets. Pricing may not stabilize in the Asian and Latin American markets, which may impact overall revenues for the FSS sector.

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

As of September 30, 2006, we had in effect launch and in orbit insurance policies covering four satellites, which had an aggregate net book value of $437.9 million. As of September 30, 2006, we had 20 uninsured satellites in orbit that had a net book value in the aggregate of $887.7 million.

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Of the insured satellites, as of September 30, 2006, one was covered by an insurance policy with substantial exclusions or exceptions to coverage for failures of specific components identified by the underwriters as at risk for possible failure, or Significant Exclusion Policies, and some of the insured satellites are covered by policies with deductibles related to specific components identified by the insurers as the most likely to fail or by a policy with a lower coverage amount than the carrying value of its insurable costs. The exclusions reduce the probability of an insurance recovery in the event of a loss on this satellite. Galaxy 13/Horizons 1, which was placed in service in January 2004 by PanAmSat Opco and is insured by a policy with an exclusion for Xenon-Ion Propulsion Systems ( XIPS ) related anomalies, continues to have XIPS available as its primary propulsion system. It also has a bi-propellant system, currently in use, with available backup bi-propellant of approximately 10.3 years as of September 30, 2006. Any claims under existing policies are subject to settlement with the insurers. We do not generally obtain insurance to cover the risk of revenues lost as a result of satellite anomalies, and therefore if insurance were to cover a loss relating to a launch or in-orbit failure, we would not be adequately compensated for lost revenues attributable to that loss.

At September 30, 2006, the uninsured satellites and the satellite insured by a Significant Exclusion Policy had a total net book value and other insurable costs of approximately $951.8 million. Of this amount, $64.1 million related to the satellite insured by a Significant Exclusion Policy.

As our 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 if 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 revenue backlog and lost revenue and could have a material adverse effect on our business, financial condition and results of operations.

We maintain 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 several large customers and the loss of, or default by, any one of them could materially reduce our revenue and materially adversely affect our business.***

We rely on a limited number of customers to provide a substantial portion of our revenues and revenue backlog. For the nine months ended September 30, 2006 and the year ended December 31, 2005, our ten largest customers and their affiliates represented approximately 43% and 38%, respectively, of our revenue. The loss of, or default by, any of these customers could significantly affect our revenue and operating margins.

Some customers have in the past defaulted and, although we monitor our larger customers financial performance and seek deposits, guarantees and other methods of protection against default where possible, our 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 revenues could adversely affect our revenues, operating margins and cash flows. If our

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revenue backlog is reduced due to the financial difficulties of our customers, our revenue and operating margins would be further negatively impacted.

***Our business is capital intensive, and we may not be able to raise adequate capital to finance our business strategies, or we may be able to do so only on terms that significantly restrict our ability to operate our business.***

Implementation of our business strategy requires a substantial outlay of capital. As we pursue our business strategies and seek to respond to opportunities and trends in our industry, our actual capital expenditures may differ from our expected capital expenditures and there can be no assurance that we will be able to satisfy our capital requirements in the future. We expect that the majority of our liquidity requirements in 2007 will be satisfied by cash on hand and cash generated from our operations. 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 our credit rating and financial performance and general market conditions. Both our credit rating, which was downgraded by Moody s Investors Service, Inc. and by Standard & Poor s Ratings Group in June 2006, 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 the other factors that may adversely affect our credit. Other factors that could impact our credit rating 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 credit rating downgrade or deterioration in our financial performance 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 indentures and the agreements related to our senior secured credit facilities impose restrictions on us that may limit our flexibility in conducting our business and implementing our strategies. For example, our senior secured credit facilities contain financial and operating covenants that, among other things, require us to not exceed a maximum senior secured leverage ratio and limit our ability to pledge our assets as security for additional borrowings. These restrictions will likely make it more difficult for us to obtain further external financing if we require it and could significantly restrict our ability to operate our business.

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

A significant portion of our business is conducted outside of the United States and consequently a significant portion of our revenues for the years ended December 31, 2003, 2004 and 2005 and for the nine months ended September 30, 2006 were generated from customers outside of the United States. We provide communications services in over 100 countries and territories. Accordingly, we may be subject to greater risks than other satellite operators as a result of the international nature of our business operations. We could be harmed financially and operationally by tariffs, taxes and other trade barriers that may be imposed on our services, or by political and economic instability in the countries in which we provide service. If we ever

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need to pursue legal remedies against our customers or our business partners located outside of the United States, it may be difficult for us to enforce our rights against them.

Almost all of our customers are required to pay for our services 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 Investors control us and may have conflicts of interest with you in the future.***

Intelsat Bermuda indirectly owns 100% of the equity interests of PanAmSat Holdco, which owns 100% of the equity interests of PanAmSat Opco. The Investors, together with certain members of our management, currently beneficially own nearly 100% of Intelsat Holdings, which is the direct parent of Intelsat, Ltd. and the indirect parent of Intelsat Bermuda. The Investors have control over our decisions to enter into any corporate transaction and have the ability to prevent any transaction that requires the approval of shareholders. For example, the Investors could cause us to make acquisitions that increase the amount of our indebtedness. Additionally, the Investors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. The Investors 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 Investors continue to own a significant amount of the equity of Intelsat Holdings, they will continue to be able to strongly influence or effectively control our decisions.

***Compliance with the Sarbanes-Oxley Act is likely to increase our operating expenses. If we fail to comply with the Sarbanes-Oxley Act, our business could be materially adversely affected.***

The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC, have required, and will require, changes to some of our corporate governance practices. These changes include developing financial and disclosure processes that satisfy Section 404 of the Sarbanes-Oxley Act. We expect that these new rules and regulations will increase our legal and financial compliance costs and will make some activities more difficult, time consuming and costly. We also expect that these new rules and regulations could make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee, and to attract and retain qualified executive officers. If we are unable to comply with the Sarbanes-Oxley Act and related rules and regulations, our business could be materially adversely affected.

**Risks 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 revenue 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 simply due to a manufacturing defect;

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problems with the power systems of the satellites, including:

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

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

problems with the control systems of the satellites, including:

- failure of the primary and/or backup spacecraft control processor, or SCP;

- 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

- general failures resulting from operating satellites in the harsh space environment.

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. We could experience equipment or subsystem failures due to design, manufacturing or assembly errors that were not discovered before launch, premature component failure or wear out, and/or the harsh environment of space. 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 are discussed in Business Our Satellite Network and Terrestrial Fiber Optic Network-In-Orbit Satellites. An on-satellite backup may not be available upon the occurrence of such an anomaly. In particular, we may experience additional anomalies relating to the failure of the SCP in certain of our Boeing model 601, or BSS 601, satellites (not including our BSS 601 HP satellites), various anomalies associated with XIPS in our BSS 601 HP satellites or a progressive degradation of the solar arrays in certain of our Boeing model 702, or BSS 702, satellites.

Three BSS 601 satellites that we operated in the past, as well as BSS 601 satellites operated by others, have experienced a failure of the primary and backup SCPs. On January 15, 2006, our Galaxy 3R satellite, operating in an inclined orbit at 74 degrees WL, experienced an anomaly of its back-up SCP and was taken out of service. This satellite had $0 net book value as of December 31, 2005 and this event is not expected to have a material impact on our future operations or financial results. One of the BSS 601 satellites that we currently operate has experienced a failure of the primary SCP.

Certain of the BSS 601 HP satellites have experienced various problems associated with their XIPS. We operate seven satellites of this type. Three of our currently operated BSS 601 HP satellites have experienced failures of both XIPS. We may in the future experience similar problems associated with XIPS or other propulsion systems on our satellites. In 2004, based on a review of available data, we reduced our estimate of the service life of one of our BSS 601 HP satellites, IS-9 and as a result, we accelerated depreciation expense related to this satellite.

Two of the three BSS 702 satellites that we operate, as well as BSS 702s of a similar design operated by others, have experienced a progressive degradation of their solar arrays causing a

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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. Due to this continued degradation, based on a review of available data, in 2004 we reduced our estimate of the service lives of both satellites.

Any single anomaly or series of anomalies could materially and adversely affect our operations, our revenues, our relationship with our current customers and our ability to attract new customers for our satellite services. In particular, future anomalies may result in the loss of individual transponders on a satellite, a group of transponders on that satellite or the entire satellite, depending on the nature of the anomaly and the availability of on-satellite backups. Anomalies and our estimate of their future effect may also cause a reduction of the expected service life of a satellite and revenue backlog. Anomalies may also cause a reduction of the revenues generated by that satellite or the recognition of an impairment loss. Finally, the occurrence of anomalies may adversely affect our ability to insure our satellites at commercially reasonable premiums, if at all. While some anomalies are covered by insurance policies, others are not or may not be covered. See Risk Factors Relating to Our Business Our financial condition could be materially and adversely affected if we were to suffer a loss that is not adequately covered by insurance .

***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 revenues. 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 revenue 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 as much as $250.0 million.

Of the 41 satellites launched by us or our predecessors since 1983, three have resulted in launch failures. In addition, certain launch vehicles that we have used or are scheduled to use have experienced launch failures in the past. Launch failure rates vary according to the launch vehicle used.

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

The construction and launch of satellites are subject to certain delays. Such delays can result from the delays in the construction of satellites and launch vehicles, the periodic unavailability of reliable launch opportunities, possible delays in obtaining regulatory approvals and launch failures. We have in the past experienced delays in satellite construction and launch which have adversely affected our operations. Future delays may have the same effect. A significant delay in the future delivery of any satellite may also adversely affect our marketing plan for the satellite. If satellite construction schedules are not met, a launch opportunity may not be available at the time a satellite is ready to be launched. Further, any significant delay in the commencement of service of any of our satellites could enable customers who pre-purchased or agreed to lease 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.

We have plans to launch three satellites during 2007 that will replace satellites currently in service, and the satellite which will be owned by the Horizons-2 joint venture is planned to be launched in the fourth quarter of 2008. We have also recently placed an order for a fourth satellite, which we expect to construct and launch in 2009. Any delay in the launch of any of these satellites would cause commencement of service to occur later than the end of the life of the satellite it is replacing, which could result in a loss of revenues and revenue backlog.

**Risk Factors Relating to Regulation**

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

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

***If we do not maintain regulatory authorizations for our existing satellites or obtain authorizations for our future satellites, we will not be able to operate our existing satellites or expand our operations.***

Our operation of existing satellites is authorized and regulated by the FCC, the U.K. Office of Communications, referred to as Ofcom, and the telecommunications ministry of Japan. If we do

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not maintain authorizations for our existing satellites, we would not be able to operate the satellites covered by those authorizations, unless we obtained authorization from another licensing jurisdiction. 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, some of which we have already obtained. If we do not obtain any required authorizations in the future, we would not be able to operate our planned satellites. If we obtain a required authorization but we do not meet milestones regarding the construction, launch and operation of a satellite by deadlines that may be established in the authorization, we could lose our authorization to operate a satellite using certain frequencies in an orbital location. Any authorizations we obtain may also impose operational restrictions or permit interference that could affect our use of planned satellites.

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

Our in-orbit satellites do not currently occupy all of the orbital locations for which we have obtained regulatory authorizations. If we are unable to place satellites into currently unused orbital locations by specified deadlines and in a manner that satisfies the International Telecommunication Union, referred to as the ITU, or national regulatory requirements, or if we are unable to maintain satellites at the orbital locations that we currently use, we may lose our rights to use these orbital locations and the locations could become available for other satellite operators to use. We cannot operate our satellites without a sufficient number of suitable orbital locations in which to place the satellites. The loss of one or more of our orbital locations could negatively affect our plans and our ability to implement our business strategy.

***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 register our satellites at the ITU and to coordinate our use of satellites at particular 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 in a way that the acceptable interference levels are exceeded (e.g. due to operational errors associated with the transmissions to adjacent satellite networks).

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

The export of satellites and technical information related to satellites, earth station equipment and provision of services to certain countries are subject to State Department, Commerce Department and Treasury Department regulations. If we do not maintain our existing authorizations or obtain necessary future authorizations under the export control laws and regulations of the United States, we may be unable to export technical information or equipment to non-U.S. persons and companies, including to our own non-US employees, as

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required to fulfill existing contracts. If we do not maintain our existing authorizations or obtain necessary future authorizations under the trade sanctions laws and regulations of the United States, we may not be able to provide satellite capacity and related administrative services to certain countries subject to U.S. sanctions. In addition, because we conduct management activities from Bermuda, our U.S. suppliers must comply with U.S. export control laws and regulations in connection with their export of satellites and related equipment and technical information to us. Our ability to acquire new satellites, launch new satellites or operate our satellites could also be negatively affected if our suppliers do not obtain required U.S. export authorizations.

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## FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements, including, without limitation, statements containing the conditions in our industry, our operations, our economic performance and financial condition, including, in particular, statements relating to our business and growth strategy and service development efforts. When used in this offering memorandum, the words may , might , will , should , estimate , project , plan , anticipate , expect , intend , outlook , believe and other similar expressions are in forward-looking statements and information. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. These forward-looking statements are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain and subject to a number of risks and uncertainties. These risks and uncertainties include, without limitation, those identified in Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations under the caption Market Risks and elsewhere in this prospectus.

The following list represents some, but not necessarily all, of the factors that could cause actual results to differ from historical results or those anticipated or predicted by these forward-looking statements:

- risks associated with operating our in-orbit satellites;
- satellite launch failures, satellite launch and construction delays and in-orbit failures or reduced performance;
- our ability to obtain new or renewal satellite insurance policies on commercially reasonable terms or at all;
- 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;
- competition;
- customer defaults on their obligations owed to us;
- our international operations and other uncertainties associated with doing business internationally;
- litigation; and

other risks detailed from time to time in our reports filed with the SEC, including our report on Form 10-Q for the quarter ended June 30, 2006.

In connection with Intelsat (Bermuda), Ltd. s acquisition of PanAmSat Holdco as described in this prospectus under The Transactions The PanAmSat Acquisition Transactions, factors that may cause results or developments to differ materially from the forward-looking statements made in this prospectus include, but are not limited to:

our substantial level of indebtedness following consummation of the PanAmSat Acquisition Transactions;

certain covenants in our debt agreements following consummation of the PanAmSat Acquisition Transactions;

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the ability of our subsidiaries to make distributions to us in amounts sufficient to make required interest and principal payments on our indebtedness;

a change in the health of, or a catastrophic loss during the in-orbit operations of, one or more of our existing satellites or the satellites of Intelsat Bermuda;

the failure to successfully integrate or to obtain expected synergies in connection with our acquisition by Intelsat Bermuda on the expected timetable or at all; and

the failure to achieve the strategic objectives envisioned for Intelsat Bermuda s acquisition of PanAmSat Holdco.

We caution you that the foregoing list of important factors is not exclusive. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this prospectus may not in fact occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

The forward-looking statements made in this prospectus reflect our intentions, plans, expectations, assumptions and beliefs about future events. These forward-looking statements 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 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.

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 prospectus and to view all forward-looking statements made in this prospectus 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.

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## USE OF PROCEEDS

We will not receive any proceeds from the issuance of the notes in this exchange offer. We will pay all expenses in connection with the exchange offer.

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## CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2006. The information in this table should be read in conjunction with Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements included elsewhere in this prospectus.

| | As of September 30, 2006 (dollars in millions) |
|---|---|
| Cash and cash equivalents: | $ 142.7 |
| Long-term debt, including current portion: | |
| PanAmSat Opco: | |
| Senior Notes due 2016 | $ 575.0 |
| Senior secured credit facilities (1) | 1,991.0 |
| Senior Notes due 2012 | 1.2 |
| Senior Notes due 2008 (2) | 150.0 |
| Senior Notes due 2028 (2) | 125.0 |
| Senior Notes due 2014 (2) | 656.3 |
| Capital lease obligations | 0.4 |
| Total debt of PanAmSat Opco | 3,498.9 |
| Total stockholder s equity | 2,951.4 |
| Total capitalization | $ 6,450.3 |

(1) Consists of a six-year $355.9 million Term Loan A-3 Facility, a seven and one-half year $1,635.1 million Term Loan B-2 Facility and a $250.0 million six-year revolving credit facility (with $355.9 million, $1,635.1 million and $0, respectively, outstanding as of September 30, 2006).

(2) Certain of our senior notes were issued at discounts or premiums from their face value. The actual amounts shown do not reflect the aggregate unamortized discount of $13.8 million or premium accretion of $16.9 million.

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## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following selected historical consolidated financial data should be read in conjunction with, and is qualified by reference to, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and their notes included elsewhere in this prospectus. The consolidated statement of operations data for each of the years in the five-year period ended December 31, 2005 and the consolidated balance sheet data as of December 31, 2001, 2002, 2003, 2004 and 2005 have been derived from consolidated financial statements audited by Deloitte & Touche LLP, an independent registered public accounting firm. The consolidated statement of operations data for the years ended December 31, 2001 and 2002 and the consolidated balance sheet data as of December 31, 2001, 2002 and 2003 have been derived from consolidated financial statements that are not included in this prospectus.

The consolidated statement of operations data and cash flow data for the nine months ended September 30, 2005, the period January 1, 2006 to July 1, 2006, and the period July 1, 2006 to September 30, 2006 and the consolidated balance sheet data as of September 30, 2006 are derived from unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth herein. Interim financial results are not necessarily indicative of results that may be expected for the full year or any future reporting period.

As a result of the consummation of the PanAmSat Acquisition Transactions, the financial results for the nine months ended September 30, 2006 have been separately presented for the Predecessor Entity for the period January 1, 2006 through July 1, 2006 and for the Successor Entity for the period July 1, 2006 through September 30, 2006. Although the effective date of the PanAmSat Acquisition Transactions was July 3, 2006, due to the immateriality of the results of operations for the period between July 1, 2006 and July 3, 2006, we have accounted for the consummation of the PanAmSat Acquisition Transactions as if they had occurred on July 1, 2006.

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| | Predecessor | | | | | | | Successor |
|---|---|---|---|---|---|---|---|---|
| | Entity | | | | | | | Entity |
| | | | | | | Nine Months Ended | Period | Period |
| | Year ended December 31, | | | | | September 30, | January 1 to July 1, | July 1 to September 30, |
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2005 (1) | 2006 | 2006 |
| | | | | (in thousands) | | | | |
| **Consolidated Statement of Operations Data:** | | | | | | | | |
| Operating leases, satellite services and other | $ 802,194 | $ 792,691 | $ 814,006 | $ 811,124 | $ 847,149 | $ 621,183 | $ 436,864 | $ 200,177 |
| Revenue from affiliates | | | | | | | | 51,227 |
| Outright sales and sales-type leases (2) | 67,881 | 19,599 | 17,005 | 15,946 | 13,854 | 10,595 | 5,895 | |
| Total revenues | 870,075 | 812,290 | 831,011 | 827,070 | 861,003 | 631,778 | 442,759 | 251,404 |
| **Operating Costs and Expenses:** | | | | | | | | |
| Cost of outright sales and sales-type leases | 12,766 | | | 2,224 | (4,303) | (4,303) | (1,943) | |
| Depreciation and amortization | 414,744 | 335,717 | 312,833 | 294,822 | 276,925 | 205,791 | 138,655 | 71,866 |
| Direct operating costs (exclusive of depreciation and amortization) | 147,401 | 126,387 | 149,696 | 157,354 | 143,870 | 99,811 | 70,977 | 44,304 |
| Costs from affiliates | | | | | | | | 18,468 |
| Selling, general and administrative expenses | 121,622 | 101,983 | 86,081 | 110,898 | 74,969 | 56,777 | 38,033 | 25,068 |
| Prior sponsor management fees | | | | 731 | 10,444 | 10,444 | | |
| Facilities restructuring and severance costs | 8,223 | 13,708 | 4,227 | 6,192 | 4,294 | | | |
| Restructuring and transaction costs | | | | | | 3,974 | 145,186 | 5,213 |
| Loss on termination of sales-type lease | | 18,690 | | | 2,307 | 2,307 | | |
| (Gain) loss on undesignated interest rate swap | | | | | (6,611) | 305 | (23,140) | 14,328 |
| Gain on insurance claims | | (40,063) | | (9,090) | | | | |
| Gain on sale of teleport | | | | (11,113) | | | | |
| Satellite impairment loss | | | | 99,946 | | | | |
| Transaction-related costs | | | | 155,131 | | | | |
| Total operating cost and expenses | 704,756 | 556,422 | 552,837 | 807,095 | 501,895 | 375,106 | 367,768 | 179,247 |
| Income from operations | 165,319 | 255,868 | 278,174 | 19,975 | 359,108 | 256,672 | 74,991 | 72,157 |
| Interest expense, net (3) | 111,153 | 142,470 | 143,632 | 186,754 | 261,383 | 211,875 | 107,601 | 70,710 |
| Other income (expense), net | | | | | | 1,524 | (2,679) | 1,443 |
| Income (loss) before income taxes | 54,166 | 113,398 | 134,542 | (166,779) | 97,725 | 46,321 | (35,289) | 2,890 |
| Income tax expense (benefit) | 23,562 | 28,350 | 35,010 | (91,290) | 2,105 | 7,095 | 8,007 | 527 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net income (loss) | $ 30,604 | $ 85,048 | $ 99,532 | $ (75,489) | $ 95,620 | $ 39,226 | $ (43,296) | $ 2,363 |
| **Consolidated Cash Flow Data:** | | | | | | | | |
| Net cash provided by operating activities | $ 505,957 | $ 520,466 | $ 472,504 | $ 293,274 | $ 413,919 | $ 272,408 | $ 250,389 | $ 62,904 |
| Net cash provided by (used in) investing activities | (218,889) | (458,948) | 70,111 | 574,282 | (247,195) | (180,881) | (133,012) | 27,812 |
| Net cash provided by (used in) financing activities | 9,853 | 1,420 | (855,267) | (1,005,968) | (80,432) | (43,933) | (170,292) | (21,552) |
| **Consolidated Balance Sheet Data (at end of period):** | | | | | | | | |
| Cash and cash equivalents | $ 426,266 | $ 488,365 | $ 176,087 | $ 38,607 | $ 125,945 | $ 87,411 | | $ 142,736 |
| Satellites and other property and equipment, net | 3,152,082 | 2,865,279 | 2,306,705 | 1,955,664 | 1,949,560 | 1,984,222 | | 1,834,040 |
| Total assets | 6,296,810 | 6,487,738 | 5,734,877 | 4,764,495 | 4,828,081 | 4,863,663 | | 7,515,107 |
| Total debt (4) | 2,521,542 | 2,550,000 | 1,700,000 | 3,608,000 | 2,932,000 | 2,936,100 | | 3,502,037 |

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| | Predecessor Entity | | | | | | | Successor Entity |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Nine Months Ended | Period | Period |
| | Year ended December 31, | | | | | September 30, | January 1 to July 1, | July 1 to September 30, |
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2005 (1) | 2006 | 2006 |
| | (in thousands) | | | | | | | |
| **PanAmSat Opco Other Data (balance sheet data at period end):** | | | | | | | | |
| Capital expenditures | $ 336,256 | $ 295,532 | $ 103,205 | $ 177,130 | $ 207,845 | $ 142,179 | $ 129,265 | $ 28,858 |
| Number of satellites (at period end) | 21 | 21 | 25 | 23 | 23 | 23 | | 24 |
| EBITDA (5)(6) | $ 580,063 | $ 591,585 | $ 591,007 | $ 314,797 | $ 636,033 | $ 463,987 | $ 210,967 | $ 145,466 |
| Ratio of earnings to fixed charges (7) | 1.43x | 1.62x | 1.86x | | 1.33x | 1.20x | | 1.01x |

(1) As a result of the PanAmSat Acquisition Transactions, certain prior period amounts have been reclassified to conform with Intelsat Ltd. s presentation.

(2) As a result of the PanAmSat Acquisition Transactions, certain of our accounting policies have been changed to conform with Intelsat, Ltd. s current accounting policies and these outright sales and sales-type leases are now recognized as service contracts. Previously, under an outright sales contract, we sold all rights and title to a transponder to a customer, which in turn paid us the full amount of the sale price in cash at the commencement of the contract. At that time, we recognized the sale amount as revenues and recorded the cost of the transponder to cost of outright sales. Under sales-type leases, we recognized as revenues at the inception of the lease the net present value of the future minimum lease payments, but we continued to receive cash payments from the lessee throughout the term of the lease. In addition, during the life of the lease, we recognized as revenues the portion of each periodic lease payment deemed to be attributable to interest income. The principal difference between a sales-type lease and an operating lease is when revenues and related costs are recognized, but not when the cash is received.

(3) Net of capitalized interest of $23.3 million, $27.3 million, $13.9 million, $8.5 million and $25.5 million for the years ended December 31, 2001, 2002, 2003, 2004 and 2005, respectively, and $18.3 million, $13.0 million and $7.3 million for the nine months ended September 30, 2005, the period January 1, 2006 to July 1, 2006, and the period July 1, 2006 to September 30, 2006, respectively, and net of interest income of $13.5 million, $15.2 million, $13.3 million, $7.4 million and $3.2 million in 2001, 2002, 2003, 2004 and 2005, respectively, and $2.1 million, $2.8 million and $2.1 million for the nine months ended September 30, 2005, the period January 1, 2006 to July 1, 2006, and the period July 1, 2006 to September 30, 2006, respectively.

(4) Includes debt of $796.5 million, $2.55 billion, $1.70 billion, $3.61 billion and $2.93 billion as of December 31, 2001, 2002, 2003, 2004 and 2005, respectively, and $2.94 billion, and $3.50 billion as of September 30, 2005 and 2006, and borrowings due to affiliates of $1.73 billion as of December 31, 2001. There were no amounts due to affiliates as of December 31, 2002, 2003, 2004 or 2005.

(5) EBITDA consists of net income (loss) before interest, taxes and depreciation and amortization. EBITDA is a measure commonly used in the FSS sector, and we present our EBITDA to enhance your understanding of our operating performance. We use our 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, and our EBITDA may not be comparable to similarly titled measures of other companies. You should not consider our EBITDA as an alternative to operating or net income, as an indicator of our operating performance, or as an alternative to cash flows from operating activities, as an indicator of cash flows, or as a measure of liquidity.

Set forth below is a reconciliation of net income (loss) to EBITDA for the years ended December 31, 2001,2002, 2003, 2004 and 2005 and the nine months ended September 30, 2005, the period January 1, 2006 to July 1, 2006 and the period July 1, 2006 to September 30, 2006.

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| | Predecessor Entity | | | | | | | Successor Entity |
|---|---|---|---|---|---|---|---|---|
| | Year ended December 31, | | | | | Nine Months Ended September 30, | Period January 1 to July 1, | Period July 1 to September 30, |
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2005 | 2006 | 2006 |
| | (in thousands) | | | | | | | |
| Net income (loss) | $ 30,604 | $ 85,048 | $ 99,532 | $ (75,489) | $ 95,620 | $ 39,226 | $ (43,296) | $ 2,363 |
| Interest expense, net | 111,153 | 142,470 | 143,632 | 186,754 | 261,383 | 211,875 | 107,601 | 70,710 |
| Income tax expense (benefit) | 23,562 | 28,350 | 35,010 | (91,290) | 2,105 | 7,095 | 8,007 | 527 |
| Depreciation and amortization | 414,744 | 335,717 | 312,833 | 294,822 | 276,925 | 205,791 | 138,655 | 71,866 |
| EBITDA | $ 580,063 | $ 591,585 | $ 591,007 | $ 314,797 | $ 636,033 | $ 463,987 | $ 210,967 | $ 145,466 |

(6) Includes the $155.1 million of transaction-related costs incurred in connection with the Recapitalization, as defined below, and $99.9 million PAS-6 impairment loss recorded during fiscal 2004.

(7) For purposes of calculating the ratio of earnings to fixed charges, earnings represent income from continuing operations before income taxes, less capitalized interest, plus amortization of capitalized interest and fixed charges. Fixed charges include interest expense (including amortization of debt issuance costs), capitalized interest and the portion of operating rental expense that our management believes is representative of the interest component of rent expense. The ratio of earnings to fixed charges is not presented for the year ended December 31, 2004 and the period January 1 to July 1, 2006 as earnings were inadequate to cover fixed charges during those periods by $149.9 million and $35.2 million, respectively. The ratio of earnings to fixed charges excludes the impact of the amendment to the Company s Amended and Restated Credit Agreement on January 19, 2007.

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## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Set forth below is unaudited pro forma condensed consolidated financial information for Intelsat Corporation.

The following unaudited pro forma condensed consolidated statements of operations for the nine month periods ended September 30, 2006 and 2005, and for the year ended December 31, 2005, are based on Intelsat Corporation s historical consolidated financial statements after giving effect to the Transactions, which include the PanAmSat Acquisition Transactions and the Government Business (G2) Merger, as if they had occurred on January 1, 2005 for purposes of the unaudited pro forma condensed consolidated statements of operations.

The Transactions were accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, *Business Combinations*. The purchase price paid by Intelsat Bermuda to acquire PanAmSat Holdco and its subsidiaries and related purchase accounting adjustments were pushed down and recorded in Intelsat Corporation and its subsidiaries financial statements. As a result, the purchase price and related costs of the PanAmSat Acquisition Transactions were allocated based on the estimated fair values of the assets acquired and liabilities assumed at the time of acquisition based on management s best estimates. The pro forma information presented, including the allocation of the purchase price, is based on estimates of the fair values of assets acquired and liabilities assumed in connection with the PanAmSat Acquisition Transactions and utilizing available information. These estimates are based on certain assumptions we consider reasonable and may be revised as additional information becomes available. The valuation work performed by independent appraisers has been considered in our estimates of the fair values reflected in these unaudited pro forma condensed consolidated financial statements.

The final purchase price allocations for the PanAmSat Acquisition Transactions will be dependent on the finalization of asset and liability valuations. A final determination of these fair values will include our consideration of final valuations prepared with the assistance of an independent appraiser. These final valuations will be based on the actual net tangible and intangible assets existing as of the closing date of the PanAmSat Acquisition Transactions. Any final adjustments may change the allocations of purchase price, which could affect the fair value assigned to the assets and liabilities and could result in a material change to the unaudited pro forma condensed consolidated financial statements, including recording additional goodwill.

Pro forma adjustments were made to reflect:

- acquired tangible assets, identifiable intangible assets and assumed liabilities at their estimated fair values in connection with the PanAmSat Acquisition Transactions,
- changes in depreciation and amortization expense resulting from fair value adjustments to net tangible assets and amortization expense related to amortizable intangible assets in connection with the PanAmSat Acquisition Transactions,
- reclassifications and adjustments related to sales-type leases to conform with Intelsat Ltd. s financial statement presentation,
- issuance of and interest expense resulting from the debt incurred by Intelsat Corporation in connection with the PanAmSat Acquisition Transactions,
- changes in the interest rates on term loans which were amended and restated in connection with the PanAmSat Acquisition Transactions,
- the Government Business (G2) Merger and related revisions in intercompany agreements,

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execution of the MISA, as described in The Transactions Other Intercompany Transactions and the transfer of employee related liabilities, primarily pension and healthcare, resulting from the transfer of employees to PanAmSat from Intelsat,

income tax effects related to the pro forma adjustments, and

reversal of management fees of the Prior Sponsors (as defined below under Management s Discussion and Analysis of Financial Condition and Results of Operations ) and their designated entities, which will no longer be incurred by Intelsat Corporation.

On January 19, 2007, the Company further amended and modified its Amended and Restated Credit Agreement to reduce the Term Loan A-3 interest rate and Term Loan B-2 interest rate from a range of LIBOR plus 2.125% to LIBOR plus 2.875% to a range of LIBOR plus 1.75% to LIBOR plus 2.00%. Based on our September 30, 2006 outstanding principal balance and assuming LIBOR rates and our borrowing tier remain unchanged from current levels, these changes in applicable interest rate would reduce annual interest by approximately $8.6 million when calculated in accordance with the modified credit facilities. These changes in LIBOR margin have not been reflected in the pro forma adjustments.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, Prospectus Summary The Transactions The PanAmSat Acquisition Transactions, The Transactions The Government Business Merger and Intelsat Ltd. s historical consolidated financial statements and the associated notes not included herein and the historical consolidated financial statements of Intelsat Corporation and the associated notes included elsewhere in this prospectus. The unaudited pro forma condensed consolidated financial information is being furnished solely for informational purposes and is not intended to represent or be indicative of the consolidated results of operations or financial position we would have reported had these transactions been completed as of the dates and for the periods presented, nor is it necessarily indicative of future results.

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**Intelsat Corporation**

**Unaudited Pro Forma Condensed Consolidated**

**Statement of Operations**

**For the nine months ended September 30, 2006**

**(in thousands)**

| | Predecessor Entity for the period from January 1 to July 1, 2006 | Pro Forma Adjustments | | | Predecessor Entity for the period from January 1 to July 1, 2006 | Successor Entity for the period from July 1 to September 30, 2006 | |
|---|---|---|---|---|---|---|---|
| | Historical Intelsat Corporation | PanAmSat Acquisition Transactions | G2 Merger (7) | Other Intercompany Transactions | Intelsat Corporation Pro Forma | Intelsat Corporation Historical | Intelsat Corporation Pro Forma |
| REVENUE | | | | | | | |
| Operating leases, satellite services and other | $ 436,864 | $ 10,263(1)(2)(3) | $ (24,122) | $ 63,553(8) | $ 486,558 | $ 251,404(10) | $ 737,962(10) |
| Outright sales and sales-type leases | 5,895 | (5,895)(2) | | | | | |
| Total revenues | 442,759 | 4,368 | (24,122) | 63,553 | 486,558 | 251,404 | 737,962 |
| OPERATING COSTS AND EXPENSES | | | | | | | |
| Cost of outright sales and sales-type leases | (1,943) | 1,943(1) | | | | | |
| Depreciation and amortization | 138,655 | (3,840)(5) | (598) | | 134,217 | 71,866 | 206,083 |
| Direct operating costs (exclusive of depreciation and amortization) | 70,977 | | (16,688) | | 54,289 | 44,304 | 98,593 |
| Costs from affiliates | | | | | | 18,468 | 18,468 |
| Selling, general and administrative expenses | 38,033 | | (2,696) | 66,945(8) | 102,282 | 25,068 | 127,350 |
| Restructuring and transaction costs | 145,186 | | | | 145,186 | 5,213 | 150,399 |
| Loss (gain) on undesignated interest rates swap | (23,140) | | | | (23,140) | 14,328 | (8,812) |
| Total operating costs and expenses | 367,768 | (1,897) | (19,982) | 66,945 | 412,834 | 179,247 | 592,081 |
| INCOME FROM OPERATIONS | 74,991 | 6,265 | (4,140) | (3,392) | 73,724 | 72,157 | 145,881 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| INTEREST EXPENSE-Net | 107,601 | 20,851(6) | 11 | | 128,463 | 70,710 | 199,173 |
| OTHER INCOME (EXPENSE)-Net | (2,679) | | | | (2,679) | 1,443 | (1,236) |
| INCOME (LOSS) BEFORE INCOME TAXES | (35,289) | (14,586) | (4,151) | (3,392) | (57,418) | 2,890 | (54,528) |
| INCOME TAX EXPENSE (BENEFIT) | 8,007 | (4,367)(9) | (1,598) | (1,306)(9) | 736 | 527 | 1,263 |
| NET INCOME (LOSS) | $ (43,296) | $ (10,219) | $ (2,553) | $ (2,086) | $ (58,154) | $ 2,363 | $ (55,791) |

See the accompanying Notes to Unaudited Pro Forma

Condensed Consolidated Financial Statements

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**Intelsat Corporation**

**Unaudited Pro Forma Condensed Consolidated**

**Statement of Operations**

**For the nine months ended September 30, 2005**

**(in thousands)**

| | Historical | Pro Forma Adjustments | | | |
|---|---|---|---|---|---|
| | Intelsat Corporation | PanAmSat Acquisition Transactions | G2 Merger (7) | Other Intercompany Transactions | Intelsat Corporation Pro Forma |
| REVENUE | | | | | |
| Operating leases, satellite services and other | $ 621,183 | $ 26,383 (1)(2)(3) | $ (39,501) | $ 93,536 (8) | $ 701,601 |
| Outright sales and sales-type leases | 10,595 | (10,595)(2) | | | |
| Total revenues | 631,778 | 15,788 | (39,501) | 93,536 | 701,601 |
| OPERATING COSTS AND EXPENSES | | | | | |
| Cost of outright sales and sales-type leases | (4,303) | 4,303 (1) | | | |
| Depreciation and amortization | 205,791 | 6,852 (5) | (882) | | 211,761 |
| Direct operating costs (exclusive of depreciation and amortization | 99,811 | | (27,520) | | 72,291 |
| Selling, general and administrative expenses | 56,777 | | (3,775) | 100,432 (8) | 153,434 |
| Sponsor management fees | 10,444 | | | (444)(4) | 10,000 |
| Restructuring and transaction costs | 3,974 | | (477) | | 3,497 |
| Loss on termination of sales-type leases | 2,307 | (2,307)(1) | | | |
| Loss on undesignated interest rate swap | 305 | | | | 305 |
| Total operating costs and expenses | 375,106 | 8,848 | (32,654) | 99,988 | 451,288 |
| INCOME FROM OPERATIONS | 256,672 | 6,940 | (6,847) | (6,452) | 250,313 |
| INTEREST EXPENSE-Net | 211,875 | 28,905 (6) | 62 | | 240,842 |
| OTHER INCOME-Net | 1,524 | | | | 1,524 |
| INCOME BEFORE INCOME TAXES | 46,321 | (21,965) | (6,909) | (6,452) | 10,995 |
| INCOME TAX EXPENSE (BENEFIT) | 7,095 | (8,793)(9) | (2,660) | (2,484)(9) | (6,842) |
| NET INCOME | $ 39,226 | $ (13,172) | $ (4,249) | $ (3,968) | $ 17,837 |

See the accompanying Notes to Unaudited Pro Forma

Condensed Consolidated Financial Statements

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**Intelsat Corporation**

**Unaudited Pro Forma Condensed Consolidated Statement of Operations**

**For the year ended December 31, 2005**

**(in thousands)**

| | Historical Intelsat Corporation | Pro Forma Adjustments PanAmSat Acquisition Transactions | Pro Forma Adjustments G2 Merger (7) | Other Intercompany Transactions | Intelsat Corporation Pro Forma |
|---|---|---|---|---|---|
| REVENUE | | | | | |
| Operating leases, satellite services and other | $ 847,149 | $ 33,833 (1)(2)(3) | $ (55,220) | $ 119,569 (8) | $ 945,331 |
| Outright sales and sales-type leases | 13,854 | (13,854)(2) | | | |
| Total revenues | 861,003 | 19,979 | (55,220) | 119,569 | 945,331 |
| OPERATING COSTS AND EXPENSES | | | | | |
| Cost of outright sales and sales-type leases | (4,303) | 4,303 (1) | | | |
| Depreciation and amortization | 276,925 | 7,729 (5) | (1,284) | | 283,370 |
| Direct operating costs (exclusive of depreciation and amortization) | 143,870 | | (39,173) | | 104,697 |
| Selling, general and administrative expenses | 78,998 | | (4,657) | 120,822 (8) | 195,163 |
| Sponsor management fees | 10,444 | | | (444)(4) | 10,000 |
| Restructuring and transaction costs | 4,294 | | (476) | | 3,818 |
| Loss on termination of sales-type lease | 2,307 | (2,307)(1) | | | |
| Gain on undesignated interest rate swap | (6,611) | | | | (6,611) |
| Total operating costs and expenses | 505,924 | 9,725 | (45,590) | 120,378 | 590,437 |
| INCOME FROM OPERATIONS | 355,079 | 10,254 | (9,630) | (809) | 354,894 |
| INTEREST EXPENSE-Net | 261,383 | 37,802 (6) | 62 | | 299,247 |
| OTHER INCOME Net | 4,029 | | | | 4,029 |
| INCOME BEFORE INCOME TAXES | 97,725 | (27,548) | (9,692) | (809) | 59,676 |
| INCOME TAX EXPENSE (BENEFIT) | 2,105 | (11,093)(9) | (3,731) | (311)(9) | (13,030) |
| NET INCOME | $ 95,620 | $ (16,455) | $ (5,961) | $ (498) | $ 72,706 |

See the accompanying Notes to Unaudited Pro Forma

Condensed Consolidated Financial Statements

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**Intelsat Corporation**

**Notes to Unaudited Pro Forma Condensed Consolidated**

**Financial Information**

**(dollars in thousands)**

(1) Reflects adjustments to revenue of $8.9 million and $20.2 million for the periods prior to July 1, 2006 and the nine months ended September 30, 2005, respectively, and $26.8 million for the year ended December 31, 2005, to conform to Intelsat Ltd. s current accounting policies the treatment of sales-type leases (and the related revenues and costs) acquired in the PanAmSat Acquisition Transactions to record them as service agreements following the application of purchase accounting.

(2) Reflects a reclassification of interest revenue earned on previously classified sales-type leases to revenue from operating leases to be consistent with adjustment (1) above to conform to Intelsat Ltd. s current accounting policies.

(3) Reflects changes in deferred revenue resulting from fair value adjustments to the deferred revenue balance as a result of the PanAmSat Acquisition of $4.5 million and $4.4 million for the periods prior to July 1, 2006 and the nine months ended September 30, 2005, respectively, and $6.8 million for the year ended December 31, 2005.

(4) Following completion of the PanAmSat Acquisition Transactions, Intelsat Corporation no longer incurs a monitoring fee to the Prior Sponsors or any other party. The pro forma adjustment reflects the removal of historical monitoring fees paid to the Prior Sponsors, totaling $0.4 million for the nine months ended September 30, 2005 and for the year ended December 31, 2005.

(5) Reflects adjustment to depreciation and amortization using the straight-line method resulting from estimated fair value adjustments to the satellites, other property and equipment and amortizable intangible assets as a result of the PanAmSat Acquisition Transactions. Useful lives of assets have been adjusted to be consistent with Intelsat s depreciation policies. Also included is the reduction of amortization related to capitalized customer incentive program costs which were assigned no value in purchase accounting. The reduction in depreciation and amortization related to these assets is $3.8 million for the periods prior to July 1, 2006. For the nine months ended September 30, 2005 there was an increase of $6.9 million and $7.7 million for the year ended December 31, 2005, respectively.

(6) Reflects incremental interest expense and issuance of the notes offered hereby of $575.0 million in connection with the PanAmSat Acquisition Transactions, bearing interest at an interest rate of 9%. The interest expense adjustment assumes amortization of debt issuance costs of $1.3 million for the periods prior to July 1, 2006 and the nine months ended September 30, 2005, respectively, and $1.7 million for the year ended December 31, 2005. Additionally, the expected interest rates on the amended and restated term loans would result in additional interest expense of $5.8 million and $9.0 million for the periods prior to July 1, 2006 and the nine months ending September 30, 2005, respectively, and $12.0 million for the year ended December 31, 2005. The incremental interest expense is net of additional pro forma interest capitalized of $6.2 million and $7.8 million for the periods prior to July 1, 2006 and the nine months ended September 30, 2005, respectively, and of $10.4 million for the year ended December 31, 2005. Also included in the interest expense is amortization of premium related to the revalued debt assumed in the PanAmSat Acquisition Transactions. Pro forma amortization for the periods prior to July 1, 2006 and the nine months ended September 30, 2005 is $0.6 million and $1.0 million, respectively,

and for the year ended December 31, 2005 is $1.3 million. In the event the interest rates on our variable rate debt increase or decrease by 0.125%, our annual interest expense would increase or decrease by $2.5 million.

(7) Reflects the sale of the Government Business (G2) to Intelsat General Corporation, as discussed in The Transactions The Government Business Merger. The adjustments reflect (i) the removal of G2 s revenue and expenses, (ii) a revision in our contractual rates with G2, which will be executed at closing of the PanAmSat Acquisition Transactions and the Government Business Merger, for services we provided to G2, resulting in an adjustment to revenue of approximately $3.1 million and $4.1 million for the periods prior to July 1, 2006 and the nine months ended September 30, 2005, respectively, and $6.2 million for the year ended December 31, 2005.

(8) Reflects the effects of the execution of the Master InterCompany Services Agreement and the InterCompany Agreement regarding Transfer of Employees at closing, as discussed in The Transactions Other InterCompany Transactions. The adjustment reflects the transfer of certain employees from Intelsat Global Service Corp. to us, which occurred at closing. We will incur the costs of these employees, approximately $67.0 million and $100.4 million for the periods prior to July 1, 2006 and the nine months ended September 30, 2005, respectively, and $120.8 million for the year ended December 31, 2005. Charges of these costs to those Intelsat entities benefiting from these employees services plus an applicable margin was $63.6 million and $93.5 million for the periods prior to July 1, 2006 and the nine months ended September 30, 2005, respectively, and $119.6 million for the year ended December 31, 2005.

(9) Reflects the estimated tax effect on the historical results of operations of the PanAmSat Acquisition Transactions and the pro forma adjustments. As Intelsat Corporation is a U.S. based corporation, we have utilized an estimated combined federal and state statutory tax rate of 38.5% to compute the estimated tax expense or benefit of the PanAmSat Acquisition Transactions.

(10) Revenues from operating leases, satellite services and other includes revenues from affiliates of $51.2 million for the successor period from July 1, 2006 to September 30, 2006.

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## MANAGEMENT S DISCUSSION AND ANALYSIS OF

## FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our historical consolidated financial statements covers periods before and after consummation of the Transactions. The following discussion and analysis should be read in conjunction with Selected Historical Consolidated Financial Data and our audited consolidated financial statements and related notes thereto appearing elsewhere in this prospectus. Actual results could differ materially from those discussed below. This discussion contains forward-looking statements. Please see Forward-Looking Statements, and Risk Factors for a discussion of certain of the uncertainties, risks and assumptions associated with these statements. Certain monetary amounts, percentages and other figures included in this prospectus 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 prospectus are to, and all monetary amounts in this prospectus are presented in, U.S. dollars.*

### Management Overview

Following the completion of the PanAmSat Acquisition Transactions on July 3, 2006, our indirect parent company, Intelsat, Ltd., is the largest provider of fixed satellite communications services worldwide, supplying voice, data and video connectivity in over 200 countries and territories for over 1,800 customers, many of which we have had relationships with for over 30 years. Intelsat, Ltd. s global communications network includes 51 satellites in orbit, leased capacity on one additional satellite owned by another satellite operator in the Asia-Pacific region and ground facilities related to the operation and control of our satellites. We believe that Intelsat, Ltd. has one of the largest, most flexible and reliable satellite fleets in the world, which covers 99% of the world s population. This satellite fleet is operated via ground facilities used to monitor and control our satellites and is complemented by a terrestrial network of teleports, points of presence and leased fiber links for the provision of our managed solutions.

In evaluating our financial condition and operating performance, our management considers many factors. Among the most important are revenues, satellite health and technology, satellite insurance, profitability and liquidity.

The purchase transactions whereby Kohlberg Kravis Roberts & Co. L.P., or KKR, The Carlyle Group, or Carlyle, and Providence Equity Partners, Inc., or Providence, collectively referred to as the Prior Sponsors, acquired their equity interests in us, including our merger with a wholly-owned subsidiary of The DIRECTV Group, the related financing transactions and the related contractual arrangements entered into with The DIRECTV Group, are collectively referred to as the Recapitalization.

### Horizons-2 Joint Venture with JSAT

On August 1, 2005, we formed our second 50-50 joint venture with JSAT, a leading satellite operator in the Asia-Pacific region, that will build and launch a Ku-band satellite to replace our SBS-6 satellite at 74ºW. The joint venture is named Horizons-2. The satellite will support digital video, HDTV and IP-based content distribution networks to broadband Internet and satellite news gathering services (SNG) in the United States. Due to delays in the launch manifest for the

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Horizons-2 satellite, the Galaxy 11 satellite is expected to temporarily replace the SBS-6 until the Horizons-2 satellite is available in-orbit. The construction of this satellite is progressing as planned and launch is now scheduled for the fourth quarter of 2008.

**Europe*Star Acquisition**

On August 31, 2005, PanAmSat Opco acquired multiple European orbital slots, as well as a satellite with European, Middle Eastern, African and Asian coverage from Alcatel, a French communications company, for a purchase price of approximately $60.2 million plus liabilities and costs incurred in relation to the acquisition of approximately $13.7 million, including $9.0 million of contingent performance payments due to Alcatel in addition to the purchase price. This acquisition was accomplished in order to strengthen our presence in these markets and expand our global reach into key growth regions. Through September 30, 2006, we paid $63.4 million of this aggregate purchase price from cash on hand. The satellite acquired, formerly known as Europe*Star 1, was renamed IS-12, and is capable of providing a broad range of enhanced services to European customers for program distribution, broadcast contribution and enterprise networking. The agreement provided for purchase price installments during 2006 of $20.2 million and performance payment installments plus related interest contingent on the future performance of the satellite. The results of this acquisition have been included in our fixed satellite services segment from the date of acquisition.

**PamAmSat Acquisition Transactions**

On August 28, 2005, PanAmSat Holdco and Intelsat Bermuda signed the Merger Agreement, under which Intelsat Bermuda would acquire PanAmSat Holdco and its sole subsidiary, PanAmSat Opco, for $25 per common share in cash, or approximately $3.2 billion, plus a pro rata share of undeclared regular quarterly dividends, if any, for the quarter in which the PanAmSat Acquisition Transactions were consummated. In connection with the Merger Agreement, our prior board of directors approved the adoption of a severance plan, on terms similar to our then existing severance plan, and authorized a retention pool of up to $10.0 million for non-senior management employees.

On July 3, 2006, Intelsat Bermuda completed the acquisition of PanAmSat Holdco, pursuant to the Merger Agreement, with Proton Acquisition Corporation, a wholly owned subsidiary of Intelsat Bermuda, merging with and into PanAmSat Holdco, with PanAmSat Holdco surviving the merger, and each share of common stock of PanAmSat Holdco was converted into the right to receive $25.00, plus approximately $0.00927 as the pro rata share of undeclared regular quarterly dividends. On July 3, 2006, the common stock of PanAmSat Holding Corporation was de-listed from the New York Stock Exchange.

On July 3, 2006, in connection with the PanAmSat Acquisition Transactions, we issued an aggregate principal amount of $575.0 million of the original notes. In addition, we amended and restated our existing senior secured credit facilities. For more information regarding our debt structure following the completion of the PanAmSat Acquisition Transactions, see Liquidity and Capital Resources.

Following completion of the PanAmSat Acquisition Transactions, IGen acquired our former subsidiary, G2 Satellite Solutions Corporation, which comprised our government services business, for cash consideration in the amount of $73.0 million. The acquisition occurred by means of a merger in which G2 Satellite Solutions Corporation merged into IGen, with IGen continuing as the surviving entity. As a result of our sale of G2 Satellite Solutions Corporation, its financial condition as of September 30, 2006, and its results of operations for the third

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quarter of 2006 were excluded from our financial statements. Additionally, as a result of the sale of G2 Satellite Solutions, segment disclosures were no longer required.

Following the completion of the PanAmSat Acquisition Transactions, substantially all of the employees of Intelsat Global Service Corporation, an indirect subsidiary of Intelsat Bermuda, were transferred to us pursuant to an employee transfer agreement. As the transaction occurred between entities under common control, the transaction was accounted for at carrying value, which approximated fair value. As such, net liabilities of $11.9 million were recognized by PanAmSat Opco and were treated as a distribution to PanAmSat Holdco. In addition, substantially all of the Intelsat entities, following the PanAmSat Acquisition Transactions, including PanAmSat Holdco and us, have entered into the MISA, pursuant to which these entities will provide services to each other. In each case, services will be provided on terms that are not materially less favorable to each party than are available on an arms length basis and on terms that our board of directors and the board of directors of Intelsat Bermuda and PanAmSat Holdco have determined to be fair. The employee transfer resulted in an increase in total consolidated assets and liabilities as of September 30, 2006 of approximately $11.2 million and $38.2 million, respectively. The MISA increased revenues and expenses for the three months ended September 30, 2006 by approximately $39.3 million and $37.5 million, respectively.

As a result of the PanAmSat Acquisition Transactions, certain of our accounting policies have been changed to conform with Intelsat, Ltd. s current accounting policies. The majority of these changes have not had, and are not expected to have, a significant impact on our consolidated financial statements. However, the change in our accounting for sales-type leases to conform with Intelsat, Ltd. s current accounting polices did have, and is expected to have, a significant impact on our consolidated financial statements. We previously recognized as revenues at the inception of the lease the net present value of the future minimum lease payments, and continue to receive cash payments from the lessee throughout the term of the lease. In addition, during the life of the lease, we recognized as revenue the portion of each periodic lease payment deemed attributable to interest income. As a result of the change to conform accounting policies, these sales-type leases are now recognized as service contracts. This accounting policy change resulted in a fair value adjustment in purchase accounting of approximately $72.3 million of net assets related to previously recorded sales-type leases and the recording of approximately $2.5 million of additional revenues during the third quarter of 2006.

Although the effective date of the PanAmSat Acquisition Transactions was July 3, 2006, due to the immateriality of the results of operations for the period between July 1, 2006 and July 3, 2006, we have accounted for the PanAmSat Acquisition Transactions as if they had occurred on July 1, 2006.

Furthermore, the purchase price and related costs of the PanAmSat Acquisition Transactions were allocated to the estimated fair values of the assets acquired and liabilities assumed at the time of the acquisition based on management s best estimates, which are based in part on the work of third-party appraisers. More specifically, our assets and liabilities were adjusted to fair value as of the closing date of the PanAmSat Acquisition Transactions. As a result of these adjustments, our depreciation and amortization expense will increase significantly. Also, our interest expense will increase due to the additional interest on the notes and interest accrued from the amortization of the net discount applied to the face value of our outstanding long-term debt. This discount resulted from a lower estimated fair value of this long-term debt. For more information regarding our debt structure following the completion of the PanAmSat Acquisition Transactions, see Liquidity and Capital Resources.

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In connection with the closing of the PanAmSat Acquisition Transactions, we have identified various cost-saving initiatives that have been or will be implemented in connection with and following the closing of the PanAmSat Acquisition Transactions. These initiatives include workforce reductions and related salary and benefit savings, insurance costs, operating expense reductions due to consolidation of facilities and cost savings expected to result from the implementation of improved operating processes and conforming policies in both companies to achieve best practices. We believe we can realize approximately $48.0 million in estimated annual operating cost savings in the near to medium term resulting from the PanAmSat Acquisition Transactions.

In order to achieve these expected annual savings, we believe it will be necessary to incur approximately $89.0 million in one-time expenditures. Approximately $35.0 million was incurred by us prior to the closing of the PanAmSat Acquisition Transactions. Substantially all of these costs are expected to relate to relocation, retention, severance and other costs projected to be incurred to achieve a fully integrated and reduced workforce.

**Satellite Risk Management Strategy**

Our satellites are typically designed to operate at full capacity for 15 years. A satellite s actual performance and operating life may be affected by anomalies, which may not have become apparent until the satellite was placed in orbit or until the satellite has been in orbit for some time. We have identified three types of potential anomalies among the satellites in our fleet which, if they materialize, have the potential for a significant operational and financial impact. Typically, these identified anomalies do not result in an immediate failure of the satellite. They can, however, result in a reduction of available capacity on the satellite or a reduction in the satellite s operating life. This, in turn, may result in lower revenues or require accelerated capital spending on a replacement satellite and may result in an impairment charge or accelerated depreciation. A satellite may also fail catastrophically for these or other reasons, although this happens less frequently. See Risk Factors Risks Relating to Our Industry.

There are several options available for managing certain of the business risks inherent in the operation of a satellite fleet, none of which can fully compensate for the loss a business may experience upon the failure of a satellite. We typically insure the launch of all of our satellites and insure certain of our in-orbit satellites, as appropriate. We also utilize spare satellites and spare capacity to protect against certain business risks.

Due to limited coverage amounts, loss thresholds, deductibles and policy exclusions, payments for loss under in-orbit insurance policies may not coincide with the actual loss suffered on a covered satellite. In addition to the limitations on coverage, in-orbit insurance can be relatively expensive, making it an uneconomical choice for certain satellites. Finally, in-orbit insurance policies do not cover other aspects of the business risk inherent in the operation of a satellite such as lost revenues and continued customer service during the two years or more typically needed to launch a replacement.

As part of our risk management program, we have expanded our use of in-orbit spare satellites, ground-based spare satellites and designated reserve transponders. These alternatives address some of the limitations of satellite insurance as they may offer protection against loss of business due to satellite failure and may help us better serve our customers, plan and control our replacement costs, protect our revenue streams and protect our rights to orbital slots. However,

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in-orbit and ground-based spare satellites may not be immediately available when needed. They may only be economical replacements for certain high value satellites or services and the cost of a spare satellite may also be prohibitively expensive.

Following is a more detailed discussion of the items above and an analysis of our revenues, costs and expenses, results of operations, satellite technology, satellite insurance, recent insurance settlements, satellite deployment plans and commitments. Also following is a discussion of critical accounting policies, market risks, certain relationships and related party transactions, liquidity and capital resources and recent accounting pronouncements.

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**Revenues**

*Revenue Overview*

We earn revenue primarily by leasing satellite transponder capacity to our customers. Communications satellites, including the satellites in our fleet, have components referred to as transponders that receive communications signals from the ground, convert signal frequency and amplify and retransmit signals back to earth. The number of transponders on a satellite can be used as a measure of the communications capacity of that satellite.

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 preemptible or non-preemptible and the service term. The service term can vary from occasional use service measured in minutes to periods ranging from one day to as long as 15 years. These agreements offer different service types, including lease, channel, managed solutions and mobile satellite services. The following table describes our primary service types:

| Service Type | Description |
|---|---|
| Leases | Commitments by customers to lease capacity on particular designated transponders according to specified technical and commercial terms |
| Managed Solutions | Hybrid services which combine satellite capacity, teleport facilities, satellite communications hardware and fiber optic cable and other ground facilities to provide managed and monitored broadband, video and private network services to customers |
| Channel | Commitments by customers to purchase an overall amount or level of service, without committing to particular designated transponders for specified terms within the commitment period<br><br>Services are offered off the shelf, so technical terms are not specially tailored to a given customer<br><br>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 |
| Mobile Satellite Services | Provide equipment and service via resale of mobile satellite services from multiple vendors<br><br>Provide voice, data and video conference service to handheld, transportable and mobile terminals through linking of individual units. |

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According to transmission plans and traffic information supplied by our customers, we believe our satellite capacity is used by our customers for various applications. We believe that the range of services for which our capacity is used contributes to the relatively high level of stability of our business. See Business Our Customer Sectors for descriptions of these principal customers and services.

We operate our business on a global basis, with almost every populated region of the world contributing significantly 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.

***Operating leases, satellite services and other***

Operating leases are contracts to provide satellite capacity and related services typically for periods of one to 15 years and may extend beyond the satellite s end of life to a follow-on satellite. Long-term operating leases provide us with a stable and predictable source of revenues. Short-term leases and occasional services fill spot market demand. We generally recognize revenues from operating leases on a straight-line basis over the lease term, unless collectibility is not reasonably assured. Revenues for occasional services are recognized as services are performed. Operating leases, satellite services and other revenues for the years ended December 31, 2003, 2004 and 2005 and the nine months ended September 30, 2006 represented 98.0%, 98.1%, 98.4% and 91.8% of our consolidated revenues for those periods, respectively (such amounts include a portion of telemetry, tracking and control, or TT&C, and other services revenues, which are discussed below).

***Sales-type leases***

As a result of the PanAmSat Acquisition Transactions, our accounting for sales-type leases was changed to conform to the current accounting policies of our parent, Intelsat, Ltd., and such contracts are now accounted for as service agreements. We previously recognized as revenues at the inception of the lease the net present value of the future minimum lease payments, and continue to receive cash payments from the lessee throughout the term of the lease. In addition, during the life of the lease, we recognized as revenue the portion of each periodic lease payment deemed attributable to interest income. As a result of the change to conform accounting policies, these sales-type leases are now recognized as service contracts. This accounting policy change resulted in a fair value adjustment under purchase accounting of approximately $72.3 million of net assets related to previously recorded sales-type leases and the recording of approximately $2.5 million of additional revenues during the third quarter of 2006.

We did not enter into any new sales-type leases during the nine months ended September 30, 2006 or the years ended December 31, 2003, 2004 or 2005.

***Outright sales contracts***

As a result of the PanAmSat Acquisition Transactions, the accounting for outright sales was changed to conform with Intelsat, Ltd. s current accounting policies and such contracts are now recognized as service contracts. Previously, under an outright sales contract, we sold all rights and title to a transponder to a customer, which in turn paid us the full amount of the sale price in cash at the commencement of the contract. At that time, the risk of loss related to the transponder passed to the customer and we recognized the sale amount as revenues along with the related cost of sales. We did not enter into any outright sales during the nine months ended September 30, 2006 or the years ended December 31, 2003, 2004 and 2005.

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***Consulting and Technical Services***

We earn revenues for the following types of consulting and technical services: satellite and launch vehicle construction program management; ground station construction management; targeted market analysis; the provision of launch and satellite specialists; provision of certain market research materials; provision of specialized training programs; assistance in obtaining insurance coverage for satellite manufacturers and other third parties; rental of teleport facilities; launch vehicle and satellite procurement; the provision of industry specialists for expert consultation to insurance carriers; the provision of Transfer Orbit Support Services for third party satellites; the provision of TT&C services for third party satellite operators; and equipment procurement and installation for our customers.

Consulting and technical services revenues, excluding TT&C services and equipment sales which are described below, were approximately $0.2 million, $4.6 million, $10.7 million and $10.1 million of our revenues for the years ended December 31, 2003, 2004 and 2005 and the nine months ended September 30, 2006, respectively. We expect our consulting and technical services revenues will become a larger percentage of our revenues in the future as we expand these service offerings.

***TT&C services***

We earn TT&C services revenues from other satellite operators and from certain customers on our satellites. The TT&C services performed for other satellite operators are performed by our consulting/technical services group. Revenues from TT&C service agreements represented approximately 3.0%, 2.6%, 2.5% and 2.3% of our revenues for the years ended December 31, 2003, 2004 and 2005 and the nine months ended September 30, 2006, respectively. TT&C agreements entered into in connection with our lease contracts are typically for the period of the related lease agreement. TT&C services provided in connection with outright sales contracts are typically for the term of the sale contract and require the customer to pay a monthly service fee. We also earn revenues for TT&C services in relation to our operating lease agreements with customers. Fees for such services are either included in the customer s monthly lease payment or billed separately. We expect TT&C revenues in 2007 to remain at approximately the same level as in 2006, given our revenue backlog for these services as of September 30, 2006, as well as our expectation of future contracts to be entered into through 2007.

***In-orbit backup services***

Our other services include in-orbit backup service, which is backup transponder capacity that we reserve for certain customers on agreed terms. We recognize revenues for in-orbit protection services over the term of the related agreement. Revenues from in-orbit protection for the years ended December 31, 2003, 2004 and 2005 and the nine months ended September 30, 2006 were approximately 2.2%, 2.5%, 2.7% and 2.5% respectively, of our revenues.

***Equipment sales***

We also record revenues related to equipment (other than transponder) sales to customers. These equipment sales represent equipment purchased, constructed or developed on behalf of our customers. We recognize revenues related to these equipment sales upon the transfer to the customer of title to the equipment. Revenues from equipment sales were approximately 2.4%, 1.8%, 1.0% and 0.4% of our revenues in the years ended December 31, 2003, 2004 and 2005 and the nine months ended September 30, 2006, respectively.

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***Long-term construction arrangements***

During 2003, we entered into a long-term construction arrangement with a customer to construct an L-Band navigational payload on our Galaxy 1R replacement satellite, known as Galaxy 15, which was launched in October 2005. In October 2005, this construction arrangement was completed. PanAmSat Opco recognized revenues utilizing the percentage-of-completion accounting method for long-term construction contracts which extend beyond one year. Revenues and costs related to these contracts were recognized based upon the completion of pre-established milestones. Revenues from long-term construction arrangements for the years ended December 31, 2003, 2004 and 2005 and the nine months ended September 30, 2006 were approximately 1.0%, 1.1%, 0.7% and 0% of our revenues, respectively.

***Backlog***

As a result of the PanAmSat Acquisition Transactions, the accounting for backlog was changed to conform to the current accounting policy of our parent, Intelsat, Ltd. We previously reported backlog on a cash basis (cash backlog). We now report backlog on a revenue basis (revenue backlog). Cash backlog is calculated based on the cash payments yet to be received from customers for contracted services, while revenue backlog is calculated based on the expected future revenue under our customer contracts. This change in our accounting policy did not have a significant impact on our backlog.

Our revenue backlog was approximately $4.3 billion as of September 30, 2006. As of September 30, 2006, the weighted average remaining duration of our revenue backlog was approximately five years and the weighted average remaining customer contract life was approximately nine years. We currently expect to deliver services associated with $701.3 million, or approximately 16%, of our September 30, 2006 revenue backlog during the twelve months ending September 30, 2007. Revenue backlog includes both non-cancellable contracts and contracts that are cancellable. The amount included in revenue backlog represents the full service charge for the duration of the contract and does not include termination fees. As of September 30, 2006, 94% of our total revenue backlog relates to contracts that either are non-cancellable or cancelable only upon payment of substantial termination fees. Revenue backlog is attributable both to satellites currently in orbit and those planned for future launch.

Our revenue backlog as of September 30, 2006 also included approximately $831.0 million relating to future services on satellites we expect to launch. Included in the amounts above were 75 contracts representing total revenue backlog of $1.46 billion, of which approximately $844.9 million of revenue backlog could be terminated by the customers pursuant to certain contractual termination rights. Of the $549.0 million of net new revenue backlog during the first nine months of 2006, approximately $249.8 million could be terminated by customers pursuant to these termination rights. Approximately $36.2 million of our revenue backlog as of September 30, 2006 represented the aggregate revenue backlog from affiliates of Intelsat, Ltd. Our revenue backlog figures exclude the impact of the MISA transactions.

As of September 30, 2006, our revenue backlog was comprised of the following (in billions):

| **Category:** | |
|---|---|
| Leases | $ 4.12 |
| Managed solutions | 0.01 |
| Mobile satellite services and other | 0.17 |
| Total | $ 4.30 |

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**Results of Operations Three and Nine Months Ended September 30, 2006 compared to Three and Nine Months Ended September 30, 2005**

As a result of the consummation of the PanAmSat Acquisition Transactions, the financial results for the three and nine months ended September 30, 2006 have been presented separately for the Predecessor Entity for the periods January 1, 2006 to July 1, 2006 and July 1, 2006 and for the Successor Entity for the period July 1, 2006 through September 30, 2006. For comparative purposes, we combined the period from July 1, 2006 through September 30, 2006 and for the three month period and we combined the period January 1, 2006 through September 30, 2006 for the nine month period in our discussion below, as we believe these combinations are useful to provide the reader a more accurate comparison. This combination is not a GAAP measure and it is provided to enhance the reader s understanding of the results of operations for the periods presented.

The classification of revenue by product group during the three and nine months ended September 30, 2006 have been changed to conform to Intelsat, Ltd. s presentation. Prior period amounts have been reclassified to conform to this new presentation.

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The following tables set forth the consolidated statement of operations data and related changes expressed in dollars and percentages for each period indicated. The historical results are not necessarily indicative of results to be expected for any future period.

**PanAmSat Opco**

| | Predecessor Entity Three Months Ended September 30, 2005 | Predecessor Entity July 1, 2006 | Successor Entity Period July 1 to September 30, 2006 | Combined Three Months Ended September 30, 2006 |
|---|---|---|---|---|
| | | | (in thousands) | |
| **Revenues** | | | | |
| Operating leases, satellite services and other | $ 205,637 | $ | $ 200,177 | $ 200,177 |
| Revenue from affiliates | | | 51,227 | 51,227 |
| Outright sales and sales-type leases | 3,481 | | | |
| Total revenues | 209,118 | | 251,404 | 251,404 |
| **Costs and expenses** | | | | |
| Depreciation and amortization | 68,861 | | 71,866 | 71,866 |
| Direct operating costs (exclusive of depreciation and amortization) | 30,973 | | 44,304 | 44,304 |
| Costs from affiliates | | | 18,468 | 18,468 |
| Selling, general and administrative expenses | 18,931 | | 25,068 | 25,068 |
| Restructuring and transaction costs | 209 | 142,332 | 5,213 | 147,545 |
| (Gain) loss on undesignated interest rate swap | (18,332) | | 14,328 | 14,328 |
| Total operating costs and expenses | 100,642 | 142,332 | 179,247 | 321,579 |
| Income (loss) from operations | 108,476 | (142,332) | 72,157 | (70,175) |
| Interest expense net | 48,272 | | 70,710 | 70,710 |
| Other income net | 1,598 | | 1,443 | 1,443 |
| Income (loss) before income taxes | 61,802 | (142,332) | 2,890 | (139,442) |
| Income tax expense (benefit) | 10,333 | (29,242) | 527 | (28,715) |
| Net income (loss) | $ 51,469 | $ (113,090) | $ 2,363 | $ (110,727) |

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| | Three Months Ended September 30, 2005 | 2006 | Dollar Change | Percentage Change |
|---|---|---|---|---|
| | Combined (In thousands, except percentages) | | | |
| **Revenues** | | | | |
| Operating leases, satellite services and other | $ 205,637 | $ 200,177 | $ (5,460) | (3)% |
| Revenue from affiliates | | 51,227 | 51,227 | NM |
| Outright sales and sales-type leases | 3,481 | | (3,481) | NM |
| Total revenues | 209,118 | 251,404 | 42,286 | 20% |
| **Costs and expenses** | | | | |
| Depreciation and amortization expense | 68,861 | 71,866 | 3,005 | 4% |
| Direct operating costs (exclusive of depreciation and amortization) | 30,973 | 44,304 | 13,331 | 43% |
| Costs from affiliates | | 18,468 | 18,468 | NM |
| Selling, general and administrative expenses | 18,931 | 25,068 | 6,137 | 32% |
| Restructuring and transaction costs | 209 | 147,545 | 147,336 | NM |
| (Gain) loss on undesignated interest rate swap | (18,332) | 14,328 | 32,660 | NM |
| Total operating costs and expenses | 100,642 | 321,579 | 220,937 | NM |
| Income (loss) from operations | 108,476 | (70,175) | (178,651) | NM |
| Interest expense net | 48,272 | 70,710 | 22,438 | 46% |
| Other income net | 1,598 | 1,443 | (155) | (10)% |
| Income (loss) before income taxes | 61,802 | (139,442) | (201,244) | NM |
| Income tax expense (benefit) | 10,333 | (28,715) | (39,048) | NM |
| Net income (loss) | $ 51,469 | $ (110,727) | $ (162,196) | NM |

NM = Not meaningful

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| | Predecessor Entity | | Successor Entity | Combined |
|---|---|---|---|---|
| | Nine Months Ended September 30, 2005 | Period January 1 to July 1, 2006 | Period July 1 to September 30, 2006 | Nine Months Ended September 30, 2006 |
| | | | (in thousands) | |
| **Revenues** | | | | |
| Operating leases, satellite services and other | $ 621,183 | $ 436,864 | $ 200,177 | $ 637,041 |
| Revenues from affiliates | | | 51,227 | 51,227 |
| Outright sales and sales-type leases | 10,595 | 5,895 | | 5,895 |
| Total revenues | 631,778 | 442,759 | 251,404 | 694,163 |
| **Costs and expenses** | | | | |
| Cost of outright sales and sales-type leases | (4,303) | (1,943) | | (1,943) |
| Depreciation and amortization | 205,791 | 138,655 | 71,866 | 210,521 |
| Direct operating costs (exclusive of depreciation and amortization) | 99,811 | 70,977 | 44,304 | 115,281 |
| Costs from affiliates | | | 18,468 | 18,468 |
| Selling, general and administrative expenses | 56,777 | 38,033 | 25,068 | 63,101 |
| Prior Sponsor management fees | 10,444 | | | |
| Restructuring and transaction costs | 3,974 | 145,186 | 5,213 | 150,399 |
| Loss on termination of sales-type leases | 2,307 | | | |
| (Gain) loss on undesignated interest rate swap | 305 | (23,140) | 14,328 | (8,812) |
| Total operating costs and expenses | 375,106 | 367,768 | 179,247 | 547,015 |
| Income from operations | 256,672 | 74,991 | 72,157 | 147,148 |
| Interest expense net | 211,875 | 107,601 | 70,710 | 178,311 |
| Other income (expense) net | 1,524 | (2,679) | 1,443 | (1,236) |
| Income (loss) before income taxes | 46,321 | (35,289) | 2,890 | (32,399) |
| Income tax expense | 7,095 | 8,007 | 527 | 8,534 |
| Net income (loss) | $ 39,226 | $ (43,296) | $ 2,363 | $ (40,933) |

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| | Nine Months Ended September 30, 2005 | 2006 | Dollar Change | Percentage Change |
|---|---|---|---|---|
| | Combined (In thousands, except percentages) | | | |
| **Revenues** | | | | |
| Operating leases, satellite services and other | $ 621,183 | $ 637,041 | $ 15,858 | 3% |
| Revenues from affiliates | | 51,227 | 51,227 | NM |
| Outright sales and sales-type leases | 10,595 | 5,895 | (4,700) | (44)% |
| Total revenues | 631,778 | 694,163 | 62,385 | 10% |
| **Costs and expenses** | | | | |
| Cost of outright sales and sales-type leases | (4,303) | (1,943) | 2,360 | (55)% |
| Depreciation and amortization expense | 205,791 | 210,521 | 4,730 | 2% |
| Direct operating costs (exclusive of depreciation and amortization) | 99,811 | 115,281 | 15,470 | 15% |
| Costs from affiliates | | 18,468 | 18,468 | NM |
| Selling, general and administrative expenses | 56,777 | 63,101 | 6,324 | 11% |
| Prior Sponsor management fees | 10,444 | | (10,444) | NM |
| Restructuring and transaction costs | 3,974 | 150,399 | 146,425 | NM |
| Loss on termination of sales-type leases | 2,307 | | (2,307) | NM |
| (Gain) loss on undesignated interest rate swap | 305 | (8,812) | (9,117) | NM |
| Total operating costs and expenses | 375,106 | 547,015 | 171,909 | 46% |
| Income from operations | 256,672 | 147,148 | (109,524) | (43)% |
| Interest expense net | 211,875 | 178,311 | (33,564) | (16)% |
| Other income (expense) net | 1,524 | (1,236) | (2,760) | NM |
| Income (loss) before income taxes | 46,321 | (32,399) | (78,720) | NM |
| Income tax expense | 7,095 | 8,534 | 1,439 | 20% |
| Net income (loss) | $ 39,226 | $ (40,933) | $ (80,159) | NM |

NM = Not meaningful

***Revenue from Operating Leases, Satellite Services and Other***

The following table sets forth our revenue by product group type for our revenue from operating leases, satellite services and other for the three months ended September 30, 2005 and the period July 1, 2006 through September 30, 2006 (in thousands):

| | Predecessor Three Months Ended September 30, 2005 | Successor Period July 1 to September 30, 2006 |
|---|---|---|
| Leases | $ 185,527 | $ 184,746 |
| Managed solutions | 14,303 | 12,554 |
| Mobile satellite services and other | 5,807 | 2,877 |
| Total | $ 205,637 | $ 200,177 |

Revenue from operating leases, satellite services and other decreased by $5.5 million, with leases, managed solutions and mobile satellite services, and other revenues decreasing by $0.8 million, $1.8 million and $2.9 million, respectively, These decreases were primarily due to the sale of our G2 Satellite Solutions subsidiary to IGen immediately following the completion of the PanAmSat Acquisition Transactions. Our revenue for the third quarter of 2005 included

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$13.2 million of third party revenue for G2 Satellite Solutions, of which $7.2 million related to leases, $4.4 million to managed solutions and $1.6 million to mobile satellite solutions and other. As a result of our sale of G2 Satellite Solutions to IGen, revenue earned from G2 during the third quarter of 2006 is now classified as inter-company revenue and therefore no amounts related to sales to G2 are now included in revenue from operating leases, satellite services and other. Partially offsetting the decrease in lease revenue was $5.3 million of revenue recorded during this period which related to agreements previously accounted for as sales-type leases, as discussed above. Of the $5.3 million, $2.5 million relates to the additional revenue resulting from the accounting policy change related to agreements previously accounted for as sales-type leases as discussed above and $2.8 million relates to revenue previously recorded as sales-type lease revenue.

The following table sets forth our revenue by product group type for our revenue from operating leases, satellite services and other for the nine months ended September 30, 2005, the period January 1, 2006 to July 1, 2006 and the period July 1, 2006 to September 30, 2006 (in thousands):

| | Predecessor | | Successor |
|---|---|---|---|
| | January 1 to September 30, 2005 | January 1 to July 1, 2006 | July 1 to September 30, 2006 |
| Leases | $ 552,257 | $ 378,747 | $ 184,746 |
| Managed solutions | 45,903 | 39,160 | 12,554 |
| Mobile satellite services and other | 23,023 | 18,956 | 2,877 |
| Total | $ 621,183 | $ 436,863 | $ 200,177 |

Revenue from operating leases, satellite services and other increased by $15.9 million with revenue from leases and managed solutions increasing by $11.2 million and $5.8 million, respectively, while mobile satellite solutions and other revenue decreased by $1.2 million. Approximately $5.3 million of lease revenue recorded during this period related to agreements previously accounted for as sales-type leases, as discussed above, while managed solutions revenue increased by $4.9 million due to additional occasional use services resulting from the 2006 FIFA World Cup and the 2006 Winter Olympics. The results above were negatively impacted by a decrease of $13.2 million in revenue due to the sale of G2 Satellite Solutions to IGen immediately following the completion of the PanAmSat Acquisition Transactions, as discussed above. Of this $13.2 million decrease, $7.2 million related to revenue from leases, $4.4 million to revenue from managed solutions and $1.6 million to revenue from mobile satellite solutions and other, respectively.

***Revenue from Affiliates***

For the three and nine months ended September 30, 2006, the increase in revenue from affiliates was due primarily to new revenues of $39.3 million related to service provided by us to other Intelsat entities pursuant to the MISA, which was entered into in connection with the PanAmSat Acquisition Transactions, as well as $11.9 million of new inter-company revenues from capacity sold to other Intelsat entities. Included in these inter-company capacity revenues was $10.1 million from sales to the former G2 Satellite Solutions.

***Revenue from Outright Sales and Sales-type Leases***

The decrease of $3.5 million and $4.7 million in revenue from outright sales and sales-type leases for the three and nine months ended September 30, 2006, respectively, was due to the elimination of this revenue classification as a result of the conforming accounting policy change discussed above.

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***Cost of Outright Sales and Sales-type Leases***

For the nine months ended September 30, 2006, the increase in cost of sales-type leases was due to the reversal of approximately $4.3 million of in-orbit insurance liabilities, representing previously recorded expenses for sales-type leases on our Galaxy 4R and Galaxy 10R satellites that were no longer insured during the nine months ended September 30, 2005. These insurance policies expired during the nine months ended September 30, 2005, were not replaced and, as a result, these satellites and their related assets were no longer insured. This increase was partially offset by the reversal of approximately $1.9 million of in-orbit insurance liabilities during the second quarter of 2006, representing previously recorded expenses for a sales-type lease on our IS-10 satellite that is no longer insured. In May 2006, the insurance policy covering our IS-10 satellite expired and was not replaced and, as a result, this satellite and its related assets were no longer insured.

***Depreciation and Amortization Expense***

For the three months ended September 30, 2006, the increase in depreciation and amortization was due primarily to an increase in amortization expense of $13.0 million as a result of amortizable intangible assets established in the purchase accounting related to the PanAmSat Acquisition Transactions, increased depreciation of $5.4 million as a result of new satellites placed in service subsequent to September 30, 2005 and increased depreciation of $1.7 million on our IS-12 satellite acquired in August 2005. These increases were offset by lower depreciation of $15.2 million for satellites and other assets as a result of the reduction in the fair value of these assets resulting from purchase accounting adjustments recorded in relation to the PanAmSat Acquisition Transactions, and lower non-satellite depreciation of approximately $2.0 million due to disposals of property, plant and equipment and reduced non-satellite capital expenditures.

For the nine months ended September 30, 2006, the increase in depreciation and amortization was due primarily to an increase in amortization expense of $12.6 million as a result of amortizable intangible assets established in the purchase accounting related to the PanAmSat Acquisition Transactions, increased depreciation of $12.5 million as a result of new satellites placed in service subsequent to September 30, 2005 and increased depreciation of $5.0 million on our IS-12 satellite acquired in August 2005 in connection with the Europe*Star acquisition. These increases were offset by lower depreciation of $15.2 million for satellites and other assets as a result of the reduction in the fair value of these assets resulting from purchase accounting adjustments recorded in relation to the PanAmSat Acquisition Transactions, lower depreciation of $2.2 million on our Galaxy 3R satellite which was fully depreciated in January 2005, lower depreciation of $7.6 million on our SBS 6 satellite which had been fully depreciated in November 2005 and lower non-satellite depreciation of approximately $3.6 million due to disposals of property, plant and equipment and reduced non-satellite capital expenditures.

***Direct Operating Costs (exclusive of depreciation and amortization)***

For the three months ended September 30, 2006, the increase in direct operating costs, as compared to the three months ended September 30, 2005, was due primarily to $18.8 million of additional costs recorded during the third quarter of 2006 which resulted from the employee transfer agreement. In addition, consulting costs related to launch services increased by approximately $1.8 million as compared with the same period in 2005. These increases were partially offset by a decrease of approximately $6.7 million in direct operating costs related to G2 Satellite Solutions, which was sold in July 2006 subsequent to the completion of the PanAmSat Acquisition Transactions.

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For the nine months ended September 30, 2006, the increase in total direct operating costs, as compared to the nine months ended September 30, 2005, was due primarily to $18.8 million of additional costs recorded during the third quarter of 2006 which resulted from the employee transfer agreement. In addition, costs associated with the resale of capacity to a video customer, consulting costs related to launch services, broadcast services related to the 2006 Winter Olympics and FIFA World Cup increased by approximately $5.4 million. These increases were partially offset by a decrease of approximately $10.3 million in third party direct operating costs related to G2 Satellite Solutions, which was sold in July 2006 subsequent to the completion of the PanAmSat Acquisition Transactions.

***Costs from Affiliates***

For the three and nine months ended September 30, 2006, the increase in costs from affiliates was due to $18.5 million of costs recorded during the three months ended September 30, 2006 which resulted from the MISA.

***Selling, General and Administrative Expenses***

Selling, general and administrative expenses increased $6.1 million for the three months ended September 30, 2006, as compared to the same period in 2005, primarily as a result of $15.1 million of additional costs resulting from the employee transfer agreement that was entered into in connection with the PanAmSat Acquisition Transactions. This increase was partially offset by a decrease in employee compensation and benefit costs of $3.3 million, a $1.7 million reduction in regulatory fees paid, a $1.5 million reduction in loss on asset disposals and $1.3 million in lower property lease expense.

For the nine months ended September 30, 2006, selling, general and administrative expenses increased $6.3 million as compared to the same period in 2005 primarily as a result of $15.1 million of additional costs resulting from the employee transfer agreement and a $3.3 million impairment loss on an investment accounted for under the cost method. This increase was partially offset by lower bad debt expense of $1.8 million, a $1.5 million reduction in loss on asset disposals, a decrease in employee compensation and benefit costs of $1.2 million, a $1.4 million reduction in regulatory fees paid and lower general and administrative expenses of approximately $3.0 million, including lower stock compensation expense, property lease expense, insurance and other expenses.

***Restructuring and Transaction Costs***

Restructuring and severance costs were $0.2 million and $5.2 million for the three months ended September 30, 2005 and 2006, respectively. During the three months ended September 30, 2005, we recorded charges of $0.2 million related to our severance plans. During the three months ended September 30, 2006, we recorded $5.2 million of integration and retention costs in relation to the PanAmSat Acquisition Transactions.

Restructuring and severance costs were $4.0 million and $5.2 million for the nine months ended September 30, 2005 and the period July 1, 2006 through September 30, 2006, respectively. During the nine months ended September 30, 2005, we recorded charges of $2.5 million for certain costs incurred in relation to equipment transferred to other locations in 2005, $1.0 million related to our severance plans and $0.5 million for increased future lease costs related to one of our idle facilities. During the period July 1, 2006 through September 30, 2006, we recorded $5.2 million of integration and retention costs in relation to the PanAmSat Acquisition Transactions.

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In connection with the completion of the PanAmSat Acquisition Transactions on July 3, 2006, we recorded approximately $145.2 million of transaction costs within our consolidated statement of operations during the nine months ended September 30, 2006. Of these costs, $142.3 million was expensed during the predecessor period July 1, 2006 immediately prior to completion of the PanAmSat Acquisition Transactions. These costs included approximately $97.2 million of costs associated with the cash settlement of options and deferred stock units, $21.2 million of severance-related compensation received by certain of our prior executives (including $19.9 million of employee excise taxes) $15.4 million of severance and related costs recorded pursuant to our 2005 severance pay plan, $8.5 million of costs related to executive severance and benefits. In addition, $2.9 million of expenses related to certain employee retention costs were expensed during the first six months of 2006. No comparable costs were recorded in the same period in 2005.

***Prior Sponsor Management Fees***

Our Prior Sponsors provided management and advisory services to us pursuant to management services agreements executed at the closing of the Recapitalization in August 2004. The Prior Sponsors charged us an aggregate management fee of $2.0 million annually for the provision of these services, subject to an annual increase of three percent. In connection with, and effective upon completion of, our initial public offering on March 22, 2005, each of the Prior Sponsors terminated their respective management services agreements with us for an aggregate consideration of $10.0 million. During the nine months ended September 30, 2005, we recorded approximately $10.4 million of expense for these management fees, including the termination payment. No comparable costs were recorded during the nine months ended September 30, 2006.

***Loss on termination of sales-type lease***

During the first quarter of 2005, we recorded a loss of $2.3 million in relation to the amendment of a customer s sales-type lease agreement, which resulted in a new operating lease agreement for that customer. As a result of this amendment, during the first quarter of 2005, we wrote off the remaining net investment in sales-type lease balance of $2.3 million related to this agreement. No comparable costs were recorded during the nine months ended September 30, 2006.

***(Gain) Loss on Undesignated Interest Rate Swap***

As of September 30, 2005, we completed our effectiveness test in relation to our $1.25 billion interest rate swap agreement. As a result of the test, it was determined that the interest rate swap agreement was no longer an effective hedge and therefore did not qualify for hedge accounting treatment under Statement of Financial Accounting Standards ( SFAS ) No. 133 *Accounting for Derivative Instruments and Hedging Activities* as amended and interpreted ( SFAS 133 ). As a result, the interest rate swap was undesignated and therefore the reduction in the fair value of the interest rate swap obligation of approximately $18.3 million was recorded as a gain on undesignated interest rate swap in our consolidated statement of operations for the three months ended September 30, 2005. Similarly, the interest rate swap was undesignated and therefore the increase in the fair value of the interest rate swap obligation of approximately $0.3 million was recorded as a loss on undesignated interest rate swap in our consolidated statement of operations for the nine months ended September 30, 2005. The $14.3 million loss on undesignated interest rate swap during the third quarter of 2006 represents the decrease in the fair value of our $1.25 billion interest rate swap asset. The $8.8 million gain on undesignated interest rate swap during the nine month period ended September 30, 2006 represented the

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increase in the fair value of our $1.25 billion interest rate swap asset. For the three months ended September 30, 2006, the interest rate swap was undesignated and therefore this decrease was recorded as a loss on undesignated interest rate swap in our consolidated statement of operations for this period pursuant to SFAS 133. For the nine months ended September 30, 2006, the interest rate swap was undesignated and therefore this increase was recorded as a gain on undesignated interest rate swap in our consolidated statement of operations for this period pursuant to SFAS 133.

***Income (Loss) from Operations***

Income (loss) from operations decreased by $178.7 million as compared to the three months ended September 30, 2005 primarily due to $142.3 million of restructuring and transaction costs and the change in the fair value of our undesignated interest rate swap of approximately $32.7 million over the same period in 2005. Income from operations decreased by $109.5 million as compared to the nine months ended September 30, 2005 primarily due to $145.2 million of restructuring and transaction costs and increases in other operating costs of $48.6 million. These decreases were partially offset by an increase in revenues of $62.4 million, principally due to new revenues from affiliates as discussed above, and by reductions in certain other operating expenses of $21.9 million.

***Interest Expense  Net***

For the three months ended September 30, 2006, Interest expense  net consisted of the following (in thousands):

| | Three Months Ended | | |
|---|---|---|---|
| | September 30, | | Dollar Change |
| | 2005 | 2006 Combined | |
| Gross interest expense | $ 56,367 | $ 80,112 | $ 23,745 |
| Less: Interest income | 790 | 2,056 | 1,266 |
| Less: Capitalized interest | 7,305 | 7,346 | 41 |
| Total interest expense, net | $ 48,272 | $ 70,710 | $ 22,438 |

Interest expense  net increased primarily as a result of higher outstanding indebtedness during the three months ended September 30, 2006, and higher average interest rates in relation to our senior secured credit facilities during this period as compared to the same period in 2005. The increase in debt was a result of the issuance of $575.0 million of the original notes in July 2006 in connection with the completion of the PanAmSat Acquisition Transactions.

For the nine months ended September 30, 2006, Interest expense  net consisted of the following (in thousands):

| | Nine Months Ended | | |
|---|---|---|---|
| | September 30, | | Dollar Change |
| | 2005 | 2006 Combined | |
| Gross interest expense | $ 232,225 | $ 203,536 | $ (28,689) |
| Less: Interest income | 2,091 | 4,902 | 2,811 |
| Less: Capitalized interest | 18,259 | 20,323 | 2,064 |
| Total interest expense, net | $ 211,875 | $ 178,311 | $ (33,564) |

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During the nine months ended September 30, 2005, we recorded approximately $56.0 million of debt extinguishment costs within interest expense, including the write-off of $10.4 million of debt issuance costs as a result of the repayment of $318.4 million of indebtedness under our senior secured credit facilities, $13.8 million related to the redemption of a portion of our 9% senior notes due 2014 and a $31.8 million premium paid in relation to the redemption of these notes during this period. Excluding the write-off of debt extinguishment costs in 2005, interest expense for the nine months ended September 30, 2006 increased compared with the same period in 2005 due to higher total outstanding indebtedness and higher average interest rates in relation to our senior secured credit facilities. The increase in debt was a result of the issuance of $575.0 million of the original notes in July 2006 in connection with completion of the PanAmSat Acquisition Transactions.

***Income Tax Expense (Benefit)***

The decrease in the third quarter 2006 income tax expense of approximately $39.0 million to a $28.7 million income tax benefit from the 2005 income tax expense of $10.3 million was due primarily to the decrease in income before income taxes in 2006 resulting from the items described above including certain deductible as well as certain non-deductible transaction costs, offset by the reduction in the 2006 extraterritorial income exclusion benefit resulting from the partial phase-out of this benefit. The effective income tax rate for the three months ended September 30, 2006 was 20.6% as compared to 16.7% for the three months ended September 30, 2005.

For the nine months ended September 30, 2006, the increase in income tax expense of approximately $1.4 million to $8.5 million from the 2005 income tax expense of $7.1 million was due primarily to the reduction in the 2006 extraterritorial income exclusion benefit resulting from the partial phase-out of this benefit, non-deductible costs relating to the company s acquisition by Intelsat Bermuda, and the recording of additional expense in the second quarter of 2006 related to tax exposure items for periods prior to 2006, offset by an decrease in income before income taxes in 2006 resulting from the items described above. The effective income tax rate for the nine months ended September 30, 2006 was negative 26.3% as compared to 15.3% for the nine months ended September 30, 2005. The change in the effective rate from 2005 to 2006 is primarily driven by certain non-deductible acquisition related costs incurred by us during the period January 1, 2006 to July 1, 2006.

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**Results of Operations 2005 Compared to 2004**

The following table sets forth the consolidated statement of operations data and related changes expressed in dollars and percentages for each period indicated. The historical results are not necessarily indicative of results to be expected for any future period.

| | Year Ended December 31, | | Dollar | Percentage |
|---|---|---|---|---|
| | 2004 | 2005 | Change | Change |
| | (In thousands, except percentages) | | | |
| **Revenues** | | | | |
| Operating leases, satellite services and other | $ 811,124 | $ 847,149 | $ 36,025 | 4.4% |
| Outright sales and sales-type leases | 15,946 | 13,854 | (2,092) | (13.1)% |
| Total revenues | 827,070 | 861,003 | 33,933 | 4.1% |
| **Operating costs and expenses** | | | | |
| Cost of outright sales and sales-type leases | 2,224 | (4,303) | (6,527) | NM |
| Depreciation and amortization expense | 294,822 | 276,925 | (17,897) | (6.1)% |
| Direct operating costs (exclusive of depreciation and amortization) | 157,354 | 143,870 | (13,484) | (8.6)% |
| Selling, general and administrative expenses | 110,898 | 74,969 | (35,929) | (32.4)% |
| Prior sponsor management fees | 731 | 10,444 | 9,713 | NM |
| Facilities restructuring and severance costs | 6,192 | 4,294 | (1,898) | (30.7)% |
| Loss on termination of sales-type leases | | 2,307 | 2,307 | |
| Gain on undesignated interest rate swap | | (6,611) | (6,611) | |
| Gain on satellite insurance claim | (9,090) | | 9,090 | NM |
| Gain on sale of teleport | (11,113) | | 11,113 | NM |
| Satellite impairment loss | 99,946 | | (99,946) | NM |
| Transaction-related costs | 155,131 | | (155,131) | NM |
| Total operating costs and expenses | 807,095 | 501,895 | (305,200) | (37.8)% |
| Income from operations | 19,975 | 359,108 | 339,133 | NM |
| Interest expense, net | 186,754 | 261,383 | 74,629 | 40.0% |
| Income (loss) before income taxes | (166,779) | 97,725 | 264,504 | NM |
| Income tax expense (benefit) | (91,290) | 2,105 | 93,395 | NM |
| Net income (loss) | $ (75,489) | $ 95,620 | $ 171,109 | NM |

NM = Not meaningful

***Total Revenues***

The increase in total revenues was primarily attributable to higher lease services revenues of $29.2 million, higher mobile satellite services and other revenues of $7.4 million, an increase in government services revenues of $1.7 million and an increase in managed services revenues of $0.1 million as compared to 2004. See Selected segment data below.

***Cost of outright sales and sales-type leases***

The decrease in cost of sales-type leases during year ended December 31, 2005 was due to the reversal of approximately $4.3 million of in-orbit insurance liabilities, representing

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previously recorded expenses for sales-type leases on our Galaxy 4R and Galaxy 10R satellites that are no longer insured. These insurance policies expired during 2005, were not replaced and, as a result, these satellites and their related assets are no longer insured.

***Depreciation and amortization expense***

The decrease in depreciation and amortization was due primarily to the following:

- lower depreciation of $25.9 million on our Galaxy 3R satellite, which was fully depreciated in January 2005 and taken out of service in January 2006;
- lower depreciation of $6.9 million on our Galaxy 5 satellite which was de-orbited in January 2005 and the impairment of our PAS-6 satellite in March 2004 and its subsequent de-orbiting;
- lower non-satellite depreciation of $7.3 million, resulting primarily from lower depreciation of capitalized software which became fully depreciated during 2004, write-off s of property, plant and equipment and reduced non-satellite capital expenditures; and
- lower depreciation of $3.5 million on our Galaxy 4R and Galaxy 10R satellites as a result of the allocation of insurance proceeds against the carrying values of these satellites during 2004 and the reduced EOL estimates for Galaxy 4R and Galaxy 9 in the second half of 2005.

These decreases were partially offset by increased depreciation of $23.4 million resulting from reduced end of life estimates for the Galaxy 11, IS-1R and IS-9 satellites in the fourth quarter of 2004.

***Direct operating costs (exclusive of depreciation and amortization)***

The decrease in total direct operating costs, as compared to the year ended December 31, 2004, was due primarily to lower in-orbit insurance costs of $6.9 million as a result of reduced or expired satellite insurance policies since January 2004, reduced engineering and operations costs of approximately $7.3 million resulting from reduced headcount/operational efficiencies obtained since January 2004 and a decrease in G2 direct operating costs of approximately $8.0 million as compared to the year ended December 31, 2004. The decrease in G2 direct operating costs was due primarily to a shift in the composition of G2 revenues to services/products with higher margins during the year ended December 31, 2005, as compared to the same period in 2004. (See Selected segment data below).

***Selling, general and administrative expenses***

Selling, general and administrative expenses decreased $35.9 million during the year ended December 31, 2005, as compared to the same period in 2004, primarily as a result of a $34.1 million reduction in bad debt expense recorded during 2005. In July of 2004, we terminated our transponder lease agreements with a customer due to non-payment of the customer s obligations to us through June 30, 2004. As a result, in the second quarter of 2004, we recorded a pre-tax charge of approximately $29.6 million related to the current and long-term receivable balances due from this customer, which was recorded within our provision for uncollectible receivables.

***Prior Sponsor management fees***

The Prior Sponsors provided management and advisory services to us pursuant to management services agreements executed at the closing of the Recapitalization in August 2004. The Prior Sponsors charged us an aggregate management fee of $2.0 million annually for the provision of these services, subject to an annual increase of three percent. From August 20, 2004 through December 31, 2004, we recorded approximately $0.7 million of

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expense for these management fees. In connection with, and effective upon completion of, our initial public offering on March 22, 2005, each of the Prior Sponsors terminated their respective management services agreements with us for an aggregate consideration of $10.0 million. During the year ended December 31, 2005, we recorded approximately $10.4 million of expense for these management fees, including the termination payment.

***Facilities restructuring and severance costs***

Facilities restructuring and severance costs were $6.2 million and $4.3 million for the years ended December 31, 2004 and 2005, respectively. The decrease in these costs was primarily due to the following:

- during the years ended December 31, 2004 and 2005, we recorded charges of $1.8 million and $2.5 million, respectively, related to our teleport consolidation plan, representing primarily severance and third party costs in 2004 and certain costs incurred in relation to equipment transferred to other locations or disposed of in 2005.

- during the year ended December 31, 2004, we recorded a non-cash charge of $3.7 million reflecting future lease costs related to approximately 18,000 square feet of unused facilities in Manhattan Beach and Long Beach, California. During the year ended December 31, 2005, we recorded a non-cash charge of approximately $0.5 million in relation to increased future lease costs related to another of our idle facilities.

- during the years ended December 31, 2004 and 2005, we recorded severance costs of approximately $0.6 million and $1.1 million in relation to our severance plans.

See Liquidity and Capital Resources Facilities Restructuring and Severance Costs below.

***Loss on termination of sales-type leases***

In the first quarter of 2005 we recorded a loss of $2.3 million in relation to the amendment of a customer s sales-type lease agreement, which resulted in a new operating lease agreement for that customer.

***Gain on undesignated interest rate swap***

On March 14, 2005, we entered into a five year interest rate swap agreement to hedge interest expense on a notional amount of $1.25 billion. The notional amount will amortize down to $625.0 million from March 14, 2008 until expiration on March 14, 2010. From March 14, 2005 through May 24, 2005, the interest rate swap was undesignated and the decrease in its fair value of approximately $18.6 million through May 24, 2005 was recorded within operating costs and expenses in our consolidated statement of operations. Between May 25, 2005 and June 30, 2005, the interest rate swap was designated as a cash flow hedge and deemed effective, and therefore qualified for hedge accounting treatment under SFAS 133. As of September 30, 2005, we completed our effectiveness assessment in relation to this swap agreement. As a result of this test, it was determined that the interest rate swap agreement was no longer an effective hedge, and therefore, did not qualify for hedge accounting treatment under SFAS 133. As a result, the interest rate swap was undesignated through December 31, 2005 and therefore the increase in the fair value of the interest rate swap obligation from July 1, 2005 through December 31, 2005 of approximately $25.2 million was recorded as a gain on undesignated interest rate swap in our consolidated statement of operations for year ended December 31, 2005. The net gain on undesignated interest rate swap for year ended December 31, 2005 was $6.6 million. As this agreement became effective during 2005 there were no similar amounts recorded in 2004.

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***Gain on Satellite Insurance Claim***

During the fourth quarter of 2004, we received approximately $75 million of insurance proceeds related to our Galaxy 10R satellite. Approximately $9.1 million of these insurance proceeds related to warranty obligations recorded during the third quarter of 2004 for a customer on Galaxy 10R and the write-off of a portion of our net investment in sales-type leases for another customer on this satellite. We recorded a gain on satellite insurance claim of approximately $9.1 million during the fourth quarter of 2004 for this portion of the insurance proceeds received, which related to the third quarter of 2004 charges. See Cost of Outright Sales and Sales-type leases above.

***Gain on sale of teleport***

The gain on sale of teleport of $11.1 million represents the pre-tax gain recorded during the fourth quarter of 2004 related to the sale of our Spring Creek teleport in October 2004 for approximately $14.4 million, net of associated selling costs. See Liquidity and Capital Resources Facilities Restructuring and Severance Costs below.

***Satellite impairment loss***

In the first quarter of 2004, we recorded a non-cash charge of $99.9 million related to the impairment of our PAS-6 satellite. See Satellite Technology below.

***Transaction-related costs***

The decrease in transaction-related costs was due to costs incurred during 2004 in relation to the Recapitalization. These costs consisted of debt tender offer costs, costs to cash out restricted stock units and stock options, transaction-related bonuses and proxy solicitation and other costs. There were no such costs recorded during 2005.

***Income from operations***

Income from operations increased by $339.1 million primarily due to the $155.1 million of transaction-related costs recorded in 2004, the $99.9 million satellite impairment loss recorded in the first quarter of 2004, the $29.6 million charge recorded in selling, general and administrative expenses during the second quarter of 2004 described above and the other changes in revenues and operating expenses described above.

***Interest expense, net***

Interest expense, net consisted of the following (in thousands):

| | Year Ended December 31, 2004 | 2005 | Dollar Change |
|---|---|---|---|
| Gross interest expense | $ 202,676 | $ 290,139 | $ 87,463 |
| Less: Interest income | 7,422 | 3,217 | (4,205) |
| Less: Capitalized interest | 8,500 | 25,539 | 17,039 |
| Total interest expense, net | $ 186,754 | $ 261,383 | $ 74,629 |

Interest expense, net for the year ended December 31, 2005 increased primarily as a result of:

approximately $49.5 million additional interest expense in 2005 as a result of the Recapitalization. The Recapitalization which occurred on August 20, 2004 resulted in additional incremental indebtedness for us at higher average interest rates. See Liquidity and Capital Resources Long-term Debt below;

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approximately $56.0 million of debt extinguishment costs recorded in the year ended December 31, 2005, as compared with $25.8 million of such costs recorded during the same period in 2004. The debt extinguishment costs recorded during the year ended December 31, 2005 included $31.8 million premium paid in relation to the redemption of 35% of PanAmSat Opco s 9% senior notes due 2014, debt issuance costs of $13.8 million written-off in relation to this redemption and approximately $10.4 million of debt issuance costs written-off as a result of the repayment of $318.4 million of indebtedness under PanAmSat Opco s senior secured credit facilities; and

lower interest income of $4.2 million, due primarily to lower cash balances maintained during 2005, as compared to the same period in 2004.

These increases were partially offset by higher capitalized interest expense of $17.0 million during 2005 as a result of higher satellite construction in progress balances and higher interest rates, as compared to 2004.

***Income tax expense***

The increase in the 2005 income tax expense from the 2004 income tax benefit was primarily due to the income tax effect of Transaction costs recorded in the third quarter of 2004 and the PAS-6 impairment loss recorded during the first quarter of 2004. PanAmSat Opco recorded an income tax expense of approximately $2.1 million for 2005, as compared to a tax benefit of approximately $91.3 million for 2004.

***Selected segment data***

Presented below is selected segment data for PanAmSat Opco.

| | Year Ended December 31, 2004 | 2005 | Dollar Change | Percentage Change |
|---|---|---|---|---|
| | (In thousands, except percentages) | | | |
| **Revenues:** | | | | |
| FSS | $ 762,892 | $ 799,581 | $ 36,689 | 4.8% |
| G2 | 85,864 | 87,553 | 1,689 | 2.0% |
| Eliminations | (21,686) | (26,131) | (4,445) | (20.5)% |
| Total revenues | $ 827,070 | $ 861,003 | $ 33,933 | 4.1% |
| **Income from operations:** | | | | |
| FSS | $ 8,523 | $ 343,256 | $ 334,733 | NM |
| G2 | 11,452 | 15,852 | 4,400 | 38.4% |
| Total income from operations | $ 19,975 | $ 359,108 | $ 339,133 | NM |
| **Segment EBITDA:** | | | | |
| FSS | $ 612,089 | $ 655,583 | $ 43,494 | 7.1% |
| G2 | $ 12,854 | $ 17,692 | $ 4,838 | 37.6% |

NM = Not meaningful

As a result of the Recapitalization, we began utilizing Segment EBITDA (as defined below) as a measure of performance for our operating segments during the third quarter of 2004. We previously evaluated the performance of our operating segments based on several factors, of

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which the primary financial measure was segment net income (loss) plus net interest expense, income tax expense (benefit) and depreciation and amortization, further adjusted to exclude non-recurring items and other non-cash adjustments ( Segment EBITDA ). Segment EBITDA is presented because our chief operating decision maker previously evaluated and measured each business unit s performance based on its Segment EBITDA results. See Note 18 Operating Segments to our audited consolidated financial statements for the years ended December 31, 2005 and 2004 appearing elsewhere in this prospectus for a reconciliation of income (loss) from operations to Segment EBITDA for our FSS operating segment and our G2 operating segment.

Our operations were previously comprised of the following two segments:

*Fixed Satellite Services* Through FSS, we lease transponder capacity to customers for various applications, including broadcasting, news gathering, Internet access and transmission, private voice and data networks, business television, distance learning and DTH and provide consulting/technical services, TT&C and network services to customers.

*Government Services* Prior to the PanAmSat Acquisition Transactions, we provided global satellite and related telecommunications services to the U.S. government, international government entities, and their contractors through our G2 subsidiary.

***FSS Segment***

***FSS Revenue by Service Type***

| | Year Ended December 31, | | Dollar Change | Percentage Change |
|---|---|---|---|---|
| | 2004 | 2005 | (In thousands, except percentages) | |
| FSS Revenues: | | | | |
| Leases | $ 701,397 | $ 730,572 | $ 29,175 | 4.2% |
| Managed solutions | 45,192 | 45,300 | 108 | 0.2% |
| Mobile satellite services and other | 16,303 | 23,709 | 7,406 | 45.4% |
| Total FSS revenues | $ 762,892 | $ 799,581 | $ 36,689 | 4.8% |

Prior year FSS segment revenue amounts have been reclassified to different revenue service classifications to conform to Intelsat, Ltd s presentation. Government services revenues in prior years has been reclassified to lease revenues and prior years consulting/technical services revenues have been reclassified to managed solutions revenues and mobile satellite services and other revenues based upon the nature of the related customers services.

*Revenues.* The $36.7 million increase in FSS revenues was primarily attributable to higher lease services revenues of $29.2 million and higher mobile satellite services and other revenues of $7.4 million as follows:

*Leases.* The increase in lease services revenues was primarily due to new customer arrangements on our Galaxy 12 satellite, the impact of the contractual arrangements entered into with affiliates of The DIRECTV Group in connection with the Recapitalization, and an increase in satellite capacity leased to our G2 segment by our FSS segment. These increases were partially offset by reduced revenue as a result of an international customer termination that occurred during the second quarter of 2004 and the expiration of a lease associated with a non-core satellite that was used by a customer during the first nine months of 2004.

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*Mobile Satellite Services and Other.* The increase in mobile satellite services and other revenues is primarily due to the continued development and expansion of our consulting/technical service business in 2005 as compared to 2004.

*Income from Operations.* The increase of $334.7 million in income from operations for the year ended December 31, 2005 was primarily due to the non-recurrence of certain costs including $155.1 million of transaction related costs recorded during 2004, the $99.9 million satellite impairment loss recorded during the first quarter of 2004, the $29.6 million charge recorded in selling, general and administrative expenses during the second quarter of 2004 described above, the increase in FSS revenues of $36.7 million described above and a decrease in depreciation and amortization expense of approximately $17.9 million, which resulted primarily from satellites that were fully depreciated or de-orbited.

*Segment EBITDA.* The increase in FSS Segment EBITDA of $43.5 million for the year ended December 31, 2005 was due to the increased FSS revenues of $36.7 million and lower operating costs and expenses of $6.8 million.

***G2 Segment***

*Revenue.* G2 segment revenues increased $1.7 million for the year ended December 31, 2005, as compared to the year ended December 31, 2004. Reflected in this increase was a significant change in the composition of revenues. Revenues related to the lease of additional FSS provided satellite capacity increased $7.6 million and revenues related to managed network services increased $7.5 million. These increases were substantially offset by decreases in the sales of equipment and other non-satellite products of $10.1 million and lower revenues related to the construction of an L-Band payload on Galaxy 15 of $3.3 million.

*Income from Operations and Segment EBITDA.* Income from operations and segment EBITDA increased by $4.4 million and $4.8 million, respectively, for the year ended December 31, 2005, as compared to the year ended December 31, 2004. These increases were primarily due to the shift in the composition of revenue as described above. The focus on higher margin products and services resulted in these increases. Restructuring charges of $0.5 million were included in income from operations for the year ended December 31, 2005. These charges were not incurred during the year ended December 31, 2004.

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**Results of Operations 2004 Compared to 2003**

The following table sets forth the consolidated statement of operations data and related changes expressed in dollars and percentages for each period indicated. The historical results are not necessarily indicative of results to be expected for any future period.

| | Year Ended December 31, 2003 | 2004 | Dollar Change | Percentage Change |
|---|---|---|---|---|
| | (In thousands, except percentages) | | | |
| **Revenues** | | | | |
| Operating leases, satellite services and other | $ 814,006 | $ 811,124 | $ (2,882) | (0.4)% |
| Outright sales and sales-type leases | 17,005 | 15,946 | (1,059) | (6.2)% |
| Total revenues | 831,011 | 827,070 | (3,941) | (0.5)% |
| **Operating costs and expenses** | | | | |
| Cost of outright sales and sales-type leases | | 2,224 | 2,224 | |
| Depreciation and amortization expense | 312,833 | 294,822 | (18,011) | (5.8)% |
| Direct operating costs (exclusive of depreciation and amortization) | 149,696 | 157,354 | 7,658 | 5.1% |
| Selling, general and administrative expenses | 86,081 | 110,898 | 24,817 | 28.8% |
| Prior sponsor management fees | | 731 | 731 | |
| Facilities restructuring and severance costs | 4,227 | 6,192 | 1,965 | 46.5% |
| Satellite impairment loss | | 99,946 | 99,946 | |
| Gain on satellite insurance claim | | (9,090) | (9,090) | |
| Gain on sale of teleport | | (11,113) | (11,113) | |
| Transaction-related costs | | 155,131 | 155,131 | |
| Total operating costs and expenses | 552,837 | 807,095 | 254,258 | 46.0% |
| Income from operations | 278,174 | 19,975 | (258,199) | (92.8)% |
| Interest expense, net | 143,632 | 186,754 | 43,122 | 30.0% |
| Income (loss) before income taxes | 134,542 | (166,779) | (301,321) | NM |
| Income tax expense (benefit) | 35,010 | (91,290) | (126,300) | NM |
| Net income (loss) | $ 99,532 | $ (75,489) | $ (175,021) | NM |

NM = Not meaningful

***Total Revenues***

The decrease in total revenues was primarily attributable to lower lease services revenues of $19.0 million, partially offset by additional government services revenues of $11.3 million, $5.7 million of additional mobile satellite services and other revenues and increased managed services revenues of $1.2 million. See Selected segment data below.

***Cost of outright sales and sales-type leases***

The increase in cost of sales-type leases recorded during the year ended December 31, 2004 is the result of recording approximately $6.3 million of costs related to a warranty obligation to one of the customers on Galaxy 10R, partially offset by the reversal of approximately $4.1 million of in-orbit insurance liabilities related to sales-type leases that are no longer insured.

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***Depreciation and amortization expense***

The decrease in depreciation and amortization is due primarily to lower depreciation on Galaxy 11, IS-1R and Galaxy 4R of $25.4 million, as a result of the allocation of insurance proceeds against the carrying values of these satellites, partially offset by the reduced end of life of these satellites. In addition, we recorded lower non-satellite depreciation of $7.4 million and lower depreciation on PAS-6 of $9.3 million due to the impairment loss in the first quarter of 2004 (See Satellite Technology below). These decreases were partially offset by accelerated depreciation of $15.1 million due to reduced end of life estimates for Galaxy 10R and IS-6B and IS-9 for XIPS related issues and depreciation of $7.4 million on Galaxy 12 and Galaxy 13, which were placed in service in May 2003 and January 2004, respectively.

***Direct operating costs (exclusive of depreciation and amortization)***

The increase in direct operating costs was primarily due to:

- additional direct operating costs of our G2 operating segment of $3.9 million due to the growth of services to the U.S. government.
- $3.2 million of additional costs related to our Horizons-1 joint venture, which commenced operations in January 2004.
- increased expenses of $4.5 million attributable to the growth of our consulting business.
- $3.6 million of additional costs related to our expanded fiber service offerings, after the 2003 acquisition of Sonic Telecommunications International Ltd.
- $3.5 million of additional third party expenses required to perform services for customers under new lease agreements entered into during 2004.

These increases were partially offset by reduced satellite insurance expense of $7.8 million and a $3.9 million write-off of deferred charges as a result of the termination of certain vendor contracts during the first quarter of 2003.

***Selling, general and administrative expenses***

Selling, general and administrative expenses increased by $24.8 million, primarily due to higher bad debt expense of $32.9 million, as compared to 2003, as a result of the $29.6 million pre-tax charge recorded in relation to the write-off of an international customer s long and short-term receivable balances during the second quarter of 2004. Additionally, during the third quarter of 2004, we wrote-off approximately $3.1 million of a customer s net investment in sales-type leases as a result of the August 2004 satellite anomaly on our Galaxy 10R satellite. These increases were partially offset by lower compensation, benefits and related costs of $7.7 million as compared to 2003, due to operationally efficiencies achieved during 2004.

***Prior Sponsor management fees***

The Prior Sponsors charged us an aggregate management fee of $2.0 million annually for the provision of services, subject to an annual increase of three percent. From August 20, 2004 through December 31, 2004, we recorded approximately $0.7 million of expense for these management fees.

***Facilities restructuring and severance costs***

In 2004, we recorded non-cash charges of $3.7 million related to our facilities restructuring plan, $1.8 million related to our teleport consolidation plan and $0.6 million related to our 2004 workforce reduction. During 2003, we recorded $4.2 million of charges

related to our teleport

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consolidation plan and $1.4 million of severance charges related to our fourth quarter 2003 workforce reduction, both of which were partially offset by restructuring credits of $1.4 million related to our facilities restructuring plan. See Liquidity and Capital Resources Facilities Restructuring and Severance Costs below.

***Satellite impairment loss***

In the first quarter of 2004, we recorded a non-cash charge of $99.9 million related to the impairment of our PAS-6 satellite See Satellite Technology below.

***Gain on Satellite Insurance Claim***

During the fourth quarter of 2004, we received approximately $75.0 million of insurance proceeds related to our Galaxy 10R satellite. Approximately $9.1 million of these insurance proceeds related to warranty obligations recorded during the third quarter of 2004 for a customer on Galaxy 10R and the write-off of a portion of our net investment in sales-type leases for another customer on this satellite. We recorded a gain on satellite insurance claim of approximately $9.1 million during the fourth quarter of 2004 for this portion of the insurance proceeds received, which related to the third quarter of 2004 charges. See Cost of Outright Sales and Sales-type leases and Selling, General and Administrative Expenses above.

***Gain on sale of teleport***

The gain on sale of teleport of $11.1 million represented the pre-tax gain recorded during the fourth quarter of 2004 related to the sale of our Spring Creek teleport in October 2004 for approximately $14.4 million, net of associated selling costs. See Liquidity and Capital Resources Facilities Restructuring and Severance Costs below.

***Transaction-related costs***

The increase was due to costs incurred in relation to the Recapitalization in 2004. These costs consist of $138.4 million of costs related to our debt tender offers, $9.5 million resulting from the cashing out of restricted stock units and stock options, $5.0 million of transaction related bonuses paid to certain of our executives and $2.2 million of costs related to the proxy solicitation and other costs.

***Income from operations***

Income from operations decreased by $258.2 million, primarily due to Recapitalization related costs of $155.1 million, the $99.9 million impairment loss for our PAS-6 satellite and the $29.6 million write-off of certain customer receivable balances, partially offset by the reduction in depreciation and amortization expense of $18.0 million and the gain on sale of teleport facility of $11.1 million.

***Interest expense, net***

Interest expense, net consisted of the following (in thousands):

| | Year Ended December 31, | | Dollar |
|---|---|---|---|
| | 2003 | 2004 | Change |
| Gross interest expense | $ 170,822 | $ 202,676 | $ 31,854 |
| Less: Interest income | 13,293 | 7,422 | (5,871) |
| Less: Capitalized interest | 13,897 | 8,500 | (5,397) |
| Total interest expense, net | $ 143,632 | $ 186,754 | $ 43,122 |

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Interest expense, net for the year ended December 31, 2004 increased primarily as a result of the following:

The increase in the write-off of debt issuance costs during 2004, as compared with 2003, primarily due to the repayment of indebtedness in relation to the Recapitalization.

Additional interest expense after the Recapitalization, which resulted in incremental indebtedness at higher average interest rates (See Liquidity and Capital Resources Long-term Debt below).

Lower interest income of $5.9 million primarily due to lower average cash and short term investment balances.

Lower capitalized interest during 2004 of $5.4 million due to lower satellite construction in progress balances during the year.

These increases to interest expense, net were partially offset by lower interest expense before the Recapitalization as a result of the repayments of debt made over the last year.

***Income tax expense (benefit)***

The decrease in income tax expense was primarily due to the income tax effect of costs recorded during the third quarter of 2004 related to the Recapitalization, the PAS-6 impairment loss recorded during the first quarter of 2004, and the write-off of the customer receivable balance in the second quarter of 2004. PanAmSat Opco had a tax benefit of approximately $91.3 million for 2004, as compared to a tax expense of approximately $35.0 million in 2003.

***Selected segment data***

Presented below is selected segment data for PanAmSat Opco.

| | Year Ended December 31, 2003 | 2004 | Dollar Change | Percentage Change |
|---|---|---|---|---|
| | (In thousands, except percentages) | | | |
| **Revenues:** | | | | |
| FSS | $ 775,009 | $ 762,892 | $ (12,117) | (1.6)% |
| G2 | 74,550 | 85,864 | 11,314 | 15.2% |
| Eliminations | (18,548) | (21,686) | (3,138) | 16.9% |
| Total revenues | $ 831,011 | $ 827,070 | $ (3,941) | (0.5)% |
| **Income from operations:** | | | | |
| FSS | $ 269,573 | $ 8,523 | $ (261,050) | (96.8)% |
| G2 | 8,601 | 11,452 | 2,851 | 33.1% |
| Total income from operations | $ 278,174 | $ 19,975 | $ (258,199) | (92.8)% |
| **Segment EBITDA:** | | | | |
| FSS | $ 623,718 | $ 612,089 | $ (11,629) | (1.9)% |
| G2 | $ 9,329 | $ 12,854 | $ 3,525 | 37.8% |

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***FSS Segment***

***FSS Revenue by Service Type***

| | Year Ended December 31, 2003 | 2004 | Dollar Change | Percentage Change |
|---|---|---|---|---|
| | (In thousands, except percentages) | | | |
| FSS Revenues: | | | | |
| Leases | $ 720,402 | $ 701,397 | $ (19,005) | (2.6)% |
| Managed solutions | 44,034 | 45,192 | 1,158 | 2.6% |
| Mobile satellite services and other | 10,573 | 16,303 | 5,730 | 54.2% |
| Total FSS revenues | $ 775,009 | $ 762,892 | $ (12,117) | (1.6)% |

Prior year FSS segment revenue amounts have been reclassified to different revenue service classifications to conform to Intelsat, Ltd s presentation. Government services revenues in prior years has been reclassified to lease revenues and prior years consulting/technical services revenues have been reclassified to managed solutions revenues and mobile satellite services and other revenues based upon the nature of the related customers services.

*Revenues.* The decrease in FSS revenues of $12.1 million was primarily attributable to a decrease in lease services revenues of $19.0 million, partially offset by higher mobile satellite services and other revenues of $5.7 million and higher managed solutions revenues of $1.2 million as follows:

*Leases.* The decrease in lease services revenues was primarily due to customer credit related issues in international regions. This decrease was partially offset by the impact of the contractual arrangements entered into with affiliates of The DIRECTV Group in connection with the Recapitalization, additional revenue from network resellers and from customers with VSAT applications in North America, and an increase in satellite capacity leased to our G2 segment by our FSS segment.

*Managed Solutions.* The increase in managed solutions revenues was primarily attributable to an increase in occasional services revenues due to the broadcast of the 2004 Summer Olympics, U.S. presidential conventions and election coverage and other sporting and world events.

*Mobile Satellite Services and Other.* The increase in mobile satellite services and other revenues was primarily due to additional new consulting/technical services revenues in 2004 versus 2003.

*Income from Operations.* The decrease in FSS income from operations was primarily due to Recapitalization related costs of $155.1 million, the $99.9 million impairment loss for our PAS-6 satellite, the $29.6 million charge recorded in selling, general and administrative expenses during the second quarter of 2004 as described above and the reduction in FSS gross margin resulting from lower FSS revenues as described above, partially offset by a reduction in depreciation and amortization expense of $18.7 million and the gain on sale of teleport of $11.1 million described above.

*Segment EBITDA.* The decrease in FSS Segment EBITDA was primarily due to the reduction in FSS revenues for 2004 as compared to 2003, which is described above.

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***G2 Segment***

*Revenue.* The increase in G2 segment revenues of $11.3 million reflected a full year of operations in 2004 for the Hughes Global Services, Inc. and Esatel Communications, Inc. acquisitions made during 2003, as well as an increase in satellite bandwidth sales of $7.3 million and an increase in equipment-based sales of $6.1 million as compared to the same period in 2003, partially offset by a decrease in non-satellite bandwidth sales of $2.4 million.

*Income from operations and Segment EBITDA.* Income from operations and Segment EBITDA increased by $2.9 million and $3.5 million, respectively, as compared to the same period in 2003. These increases were primarily a result of the higher revenues earned during 2004, as discussed above, partially offset by the related cost of sales.

**Satellite Technology**

Our satellites are typically constructed to operate at full capacity over a design life of 15 years, although the actual performance and operating life of a satellite can vary significantly from that estimate. A satellite s performance and operating life will depend on operational considerations anticipated at the time of design and launch, such as the amount of fuel on board or expected degradation over time of electrical, propulsion, control or other on-board systems necessary for its operation. Performance or operating life may be extended if components degrade less than expected or if requirements are changed to allow reduced-fuel operations. However, performance or operating life may be reduced as a result of anomalies not contemplated by the satellite design which may not have become apparent until the satellite was placed in orbit or after the satellite has been in orbit for some time. It has been our experience that some of these anomalies can be common among satellites of the same model, or on satellite operating systems from the same manufacturer.

From time to time, our satellites experience operating problems that do not result in a reduction of expected life or usable capacity, but that may result in temporary outages for our customers. These problems are typically resolved through adjustments in the operation of the satellite, which will usually prevent further outages.

We have identified three types of common anomalies among the satellite models in our fleet, which, if they materialize, have the potential for a significant operational impact. These are:

- failure of both of the on-board XIPS used to maintain the in-orbit position of BSS 601 HP satellites;
- accelerated solar array degradation in early BSS 702 satellites; and
- failure of the on-board SCP in BSS 601 satellites.

On March 17, 2004, our PAS-6 satellite, an FS 1300 model satellite built by Space Systems/Loral, suffered an anomaly resulting in a loss of power. Following that event, we moved the satellite to a storage orbit while we evaluated the problem with the manufacturer. On April 1, 2004, this satellite experienced another anomaly and more significant loss of power. Neither of these losses were anticipated. We maintained communications with, and control of, this satellite and, as a result of the second anomaly, took the necessary steps to de-orbit it.

PAS-6 had previously been taken out of primary service and at the time of the anomaly was being used as a backup for another satellite, IS-6B. Accordingly, these events did not affect service to any of our customers and did not affect our revenues in 2005. We do not plan

to replace this satellite. As a result of the March 17, 2004 event, we recorded a non-cash impairment charge within income from operations of approximately $99.9 million in the first quarter of 2004. This resulted in a non-cash charge to net income after taxes of approximately $63.3 million. PAS-6 was uninsured and we will not collect insurance proceeds as a result of these events. Further, as a result of this impairment, we no longer depreciate this asset.

***BSS 601 HP XIPS***

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

Certain of our BSS 601 HP satellites have experienced various problems associated with XIPS. We currently operate seven BSS 601 HP satellites. Three of our currently operated BSS 601 HP satellites have experienced failures of both XIPS.

The first of the currently operated satellites to experience failure of both primary and secondary XIPS was Galaxy 4R. This satellite is operating on its backup bi-propellant propulsion system. We and the manufacturer of this satellite have determined that the XIPS on this satellite are no longer available. As a result, this satellite s estimated remaining service life, based on the bi-propellant fuel on board, was reduced to approximately 3.5 years from June 28, 2003, the date of the secondary XIPS failure. In September 2006, this satellite was moved to a new location where it started inclined orbit services, with a reduced propellant consumption. It was replaced at its previous location by Galaxy 16, which started service in August 2006.

We began accelerating depreciation on Galaxy 4R beginning in the third quarter of 2003 to coincide with the satellite s revised estimated service life. As a result, we recorded additional depreciation expense of $7.7 million during 2003. As of March 2004, following the final insurance settlement on this satellite, depreciation on Galaxy 4R has been approximately equal to the monthly depreciation on this satellite before the anomaly occurred. Galaxy 16 was launched on June 18, 2006 and replaced Galaxy 4R at 99 degrees WL and became operational in the third quarter of 2006. Galaxy 4R was placed into inclined orbit at 76.85 degrees WL.

The second satellite with failure of both primary and secondary XIPS is IS-6B. We and the manufacturer of this satellite have determined that the XIPS on this satellite are no longer available. As a result, this satellite s estimated remaining service life, based on the bi-propellant fuel on board, was reduced to 4.5 years after the most recent gauging operation conducted with the spacecraft manufacturer. We do not expect this problem to affect service to our customers or to affect revenues from the customers on this satellite over the remaining life of the satellite. As a result of this XIPS failure, during 2003 we reduced our revenue backlog by approximately $344.0 million. The insurance policy on this satellite had an exclusion for XIPS-related anomalies and, accordingly, this was not an insured loss.

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We began accelerating depreciation on IS-6B beginning in the third quarter of 2003 to coincide with the satellite s revised estimated service life. As a result, we recorded additional depreciation expense of $6.6 million during 2003. We expect to launch a replacement for IS-6B in 2007.

The third satellite with failure of both primary and secondary XIPS is Galaxy 10R. We and the manufacturer of this satellite have determined that the XIPS on this satellite are no longer available. As a result, this satellite s estimated remaining service life, based on the bi-propellant fuel on board, was reduced to approximately 3.6 years from August 3, 2004, the date of the secondary XIPS failure. We do not expect this problem to affect service to our customers or to affect revenues from the customers on this satellite over the remaining life of the satellite.

On August 31, 2004, we filed a proof of loss under the insurance policy for Galaxy 10R. During the fourth quarter of 2004, we received all of the expected insurance proceeds for our claim on Galaxy 10R, or approximately $75.0 million. We expect to launch a replacement for Galaxy 10R in 2007.

Of our four remaining BSS 601 HP satellites, IS-5 had a net book value of $8.9 million as of September 30, 2006 and is no longer in primary customer service. The other three continue to have XIPS available as their primary propulsion system. However, no assurance can be given that we will not have further XIPS failures that result in shortened satellite lives or that such failures will be insured if they occur. For two of these three satellites, the available bi-propellant life ranges exceeded 4 years from September 30, 2006. The third satellite, Galaxy 13/Horizons 1, which was placed into service in January 2004, has available bi-propellant of approximately 10.3 years from September 30, 2006.

In December 2004, after reviewing the operating time to failure and other data from failed BSS 601 HP XIPS systems in our fleet and from similar systems owned by others, as reported to us by the manufacturer, we reduced our estimate of the end of service life of one of our BSS 601 HP satellites, IS-9, from 2015 to 2013. This resulted in an increase in our annual depreciation expense of $3.0 million beginning in the fourth quarter of 2004. This estimate was based on available data from satellite systems similar to IS-9 and reflected our expectations for these systems. We plan to replace this satellite prior to the end of its service life. Because some of our customer contracts do not require their service to continue onto a replacement satellite, this reduction in our estimate of service life resulted in a reduction in our revenue backlog of approximately $61.2 million as of December 31, 2004. However, given the nature of our customers use of this satellite, we expect many of these customers will elect to renew their contracts onto a replacement satellite. We believe that the net book value of this satellite is fully recoverable. Along with the manufacturer, we continually monitor the performance of our satellites that use these systems and will, as warranted, reevaluate our expectations.

***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 and unpredictable 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.

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We currently operate three BSS 702 satellites, two of which are affected by accelerated solar array degradation. On February 19, 2003, we filed proofs of loss under the insurance policies for two of our BSS 702 satellites, Galaxy 11 and IS-1R, for constructive total losses based on degradation of the solar panels. Service to existing customers has not been affected, and we expect that both of these satellites will continue to serve these 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, based on a review of available data in December 2004, we reduced our estimate of the end of the service life of Galaxy 11 from 2015 to 2009 and of IS-1R from 2016 to 2010, which resulted in an increase in our annual depreciation expense of $22.6 million beginning in the fourth quarter of 2004. We plan to replace these satellites prior to the point at which the solar array degradation would affect operation of the core communications payload. This will accelerate capital expenditures planned for their replacement. Pursuant to our contracts with our customers, a substantial portion of our customer activity on these satellites will continue onto replacement satellites and the reduced estimate of their service lives will not result in a material reduction in our revenue backlog. We believe that the net book values of these satellites are fully recoverable. See Insurance Settlements below.

The third BSS 702 satellite we operate, 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.

***SCP***

Many of our satellites use an on-board SCP to provide advanced orientation control and fault protection 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. Certain BSS 601 satellites, including our IS-4 satellite, have experienced primary SCP failures and are operating on their backup SCPs. We do not anticipate that a failure of the remaining SCP on IS-4 would have a material impact on our business or require replacement of a satellite. On January 15, 2006, our Galaxy 3R satellite, operating in an inclined orbit at 74 degrees WL, experienced an anomaly of its SCP and was taken out of service. This satellite had no net book value as of December 31, 2005 and this event is not expected to have a material impact on our future operations or financial results.

We currently operate three additional BSS 601 satellites. IS-2 and IS-3R are both in primary service and are in a group of satellites that has been identified as having heightened susceptibility to the SCP problem. The risk of SCP failure appears to decline as these satellites age. IS-2 and IS-3R have been in continuous operation since 1994 and 1996, respectively. Both primary and backup SCPs on these satellites are monitored regularly and remain fully functional. Accordingly, we do not expect SCP failures to occur nor do we anticipate an interruption in business or to require early replacement of these satellites. HGS-3 is no longer in primary service and had a net book value of approximately $3.1 million as of September 30, 2006.

***Backup satellites and transponders***

For each satellite designated as being in primary operating service, we maintain some form of backup capacity. This backup capacity may include any one or more of the following: an in-orbit spare satellite, a ground-based spare satellite, designated reserve transponders on the satellite or other on-board backup systems or designed-in redundancies, or interim restoration

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capacity on other satellites. However, we do not maintain backups for all of our operating capacity. We believe that the availability of backup capacity addresses in part the operational risks relating to potential satellite anomalies, but backup capacity does not eliminate those risks. See Risk Factors Risks Relating to Our Industry . While these approaches do not provide a cash payment in the event of a loss or anomaly, they do offer certain protections against loss of business due to satellite failure. Because of the relatively high costs of insurance, a reduction in the number of satellites under insurance or a reduction in the amount of insurance coverage on satellites results in savings that can be applied towards the construction and launch of new satellites. New satellites or the satellites they replace may be available as in-orbit spares. The cost of an in-orbit spare that can provide backup support for multiple satellites may be comparable to the lifetime cost of in-orbit insurance for those satellites. We believe that using in-orbit backup satellites rather than having to build replacement satellites from proceeds received under typical insurance policies may help us better serve our customers, plan and control our replacement costs, protect our revenue streams and protect our rights to orbital slots. In addition, availability of in-orbit transponders and satellites as backup may also give us a competitive advantage, as it can take two years or more to replace a satellite with insurance proceeds. We currently use in-orbit spares to backup portions of our fleet.

***Insured satellites***

As of September 30, 2006, we had in effect launch and in-orbit insurance policies covering four satellites in the aggregate amount of $400.0 million. As of such date, these insured satellites, which are listed in the table below, had an aggregate net book value and other insurable costs of approximately $437.9 million. Set forth below is a table describing our currently insured satellites. Under Spacecraft Model, BSS indicates a Boeing model, ORB indicates an Orbital Sciences model and SSL indicates a Space Systems/Loral model.

| Satellite | Spacecraft Model | Estimated End of Service Life | Material Operating Anomalies | Significant Exclusion in Policy |
|---|---|---|---|---|
| Galaxy 13/Horizons 1 | BSS 601 HP(1) | 2018 | Yes | XIPS |
| Galaxy 15 | ORB Star 2 | 2020 | No | |
| Galaxy 16 | SSL FS 1300 | 2021 | No | |
| IS-12 | SSL FS 1300 | 2016 | No | |

(1) All of our owned BSS 601 HP satellites have XIPS. See Satellite Technology BSS 601 HP XIPS above.

***Significant exclusion policies***

Of the insured satellites, as of September 30, 2006, one was covered by an insurance policy with substantial exclusions or exceptions to coverage for failures of specific components identified by the underwriters as at risk for possible failure, or Significant Exclusion Policies. The exclusions reduce the probability of an insurance recovery in the event of a loss on this satellite. Galaxy 13/ Horizons 1, which was placed in service in January 2004 and is insured by a policy with an exclusion for Xenon-Ion Propulsion Systems ( XIPS ) related anomalies, continues to have XIPS available as its primary propulsion system. It also has a bi-propellant fuel system currently in use, with bi-propellant fuel for approximately 10.3 years as of September 30, 2006.

***Uninsured satellites***

We had 20 uninsured satellites in orbit as of September 30, 2006. As of September 30, 2006, our uninsured satellites had a total net book value and other insurable costs of approximately $887.7 million.

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An uninsured failure of one or more of our satellites could have a material adverse effect on our financial condition and results of operations. See Risk Factors Risk Factors Relating to Our Business Our financial condition could be materially and adversely affected if we were to suffer a loss that is not adequately covered by insurance.

***Insurance settlements***

Since September 1999, we have received over $1.1 billion of proceeds from insurance claims related to our satellites including the following recent insurance settlements.

In August 2004, we filed a proof of loss under the insurance policy for our Galaxy 10R Spacecraft after the secondary XIPS on this satellite permanently failed. During the fourth quarter of 2004, we received all of the expected insurance proceeds for our claim on Galaxy 10R, or approximately $75 million.

In December 2003, we reached a final settlement of insurance claims on our IS-1R and Galaxy 11 satellites for payment of $260.0 million, which related to solar panel anomalies on those satellites. We will continue to own and operate these satellites free and clear of any claims of these insurers. We offset the proceeds from this settlement against the carrying value of the satellites. In the first quarter of 2004, we received the $260.0 million settlement amount.

In July 2003, we filed a proof of loss under the insurance policy for our Galaxy 4R satellite after the secondary xenon-ion propulsion system, or XIPS, on this satellite ceased working. Later in 2003, we settled an insurance claim on this satellite related to the failure of its propulsion system and received $102.6 million from insurers representing approximately 83% of the insurance coverage on the satellite. In March 2004, we reached an agreement with, and received $26.9 million from, the insurer representing the remaining 17% of the insurance coverage on this satellite. The settlement with the insurer representing 17% coverage includes a future sharing of revenues actually received from the satellite. We proportionately offset the proceeds from these settlements against the insured carrying value of the satellite and the net investment in sales-type lease. Our Galaxy 4R satellite was replaced by our Galaxy 16 satellite in August 2006. Galaxy 4R was placed into non-primary operating service at an inclined orbit at 77 degrees WL at the end of the third quarter 2006.

**Satellite Deployment Plan**

We currently have orders for three satellites that will be constructed and launched by the end of 2007. We have also recently placed an order for a fourth satellite, which we expect to construct and launch in 2009. For further details, see Business Our Network Planned Satellites .

Assuming satellites under development are successfully launched and services on the satellites commence on schedule, we believe that amounts available under PanAmSat Opco s revolving credit facility, vendor financing, future cash flows from operations and cash on hand will be sufficient to fund our operations and our remaining costs for the construction and launch of satellites currently under development. There can be no assurance, however, that our assumptions with respect to costs for future construction and launch of our satellites will be correct, or that amounts available under PanAmSat Opco s revolving credit facility, vendor financing, future cash flows from operations and cash on hand will be sufficient to cover any shortfalls in funding for (i) launches caused by uninsured launch or in-orbit failures, (ii) cost overruns, (iii) delays, (iv) capacity shortages, or (v) other unanticipated expenses.

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**Liquidity and Capital Resources**

***Cash and Cash Equivalents***

At September 30, 2006, PanAmSat Opco had cash and cash equivalents of $142.7 million compared to $125.9 million at December 31, 2005. During the nine months ended September 30, 2006, PanAmSat Opco recorded the following significant transactions impacting cash and cash equivalents:

- generated $313.3 million of cash flows from operations;
- made $161.7 million of interest payments relating to our debt and incentive obligations; these interest payments are included within cash flows from operations;
- made $158.1 million of capital expenditures;
- paid $752.1 million of dividends to PanAmSat Holdco; and
- received $31.0 million of funding for capital expenditures from one of our customers.

At December 31, 2005, PanAmSat Opco had cash and cash equivalents of $125.9 million compared to $38.6 million at December 31, 2004. On March 22, 2005, PanAmSat Holdco consummated an initial public offering of 50 million shares of its common stock and used the net proceeds to make a capital contribution to PanAmSat Opco of approximately $658.4 million and to pay a $200.0 million dividend to its then pre-existing stockholders. PanAmSat Opco used this capital contribution to repay approximately $265.0 million of the borrowings under its Term Loan A Facility and on April 1, 2005 it redeemed $353.5 million, or 35%, of its 9% senior notes due 2014 and paid a redemption premium of $31.8 million to holders of those notes.

During the year ended December 31, 2005, PanAmSat Opco recorded the following other significant transactions impacting cash and cash equivalents:

- generated $413.9 million of cash flows from operations;
- made $207.8 million of capital expenditures of which $47.4 million was funded by one of our customers;
- paid $57.7 million of outstanding debt on our senior secured credit facility from available cash on hand;
- paid $42.5 million during 2005 in relation to the acquisition of the Europe*Star business;
- made $255.1 million of interest payments relating to our debt and incentive obligations including the redemption premium of $31.8 million paid to holders of our then-existing senior notes in connection with PanAmSat Holdco s initial public offering. These interest payments are included within cash flows from operations; and

paid dividends of approximately $101.8 million to PanAmSat Holdco, which in turn paid dividends of approximately $100.3 million to its stockholders after its initial public offering.

***Changes in cash flows: Nine Months Ended September 30, 2006 compared to Nine Months Ended September 30, 2005***

Net cash provided by operating activities of $313.3 million for the nine months ended September 30, 2006 represented an increase of $40.9 million, or 15%, from $272.4 million for the nine months ended September 30, 2005. For the nine months ended September 30, 2005, net cash provided by operating activities was principally comprised of $39.2 million in net income,

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$205.8 million in depreciation and amortization, a loss on early extinguishment of debt of $24.2 million, $14.3 million of amortization of debt issuance costs and other deferred charges and a decrease in cash flows from operating assets and liabilities of $16.2 million. For the nine months ended September 30, 2006, net cash provided by operating activities was principally comprised of $40.9 million in net loss, $210.5 million in depreciation and amortization, $93.7 million of non-cash transaction and restructuring costs, $11.8 million of non-cash amortization of debt issuance costs and other deferred charges and an increase in cash flows from operating assets and liabilities of $44.5 million.

Cash flows used in investing activities decreased by $75.7 million in the nine months ended September 30, 2006 primarily due to proceeds of $73.0 million received from the sale of G2 Satellite Solutions Corporation to IGen in July 2006 following the completion of the PanAmSat Acquisition Transactions. Partially offsetting these proceeds were approximately $20.2 million of purchase price installment payments which were made during the nine months ended September 30, 2006 related to our Europe Star acquisition. Additionally, capital expenditures, net of new incentive obligations of $14.9 million, increased $15.9 million in the nine months ended September 30, 2006 as compared to the same period in 2005, primarily due to an increase in satellite capital expenditures related to our satellites currently under construction.

Cash used in financing activities increased by approximately $147.9 million due primarily to the impact of the PanAmSat Acquisition Transactions in the Successor period July 1, 2006 to September 30, 2006 and the impact of PanAmSat Holdco s initial public offering which took place in the first quarter of 2005. We paid dividends to PanAmSat Holdco of approximately $752.1 million during the nine months ended September 30, 2006, of which $565.7 million was paid in the Successor period July 1, 2006 through September 30, 2006 in connection with the PanAmSat Acquisition Transactions. Partially offsetting these increases in cash used in financing activities were increases in cash flows from financing activities during this period as a result of the issuance of the original notes of $575.0 million in connection with the PanAmSat Acquisition Transactions. Additionally, during the nine months ended September 30, 2006, we received funding for capital expenditures from a customer of approximately $31.0 million, paid debt issuance costs in connection with the PanAmSat Acquisition Transactions of $28.6 million and repaid incentive obligations of approximately $8.7 million.

During the nine months ended September 30, 2005, we received a capital contribution of $658.4 million from PanAmSat Holdco in connection with PanAmSat Holdco s initial public offering and we repaid approximately $643.5 million of long-term debt with these funds. Additionally, during the nine months ended September 30, 2005, we paid dividends to PanAmSat Holdco of approximately $53.8 million, repaid approximately $28.4 million of additional indebtedness from cash on hand, received funding for capital expenditures from a customer of approximately $33.5 million and repaid incentive obligations of approximately $9.5 million.

***Changes in cash flows: 2005 compared to 2004***

The increase in the net cash provided by operating activities was primarily due to the non-recurrence of $155.1 million of transaction-related costs expensed and paid during the year ended December 31, 2004, and other increases in cash flows from operations of approximately $64.6 million as compared with the same period in 2004. These increases were partially offset by an increase in Prior Sponsor management fees paid of $10.9 million and an increase of $88.2 million in cash paid for interest during the year ended December 31, 2005.

The increase in net cash used in investing activities was primarily due to a reduction in net sales of short-term investments of approximately $374.1 million, a reduction in the receipt of

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insurance proceeds of $362.2 million, higher capital expenditures of $30.7 million, additional cash paid for acquisitions of $42.0 million and a reduction in the proceeds from the sale of our teleport of $11.2 million as compared to the same period in 2004.

Net cash used in financing activities by PanAmSat Opco during 2005 decreased by $925.5 million as compared to 2004. PanAmSat Opco s net cash used in financing activities was approximately $80.4 million during 2005. PanAmSat Opco received a capital contribution of $658.4 million from PanAmSat Holdco during 2005 in connection with PanAmSat Holdco s initial public offering and PanAmSat Opco repaid approximately $643.5 million of long-term debt with these funds. Additionally, during 2005, PanAmSat Opco paid dividends to PanAmSat Holdco of approximately $101.8 million, repaid approximately $32.5 million of additional indebtedness from cash on hand, received funding for capital expenditures from a customer of approximately $47.4 million, incurred new incentive obligations of approximately $4.7 million and repaid incentive obligations of approximately $12.4 million. During 2004, PanAmSat Opco s net cash used in financing activities was approximately $1.0 billion. As part of the 2004 Recapitalization, we issued long-term debt of approximately $3.51 billion, repaid $1.05 billion of long-term debt, repurchased common stock of approximately $2.8 billion and recorded capitalized transaction costs of approximately $151.1 million. Also in 2004, we repaid approximately $555.0 million of additional indebtedness, recorded new satellite incentive obligations of $20.8 million and paid $12.6 million of incentive obligations.

***Changes in cash flows: 2004 compared to 2003***

The decrease in the net cash provided by operating activities was primarily due to the payment of $155.1 million of transaction-related costs that were expensed within our consolidated statement of operations during the year ended December 31, 2004. Additionally, there was a decrease of $22.1 million in cash provided by prepaid expenses and other assets resulting from increased progress payments recorded during the year ended December 31, 2004 in relation to the construction of a customer s L-band navigational payload on Galaxy 15, as well as an increase in cash used for prepaid insurance, including satellite insurance. These decreases in cash flows from operations were partially offset by a decrease in cash used within operating leases and other receivables of $20.7 million. The decrease in cash used within operating leases and other receivables was primarily attributable to improved collections of customer receivables during the year ended December 31, 2004, as compared to the same period in 2003.

The increase in net cash provided by investing activities was primarily due to:

- the receipt of $362.2 million of insurance proceeds during 2004, as compared with $102.6 million of insurance proceeds received during 2003; and
- the increase in sales of short term investments of approximately $352.8 million, as compared with 2003. During the year ended December 31, 2004, we had net sales of short-term investments of $374.1 million, as compared with net sales of short-term investments of $21.3 million during the year ended December 31, 2003.

These increases were partially offset by:

- an increase in capital expenditures of $73.9 million; and
- a decrease in proceeds received from satellite manufacturers of approximately $68.2 million.

The increase in cash used within financing activities was primarily due to cash activity related to the Recapitalization and the Contribution, as defined below under Business

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History , during the year ended December 31, 2004. The cash activity related to the Recapitalization included the repayment of long-term debt, issuance of new debt, payment of costs related to the Recapitalization and the repurchase of treasury shares as described above. The cash activity related to the Contribution included the issuance of the 10 3/8% discount notes, the payment of dividends to our shareholders and the payment of deferred financing costs related to the issuance of the 10 3/8% discount notes as described above. Additionally, we repaid $350.0 million of debt under the term loan B-1 facility of our old credit facility during 2004 and recorded approximately $20.8 million of new satellite incentive obligations during 2004. During 2003, we repaid approximately $850.0 million of long-term debt from cash on hand.

**Impact of the PanAmSat Acquisition Transactions**

As part of the PanAmSat Acquisition Transactions, we incurred substantial debt, with payments to service this indebtedness substantially increasing our liquidity requirements as compared to prior years. As of September 30, 2006, PanAmSat Opco and its subsidiaries had, on a consolidated basis, approximately $3.5 billion in principal amount of indebtedness.

PanAmSat Opco s senior secured credit facilities include a financial covenant that requires us not to exceed a maximum senior secured leverage ratio. In addition, the senior secured credit facilities contain certain restrictive covenants which, among other things, limit the incurrence of additional indebtedness, dividends, prepayments of subordinated debt, investments, mergers and consolidations, changes in business, liens, amendment of subordinated debt and other matters customarily restricted in such agreements. It also contains certain customary events of default, subject to grace periods, as appropriate.

The indentures governing PanAmSat Opco s 9% senior notes due 2014 and the other existing notes limit its ability, and the abilities of its restricted subsidiaries, to incur or guarantee additional debt or issue disqualified stock or preferred stock; pay dividends or make other equity distributions; repurchase or redeem capital stock; make investments or other restricted payments; create liens; enter into sale and lease-back transactions; sell assets or consolidate or merge with or into other companies; create limitations on the ability of our restricted subsidiaries to make dividends or distributions to us; and engage in transactions with affiliates. Subject to certain exceptions, our existing indentures permit, and our new indenture will permit, us and our restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

The agreements governing PanAmSat Opco s senior secured credit facilities and existing notes are the two contractual obligations of PanAmSat Opco that significantly restrict its ability to pay dividends or otherwise transfer assets to PanAmSat Holdco. Payment of dividends is also subject to compliance with Delaware law.

We are required to maintain certain financial covenants and are also subject to restrictive covenants under our borrowings. As of September 30, 2006, we were in compliance with all such covenants.

**Intelsat Corp Adjusted EBITDA**

We calculate a measure called Intelsat Corp Adjusted EBITDA, based on the term Consolidated EBITDA, as defined in the credit agreement governing our senior secured credit facilities. Intelsat Corp Adjusted EBITDA consists of EBITDA as adjusted to exclude or include certain unusual items, certain other operating expense items and other adjustments permitted in calculating covenant compliance under the credit agreement governing our senior secured

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credit facilities as described in the table and related footnotes below. Intelsat Corp Adjusted EBITDA as presented below is calculated only with respect to PanAmSat Opco and its subsidiaries. Intelsat Corp Adjusted EBITDA is a material component of certain ratios used in the credit agreement governing our senior secured credit facilities, such as the secured net debt leverage ratio and the total leverage ratio. Under the credit agreement as described in the table and related footnotes below, we must maintain a pro forma secured net debt leverage ratio not greater than 4.25 to 1.00, at the end of each fiscal quarter, and generally may not incur additional indebtedness (subject to certain exceptions) if the total leverage ratio calculated on a pro forma basis at the time of incurrence would exceed 6.75 to 1.00.

Intelsat Corp Adjusted EBITDA is not a presentation made in accordance with U.S. GAAP, and does not purport to be an alternative to net income (loss) determined in accordance with U.S. GAAP or as a measure of operating performance or to cash flows from operating activities determined in accordance with U.S. GAAP as a measure of liquidity. Additionally, Intelsat Corp Adjusted EBITDA is not intended to be a measure of cash flow for management s discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Because not all companies use identical calculations, this presentation of Intelsat Corp Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

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The following tables set forth a reconciliation of Intelsat Corp Adjusted EBITDA and EBITDA to net income (loss) and to net cash provided by operating activities for the periods indicated (in thousands):

| | Nine Months ended September 30, 2005 | Combined(a) Nine Months ended September 30, 2006 |
|---|---|---|
| **Reconciliation of Net Cash Provided by Operating Activities to Net Income (Loss):** | | |
| Net cash provided by operating activities | $ 272,408 | $ 313,293 |
| Depreciation and amortization | (205,791) | (210,521) |
| Deferred income taxes | (5,027) | (377) |
| Amortization of debt issuance costs and other deferred charges | (14,338) | (11,771) |
| Loss on early extinguishment of debt | (24,161) | |
| Provision for uncollectible receivables | 2 | 1,581 |
| Restructuring and transaction costs | (3,998) | (93,715) |
| Amortization of discounts on notes | | 2,527 |
| Gain (loss) on undesignated interest rate swap | (305) | 3,109 |
| Reversal of sales-type lease liabilities | 4,303 | 1,943 |
| Loss on investment | | (3,316) |
| Loss on termination of sales-type lease | (2,307) | |
| Other non-cash items | 2,260 | 809 |
| Changes in assets and liabilities, net of acquired assets and liabilities | 16,180 | (44,495) |
| Net income (loss) | $ 39,226 | $ (40,933) |
| **Reconciliation of Net Income (Loss) to EBITDA:** | | |
| Net income (loss) | $ 39,226 | $ (40,933) |
| Interest expense, net | 211,875 | 178,311 |
| Income tax expense | 7,095 | 8,534 |
| Depreciation and amortization | 205,791 | 210,521 |
| EBITDA | $ 463,987 | $ 356,433 |
| **Reconciliation of EBITDA to Intelsat Corp Adjusted EBITDA:** | | |
| EBITDA | $ 463,987 | $ 356,433 |
| Adjustment of sales-type leases to operating leases(b) | 19,912 | 8,762 |
| Loss on termination of sales-type lease(c) | 2,307 | |
| Restructuring charges(d) | 3,974 | 5,219 |
| Reserves for long-term receivables(e) | (4,303) | (1,943) |
| Transaction costs(f) | 10,545 | 145,186 |
| Loss on investment(g) | | 3,316 |
| (Gain) loss on undesignated interest rate swap(h) | 305 | (8,812) |
| Other items(i) | 4,946 | 6,424 |
| Intelsat Corp Adjusted EBITDA | $ 501,673 | $ 514,585 |

(a) As a result of the consummation of the PanAmSat Acquisition Transactions, the financial results for the nine months ended September 30, 2006 have been presented separately for the Predecessor Entity for the periods January 1, 2006 to July 1, 2006 and July 1, 2006 and for the Successor Entity for the period July 1, 2006 through September 30, 2006. For comparative purposes, we combined the periods from January 1, 2006 through September 30, 2006, as we believe this combination is useful to provide the reader a more accurate comparison. This combination is not a GAAP measure and it is provided to

enhance the reader s understanding of the results of operations for the periods presented.

(b) For all periods presented, adjustment of sales-type leases to operating leases represents the principal portion of the periodic sales-type lease payments that are recorded against the

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principal balance outstanding. These amounts would have been recorded as operating lease revenues if these agreements had been accounted for as operating leases instead of sales-type leases. These adjustments have the effect of including the principal portion of our sales-type lease payments in the period during which cash is collected. Following the PanAmSat Acquisition Transactions and adoption of conforming accounting policies, this is no longer an adjustment.

(c) For the nine months ended September 30, 2005, loss on termination of sales-type lease represents the non-cash loss of $2.3 million incurred upon the conversion of one of our customer s sales-type lease agreements to an operating lease agreement.

(d) Restructuring charges represent severance costs, leasehold termination costs, facility closure costs and/or integration costs.

(e) For the nine months ended September 30, 2005, amount represents the reversal of approximately $4.3 million of in-orbit insurance liabilities, representing previously recorded expenses for sales-type leases on our Galaxy 4R and Galaxy 10R satellite that are no longer insured. During the nine months ended September 30, 2005, the insurance policies covering our Galaxy 4R and Galaxy 10R satellites expired and were not replaced and, as a result, these satellites and their related assets were no longer insured. For the nine months ended September 30, 2006, amount represents the reversal of approximately $1.9 million of in-orbit insurance liabilities, representing previously recorded expenses for sales-type leases on our IS-10 satellite that is no longer insured. During the second quarter of 2006, the insurance policies covering our IS-10 and Galaxy 3C satellites expired and were not replaced, and as a result, these satellites and their related assets were no longer insured.

(f) For the nine months ended September 30, 2005, amount represents (i) $10.0 million paid to the Prior Sponsors on March 22, 2005 in relation to the termination of their respective management services agreement with us, (ii) costs associated with PanAmSat Holdco s initial public offering and (iii) non-capitalizable third party costs. For the nine months ended September 30, 2006, amount represents costs associated with the PanAmSat Acquisition Transactions.

(g) For the nine months ended September 30, 2006, loss on investment represents an impairment loss in relation to an investment that we account for under the cost method.

(h) For the nine months ended September 30, 2005, loss on undesignated interest rate swap represents changes in the fair value of the interest rate swap obligation when the interest rate swap was undesignated and therefore did not qualify for hedge accounting treatment under Generally Accepted Accounting Principles. For the nine months ended September 30, 2006, amount represents the change in the fair value of the interest rate swap and swap interest earned. During the nine months ended September 30, 2006, the interest rate swap was undesignated and therefore did not qualify for hedge accounting treatment under Generally Accepted Accounting Principles.

(i) For the nine months ended September 30, 2005, other items consist of (i) $0.6 million of expenses for management advisory services from the Prior Sponsors, (ii) $0.5 million loss on disposal of fixed assets, (iii) $0.7 million of non-cash stock compensation expense, (iv) $0.2 million of non-cash amortization of acquisition-related costs, (v) $2.6 million of non-cash lease expense for the Horizons 1 satellite and (vi) $0.5 million of relocation expense, less $0.1 million of gains on equity investment. For the nine months ended September 30, 2006, other items consist of (i) $0.5 million of non-cash amortization of acquisition-related costs, (ii) $0.2 million of non-cash stock compensation expense, (iii) $0.8 million loss on disposal of fixed assets, (iv) $2.6 million of non-cash lease expense for the Horizons 1 satellite, (v) $1.7 million of integration expense, (vi) $1.3 million of non-cash long-term incentive plan compensation expense and (vii) $0.6 million of relocation expense, partially offset by $0.2 million of non-cash amortization related to a customer guarantee, a $0.5 million gain on pension assets, a $0.2 million gain on an equity investment and $0.5 million reduction in retirement expense.

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| | Year Ended December 31, | | |
|---|---|---|---|
| | 2003 | 2004 | 2005 |
| | | (In thousands) | |
| **Reconciliation of Net Cash Provided by Operating Activities to Net Income (Loss):** | | | |
| Net cash provided by operating activities | $ 472,504 | $ 293,274 | $ 413,919 |
| Depreciation and amortization | (312,833) | (294,822) | (276,925) |
| Deferred income taxes | (14,722) | 97,958 | 3,322 |
| Amortization of debt issue costs and other deferred charges | (9,731) | (14,079) | (19,565) |
| Provision for uncollectible receivables | 1,632 | (31,226) | 2,724 |
| Loss on early extinguishment of debt | (10,663) | (25,751) | (24,161) |
| Loss on termination of sales-type leases | | | (2,307) |
| Facilities restructuring and severance costs | (4,227) | (6,093) | (4,294) |
| Reversal of sales-type lease liabilities | | 3,727 | 4,303 |
| Gain on undesignated interest rate swap | | | 6,611 |
| Satellite impairment loss | | (99,946) | |
| Effect of Galaxy 10R XIPS anomaly | | (9,090) | |
| Gain on sale of teleport | | 11,113 | |
| Gain on satellite insurance claims | | 9,090 | |
| Gain on disposal of fixed assets | | 1,332 | |
| Other non-cash items | (2,756) | 2,567 | 1,919 |
| Changes in assets and liabilities, net of acquired assets and liabilities | (19,672) | (13,543) | (9,926) |
| Net income (loss) | $ 99,532 | $ (75,489) | $ 95,620 |
| **Reconciliation of Net Income (Loss) to EBITDA:** | | | |
| Net income (loss) | $ 99,532 | $ (75,489) | $ 95,620 |
| Interest expense, net | 143,632 | 186,754 | 261,383 |
| Income tax expense (benefit) | 35,010 | (91,290) | 2,105 |
| Depreciation and amortization | 312,833 | 294,822 | 276,925 |
| EBITDA | $ 591,007 | $ 314,797 | $ 636,033 |

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2003 | 2004 | 2005 |
| | | (In thousands) | |
| **Reconciliation of EBITDA to Intelsat Corp Adjusted EBITDA:** | | | |
| EBITDA | $ 591,007 | $ 314,797 | $ 636,033 |
| Adjustment of sales-type leases to operating leases(a) | 22,858 | 25,771 | 26,487 |
| Loss on termination of sales-type leases(b) | | | 2,307 |
| Satellite impairment(c) | | 99,946 | |
| Restructuring charges(d) | 4,227 | 6,192 | 4,294 |
| Reserves for long-term receivables and sales-type lease adjustments(e) | (632) | 24,419 | (4,303) |
| Reversal of allowance for customer credits(f) | 8,100 | 7,200 | |
| Investments(g) | 1,800 | | |
| Transaction-related costs(h) | | 155,131 | 11,900 |
| Gain on sale of teleport(i) | | (11,113) | |
| Gain on undesignated interest rate swap(j) | | | (6,611) |
| Other items(k) | 5,687 | 2,600 | 3,168 |
| Intelsat Corp Adjusted EBITDA | $ 633,047 | $ 624,943 | $ 673,275 |

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(a) For all periods presented, adjustment of sales-type leases to operating leases represents the principal portion of the periodic sales-type lease payments that are recorded against the principal balance outstanding. These amounts would have been recorded as operating lease revenues if these agreements had been accounted for as operating leases instead of sales-type leases. These adjustments have the effect of including the principal portion of our sales-type lease payments in the period during which cash is collected.

(b) For the year ended December 31, 2005, loss on termination of sales-type leases represents the non-cash loss of $2.3 million incurred upon the conversion of one of our customer s sales-type lease agreements to an operating lease agreement. See Note 7 to the audited consolidated financial statements appearing elsewhere in this prospectus.

(c) For fiscal 2004, satellite impairment represents the pre-tax impairment charge related to the anomalies experienced by our PAS-6 satellite during the first quarter of 2004, which resulted in this satellite being de-orbited on April 2, 2004. See Note 9 to the audited consolidated financial statements appearing elsewhere in this prospectus.

(d) For all periods presented, restructuring charges represent severance costs, leasehold termination costs and/or other facility closure costs. See Note 16 to the audited consolidated financial statements appearing elsewhere in this prospectus.

(e) For all periods presented, reserves for long-term receivables and sales-type lease adjustments represent the amount of customer-related long-term receivables that were evaluated as uncollectible and were partially or fully reserved for during the period. The fiscal 2003 amount represents the receipt of customer payments related to balances previously reserved for, as well as reductions in the reserves for sales-type leases due to our belief that certain customers had improved their credit outlook. These 2003 reserve reductions and collections were partially offset by amounts reserved for in 2003. For fiscal 2004, the adjustment represents the write-off of the long-term receivable balances due from a customer of $28.1 million, partially offset by the reversal of reserves established in relation to our sales-type leases during this period. The fiscal 2005 amount represents the reversal of approximately $4.3 million of in-orbit insurance liabilities, representing previously recorded expenses for the sales-type leases on our Galaxy 4R and Galaxy 10R satellites that are no longer insured. During 2005, the insurance policies covering our Galaxy 4R and Galaxy 10R satellites expired and were not replaced and, as a result, these satellites and their related assets are no longer insured.

(f) For fiscal 2003 and 2004, we recorded an allowance for customer credits related to receivables from a customer affiliated with News Corporation, as collectibility was not reasonably assured. See Note 2 to the audited consolidated financial statements appearing elsewhere in this prospectus. In connection with the Recapitalization, The DIRECTV Group guaranteed the obligations under these contracts. The adjustments represent the amount of revenues that would have been recognized had the allowance for customer credits not been recorded.

(g) In fiscal 2003, we wrote down an investment that is accounted for using the cost method to reflect our assessment of its current market value.

(h) For fiscal 2004, amount represents the costs incurred in relation to the Recapitalization. These costs consisted of $138.4 million related to our debt tender offers, $9.5 million resulting from the cashing out of restricted stock units and stock options, $5.0 million of transaction related bonuses paid to certain of our executives, and the remainder relating to the proxy solicitation and other costs. For the year ended December 31, 2005, amount represents (i) $10.0 million paid to the Prior Sponsors on March 22, 2005, in relation to the termination of their respective management services agreement with us, (ii) costs associated with PanAmSat Holdco s public offering, (iii) costs associated with the Merger Transaction and (iv) non-capitalizable third party costs. The $10.0 million termination fee paid to the Prior Sponsors on March 22, 2005 is included in Sponsor management fees and the remainder of the costs of approximately $1.9 million are included in Selling, general and administrative expenses within our 2005 Statement of Operations.

(i) For fiscal 2004, amount represents an $11.1 million gain recorded during the fourth quarter of 2004 in relation to the sale of our Spring Creek Teleport. See Note 16 to the audited consolidated financial statements appearing elsewhere in this prospectus.

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(j) For fiscal 2005, gain on undesignated interest rate swap represents changes in the fair value of the interest rate swap obligation during 2005 when the swap did not qualify for hedge accounting under Generally Accepted Accounting Standards. See Note 11 to the audited consolidated financial statements appearing elsewhere in this prospectus.

(k) For fiscal 2003, other items consists of (i) $2.2 million of management retention bonuses, (ii) $1.8 million of non-cash stock compensation expense, (iii) $1.6 million of transaction costs related to acquisitions not consummated and (iv) $1.5 million of loss on disposal of assets, offset by $1.4 million of gain related to the termination of the Galaxy 8-iR construction contract. For fiscal 2004, other items consists of (i) $2.6 million of non-cash stock compensation expense (ii) $0.7 million of expenses for management advisory services from the Prior Sponsors, (iii) $0.3 million of transaction costs related to acquisitions not consummated, (iv) $0.2 million of loss on disposal of assets and (v) $0.1 million loss from an investment accounted for by the equity method, partially offset by $1.3 million of non-cash reserve adjustments. For fiscal 2005, other items consist of (i) $0.6 million of expenses for management advisory services from the Prior Sponsors and reimbursed expenses which were paid to the Prior Sponsors, (ii) $0.8 million loss on disposal of fixed assets, (iii) $0.8 million of non-cash stock compensation expense, (iv) $1.1 million of acquisition costs, and (v) $0.1 million of non-cash reserve adjustments, partially offset by $0.2 million of gains from an investment accounted for by the equity method.

Future principal debt repayments are expected to be paid out of cash flows from operations, borrowings under PanAmSat Opco s revolving credit facility, future refinancing of our debt and any future insurance proceeds received.

***Capital Expenditures***

Our capital expenditures depend on the means by which 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, 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 we have satellites 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 orbital maneuver life of the satellite to be replaced. As a result, we frequently experience significant variances in our capital expenditures from year to year.

During the nine months ended September 30, 2006, we made payments of $170.8 million for capital expenditures related to satellites and other property and equipment. We currently have orders for three satellites that will be constructed and launched by the end of 2007. We recently placed an order for a fourth satellite, which we expect to construct and launch in 2009. In 2007, we expect our capital expenditures to be approximately $328.0 million, including $28.6 million in integration related activities. We intend to fund these requirements through cash on hand, cash provided by operating activities and, if necessary, borrowings under the revolving credit facility under our senior secured credit facilities.

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We have invested approximately $4.3 billion in our existing satellite fleet and ground infrastructure through September 30, 2006. We believe that annual capital expenditure limitations in the senior secured credit facilities will not inhibit us from meeting ongoing capital expenditure needs. For the years ended December 31, 2003, 2004 and 2005, and the nine months ended September 30, 2006 our payments for satellite and non-satellite capital expenditures were as follows (in thousands):

| Description | Year Ended December 31, 2003 | 2004 | 2005 | Nine Months Ended September 30, 2006 |
|---|---|---|---|---|
| | | (In thousands) | | |
| Satellite Capital Expenditures | $ 76,991 | $ 155,323 | $ 190,423 | $ 158,190 |
| Non-Satellite Capital Expenditures | 26,214 | 21,807 | 17,422 | 12,630 |
| Total | $ 103,205 | $ 177,130 | $ 207,845 | $ 170,820 |

Of the satellite capital expenditures made during 2005 and the nine months ended September 30, 2006, approximately $47.4 million and $31.0 million, respectively, were funded by one of our customers.

We expect to make capital expenditures in 2007 for the following satellites:

| Satellite | Expected Launch Date | Expected In Service Date |
|---|---|---|
| IS-11 | Third quarter of 2007 | Third quarter of 2007 |
| IS-14 | Second quarter of 2009 | Second quarter of 2009 |
| Galaxy 18 | Third quarter of 2007 | Fourth quarter of 2007 |
| Galaxy 17 | Second quarter of 2007 | Second quarter of 2007 |

Our ability to make scheduled payments of principal, or to pay the interest or special interest, if any, on, or to refinance our indebtedness, or to fund planned capital expenditures will depend on our future performance, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based upon the current level of operations, we believe that cash flow from operations, available cash and cash equivalents, together with borrowings available under our senior secured credit facilities, will be adequate to fund our operations and capital expenditures and meet our debt obligations under our credit facility and indentures.

There can be no assurance, however, that our assumptions with respect to costs for future construction and launch of our satellites will be correct, or that funds available to us from the sources discussed above will be sufficient to enable us to service our indebtedness, cost overruns, delays, capacity shortages or other unanticipated expenses.

**Prior Initial Public Offering**

On March 22, 2005, PanAmSat Holdco consummated an initial public offering of 50 million shares of its common stock at $18 per share and used a portion of the net proceeds to make a capital contribution to PanAmSat Opco of approximately $658.4 million and to pay a $200.0 million dividend to its then pre-existing stockholders. PanAmSat Opco used this capital contribution to repay approximately $265.0 million of the borrowings under its Term Loan A Facility and on April 1, 2005, it redeemed $353.5 million, or 35%, of its 9% senior notes due 2014

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and paid a redemption premium of $31.8 million to holders of those notes. PanAmSat Opco also repaid an additional $25.0 million of the Term Loan A Facility with cash on hand on March 22, 2005. In connection with and concurrent with PanAmSat Holdco s initial public offering, PanAmSat Opco s senior secured credit facilities were amended to, among other things:

- increase the amount of permitted dividends;
- eliminate the requirement that PanAmSat Opco repay the term loans under the senior secured credit facilities with excess cash flow;
- lower the maximum required total leverage ratio covenant;
- convert the Term Loan B Facility to a new Term Loan B-1 Facility under the existing senior secured credit facilities, with lower applicable margins;
- permit the payment of the management fee payable to the Prior Sponsors in connection with the termination of the management services agreement. (See Note 14, Certain Relationships and Related Transactions Prior to and as a Result of the Completion of the Recapitalization Transactions With The Sponsors and Their Affiliates to our condensed consolidated financial statements appearing elsewhere in this prospectus); and
- conform the change of control definition to the change of control definition in the indenture governing PanAmSat Opco s then-existing senior notes.

Each of the boards of directors of PanAmSat Holdco and PanAmSat Opco adopted a dividend policy that became effective upon the closing of PanAmSat Holdco s initial public offering. Upon completion of the PanAmSat Acquisition Transactions on July 3, 2006, the prior dividend policies were suspended. Each of the prior dividend policies reflected an intention to distribute a substantial portion of the cash generated by each business in excess of operating expenses and working capital requirements, interest and principal payments on indebtedness and capital expenditures as regular quarterly dividends to stockholders. The dividend paid by PanAmSat Opco to PanAmSat Holdco, formerly its sole stockholder, was in turn used by PanAmSat Holdco for payment as a dividend to its stockholders. Consistent with these dividend policies, on March 21, 2005 PanAmSat Opco s board of directors declared a dividend in the aggregate amount of approximately $5.3 million, which was paid in April 2005. On April 15, 2005, PanAmSat Holdco in turn paid a partial quarter dividend in the aggregate amount of approximately $5.3 million to its stockholders. On June 20, 2005, PanAmSat Opco s board of directors declared a dividend to PanAmSat Holdco in the amount of approximately $47.5 million, which was paid on July 14, 2005. On July 15, 2005, PanAmSat Holdco in turn paid a full quarter dividend in the aggregate amount of approximately $47.5 million to its stockholders. On September 19, 2005, PanAmSat Opco s board of directors declared a dividend to PanAmSat Holdco of approximately $47.5 million, which was paid on October 13, 2005. On October 14, 2005, PanAmSat Holdco paid a full quarter dividend in the aggregate amount of approximately $47.5 million to its stockholders. Also, in September 2005, PanAmSat Opco recorded a dividend of $1.0 million related to amounts funded to PanAmSat Holdco for the payment of certain expenses. On December 14, 2005, PanAmSat Opco s board of directors declared a dividend to PanAmSat Holdco of approximately $47.5 million, which was paid on January 13, 2006. On January 17, 2006, PanAmSat Holdco, in turn, paid a full quarter dividend in the aggregate amount of approximately $47.5 million to its stockholders. Also, in December 2005, PanAmSat Opco recorded dividends of $4.5 million related to amounts funded to PanAmSat Holdco for the payment of certain expenses, of which $0.5 million was paid in December 2005, $1.5 million was paid in March 2006 and the remaining $2.5 million was paid in April 2006. On March 16, 2006, PanAmSat Opco s board of directors declared a dividend to PanAmSat Holdco of approximately $52.3 million, which was paid in April 2006. Also, in March 2006, PanAmSat Opco recorded dividends of $7.0 million related to amounts

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to be funded to PanAmSat Holdco for the payment of certain expenses, of which $1.5 million was paid in May 2006 and $5.5 million was paid in June 2006. On June 9, 2006, PanAmSat Opco s board of directors declared a dividend to PanAmSat Holdco of approximately $52.3 million which was paid on June 29, 2006. PanAmSat Holdco s board of directors, in turn, declared a quarterly dividend for the period ended June 30, 2006 in the amount of $52.3 million in aggregate, which was paid on June 30, 2006. On December 14, 2006, PanAmSat Opco paid a dividend of approximately $52.2 million to PanAmSat Holdco to fund required interest payments under certain of Holdco s indebtedness to an affiliate.

***Commitments and Contingencies***

The following schedule summarizes our contractual obligations and commercial commitments as of September 30, 2006.

| | | Payments Due by Year | | | | | |
|---|---|---|---|---|---|---|---|
| **Contractual Obligations** | **4Q 2006** | **2007** | **2008** | **2009** | **2010** | **2011 and beyond** | **Total** |
| Total Debt: | | | | | | | |
| Senior Secured Credit Facility-Principal payment | $ | $ 51,942 | $ 60,840 | $ 87,533 | $ 87,533 | $ 1,703,162 | $ 1,991,010 |
| Senior Secured Credit Facility-Interest payment(1) | 37,285 | 148,322 | 153,502 | 150,844 | 152,583 | 469,393 | 1,111,929 |
| 9% Senior Notes Due 2016-Principal payment | | | | | | 575,000 | 575,000 |
| 9% Senior Notes Due 2016-Interest payment(1) | 12,937 | 51,750 | 51,750 | 51,750 | 51,750 | 282,469 | 502,406 |
| 9% Senior Notes Due 2014-Principal payment | | | | | | 656,320 | 656,320 |
| 9% Senior Notes Due 2014-Interest payment | 14,771 | 59,085 | 59,085 | 59,085 | 59,085 | 214,183 | 465,294 |
| 6 3/8% Secured Notes Due 2008-Principal payment | | | 150,000 | | | | 150,000 |
| 6 3/8% Secured Notes Due 2008-Interest payment(1) | 2,391 | 9,563 | 398 | | | | 12,352 |
| 6 7/8% Secured Notes Due 2028-Principal payment | | | | | | 125,000 | 125,000 |
| 6 7/8% Secured Notes Due 2028-Interest payment(1) | 2,148 | 8,594 | 8,594 | 8,594 | 8,594 | 146,451 | 182,975 |
| 8 1/2% Senior Notes due 2012-Principal Payment | | | | | | 1,190 | 1,190 |
| 8 1/2% Senior Notes Due 2012-Interest payment(1) | 25 | 101 | 101 | 101 | 101 | 110 | 539 |
| Senior Secured Credit Facility-Fees | 183 | 733 | 886 | 936 | 936 | 1,638 | 5,312 |
| Letter of Credit Fees | 289 | 1,151 | 8 | 8 | 8 | 2 | 1,466 |
| Total Intelsat Corp Debt | $ 70,029 | $ 331,241 | $ 485,164 | $ 358,851 | $ 360,590 | $ 4,174,918 | $ 5,780,793 |
| Satellite Construction and Launch Contracts(2) | 43,471 | 84,665 | 5,509 | 1,034 | 1,123 | 17,649 | 153,451 |
| Satellite Incentive Obligations | 3,569 | 14,811 | 14,348 | 13,586 | 10,637 | 60,857 | 117,808 |
| Performance Incentive Interest Obligations | 3,197 | 10,833 | 9,290 | 7,862 | 6,546 | 24,569 | 62,297 |
| Horizons Contributions Obligation | | | 13,422 | 12,958 | 8,295 | | 34,675 |
| Operating Leases | 1,157 | 4,279 | 4,063 | 3,699 | 3,724 | 3,651 | 20,573 |
| Customer and Vendor Contracts(2) | 25,192 | 60,152 | 62,852 | 10,725 | 11,350 | 20,237 | 190,508 |
| Total Intelsat Corp Contractual Obligations | $ 146,615 | $ 505,981 | $ 594,648 | $ 408,715 | $ 402,265 | $ 4,301,881 | $ 6,360,105 |

(1) Represents estimated interest payments to be made on our fixed and variable rate debt and incentive obligations. All interest payments assume that principal payments are made as originally scheduled. Interest rates utilized to determine interest payments for variable rate debt and incentive obligations are based upon our estimate of future interest rates.

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(2) Substantially all of the capital expenditures related to our IS-11 satellite will be funded by one of our customers. Funds received from the customer through September 30, 2006 are included within customer and vendor commitments and will be repaid over a three year period beginning in the fourth quarter of 2006.

Cash to be paid for income taxes is excluded from the table above.

Satellite launch and in-orbit insurance contracts related to future satellites to be launched are cancelable up to 30 days prior to the satellite s launch. As of September 30, 2006, we did not have any non-cancelable commitments related to existing launch insurance or in-orbit insurance contracts for satellites to be launched.

***Long-term Debt***

As of September 30, 2006, long-term debt consisted of the following (in thousands):

| | |
|---|---|
| *Senior Secured Credit Facilities:* | |
| Revolving Credit Facility | $ |
| Term Loan A-3 due 2012 | 355,910 |
| Term Loan B-2 due 2014 | 1,635,100 |
| *Fixed Rate Notes:* | |
| 6 3/8% Notes due 2008 | 150,000 |
| Unamortized discount on the 6 3/8% Notes due 2008 | (419) |
| 8 1/2% Notes due 2012 | 1,190 |
| 9% Senior Notes due 2014 | 656,320 |
| Unamortized premium on the 9% Senior Notes due 2014 | 16,865 |
| 9% Senior Notes due 2016 | 575,000 |
| 6 7/8% Notes due 2028 | 125,000 |
| Unamortized discount on the 6 7/8% Notes due 2028 | (13,343) |
| Capital Lease Obligation | 414 |
| Total long-term debt | 3,502,037 |
| Less: current portion of capital lease obligation | 280 |
| Less: current portion of long-term debt | 38,957 |
| Total long-term debt, excluding current portion | $ 3,462,800 |

As part of the PanAmSat Acquisition Transactions, PanAmSat Opco s pre-acquisition fixed-rate long-term debt was revalued based on quoted market prices, resulting in a net fair value purchase price increase of approximately $3.4 million. This net fair value purchase price increase is being amortized to interest expense over the remaining term of the notes. The amortization of the net fair value purchase price increase for the three and nine months ended September 30, 2006 reduced interest expense by approximately $0.3 million.

At September 30, 2006, we had total debt outstanding of approximately $3.5 billion, including current maturities of $39.0 million related to our Term Loan B-2 Facility due 2014.

On July 3, 2006, also in connection with the PanAmSat Acquisition Transactions, we issued the original notes in an aggregate principal amount of $575.0 million. The PanAmSat Acquisition Transactions, the Tender Offer and related fees and expense were funded through the incurrence of significant debt, including the proceeds of the original notes, the 2006 Intelsat Bermuda Notes and Intelsat Bermuda s senior unsecured credit facility. Cash on hand at Intelsat Bermuda and its subsidiaries, including us, was also used.

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In connection with the completion of the PanAmSat Acquisition Transactions, our board of directors authorized the amendment of our senior secured credit facilities, which included revised terms for our revolving credit facility and term loans, and which became effective at the completion of the PanAmSat Acquisition Transactions. Our amended and restated senior secured credit facilities renewed and extended our prior credit facilities, and consist of a $355.9 million Tranche A-3 Term loan with a six year maturity, a $1,635.1 million Tranche B-2 Term Loan with a seven and one-half year maturity, and a $250.0 million revolving credit facility with a six year maturity. At September 30, 2006, the interest rate on the Term Loan A-3 facility was 7.633% (LIBOR of 5.508% plus 2.125%). At September 30, 2006, the interest rate on the Term Loan B-2 facility was 8.008% (LIBOR of 5.508% plus 2.500%).

Up to $150.0 million of this revolving credit facility is available for issuance of letters of credit. Additionally, up to $35.0 million of the revolving credit facility is available for swingline loans. In addition, we are required to pay a commitment fee for the unused commitments under the revolving credit facility, if any, which, as of September 30, 2006 on an annual basis was 0.375%. As of September 30, 2006, we had outstanding letters of credit of $54.6 million and the revolving credit facility was undrawn. 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. Availability under the revolving credit facility was $195.4 million at September 30, 2006. The revolving credit facility is available on a revolving basis from July 3, 2006 and terminating six years later. Any amounts borrowed under the revolving credit facility would bear interest at LIBOR plus 2.125% as of September 30, 2006, although this interest rate is subject to adjustment based on our total leverage ratio.

Obligations under our senior secured credit facilities continue to be guaranteed by certain of PanAmSat Opco s subsidiaries and secured by a perfected first priority security interest to the extent legally permissible in substantially all of the borrower s and the guarantors tangible and intangible assets, with certain agreed exceptions, as was the case with our prior senior secured credit facilities.

The interest rates on the Term Loan A-3 and Term Loan B-2 reset on October 2, 2006 and the interest rates decreased to 7.497% (LIBOR of 5.372% plus 2.125%) and 7.872% (LIBOR of 5.372% plus 2.500%), respectively. Interest rates for the term loan portion of our Amended and Restated Credit Agreement range from LIBOR plus 1.75% to LIBOR plus 2.00%, or the Above Bank Rate ( ABR ) which is the rate for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1.00%) equal to the greater of (a) the Prime Rate in effect on such day or (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1.00%, as defined in our Amended and Restated Credit Agreement, plus 0.75% to the ABR plus 1.00%, depending on certain financial measures. Interest rates for the revolving credit facility portion of our Amended and Restated Credit Agreement range from LIBOR plus 2.125% to LIBOR plus 2.875% or the ABR plus 1.125% to the ABR plus 1.875%, depending on certain financial measures. The ABR and LIBOR, plus the applicable margins, are determined as specified in our Amended and Restated Credit Agreement, as amended through January 19, 2007.

During the nine months ended September 30, 2005, we recorded interest expense charges totaling approximately $56.0 million for unamortized debt issuance costs written off as a result of the $353.5 million, or 35% of the outstanding principal amount, repayment of our 9% senior notes due 2014 in April 2005, including a redemption premium of $31.8 million paid to the holders of these notes, and $318.4 million of voluntary debt repayments made on our Term Loan A Facility during this period. There were no such charges recorded during the nine months ended September 30, 2006.

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Our 9% senior notes due 2014 require interest payments to be made semi-annually, are unsecured, and are, or will be, as the case may be, unconditionally guaranteed by each of our existing and certain subsequently acquired or organized domestic restricted subsidiaries. Consummation of the PanAmSat Acquisition Transactions resulted in a change of control under the indenture governing PanAmSat Opco s outstanding 9% senior notes due 2014, giving the holders of these notes the right to require PanAmSat Opco to repurchase these notes at 101% of par value. We commenced a Change of Control Offer on August 2, 2006. The Change of Control Offer expired on September 26, 2006 at which time approximately $180,000 of the outstanding 9% senior notes due 2014 were tendered and repurchased by us from cash on hand.

As of September 30, 2006, we also had outstanding 10 and 30-year fixed rate notes totaling $275.0 million. The outstanding principal balances, interest rates and maturity dates for these notes as of September 30, 2006, are $150.0 million at 6 3/8% due 2008 and $125.0 million at 6 7/8% due 2028, respectively. Principal on these notes is payable at maturity, while interest is payable semi-annually. As of September 30, 2006, we also had outstanding $1.2 million of our 8 1/2% senior notes due 2012. These notes are unsecured, and are unconditionally guaranteed by each of our existing domestic restricted subsidiaries.

With a portion of the proceeds from PanAmSat Holdco s initial public offering, PanAmSat Holdco made a capital contribution to us of approximately $658.4 million, which we used to repay approximately $265.0 million of the borrowings under the Term Loan A Facility under our prior senior secured credit facilities on March 22, 2005, redeem $353.5 million, or 35%, of our 9% senior notes due 2014 and pay a redemption premium of $31.8 million to holders of these notes on April 1, 2005. We also repaid an additional $25.0 million of the Term Loan A Facility under our prior senior secured credit facilities with cash on hand on March 22, 2005. On June 17, 2005, we made a voluntary prepayment of $28.4 million under this Term Loan A facility under our prior senior secured credit facilities from available cash on hand.

***Interest Rate Swap Agreements***

In accordance with the agreement governing PanAmSat Opco s old senior secured credit facilities that were repaid in 2004, PanAmSat Opco was a party to an interest rate swap agreement for a fixed rate payment of 5.64% on $100.0 million through August 30, 2005. In June of 2004, in connection with the repayment of the term loan B-1 facility of its old credit facility, PanAmSat Opco s cash flow hedge became undesignated and therefore changes in the fair value of the interest rate swap have been recorded within their consolidated statement of operations from that time. In August 2005, this agreement expired.

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On March 14, 2005, PanAmSat Opco entered into a five year interest rate swap agreement to hedge interest expense on a notional amount of $1.25 billion. The notional amount will amortize down to $625.0 million from March 14, 2008 until expiration on March 15, 2010. In relation to this swap agreement, PanAmSat Opco exchanged its floating-rate obligation on $1.25 billion of its Term Loan B-1 facility for a fixed-rate obligation, subject to scheduled rate increases based on the LIBOR rate used as described in the following table:

| Start Date | End Date | Total Notional Amount | PanAmSat Opco pays banks | Banks pay PanAmSat Opco |
|---|---|---|---|---|
| 3/14/2005 | 6/14/2005 | $ 1,250,000,000 | 3.000% | 3.000% |
| 6/14/2005 | 9/14/2005 | $ 1,250,000,000 | 3.548% | 3.400% |
| 9/14/2005 | 12/14/2005 | $ 1,250,000,000 | 3.922% | 3.857% |
| 12/14/2005 | 3/14/2006 | $ 1,250,000,000 | 4.178% | 4.489% |
| 3/14/2006 | 6/14/2006 | $ 1,250,000,000 | 4.316% | 4.900% |
| 6/14/2006 | 9/14/2006 | $ 1,250,000,000 | 4.422% | 5.319% |
| 9/14/2006 | 12/14/2006 | $ 1,250,000,000 | 4.523% | 5.390% |
| 12/14/2006 | 3/14/2007 | $ 1,250,000,000 | 4.610% | 5.360% |
| 3/14/2007 | 6/14/2007 | $ 1,250,000,000 | 4.646% | 3 Month LIBOR |
| 6/14/2007 | 9/14/2007 | $ 1,250,000,000 | 4.681% | 3 Month LIBOR |
| 9/14/2007 | 12/14/2007 | $ 1,250,000,000 | 4.714% | 3 Month LIBOR |
| 12/14/2007 | 3/14/2008 | $ 1,250,000,000 | 4.763% | 3 Month LIBOR |
| 3/14/2008 | 6/14/2008 | $ 625,000,000 | 4.802% | 3 Month LIBOR |
| 6/14/2008 | 9/14/2008 | $ 625,000,000 | 4.839% | 3 Month LIBOR |
| 9/14/2008 | 12/14/2008 | $ 625,000,000 | 4.876% | 3 Month LIBOR |
| 12/14/2008 | 3/14/2009 | $ 625,000,000 | 4.912% | 3 Month LIBOR |
| 3/14/2009 | 6/14/2009 | $ 625,000,000 | 4.943% | 3 Month LIBOR |
| 6/14/2009 | 9/14/2009 | $ 625,000,000 | 4.970% | 3 Month LIBOR |
| 9/14/2009 | 12/14/2009 | $ 625,000,000 | 4.997% | 3 Month LIBOR |
| 12/14/2009 | 3/14/2010 | $ 625,000,000 | 5.023% | 3 Month LIBOR |

The counterparties to this agreement are highly rated financial institutions. In the unlikely event that the counterparties fail to meet the terms of the interest rate swap agreement, PanAmSat Opco s exposure is limited to the interest rate differential on the notional amount at each quarterly settlement period over the life of the agreements. We do not anticipate non-performance by the counterparties.

The fair value of the interest rate swap agreement is the estimated amount 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 our current creditworthiness. From the inception of the interest rate swap agreement through May 24, 2005, the interest rate swap was undesignated and the decrease in the fair value of the interest rate swap of approximately $18.6 million was recorded within loss on undesignated interest rate swap in our consolidated statement of operations for the quarter ended June 30, 2005, in accordance with the provisions of SFAS 133. Between May 25, 2005 and June 30, 2005, the interest rate swap was designated as a cash flow hedge and deemed effective, and therefore qualified for hedge accounting treatment under SFAS 133. In accordance with SFAS 133, changes in the hedged asset or liability representing the effectiveness of the hedge were recorded within comprehensive income (loss) in our consolidated balance sheet. The balance within accumulated other comprehensive income (loss) related to the interest rate swap was approximately $1.4 million, net of income taxes at December 31, 2005. During the nine months ended September 30, 2005, $630,000 of hedge ineffectiveness was recorded as additional interest expense.

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Pursuant to SFAS 133, we are required to perform a quarterly analysis of the effectiveness of the hedge. Under SFAS 133, in order to maintain the effectiveness of the hedge, an effectiveness rate of between 80% and 125% must be maintained. This effectiveness rate is calculated by dividing the cumulative change in the hedge liability by the cumulative change in the cash flows of the debt being hedged. As of September 30, 2005, we completed our effectiveness assessment in relation to this swap agreement. As a result of this test, it was determined that the interest rate swap agreement was no longer an effective hedge and, therefore, did not qualify for hedge accounting treatment under SFAS 133. As a result, the interest rate swap has been undesignated from July 1, 2005 through September 30, 2006. For the three months ended September 30, 2005, the fair value of the interest rate swap asset and swap interest earned increased by $18.3 million and for the nine months ended September 30, 2005, the fair value of the interest rate swap asset and swap interest earned decreased by $0.3 million. During the period January 1, 2006 to July 1, 2006, the fair value of the interest rate swap asset and swap interest earned increased by $23.1 million and the fair value of the interest rate swap asset and swap interest earned during the period July 1, 2006 to September 30, 2006 decreased by $14.3 million. These gains and losses were recorded within gain (loss) on undesignated interest rate swap in our consolidated statement of operations.

As of September 30, 2006, the asset related to this interest rate swap of $7.0 million was included in deferred charges and other assets net within our consolidated balance sheet.

On the interest rate reset date of September 14, 2006, the interest rate which the counterparties utilized on December 14, 2006 to compute interest due to us was determined to be 5.39%. This resulted in the counterparties paying us approximately $2.7 million on December 14, 2006 (the difference between the rate we were charged of 4.523% and the rate we earned from the counterparties of 5.39%).

On the interest reset date of December 14, 2006, the interest rate which the counterparties will utilize on March 14, 2007 to compute interest due to us was determined to be 5.36%. This will result in the counterparties paying us approximately $2.3 million on March 14, 2007 (the difference between the rate we must pay of 4.61% and the rate we will receive from the counterparties of 5.36%).

***Satellite construction and launch commitments***

As of September 30, 2006, we had approximately $153.5 million of expenditures remaining under 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 September 30, 2006, we did not have any non-cancelable commitments related to existing launch insurance or in-orbit insurance contracts for satellites to be launched.

On April 12, 2005, PanAmSat Opco entered into an agreement for the construction of IS-11, which will be located at 43 degrees west longitude and will serve as a replacement for our IS-6B Ku-band satellite and the C-band portion of our IS-3R satellite. In July 2005, PanAmSat Opco signed an agreement for the launch of this satellite originally scheduled for first quarter of 2007. Additionally, PanAmSat Opco has an agreement with one of its major customers for the funding of a portion of the capital expenditures necessary to construct and launch IS-11 in this timeframe. Such funding represents an obligation when it is received from the customer. As of September 30, 2006, the obligation related to funding from this customer is approximately $78.4 million. This obligation is scheduled to be repaid to the customer over a three-year period that began in October 2006. Within the consolidated balance sheet as of September 30, 2006, a liability of $42.5 million was recorded within short-term accounts payable and accrued liabilities,

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and a liability of $30.9 million was recorded within other long-term liabilities. These balances reflect fair value adjustments recorded in purchase accounting and will accrete to the $78.4 million to be repaid. As a result of anticipated delays that we have recently been informed of by one of our launch providers, the IS-11 satellite is currently anticipated to be launched in the third quarter of 2007.

On December 5, 2005, PanAmSat Opco entered into agreements with the same customer and with the manufacturer of our IS-11 satellite, which, among other things, allows the customer to procure directly from the manufacturer long-lead items that could be used for the construction of a replacement satellite for IS-11 on an expedited basis, if needed. Pursuant to the agreement with the customer, PanAmSat Opco would be required to construct and launch a replacement for IS-11 in the event of a launch failure or other significant health related issue impacting IS-11 s Ku-band transponders within two years after completion of its in-orbit testing. This customer has leased all of the Ku-band capacity on IS-11 and would be required to lease all of the Ku-band capacity on a replacement satellite for IS-11, if such replacement satellite is required.

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 reduced as the payments are made. Our total satellite performance incentive payment liability was $117.8 million as of September 30, 2006.

We were recently informed by one of our launch providers, Sea Launch Company, L.L.C., of anticipated launch delays with respect to certain of our planned satellites. As a result, the dates on which we now expect to launch certain of our satellites are as follows: Galaxy 17 the second quarter of 2007 (to be launched by another provider); IS-11 and Galaxy 18 the third quarter of 2007; and Horizons-2 the fourth quarter of 2008. The launch delays may also affect consulting services we provide to third party customers and the timing of revenue recognition and costs associated with these consulting services. While we are still evaluating the impact of these launch delays, we do not believe that they will have a material adverse effect on our business or financial condition and results of operations. However, there can be no assurance that there will not be further delays in the launching of these satellites.

***Horizons contributions obligation***

On August 1, 2005, PanAmSat Opco formed its second 50-50 joint venture with JSAT, a leading satellite operator in the Asia-Pacific region, that will build and launch a Ku-band satellite to replace our SBS-6 satellite at 74 degrees west longitude. The joint venture is named Horizons-2. The satellite will support digital video, high-definition television (HDTV) and IP-based content distribution networks to broadband Internet and satellite news gathering services (SNG) in the United States. Due to delays in the launch manifest for the Horizons-2 satellite, the Galaxy 11 satellite is expected to temporarily replace the SBS-6 satellite until the Horizons-2 satellite is available in-orbit. This Horizons-2 satellite will be constructed over the next two years and is expected to be in service by early 2009. The total investment in this joint venture is expected to be approximately $163 million, of which each of the joint venture partners is required to fund their 50% share beginning in early 2008. PanAmSat Opco s investment in this joint venture is being accounted for using the equity method. As of September 30, 2006, PanAmSat Opco has recorded a liability of $34.7 million within its consolidated financial statements in relation to the future funding of this investment in Horizons-2.

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***Europe*Star Purchase Price Obligation***

On August 31, 2005, we acquired multiple European orbital slots, as well as a satellite with European, Middle Eastern, African and Asian coverage from Alcatel, a French communications company, for a purchase price of approximately $60.2 million plus liabilities and costs incurred in relation to the acquisition of approximately $13.7 million, including $9.0 million of contingent performance payments due to Alcatel in addition to the purchase price. This acquisition was accomplished in order to strengthen our presence in these markets and expand our global reach into key growth regions. Through September 30, 2006, we paid $63.4 million of this aggregate purchase price. The satellite acquired, formerly known as Europe*Star 1, was renamed IS-12, and is capable of providing a broad range of enhanced services to European customers for program distribution, broadcast contribution and enterprise networking. The agreement provides for purchase price installments during 2006 of $20.2 million and performance payment installments plus related interest contingent on the future performance of the satellite. The results of this acquisition have been included in our fixed satellite services segment from the date of acquisition.

***Operating Leases***

We have commitments for operating leases primarily relating to equipment and our executive office facilities in Wilton, Connecticut and other locations. These leases contain escalation provisions for increases as a result of increases in real estate taxes and operating expenses. As of September 30, 2006, minimum annual rentals of all leases, exclusive of potential increases in real estate taxes, operating assessments and future sub-lease income aggregated approximately $20.6 million.

***Customer and vendor obligations***

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 with us and we have long-term contractual obligations with service providers primarily for the operation of certain of our satellites. As of September 30, 2006, we have commitments under these customer and vendor contracts which aggregated approximately $190.5 million related to the provision of equipment, services and other support.

***Change-in-Control Obligations***

Certain of our senior executives were party to change-in-control severance agreements which provided for payment of severance and other benefits in the event of an involuntary termination of the executive s employment (as defined in such agreements) within three years after a change in control. The closing of the PanAmSat Acquisition Transactions on July 3, 2006 constituted a change in control which satisfied the conditions for payment under these agreements. Accordingly, the payments required under these severance agreements became payable by us as a result of the completion of the PanAmSat Acquisition Transactions. Certain of our senior executives were involuntarily terminated. Certain other of our senior executives were offered, and accepted, employment with post-merger Intelsat and as a result, were not eligible to receive any payments related to their respective change-in-control agreements. The pre-tax cost of termination-related benefits specified by the severance agreements of those senior executives that were involuntarily terminated was $8.5 million, which was expensed in July 2006 immediately prior to the completion of the PanAmSat Acquisition Transactions.

In connection with the PanAmSat Acquisition Transactions, our board of directors approved the adoption of a 2005 Severance Pay Plan on terms similar to our existing 2003 Severance Pay

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Plan and authorized a retention pool of up to $10.0 million for employees. Retention bonuses totaling approximately $9.8 million were designated for employees, of which $6.2 million was expensed through September 30, 2006. The remainder of $3.6 million will be expensed over the required employee service periods following the completion of the PanAmSat Acquisition Transactions through the first quarter of 2008. The 2005 Severance Pay Plan allows for the payment of enhanced severance to employees laid off or who resign for good reason (as defined in such plan) due to, and within 18 months following, a change in control (as defined in such plan). As a result of the completion of the PanAmSat Acquisition Transactions, a change-in-control (as defined in the plan) occurred in July 2006. The total expected cost of future severance and related costs to be paid pursuant to the 2005 Severance Pay Plan as a result of the completion of the PanAmSat Acquisition Transactions is estimated to be approximately $15.4 million, which was expensed in the period July 1, 2006 immediately prior to the completion of the PanAmSat Acquisition Transactions.

As described in Note 8 Stock Based Compensation to our condensed consolidated financial statements for the period ended September 30, 2006, we and PanAmSat Holdco granted stock options to certain employees and non-employee directors subsequent to the Recapitalization. The options granted by us were assumed by PanAmSat Holdco in October 2004. The vesting of the stock options was to accelerate in the event of certain changes in control of PanAmSat Holdco. In addition, certain employees received deferred stock units, each of which represented the notional right to receive a share of PanAmSat Holdco common stock. Upon the completion of the PanAmSat Acquisition Transactions, all outstanding options and other equity based arrangements, with the exception of 168,349 stock options which were rolled over into share-based compensation arrangements relating to common shares of Intelsat Holdings, Ltd., became fully vested and were converted into a right to receive cash as specified in the Intelsat Merger Agreement. The holders of such equity based arrangements received the $25 per share Intelsat Merger consideration (plus approximately $0.00927 per share in respect of undeclared regular quarterly dividends less any related costs to exercise) as a result of the completion of the Merger. In the period July 1, 2006 immediately prior to the completion of the PanAmSat Acquisition Transactions, total costs related to these equity based arrangements of approximately $103.5 million were recorded, approximately $97.2 million of which was recorded by us and $6.0 million of which was recorded by PanAmSat Holdco.

The costs related to the executive change-in-control obligations and the stock based compensation obligations, including reimbursement of employee excise taxes and lost income tax deductions, was approximately $35.0 million. We expensed $19.9 million of these costs in the period July 1, 2006, immediately prior to the completion of the PanAmSat Acquisition Transactions. See Note 2 PanAmSat Acquisition Transactions to our condensed consolidated financial statements for the period ended September 30, 2006. The remaining amount will represent costs to us in that it will result in lost tax deductions in future periods.

***Other***

Boeing Satellite Systems, Inc., formerly Hughes Space and Communications Company, has security interests in certain transponders on our IS-2, IS-3, IS-4 and IS-5 satellites to secure incentive payments owed by us pursuant to satellite construction contracts.

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**Off-Balance Sheet Arrangements**

***Foreign Withholding Taxes and Other Tax Reserves***

We have outstanding tax claims related to withholding taxes assessed on revenues derived from broadcasters inside and outside of India who broadcast from or into India. The total amount assessed for all periods from March 31, 1996 through March 31, 2004 is approximately $66.7 million. We are contesting the imposition of such taxes. On August 11, 2006, the Income Tax Appellate Tribunal in New Delhi issued a decision which overturned the tax assessment for the 1997/98 assessment year. If the decision is not appealed or is ultimately upheld on appeal, this decision would resolve the dispute at issue in our favor. However, there can be no assurance that the tax authorities will not appeal this decision to the High Court. While this contest proceeds, we have been required to advance cash and provide letters of credit totaling approximately $54.7 million. As of September 30, 2006, we had paid cash of approximately $1.2 million related to these assessment years. If unsuccessful in our contest, we could be subject to comparable claims for subsequent years. In connection with the Recapitalization, The DIRECTV Group, which controlled us prior to the Recapitalization, agreed to indemnify us for these and certain other taxes related to any periods or portions of such periods ending on or prior to the day of the closing of the Recapitalization in amounts equal to 80% of the first $75.0 million of such taxes and 100% of such taxes in excess of the first $75.0 million. As a result, our net tax liability related to these periods is capped at $15.0 million.

We currently have outstanding letters of credit totaling $54.6 million, which primarily relate to the India tax issue noted above.

***Horizons Contribution Obligation***

On August 1, 2005, we formed our second 50-50 joint venture with JSAT, a leading satellite operator in the Asia-Pacific region, that will build and launch a Ku-band satellite to replace our SBS-6 satellite at 74 degrees west longitude. The joint venture is named Horizons-2. The satellite will support digital video, high-definition television and IP-based content distribution networks to broadband Internet and satellite news gathering services in the United States. Due to delays in the launch manifest for the Horizons-2 satellite, the Galaxy 11 satellite is expected to temporarily replace the SBS-6 satellite until the Horizons-2 satellite is available in-orbit. This Horizons-2 satellite is currently being constructed and is expected to be in service by early 2009. The total investment in this joint venture is expected to be approximately $163 million, of which each of the joint venture partners is required to fund their 50% share beginning in early 2008. The contribution obligation arises from our obligation to fund amounts due under Horizons-2 s loan agreement with a third party lender. We have entered into a Security and Pledge Agreement with the lender and pursuant to this agreement, granted a security interest in our contribution obligation to the lender. Therefore we have recorded this obligation as an indirect guarantee in accordance with FASB Interpretation No. 45 (As Amended), *Guarantor s Accounting and Disclosure Requirements for Indebtedness of Others ( FIN 45 )*. Our investment in this joint venture is being accounted for using the equity method. As of September 30, 2006, we have recorded a liability of $34.7 million representing our 50% share of the amount drawn through that date on the Horizons-2 loan, within our consolidated financial statements in relation to the future funding of our investment in Horizons-2.

There are no other transactions that would require off-balance sheet disclosure other than as described above.

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***Restructuring Costs***

Facilities restructuring and severance costs were $4.2 million, $6.2 million and $4.3 million for the years ended December 31, 2003, 2004 and 2005, respectively and $4.0 million and $17.7 million for the nine months ended September 30, 2005 and 2006, respectively. These costs are included in restructuring and transaction costs within our consolidated statement of operations.

In connection with the PanAmSat Acquisition Transactions, management approved restructuring plans to consolidate and integrate the management and operations of PanAmSat Holdco and Intelsat, Ltd. We expect to pay $11.0 million for accrued liabilities related to this restructuring plan and our facilities restructuring plans established prior to the completion of the PanAmSat Acquisition Transactions over the next five years. In addition, we expect to pay an additional $18.0 million related to our workforce restructuring plan.

***(a) Facilities Restructuring Plans***

The PanAmSat acquisition restructuring plan includes the closure of our former corporate headquarters in Wilton, Connecticut, as well as two other locations in the United States. In accordance with SFAS 141, Business Combinations we have recorded a liability in purchase accounting of approximately $7.0 million in relation to this plan. These costs, which relate primarily to payments due on existing lease obligations, are expected to be incurred and paid through 2011.

We had previously recorded liabilities in connection with our 2002 approval of a plan to restructure several of our United States locations and close certain facilities, some of which are currently being leased through 2011. Additionally, in an effort to further streamline our operations, during 2004 we consolidated our Manhattan Beach, El Segundo and Long Beach, California facilities. As of July 3, 2006, we had $4.3 million accrued for these lease obligations. As of September 30, 2006, $4.0 million remains unpaid and will be paid through 2011.

***(b) Workforce Restructuring Plan***

As part of the PanAmSat acquisition consolidation and integration, we have approved a workforce restructuring plan. This plan provides for the retention of key employees and the relocation and/or severance of employees due to planned facility closures. This workforce reduction covers approximately 240 employees. During the Predecessor period January 1, 2006 through July 1, 2006 and the Successor period July 1, 2006 through September 30, 2006, we recorded approximately $15.4 million and $2.3 million, respectively, of operating expenses in the consolidated statements of operations in relation to this plan. These costs included employee compensation, benefits, outplacement services, legal services and relocation. They are expected to be incurred and paid through June 2008. See Change-in-Control Obligations below.

**Critical Accounting Policies**

We prepare our consolidated financial statements in conformity with U.S. GAAP. As such, we are required to make certain estimates, judgments and assumptions that we believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Management bases their estimates and judgments on historical experience and on various other factors. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates. The following represent what we believe are the critical accounting areas that require the most significant management estimates and judgments.

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***Receivables (including net investment in sales-type leases)***

A significant amount of judgment is required by management in estimating the amount of reserves required for receivables that are potentially uncollectible. We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customer s current creditworthiness, as determined by our review of their current credit information. We continuously monitor collections and payments from our customers and maintain a provision for estimated credit losses based upon our historical experience and any specific customer collection issues that we have identified. If collectibility of the receivable is not reasonably assured at the time services are performed, we do not initially record the revenues, but rather record an allowance for customer credits to offset the receivable. If there is a change in the customer s financial status or the receivable is collected, revenues are recorded at that time.

While such credit losses described above have historically been within our expectations and the provisions established, we cannot guarantee that we will experience the same credit loss rates that we have estimated or historically experienced. As such, additional charges could be incurred in the future to reflect differences between estimated and actual collections.

Since our long-term receivables and net investment in sales-type leases relate to significant long-term contracts which are concentrated in a relatively few number of customers, a significant change in the liquidity or financial position of any one of these customers could have a material adverse impact on the collectibility of our long-term receivables or net investment in sales-type leases and our future operating results. Additionally, if a satellite s useful life is shortened, and a sales-type lease is recorded on that satellite, we would write off the portion of the sales-type lease receivable which is uncollectible as a result.

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As of December 31, 2004 and 2005, and September 30, 2006 we had aggregate gross receivables of $293.2 million, $225.9 million, and $152.6 million, respectively, related to operating leases, sales-type leases and other long-term receivables. With respect to these amounts, we maintained aggregate allowances of approximately $22.0 million, $12.4 million and $6.8 million as of December 31, 2004 and 2005, and September 30, 2006, respectively, including allowances for doubtful accounts and customer credits. See Deferred Charges and Other Assets Net and Accounts Receivable within Note 2, Significant Accounting Policies, and Note 7 Operating Leases and Net Investment in Sales-Type Leases to our audited consolidated financial statements for the year ended December 31, 2005 appearing elsewhere in this prospectus. Our accounts receivables and related reserves as of December 31, 2004 and 2005, and September 30, 2006 were as follows:

| | December 31, 2004 | December 31, 2005 | September 30, 2006 |
|---|---|---|---|
| | | (In thousands) | |
| **Gross Receivables:** | | | |
| Current Receivables | $ 82,366 | $ 72,778 | $ 77,672 |
| Long-term Receivables | 102,634 | 70,025 | 74,944 |
| Net Investment in Sales-Type Leases | 108,195 | 83,050 | |
| Total Gross Receivables | 293,195 | 225,853 | 152,616 |
| **Reserves:** | | | |
| Allowance for Bad Debt | (4,120) | (3,776) | (5,299) |
| Allowance for Customer Credits | (8,866) | (2,584) | (1,333) |
| Total Current Reserves | (12,986) | (6,360) | (6,632) |
| Long-term Reserve | (626) | (193) | (170) |
| Reserve for Sales-Type Leases | (8,430) | (5,878) | |
| Total Long-term Reserves | (9,056) | (6,071) | (170) |
| Total Reserves | (22,042) | (12,431) | (6,802) |
| Total Net Receivables | $ 271,153 | $ 213,422 | $ 145,814 |

***Evaluation of satellites and other long-lived assets for impairment and satellite insurance coverage***

We periodically evaluate potential impairment loss relating to our satellites and other long-lived assets, when a change in circumstances occurs, by assessing whether the carrying amount of these assets can be recovered over their remaining lives through undiscounted future expected cash flows generated by those assets (excluding interest charges). If the expected undiscounted future cash flows are determined to be less than the carrying value of the long-lived asset or group of assets, an impairment charge would be recorded to write down the asset to its estimated fair value. We assess the recoverability of certain of our deferred charges and other assets by comparing the remaining net book value of the deferred charges and other assets at each period end with the expected future undiscounted cash flows to be generated pursuant to the customer contract that gave rise to the deferred charges. The recoverability analysis is performed for each individual deferred charge and the undiscounted cash flows are the cash flows associated with the specific customer contract that gave rise to the deferred charges. The undiscounted cash flows, as determined within the specific contractual arrangement with that customer, would be utilized to assess the recoverability of the deferred charge.

We also assess the recoverability of our long-lived assets pursuant to paragraph 10 of SFAS No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets* ( SFAS 144 ).

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The costs of specific satellites are grouped together with other associated assets when assessing recoverability. Periodically and when a change in circumstances occurs, this group of assets is compared with the expected future undiscounted cash flows to be generated by us from the related satellite. Any excess of the net book value for this group of assets over the expected future undiscounted cash flows of the related satellite would result in an impairment charge that would be recorded within our statement of operations in the period the determination is made. The impairment charge would be measured as the excess of the carrying value of the asset or group of assets over the present value of estimated expected future cash flows related to the asset or asset group using a discount rate commensurate with the risks involved. Changes in estimates of future cash flows could result in a write-down of the asset in a future period. Estimated future cash flows could be impacted by, among other things:

changes in estimates of the useful life of the satellite;

changes in estimates of our ability to operate the satellite at expected levels;

changes in the manner in which the satellite is to be used; and

the loss of one or several significant customer contracts on the satellite.

If an impairment loss was indicated, such amount would be recognized in the period of occurrence, net of any insurance proceeds to be received so long as such amounts are determinable and receipt is probable. If no impairment loss was indicated in accordance with SFAS 144, and we received insurance proceeds, the proceeds would offset the carrying value of the satellite. In the event that the insurance proceeds received exceeded the carrying value of the satellite, the excess of the proceeds over the carrying value of the satellite would be recognized in the statement of operations.

Certain losses of a satellite may not be covered by launch or in-orbit insurance policies. Some of our satellites are covered by insurance policies that are subject to significant health-related exclusions and deductibles related to specific components identified by the insurers as the most likely to fail and some of our satellites are uninsured. For tables showing satellite insurance coverage and identified significant operational concerns, see Insured satellites and Uninsured satellites above.

On March 17, 2004, our PAS-6 satellite suffered an anomaly resulting in a loss of power. On April 1, 2004, this satellite experienced another and more significant loss of power. Following that event, we commenced de-orbiting the satellite. As a result of the March 17 event, we recorded a non-cash impairment charge of $99.9 million within income from operations in the first quarter of 2004. This resulted in an approximate $63.3 million non-cash charge to net income after taxes.

See Risk Factors Risks Relating to Our Business Our financial condition could be materially and adversely affected if we were to suffer a loss that is not adequately covered by insurance and Note 2 Significant Accounting Policies Evaluation of Long-Lived Assets to our audited consolidated financial statements appearing elsewhere in this prospectus.

***Valuation of goodwill***

We evaluate the carrying value of goodwill on an annual basis in the fourth quarter of each year and when events and circumstances warrant such a review in accordance with SFAS No. 142 *Goodwill and Other Intangible Assets* ( SFAS 142 ), which is described in Note 2 to our audited consolidated financial statements for the year ended December 31, 2005 appearing elsewhere in this prospectus. SFAS 142 requires the use of fair value in determining the amount

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of impairment, if any, for recorded goodwill. In conjunction with our annual goodwill impairment assessment in the fourth quarter of 2005, we utilized a combined discounted cash flow and market approach in our assessment of the fair value.

Our goodwill impairment assessments in 2003, 2004 and 2005 resulted in a fair value for the reporting units which exceeded the carrying value of their net assets and, as such, no impairment charge was required. The amount of any loss resulting from future impairment tests could be material to our results of operations.

Significant estimates and other variables utilized in our 2005 goodwill impairment assessments include:

Discounted cash flow approach:

- discount rate;
- our 5-year plan, including expected future revenues, operating expenses, capital expenditures and future cash flows; and
- assumed long-term margins and revenue growth rates of our reporting units.

Market approach:

- implied multiples based upon market transactions; and
- the price paid for PanAmSat Opco in the Recapitalization.

Changes in these estimates could result in changes to our estimated cash flows and market assessment utilized to determine our assessment of the fair value of the reporting unit. This could result in a write-down of goodwill in a future period, which would be recorded as a pre-tax charge to operating income. The amount of any loss resulting from future impairment tests could be material to our results of operations.

***Depreciable satellite lives***

The estimated useful lives of our satellites are based upon the lower of the satellite s design life or the estimated life of the satellite as determined by an engineering analysis performed during initial in-orbit testing. As the telecommunications industry is subject to rapid technological change and our satellites have been subject to certain anomalies, we may be required to revise the estimated useful lives of our satellites and communications equipment or to adjust their carrying amounts. Accordingly, the estimated useful lives of our satellites are periodically reviewed using current engineering data. If a significant change in the estimated useful lives of our satellites is identified, we account for the effects of such changes on depreciation expense on a prospective basis. Reductions in the estimated useful lives of our satellites would result in additional depreciation expense in future periods and may necessitate acceleration of planned capital expenditures in order to replace or supplement the satellite earlier than planned. If the reduction in the estimated useful life of a satellite results in undiscounted future cash flows for the satellite, which are less than the carrying value of the satellite, an impairment charge would be recorded. As a result the lives of our Galaxy 4R and IS-6B satellites were reduced during 2003 and the lives of our Galaxy 11, IS-1R and IS-9 satellites were reduced in December 2004, resulting in accelerated depreciation for these satellites. See Satellite Technology BSS 601 HP XIPS and Satellite Technology BSS 702 solar arrays above.

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***Deferred taxes***

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We regularly review our deferred tax assets for recoverability and establish a valuation allowance in order to reduce our deferred tax assets based on an evaluation of the amount of deferred tax assets that management believes are more likely than not to be ultimately realized in the foreseeable future. Management establishes this valuation allowance based upon historical taxable income, projected future taxable income, and the expected timing of the reversals of existing temporary differences. If we continue to operate at a loss for tax purposes or are unable to generate sufficient future taxable income, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, we could be required to establish a valuation allowance against all or a significant portion of our deferred tax assets resulting in a substantial increase in our effective tax rate and a material adverse impact on our operating results. Management does not believe a valuation allowance is necessary as of December 31, 2005. During 2004 subsequent to the Recapitalization, we incurred net operating losses for tax purposes. Management expects these losses are fully recoverable based on the taxable income within the next several years. These net operating losses were primarily the result of transaction costs incurred in connection with the Recapitalization, accelerated depreciation on our satellites currently in-orbit, the Extraterritorial Income Exclusion related to certain of our satellites and interest expense deductions.

Beginning on May 1, 1998 through December 22, 2003, PanAmSat Opco joined with The DIRECTV Group and General Motors Corporation in filing a consolidated U.S. federal income tax return. On December 22, 2003, The DIRECTV Group split-off from GM and as a result The DIRECTV Group no longer files a U.S. federal income tax return with GM. PanAmSat Opco continued to file a consolidated U.S. federal income tax return with The DIRECTV Group for the taxable periods ended on or before the closing date of the Recapitalization, which will file a U.S. federal income tax return as a separate consolidated group. Subsequent to the Recapitalization, PanAmSat Opco joined with PanAmSat Holdco in filing a consolidated U.S. federal income tax return.

PanAmSat Opco previously operated under federal and state income tax sharing agreements with The DIRECTV Group. In accordance with such agreements, PanAmSat Opco provided for current and deferred income taxes as if we were the common parent of an affiliated group that is not included in the consolidated federal income tax return that includes The DIRECTV Group. Upon consummation of the Recapitalization, a new tax separation agreement described under The Transactions took effect and superseded the existing tax sharing agreements.

PanAmSat Opco was deconsolidated from The DIRECTV Group consolidated tax group upon consummation of the Recapitalization. As a result of the deconsolidation, during the third quarter of 2004, our net operating losses and foreign tax credits (net of valuation allowances) were decreased and the tax basis in PanAmSat Opco s satellites was increased. Also, our tax basis in our satellites was increased through a taxable transfer of our satellites to newly formed operating companies prior to the Recapitalization**.** The total net decrease in our deferred tax liabilities resulting from the Recapitalization was approximately $315.7 million.

Our income tax provision prior to and including 2005 estimates tax expense for the possible reduction upon Internal Revenue Service audit of the tax benefits we derived from a deduction for the Extraterritorial Income Exclusion and its predecessor regime (the Foreign Sales Corporation) as well as for the potential tax expense that may arise from an adverse outcome

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from our foreign tax withholding issues. For all years prior to and including 2005, we have assessed our minimum and maximum exposure for federal tax issues, including Foreign Sales Corporation and Extraterritorial Income Exclusion issues, as well as foreign tax withholding issues, and have provided taxes in the amount of our estimated exposure. The Extraterritorial Income Exclusion will be reduced in subsequent years because of changes to the Federal Tax Law. We have certain contracts which are grandfathered under the tax law.

Various foreign governments have asserted that we are subject to income withholding taxes on the revenues derived from broadcasters who are outside their territory, broadcast into their territory and remit payments directly to us in the United States. We have vigorously contested these assertions under local and U.S. tax law. We provided additional taxes in 2004 and 2005 that affected our effective tax rate. We consider our reserves adequate for any exposure we may have for potential income withholding taxes on these broadcaster revenues. If we are unsuccessful in our defense of any such claims, we could be exposed to a substantial cash payment liability.

We have outstanding tax claims related to withholding taxes assessed on revenues derived from broadcasters inside and outside of India who broadcast from or into India. The total amount assessed for all periods from March 31, 1996 through March 31, 2004 is approximately $66.7 million. We are contesting the imposition of such taxes. On August 11, 2006, the Income Tax Appellate Tribunal in New Delhi issued a decision which overturned the tax assessment for the 1997/98 assessment year. If the decision is not appealed or is ultimately upheld on appeal, this decision would resolve the dispute at issue in our favor. However, there can be no assurance that the tax authorities will not appeal this decision to the High Court. While this contest proceeds, we have been required to advance cash and provide letters of credit totaling approximately $54.7 million. As of September 30, 2006, we had paid cash of approximately $1.2 million related to these assessment years. If unsuccessful in our contest, we could be subject to comparable claims for subsequent years. In connection with the Recapitalization, The DIRECTV Group, which controlled us prior to the Recapitalization, agreed to indemnify us for these and certain other taxes related to any periods or portions of such periods ending on or prior to the day of the closing of the Recapitalization in amounts equal to 80% of the first $75.0 million of such taxes and 100% of such taxes in excess of the first $75.0 million. As a result, our net tax liability related to these periods is capped at $15.0 million.

In 2005, the Internal Revenue Service completed an examination of the GM consolidated tax group for the years 1998-2000, of which we were a member, and commenced an examination of the GM consolidated tax group for the years 2001-2003. As a result, our federal income tax returns for those years are currently under examination. Management believes that adequate provision has been made for any adjustment which might be assessed as a result of these examinations. Any amounts that would be payable under the examination are fully indemnified under the tax separation agreement with The DIRECTV Group.

***Share-based Compensation***

During the quarter ended March 31, 2006, we adopted SFAS No. 123 (Revised), *Share Based Payment* ( SFAS 123R ).

**Market Risks**

As of September 30, 2006, we had obligations related to our long-term debt agreements. These financial instruments are discussed further in Note 5 to our unaudited consolidated financial statements included elsewhere in this prospectus.

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We are subject to interest rate and related cash flow risk in connection with our $1.991 billion floating rate senior secured credit facilities. Any changes in interest rates on our floating rate debt will impact our results of operations and cash flows.

Presented below is an analysis of our financial instruments as of September 30, 2006 that are sensitive to changes in interest rates. The table demonstrates the change in market value of the instruments calculated for an instantaneous parallel shift in interest rates, plus or minus 50 basis points, or BPS, 100 BPS and 150 BPS. With respect to both our floating and fixed-rate debt, the sensitivity table below illustrates market values, or the price at which the debt would trade should interest rates fall or rise in the range indicated, assuming similar terms and similar assessment of risk by our lenders. Market values are determined using market rates on comparable instruments as of September 30, 2006. This sensitivity analysis provides only a limited, point-in-time view of the market risk sensitivity of certain of our financial instruments. The actual impact of market interest rate changes on our financial instruments may differ significantly from the impact shown in the sensitivity analysis.

| | Interest Rate Risk (in millions) as of September 30, 2006 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Valuation of Securities Given an Interest Rate Decrease of X Basis Points | | | No Change in Interest Rates | Valuation of Securities Given an Interest Rate Increase of X Basis Points | | |
| | (150 BPS) | (100 BPS) | (50 BPS) | Fair Value | (50 BPS) | (100 BPS) | (150 BPS) |
| $150.0 million principal 6 3/8% notes due 01/15/08 | $ 152.4 | $ 151.5 | $ 150.5 | $ 149.6 | $ 148.7 | $ 147.8 | $ 146.9 |
| $656.3 million principal 9% senior notes due 08/15/14 | $ 737.8 | $ 717.0 | $ 697.0 | $ 677.7 | $ 659.0 | $ 641.0 | $ 623.6 |
| $575 million principal 9% senior notes due 06/15/16 | $ 653.3 | $ 632.1 | $ 611.8 | $ 592.3 | $ 573.6 | $ 555.6 | $ 538.5 |
| $125 million principal 6 7/8% notes due 01/15/28 | $ 127.8 | $ 121.0 | $ 114.6 | $ 108.8 | $ 103.3 | $ 98.3 | $ 93.7 |
| Term Loan A-3 due 2012 | $ 360.1 | $ 359.8 | $ 359.4 | $ 359.0 | $ 358.7 | $ 358.30 | $ 357.9 |
| Term Loan B-2 due 2014 | $ 1,644.2 | $ 1,642.5 | $ 1,640.8 | $ 1,639.2 | $ 1,637.5 | $ 1,635.9 | $ 1,634.2 |

As of September 30, 2006, we had $1.2 million of principal outstanding for our 8 1/2% notes due February 1, 2012. Any fluctuation in the market value of these notes due to changes in interest rates is not to be considered to material to our consolidated financial statements.

**Certain Relationships and Related Transactions**

***Transactions Related to the PanAmSat Acquisition Transactions***

*Transactions with Intelsat, Ltd. and its Subsidiaries*

Following the completion of the PanAmSat Acquisition Transactions, IGen, a wholly-owned indirect subsidiary of Intelsat Bermuda, acquired our subsidiary, G2 Satellite Solutions Corporation, which comprised our government services business, for cash consideration in the amount of $73.0 million. The acquisition occurred by means of a merger in which G2 Satellite Solutions Corporation merged into IGen, with IGen continuing as the surviving entity. As a result of our sale of G2 Satellite Solutions, its financial condition as of September 30, 2006, and its results of operations for the third quarter of 2006 were excluded from our financial

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statements. Additionally, as a result of the sale of G2 Satellite Solutions, segment disclosures were no longer required. As noted below, in accordance with the Master Intercompany Services Agreement, IGen continues to purchase satellite capacity from us.

Also following the completion of the PanAmSat Acquisition Transactions, substantially all of the employees of Intelsat Global Service Corporation were transferred to us pursuant to an employee transfer agreement. As the transaction occurred between entities under common control, the transaction was accounted for at carrying value, which approximated fair value. As such, net liabilities of $11.9 million were recognized by PanAmSat Opco and were treated as a distribution to PanAmSat Holdco. In addition, substantially all of the direct and indirect subsidiaries of Intelsat Holdings, Ltd., following the PanAmSat Acquisition Transactions, including PanAmSat Holdco and us, entered into the MISA, pursuant to which these entities will provide services to each other. In each case, services will be provided on terms that we believe are not materially less favorable to each party than are available on an arms length basis and on terms that the relevant boards of directors have determined to be fair. The MISA may be amended from time to time as required for changes in services or pricing.

For the period July 1, 2006 to September 30, 2006, we recorded revenue of approximately $12.0 million related to capacity purchased from us by subsidiaries of Intelsat Holdings, Ltd. We also recorded revenue of approximately $39.3 million related to services provided by us to subsidiaries of Intelsat Holdings, Ltd. in accordance with the MISA, and recognized $37.5 million of costs related to those revenues. As of September 30, 2006, we have accrued a gross receivable of $62.8 million from subsidiaries of Intelsat Sub Holdco and a gross payable of $22.8 million to subsidiaries of Intelsat Sub Holdco.

*Stock Options and Restricted Stock*

In connection with the closing of the PanAmSat Acquisition Transactions, Mr. Joseph Wright, Jr., Chairman of the Board of Directors of Intelsat, Ltd., and Mr. James Frownfelter, Chief Operating Officer of Intelsat Corporation, both former executive officers of PanAmSat Opco, received cash payments in respect of outstanding PanAmSat Holdco common stock, deferred stock units and certain stock options and rolled over the balance of their PanAmSat Holdco stock options into share-based compensation arrangements permitting the purchase of a specified number of Intelsat Holdings common shares. See Management Treatment of Stock Options, Management Treatment of Restricted Stock and Deferred Stock Units and Management Rollover Stock Options.

***Other Related Party Transactions***

We have a 50% ownership interest in the Horizons-1 joint venture, which we account for under the equity method of accounting. We lease Ku-band satellite capacity on the Horizons I satellite, which is owned by this joint venture. During the three months ended September 30, 2005 and the period July 1, 2006 through September 30, 2006, we recorded expenses of approximately $0.9 million and $1.0 million, respectively. During the nine months ended September 30, 2005, we recorded expenses of approximately $2.7 million in relation to the lease of such Ku-band satellite capacity. For the period January 1, 2006 through July 1, 2006, and the period July 1, 2006, through September 30, 2006, we recorded expense of $2.1 million and $1.0 million, respectively. Additionally, we provide TT&C services for the Horizons-1 satellite. During both the three months ended September 30, 2005 and the period July 1, 2006 through September 30, 2006, we recorded revenues of approximately $0.2 million. During the nine months ended September 30, 2005 and the period January 1, 2006 through July 1, 2006, and the period July 1, 2006, through September 30, 2006, we recorded revenues of approximately $0.5 million, $0.3 million and $0.2 million, respectively.

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In addition, we have a 50% ownership interest in the Horizons-2 joint venture, which we account for under the equity method. The Horizons-2 satellite will be constructed over the next two years and is expected to be in service by early 2009. The total investment for this joint venture is expected to be approximately $163 million, of which each partner is required to fund their 50% share beginning in early 2008. As of September 30, 2006, PanAmSat Opco has recorded a liability of $34.7 million within its consolidated financial statements in relation to the future funding of this investment.

***Other Relationships***

We utilize the consulting and lobbying services of R. Thompson & Co., which is owned by Robert J. Thompson, Chairman of Jefferson Consulting Group. Mr. Wright, our former Chief Executive Officer and the Chairman of the Board of Intelsat, Ltd., owns a minority interest in Jefferson Consulting Group. Mr. Wright does not have any ownership or financial interest directly or indirectly in R. Thompson & Co. During the nine months ended September 30, 2005 and the period January 1, 2006 to July 1, 2006, we paid approximately $126,000 and $61,000, respectively, in expenses for services provided by R. Thompson & Co. We paid approximately $20,000 during the period from July 1, 2006 through September 30, 2006.

During 2004, we retained Capstone Consulting to provide us with consulting services, primarily to identify and advise on potential opportunities to reduce our costs and identify other potential opportunities to grow our business. Although neither KKR nor any entity affiliated with KKR owns any of the equity of Capstone, KKR has provided financing to Capstone. We recorded approximately $0.1 million of expense during the three months ended September 30, 2005 and $0.6 million of expense for the nine months ended September 30, 2005, related to Capstone Consulting.

**New Accounting Pronouncements**

In February 2006, FASB issued SFAS No. 155 *Accounting for Certain Hybrid Financial Instruments* ( SFAS 155 ). SFAS 155 amends FASB Statements No. 133 and 140. This statement simplifies the accounting for certain hybrid financial instruments by permitting fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, provided that the whole instrument is accounted for on a fair value basis. This statement also permits a qualifying special-purpose entity to hold a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS 155 applies to all financial instruments acquired or issued after the beginning of an entity s first fiscal year that begins after September 15, 2006. The adoption of SFAS 155 is not expected to have a material impact on our consolidated financial statements.

In July 2006, the FASB issued Interpretation No. 48 ( FIN 48 ), *Accounting for Uncertainty in Income Taxes-an Interpretation of SFAS 109 Accounting for Income Taxes*. FIN 48 prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that a company has taken or expects to take on a tax return. Under FIN 48, the financial statements will reflect expected future tax consequences of such positions presuming the taxing authorities full knowledge of the position and all relevant facts, but without considering time values. FIN 48 also revises disclosure requirements and introduces a prescriptive, annual, tabular roll-forward of the unrecognized tax benefits. FIN 48 is effective for fiscal years beginning after December 15, 2006. We are currently evaluating the effect FIN 48 will have on our consolidated financial position, liquidity, and results of operations.

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In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ( SFAS 157 ), which is intended to increase consistency and comparability in fair value measurements by defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are in the process of evaluating this guidance and therefore have not yet determined the impact that SFAS 157 will have on our consolidated financial statements upon adoption.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Benefit Obligations, an amendment of FASB Statements No. 87, 88, 106 and 132(R)* ( SFAS 158 ). The standard requires companies to recognize in their balance sheets any over or under-funded benefit obligation of each defined benefit pension and other postretirement plan. The resulting balance sheet adjustment is offset by a corresponding adjustment to other comprehensive income, net of deferred tax effects. This change would apply to the company s consolidated financial statements for the year ended December 31, 2007. We are in the process of evaluating the impact that SFAS 158 will have on our consolidated financial statements.

In September 2006, the SEC issued Staff Accounting Bulletin, or SAB, No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements* ( SAB 108 ). SAB 108 requires registrants to consider the effects of all carryovers and reversals of prior year misstatements when quantifying errors in current year financial statements. SAB 108 allows registrants to record the effects of adopting the guidance as a cumulative effect adjustment; however, SAB 108 does not change the SEC staff s previous guidance on evaluating the materiality of errors. We are evaluating the effect of the adoption of this SAB on our consolidated financial statements.

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## BUSINESS

### Overview

We are a leading provider of fixed satellite services worldwide and a leading provider of these services to each of the media and network services sectors through our large and modern fleet of 24 in-orbit satellites. We lease transponder capacity on our satellites to a variety of customers, including: television programmers that deliver programming to cable television systems, television broadcasters, DTH television systems, ISPs, telecommunications companies and other corporations. The services that we provide to our customers are generally mission critical and our key customer relationships have been built over many years. Our customers include some of the world s leading media and communications companies, multinational corporations and ISPs. We believe we distribute more television channels over our network than any other company in the world.

We operate in an attractive, well-developed sector of the satellite communications industry, which is benefiting from increasing demand for fixed satellite services capacity from private industry. The FSS sector is characterized by steady and predictable contracted revenue streams, high operating margins, strong free cash flows and long-term contractual commitments. As of September 30, 2006, our revenue backlog, which is our expected actual future revenue under our customer contracts, was approximately $4.3 billion, approximately 94% of which relates to contracts that are non-cancelable or cancelable only upon payment of substantial termination fees. Of this amount, approximately $3.5 billion relates to contracts for our video distribution services, which are typically long-term and may extend to the end of life of the satellite or beyond to a replacement satellite. Our revenue backlog as of September 30, 2006 included approximately $831.0 million relating to future services on satellites to be launched. Our revenue and Intelsat Corp Adjusted EBITDA for the nine months ended September 30, 2006 were $694.2 million and $514.6 million, respectively.

Our in-orbit fleet is one of the world s largest commercial GEO satellite networks, capable of reaching over 98% of the world s population. We also have an extensive terrestrial network, including global teleport facilities in the United States, which provide transmission, monitoring and control services for operating our fleet and transmission and other services for our customers. Following our acquisition by Prior Intelsat, we gained access to their fleet of 27 in-orbit satellites, which provides additional geographic coverage and back-up capacity and enables us to increase fill rates as our business grows. In addition to gaining access to Prior Intelsat s satellite fleet, we also gained access to their terrestrial network, which includes additional teleport facilities strategically located around the world, effectively expanding our ground support network. We have incurred approximately $1.1 billion from our investment in our communications network on seven satellites launched since 2001.

The global FSS sector generated revenue of approximately $7.6 billion in 2005 according to *Euroconsult*. There are multiple growth areas that we believe will drive the continued expansion of the FSS industry. Primary examples include the increased transmission of HDTV signals, which require greater transmission capacity than standard definition signals, and will create additional demand for capacity. Also, the demand for the large, cost-effective private corporate networks made possible through the combination of our satellite fleet s broad geographic coverage and the use of small, low-cost terrestrial satellite terminals, commonly referred to as VSATs (very small aperture terminals), is expected to be a source of growth, especially in international markets where terrestrial networks are not well developed. Efforts by consumer communications companies to combine video services and telephony into a single platform, wired or mobile, should also benefit the FSS industry through increased requirements for the

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broadcast of video services to new and developing networks. In total, C and Ku-band transponder lease revenue in the FSS sector is expected to grow at a CAGR of 3.8% from 2006 to 2011 according to *Northern Sky Research*.

On July 3, 2006, Intelsat Bermuda acquired PanAmSat Holdco. Following consummation of the PanAmSat Acquisition Transactions, Intelsat General Corporation, the entity that operates Prior Intelsat s government services business, purchased the government services business of PanAmSat. See Prospectus Summary The Transactions The PanAmSat Acquisition Transactions and The Transactions The PanAmSat Acquisition Transactions for more information concerning this transaction.

**Our Customer Sectors**

We provide satellite capacity and related communication services for the transmission of video, data and voice connectivity. Our services are primarily provided to two sectors: media and network services. For details regarding the distribution of PanAmSat Opco s revenue by geographic region and service type, refer to Note 2 to PanAmSat Opco s consolidated financial statements appearing elsewhere in this prospectus.

***Media***

The media sector represented 62% of our historical revenue for the nine months ended September 30, 2006 and 63% of our historical revenue for the year ended December 31, 2005. Video applications currently use more FSS capacity than any other application, representing approximately 62% of total global C and Ku-band FSS transponder demand in 2005, with North America being the largest user of satellite capacity for video applications, according to *Northern Sky Research*. As a combined company, we provide satellite transponder capacity and other satellite and terrestrial services for the transmission of entertainment, news, sports and educational programming for approximately 300 content providers worldwide. Our video services are comprised of three categories: video distribution services, DTH television services and video contribution services.

*Video distribution services.* Our primary video distribution service is the full-time transmission of television programming to cable systems, network affiliates and other redistribution systems. Our video distribution services are characterized by long-term contracts with premier media companies and content providers. These companies lease dedicated transponder capacity from us, both on our satellites in orbit and those planned for launch in the future. We also offer bundled, value-added services that include satellite capacity, digital encoding of video channels and, if required, up-linking and down-linking services to and from our satellites and teleport facilities.

*DTH television services.* Most of our satellites are capable of providing DTH services through the use of high-powered, Ku-band spot beams that transmit over specific geographic areas. DTH service providers lease transponder capacity from us, and our satellites provide the platform for their services. These services deliver a package of television programming channels directly to a consumer s home from our satellites.

*Video contribution services.* We provide broadcasters with full-time satellite transmission services for news, sports and entertainment segments to their network affiliates or broadcast centers within the United States or around the world. Broadcasters use our contribution capacity to consolidate programming from various locations and assemble it in one central location for the final programming product. This service provides broadcasters with a dedicated transmission pipeline for the full-time retrieval of programming segments.

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Our video contribution services also include occasional use services through which we provide broadcasters with satellite transmission services on a short-term basis, designed to enable broadcasters to conduct on-the-scene transmissions and to receive the transmissions at

their broadcast centers or affiliate stations. In addition to short-term services for special events coverage, we have long-term transponder service agreements with certain satellite services resellers in the United States, which package domestic U.S. transponder capacity for their broadcast, business, educational and government customers. Our occasional use services help us take advantage of unutilized capacity on our satellites and are complementary to other services we offer. As these services are not typically long-term in nature, the revenues we derive from them are not typically reflected in our revenue backlog.

Highlights of our media business include the following:

- Of the combined company s 51 satellites in orbit, 16 are part of video neighborhoods around the world, with nine serving the United States, three serving Latin America, two serving the Asia Pacific region, one serving Europe and the Middle East, and one serving the Indian Ocean region

- In North America, we believe that we are the leading provider of FSS capacity for the distribution of high definition and cable programming. We also believe that we are one of the leading providers of FSS capacity for ethnic programming distribution in North America, with over 200 channels broadcast.

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

- Global C and Ku-band transponder demand for FSS video applications is forecasted to grow overall at a CAGR of approximately 4.3% from 2006 to 2011, according to *Northern Sky Research*.

***Network Services***

The network services sector represented 27% of our revenue for both the nine months ended September 30, 2006 and for the year ended December 31, 2005. We provide satellite capacity and managed solutions to telecommunications carriers, Internet Service Providers, or ISPs, and multinational corporations for the transmission of data, voice and video communications globally.

One of the ways we have grown our business is by providing satellite services which enable private data networks such as VSAT networks. We provide satellite services to companies that furnish networks for end users in the United States, Latin America, Europe, the Middle East, Africa and Asia. We also provide capacity directly to owner-operators of networks. These rooftop-to-rooftop VSAT networks provide dedicated, proprietary one-way and two-way communications links among multiple business sites. VSAT network end users include retail chains for rapid credit card authorization and inventory control, banks for the connection of automated teller machines with processing computers and news agencies for the timely dissemination of news and financial information. VSAT network end users also include residential and small and medium-sized enterprises that use these satellite-based services for broadband access.

Our combined company has historically served providers of telecommunications services, and in many cases is the exclusive means for global operators to reach certain remote countries. In the last several years, we have grown our revenues by providing managed solutions such as GlobalConnex and SPOTbytes to ISPs. We have also grown our network

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services business by selling lease services to mobile operators for cellular backhaul applications. We believe that we will continue to earn a significant portion of our revenue from our network services sector in the near term, due to the continuing growth in private data networks and the continued growth of Internet services and applications such as VoIP. For a discussion of our strategy with respect to voice and data services, see Our Business Strategy Grow our Business in the Media and Network Services Sectors Network Services.

We also perform consulting and technical services for various third parties. These services include satellite and launch vehicle construction program management, launch vehicle and satellite procurement, and TT&C services for satellites owned by other satellite operators.

Highlights of our network services business include the following:

- We were the leading provider of satellite capacity for voice and data applications in 2005, derived from data presented by *Euroconsult*.

- We believe we are the leading provider of satellite capacity for 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 7.2% from 2005 to 2010, according to Northern Sky Research.

- We believe that the demand for satellite capacity for certain niche voice and data applications will continue to grow. For example, the proliferation of wireless services worldwide has created demand for our satellite services for backhaul and network extensions in developing regions, due to unreliable or non-existent terrestrial infrastructure. In addition, the growth in VoIP applications is driving growth for our GlobalConnex managed solutions for ISPs in developing countries. Prior Intelsat s managed solutions business, for which annual revenues have grown from approximately $8.0 million in 2002 to approximately $111.0 million in 2005, is marketed to deregulated and competitive service providers, such as corporate users and ISPs, who require end-to-end satellite solutions. Because of our strength in voice and data services, established customer relationships and extensive satellite and terrestrial network, we expect to benefit as customers increasingly look for more integrated services to meet their communications needs.

***Government Services***

Our former government services business, which was comprised of global satellite and related telecommunications services provided to the U.S. government, international government entities and their contractors, represented 4% of our historical revenue for the nine months ended September 30, 2006 and 10% of our historical revenue for the year ended December 31, 2005. In connection with the consummation of the PanAmSat Acquisition Transactions, our government services business was purchased IGen, the entity that operates Prior Intelsat s government services business.

***Revenue from Affiliates***

Revenue from affiliates represented 7% of our revenue for the nine months ended September 30, 2006. Following the completion of the PanAmSat Acquisition Transactions on July 3, 2006, substantially all of the Prior Intelsat entities and substantially all of the PanAmSat entities entered into the MISA, pursuant to which these entities provide services to each other.

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**Our Strengths**

Our business is characterized by the following key strengths:

***Leading FSS Position in Growing Regional Markets and Customer Sectors***

We are a leading FSS provider and, based on number of transponders contracted, we hold the leading position in each of our customer sectors. As a result of our scale and leadership position, we expect to benefit from the following key growth areas in our business:

*North American Video:* We are a leading transmission platform for the distribution of video programming to cable systems in North America. Through a combination of our long-standing customer relationships, key North American orbital slots, leading anchor tenant cable channels and reception of our signals by approximately 8,500 qualified cable head-ends, we have been successful in creating cable neighborhoods. These cable neighborhoods are a powerful tool in attracting and retaining customers because ground infrastructure is specifically designed to receive information from our satellites, making switching costs significant.

*High definition television:* We intend to utilize our position and well situated capacity to better serve the rapidly growing high definition demand in the cable and broadcast arcs. As one of the leaders in serving North American broadcast networks, we are using our position to enable early high-definition adopters to move high-definition content from the creation source to their broadcast facilities via our satellite network and terrestrial networks. We believe that our satellites, including our Galaxy 13/Horizons 1 satellite, which serves as an HDTV neighborhood, are well positioned to serve both the cable and broadcast communities and to meet any expected increase in demand for distribution of HDTV programming. The number of HDTV channels distributed to broadcasters and cable communities worldwide by FSS operators is forecasted to increase from 76 to 346 channels between 2006 and 2011, according to *Northern Sky Research*.

*Direct-to-Home (DTH) providers:* We are a leading provider of FSS capacity for global DTH services. In many international markets, DTH platform operators rely upon FSS capacity in order to deliver their programming services to their subscribers. We provide content to millions of households in regions including Latin America, Eastern Europe and Africa. We will continue to focus DTH marketing efforts on these high growth regions where we believe that our satellite capacity is well-positioned. Given the flexible nature of our capacity, including the ability to reconfigure beam coverage on a number of our satellites in response to customer demand, we believe we will be able to respond quickly to new customer requirements as they develop. According to *Northern Sky Research,* the demand for C and Ku-band FSS capacity used for DTH services is expected to grow at a CAGR of approximately 5.5% between 2006 and 2011.

*Data and telecommunications services:* We are the leading provider of FSS capacity for satellite voice and data services worldwide. We have relationships with virtually every incumbent telecom operator in every country in the world. Our leading position with telecommunications and data networking customers has positioned us to benefit from a number of recent trends, including the growth in wireless networks, which has resulted in increased demand for capacity to be used for cellular backhaul requirements, and the recent growth of VoIP which has resulted in increased demand for Internet trunking services in developing regions. In the future, we believe our telecommunications customer base will position us to benefit from new demand for FSS capacity supporting IPTV as this service is introduced by telecom carriers to their local subscribers.

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***Stable and Diverse Revenue Generation***

Our revenue and revenue backlog are diversified among service sectors, geographic regions, satellites and customers. We currently expect to deliver services associated with approximately $701.3 million, or approximately 16%, of our September 30, 2006 revenue backlog over the twelve months ending September 30, 2007. Our revenue backlog provides significant near-term revenue visibility, particularly since 94% of our total revenue backlog as of September 30, 2006 relates to contracts that either are non-cancelable or have substantial termination fees. In the last three years, the revenue that we expected to generate from our revenue backlog at the beginning of each year represented on average approximately 86% of that year s actual revenue.

No single satellite generated more than 11% of our revenue and no single customer accounted for more than 8% of our revenue during the nine months ended September 30, 2006. The diversity of our revenue base enables us to capitalize on changing market conditions and mitigates the impact of fluctuations in any specific service sector or geographic region and difficulties that any one customer may experience. The redundancy in our fleet also reduces the financial impact of satellite failures and protects against service interruption.

We believe our substantial revenue backlog provides both significant near-term revenue visibility as well as a reliable stream of future revenues. As of September 30, 2006, our revenue backlog was approximately $4.3 billion. By service sector and region, our revenue backlog as of September 30, 2006 was as follows:

Note: The revenue backlog data has been derived on a revenue basis to conform with Intelsat, Ltd. s presentation. Regional designation for revenue backlog is based on customer billing addresses.

***Significant Free Cash Flow from Operations***

We believe that our strong operating profits, modest capital expenditure profile and the cost saving opportunities resulting from our integration with Prior Intelsat will enable us to generate significant free cash flow from operations. The FSS sector requires sizable investment to develop and launch satellites. However, once satellites are operational, costs do not vary significantly, creating operating leverage which can lead to high margins and strong free cash flow from operations.

We have invested significantly in our fleet and the average fill rate and remaining service life of our 20 station-kept satellites as of September 30, 2006 were approximately 77% and

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approximately 6.6 years, respectively. As a result, we have the ability to add incremental customers and revenue without significant increases in satellite investment or costs of operations. Over time, we intend to consolidate the number of orbital locations required to serve our customers and we expect future capital allocation decisions will focus on the prudent selection of the number, size and characteristics of new satellites to be launched. Because of our disciplined approach towards fleet renewal, we expect that the capital expense needed to fund future replacement cycles will be significantly lower than the combined total of the prior replacement cycles of Prior Intelsat and PanAmSat. Additionally, after our full integration into Prior Intelsat s operations, we believe our combined company can further enhance cash flow through the realization of approximately $92 million in expected annual operating cost savings, $48 million of which is expected to be realized by Intelsat Corporation.

***Leading Global Fleet and Infrastructure***

We believe that we have one of the world s largest and most technologically advanced commercial communications systems comprised of a fleet of geosynchronous satellites, teleports, points of presence and leased and owned fiber. Our 24 satellites cover over 98% of the world s population and includes satellite capacity in the C and Ku-bands that serve over 200 countries and territories. The average remaining service life of our satellites was approximately 6.6 years as of September 30, 2006, weighted on the basis of nominally available capacity for the 20 station-kept satellites of the 24 satellites we owned and operated at that time. Our state-of-the-art engineering standards, with designed redundancies on all of our satellites, provide for a reliable, flexible and healthy fleet.

We have incurred capital expenditures of approximately $1.1 billion through September 30, 2006 on seven satellites launched since 2001. We currently have two satellites in back-up positions and, to provide further resilience, we have access to Prior Intelsat s satellites, many of which are equipped with steerable beams that can be moved to cover areas with higher demand, enabling us to respond rapidly to changing market conditions and demand for satellite capacity. As we fully integrate our fleet with Prior Intelsat, additional in-orbit back-up capacity may become available and the number of in-orbit spares may change. Additionally, access to the C-band transponder capacity available in Prior Intelsat s satellite fleet adds to the array of services and system redundancy that we are able to provide our customers. To complement our satellites, we have an extensive terrestrial network, including global teleport facilities, which provide transmission, monitoring and control services for operating our fleet and transmission and other services for our customers. After our combination with Prior Intelsat, we gained access to their terrestrial network, which includes additional teleport facilities strategically located around the world and leased fiber connectivity, effectively expanding our ground support network. Once fully integrated, we also expect the combined company to operate our global satellite fleet from a single consolidated operations center, and maintain a second operations center which can provide instantaneous restoration in the case of natural disasters or other events resulting in the loss of our satellite operations center.

We also have terrestrial assets consisting of teleports, points of presence and leased fiber connectivity that complement our satellite network and enable us to provide customized managed solutions and to provide customers with global access to our fleet. Our market-leading fleet and infrastructure, flexibility and ability to offer comprehensive managed solutions allow us to provide integrated worldwide distribution and delivery services, reducing our customers risk of data loss or service interruptions.

***Established Relationships with Premier Customers***

We provide satellite services to approximately 830 customers, including many of the world s leading media and broadcasting organizations, multinational corporations,

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telecommunications companies and ISPs. We have developed close, long-standing relationships

with our customers. We believe we are recognized by our customers as a resource for technical excellence and a partner in optimizing the performance of their networks. In most cases our services are mission critical to the delivery of our customers services. The following table includes examples of our customers for each service sector:

| Service Sector Category | Selected Customers |
|---|---|
| Media | The Walt Disney Company (including The Disney Channel, ESPN & ABC), The News Corporation (including Sky Latin America, Sky Brazil, Sky Mexico, DirecTV, Inc., DirecTV Latin America & Fox Entertainment Group), Comcast (including E! Entertainment, The Golf Channel, WTCI (HITS) & Versus), Time Warner (including HBO, Turner Broadcasting, Warner Bros. & CNN), Viacom (including Showtime, BET & MTV), Multichoice Ltd., BBC, Sentech, Liberty Sports, Televisa, NHK and China Central Television |
| Network Services | Hughes Network Systems, National Public Radio, International Satellite Communications, Walgreens, General Communications Inc, Segovia, Equatorial Research & Marketing and Microspace Communications |

***Strong Management Team***

We are led by Intelsat s senior management team, which has broad experience in the telecommunications, information technology and satellite industries. Intelsat s Chief Executive Officer, David McGlade, has over 20 years experience in the telecommunications industry, most recently serving as Chief Executive Officer of O2 UK, a leading U.K. cellular telephone company, prior to joining Intelsat in April 2005. James Frownfelter was appointed Intelsat s Chief Operating Officer upon the closing of the PanAmSat Acquisition Transactions, the same role in which he served at PanAmSat. Jeffrey Freimark was appointed Intelsat s Executive Vice President and Chief Financial Officer in May 2006, after most recently serving as Executive Vice President and Chief Financial Officer for health care concern, Beverly Enterprises, Inc. Phillip Spector, Intelsat s Executive Vice President and General Counsel, joined Prior Intelsat in February 2005, and has over 20 years experience in the satellite industry. Joseph Wright, who served as the Chief Executive Officer of PanAmSat for almost five years, was appointed the Chairman of Intelsat s Board of Directors upon the closing of the PanAmSat Acquisition Transactions. We have built a strong leadership team both from within Prior Intelsat and PanAmSat, as well as outside these organizations. As of December 31, 2006, our senior management team and other designated employees collectively held approximately 4.2% of the outstanding voting equity of Intelsat s parent, Intelsat Holdings.

**Our Business Strategy**

Our goal is to capitalize on our leadership position in the FSS sector to enhance our growth and free cash flow by pursuing the following key business strategies:

***Execute a Disciplined Integration with Prior Intelsat***

We have adopted a one company operating philosophy, and expect PanAmSat to fully integrate into Prior Intelsat s operations. The goal of our integration plan for the PanAmSat

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Acquisition Transactions was to identify the best operational alternatives that allow us to maintain or increase customer service while also generating targeted levels of cost savings. We currently expect complete functional integration within the first 12 to 18 months following the closing of the PanAmSat Acquisition Transactions and have already begun achieving key integration milestones, such as the transfer of operational control of two prior PanAmSat satellites to the primary Intelsat control center in Washington, D.C.

Our integration process includes four primary thrusts: sales and marketing, staffing, operations and facilities. The sales and marketing organizations were integrated shortly after the closing of the PanAmSat Acquisition Transactions, with near-term objectives that include network optimization in order to increase marketable capacity. We expect total headcount to decrease from approximately 1,370 at the closing of the PanAmSat Acquisition Transactions to approximately 1,000 by mid-year 2008. Most facility closures and integration of back office functions are expected to be complete by mid-year 2007. We expect to conclude much of the satellite fleet and operations center integration in 2007, with the process fully complete by the end of 2008. After the integration process is completed, we expect the combined company to realize approximately $92.0 million in annual operating cost savings, of which $48.0 million is expected to be realized by Intelsat Corporation. Prior to the closing of the PanAmSat Acquisition Transactions, our network integration planning indicated that three satellites of the combined company would not need to be replaced as we integrated our fleets, two of which are in the Intelsat Corporation fleet, with total expected savings of approximately $400.0 million over our previous combined capital expense plans during the period 2006 to 2011. We also believe that we can maintain and grow market share in each of our customer sectors through capitalizing on our market leading positions while simultaneously reducing costs and capital expenditures, thus yielding higher margins and greater free cash flow.

***Grow Our Business in the Media and Network Services Sectors***

We believe that the media and network services sectors represent opportunities for revenue growth over the long-term for operators in the FSS industry. We intend to focus our resources on further penetrating these sectors in order to increase our profitability and free cash flow from operations.

*Media:* We intend to expand our media services by continuing to capitalize on the strength of our cable neighborhoods, maintaining and growing our leadership position in HDTV distribution and expanding our DTH services. We believe that we are well positioned to grow both the distribution and contribution portions of our video business by continuing to develop and expand our cable neighborhoods in the United States, South America and the Asia-Pacific region. As cable operators build out their plant capacity, we have the opportunity to benefit as more channels, services and other data needs require satellite distribution to cable head-ends. Furthermore, as the number of channels grows, demand increases for our premium cable neighborhood satellites. In addition, many U.S. cable operators are increasingly faced with the need to offer non-English language programming to compete effectively with providers of direct broadcast satellite services in the United States. With strong content provider relationships and assets spanning the globe, we believe we can offer cable operators a rebroadcast package of international channels that is attractive from the standpoint of both cost and technical efficiency.

We also believe that demand for HDTV will experience significant growth in the coming years, which will result in the need for more satellite bandwidth. To fulfill the growing demand for HDTV, we will continue to build upon the success of the Galaxy 13/Horizons 1 satellite, which was placed in service as an HDTV neighborhood to attract the newest and fastest growing cable television sector. Since announcing our HDTV neighborhood on the Galaxy 13 satellite, the

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combined company has grown the number of HDTV channels carried by our system to 23. We also intend to continue to expand our ability to offer high-definition programmers an end-to-end service, such as is provided by our GlobalConnex® Media terrestrial network, which includes facilities at sports and other arenas that enable the capture and transport of high definition programming to satellite production facilities, which is then distributed through our cable neighborhoods.

Lastly, we will continue to build on our leading international DTH platform business, targeting Eastern Europe, Middle East, Africa and regions within Asia where we can use our available capacity and the flexibility of our satellite fleet to capture additional growth opportunities. We intend to develop new video communities by leveraging our existing satellites and relationships with successful DTH platform operators to capture growth in new DTH markets.

*Network Services:* We believe we are well positioned to expand our business serving network services customers by focusing on growing applications, including VSAT private data networks, solutions for mobile service providers and VoIP. We also expect to continue to serve telecom providers by marketing services to telecom companies in newly deregulated markets and by more efficiently packaging our existing services to current telecom customers.

We believe we are a leading provider of satellite services supporting private data applications such as VSAT networks, virtual private networks, or VPNs, and trunking solutions for ISPs. We will grow our business by continuing to build our wholesale relationships with major VSAT service providers in the largest and fastest growing regions and also by supporting providers of satellite-based broadband services. We intend to solidify our leadership position through partnering initiatives with data and IT services providers in key growth regions. We will also continue to develop and introduce managed solutions for regional service providers and corporations implementing VPNs and VoIP services. Leveraging our combined company s GlobalConnex and SPOTbytes managed solutions and Internet points of presence around the world, we will also continue to market managed solutions trunking services to regional ISPs that are seeking to grow their businesses by offering VoIP in their local markets.

We believe that we are well positioned with telecom service providers throughout the world. As the global leader in providing voice and data services, with a flexible and reliable network, technical expertise and well-established customer relationships, we expect to also grow by offering our services to new customers, such as competitive carriers in newly deregulated markets. New carrier companies and providers of competitive services, such as wireless communications and Internet services in newly deregulated regions, are seeking to introduce their services quickly and independently of established local carriers. In addition, there are still many countries that lack direct access to telecom cable interconnects or where internal infrastructure either does not exist or is unreliable. We have an extensive customer base of traditional telecommunications carriers that use our services to reach these regions. We intend to enhance our retention rates and generate new business by introducing new, more cost-effective technologies and managed solutions, providing our customers with more efficient use of our network.

***Focus on Maximization of Free Cash Flow***

We intend to manage our operating and capital expenses to optimize margins and maximize free cash flow. We believe our operating leverage, modest capital expenditure needs

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in the near term and the cost saving opportunities that exist in connection with the integration into Prior Intelsat s operations will allow us to generate significant free cash flow from operations. We have invested significantly in our fleet and as a result we have the ability to add incremental customers and revenue without significant increases in satellite investment or costs of operations. Through disciplined yield and capacity management, we intend to maximize the revenues generated by our assets. Over time, we intend to consolidate the number of satellites required to serve our customers and future capital allocation decisions will focus on the prudent selection of the number, size and characteristics of new satellites to be launched. As a result of our disciplined approach towards fleet renewal, we expect that the capital expense needed to fund future replacement cycles will be significantly lower than the combined total of the prior replacement cycles of Prior Intelsat and PanAmSat. After the integration process is completed, we expect the combined company to realize approximately $92.0 million in annual operating cost savings, of which $48.0 million is expected to be realized by Intelsat Corporation. Prior to the closing of the PanAmSat Acquisition Transactions, our network integration planning indicated that three satellites of the combined company would not need to be replaced as we integrated our fleets, two of which are in the Intelsat Corporation fleet, with total expected savings of approximately $400.0 million over our previous combined capital expense plans during the period 2006 to 2011.

***Pursue Other Growth Opportunities***

We believe that current trends in telecommunications and mobile applications will create new demand for FSS in the next few years. Our experience with global telecom operators and with video programming distributors positions us to identify requirements for new satellite services that arise from the convergence of voice, data and video onto single platforms, such as IPTV services being offered by telephone companies and video services being offered by mobile operators. In the future, we intend to pursue additional market opportunities through enhanced or new capabilities that will enable us to expand the market for FSS services.

We have a proven track record of capitalizing on new growth opportunities and expanding the FSS market. New service introductions, such as our rapidly growing managed solutions business, have resulted in substantial new revenue streams. In April 2006 we announced the introduction of an IPTV integrated service that is targeted to small and mid-sized telephone companies, which may seek to offer television services to their wireline customers. We also intend to market this service to small and medium-sized cable system operators who are seeking more efficient transmission and expanded programming. We continue to develop and introduce new products that leverage our existing assets and provide new sources of growth and profitability.

We have made substantial investments in our satellites, infrastructure, technical expertise and personnel. We leverage our expertise to find innovative ways to generate new sources of revenue. Examples of asset maximizing activities we have recently undertaken include our consulting and technical services, which include overseeing the construction and launch of other operators satellites; shared payloads through which we can achieve economies of scale by sharing satellite payloads among multiple parties; and the use of our infrastructure to host tracking, telemetry and control, or TT&C, and production equipment for third-party network operators, including assistance with the procurement, manufacture, launch and operation of others satellites.

On August 1, 2005, PanAmSat Opco entered into a joint venture with JSAT, a leading satellite operator in the Asia-Pacific region, that will build and launch a satellite that will support

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digital video, HDTV IP-based content distribution networks to broadband Internet and satellite news gathering services in the United States. On August 31, 2005, PanAmSat Opco acquired a satellite and multiple European orbital slots with European, Middle Eastern, African and Asian coverage from Alcatel.

We expect that near-term strategic opportunities in the FSS sector may involve smaller, regional or national satellite operators seeking joint ventures or revenue sharing arrangements in order to provide follow-on capacity for satellites that are aging and facing replacement. We plan to strengthen our position in providing services to these other satellite operators, while at the same time gaining access to strategic regional markets and increasing the utilization of our global fleet.

**Our Network**

Our global fleet is currently comprised of 24 satellites as well as ground facilities related to the operation and control of our satellites. Our satellite operations are supported by ground assets and leased facilities in the United States, Germany, Italy, South Korea, Australia, and South Africa. Our network also includes ground assets consisting of teleports or leased teleport facilities supporting commercial services in Germany, the United States, Australia, China, Argentina, UAE, Italy, and South Korea and points of presence in the United States, China, Germany and the United Kingdom, among others. We believe that the combination of our managed fiber optic network, teleport and ground facilities with Prior Intelsat s existing terrestrial facilities and video points of presence will significantly enhance the integration of our global network with our customers terrestrial networks. See Network Operations and Current Ground Facilities below.

Our customers depend on our global communications network and our operational and engineering leadership, including our:

- highly redundant network;
- ability to relocate or reconfigure capacity on many satellites to cover different geographic regions; and
- high transponder reliability levels.

We believe that our operational and engineering achievements are due primarily to our satellite procurement and operations philosophy, which we believe has been different from that of other satellite operators. Our operations and engineering staff is involved from the design through the decommissioning of each satellite that we procure. With our own staff working on site to monitor progress, we 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.

We intend to consolidate certain PanAmSat and Prior Intelsat ground assets and facilities in order to improve the cost efficiency of our network operations and communications services. See Network Operations and Current Ground Facilities below.

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***Satellite Systems***

There are three primary types of commercial communications satellite systems: low-earth orbit systems, medium-earth orbit systems and geosynchronous systems. Geosynchronous communications satellites such as ours 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 satellites in our fleet are designed to provide capacity using the C- and Ku-bands of this spectrum. A third frequency band, the Ka-band, while not widely used at this time, is being utilized for certain new broadband services projects. A Ka-band frequency allows for use of a smaller antenna, which is an important consideration for residential and small business markets.

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. However, the types of services and customers that can access an inclined orbit satellite are limited due to the movement of the satellite relative to a fixed ground antenna, and we typically offer capacity on these satellites at a discount. As a result, the revenue we can earn from these satellites is limited. In order to extend the service life of our Leasat F5 satellite, we are operating this satellite in inclined orbit and, as a result, are continuing to earn revenue beyond our original estimated life for this satellite. In addition, we started inclined orbit operations on the Galaxy 4R satellite in September 2006.

***In-Orbit Satellites***

Our combined company s in-orbit fleet is one of the world s largest commercial geosynchronous, or GEO, satellite networks, capable of reaching over 98% of the world s population. Set forth below is a table containing certain basic information about our 24 in-orbit satellites. For each satellite designated as being in primary operating service, we maintain some form of backup capacity. This backup capacity may include any one or more of the following: an in-orbit spare satellite, a ground-based spare satellite, designated reserve transponders on the satellite or other on-board backup systems or designed-in redundancies, or interim restoration capacity on other satellites.

As of September 30, 2006, our in-orbit fleet of satellites had 333 and 424 36 MHz equivalent transponders available for transmitting in the C-band and the Ku-band, respectively. Our average fill rate for our 20 station-kept satellites, which represents the percentage of our total available station-kept transponder capacity that is in use or that is reserved at a given time (including guaranteed reservations for service), as of September 30, 2006, was 77%. This

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average fill rate excludes two station-kept satellites that are fully leased to other satellite operators. Except as otherwise indicated, the table below provides a summary of our in-orbit satellite fleet as of September 30, 2006. We recently renamed 11 of our satellites. Unless the context otherwise requires, references to satellites in this prospectus refer to the new names which became effective on February 1, 2007.

| Satellite | Manufacturer | Orbital Location | Launch Date | Estimated End of Service Life |
|---|---|---|---|---|
| *Station Kept*: | | | | |
| SBS 6 | BSS(1) | 74.05°W | 10/90 | 11/07 |
| HGS-3 | BSS | 38°E | 01/96 | 06/11 |
| IS-1R | BSS | 45°W | 11/00 | 06/10 |
| IS-2 | BSS | 169°E | 07/94 | 05/09 |
| IS-3R | BSS | 43°W | 01/96 | 11/09 |
| IS-4 | BSS | 72°E | 08/95 | 08/10 |
| IS-5 | BSS | 26.15°E | 08/97 | 10/12 |
| IS-6B | BSS | 43.1°W | 12/98 | 02/08 |
| IS-7 | SS/L(2) | 68.65°E | 09/98 | 11/13 |
| IS-8 | SS/L | 166°E | 11/98 | 01/14 |
| IS-9 | BSS | 58°W | 07/00 | 11/13 |
| IS-l0 | BSS | 68.5°E | 05/01 | 06/16 |
| IS-12 | SS/L | 45°E | 10/00 | 01/16 |
| Galaxy 3C | BSS | 95.05°W | 06/02 | 09/17 |
| Galaxy 9(6) | BSS | 74.15°W | 05/96 | 03/09 |
| Galaxy 10R | BSS | 123°W | 01/00 | 03/08 |
| Galaxy 11 | BSS | 91°W | 12/99 | 06/09 |
| Galaxy 12 | ORB(3) | 125.10°W | 4/03 | 05/18 |
| Galaxy 13/Horizons 1 | BSS | 127°W | 9/03 | 12/18 |
| Galaxy 14 | ORB | 125°W | 08/05 | 12/20 |
| Galaxy 15 | ORB | 133°W | 10/05 | 12/20 |
| Galaxy 16(5) | SS/L | 99°W | 06/06 | 06/21 |
| *Inclined Orbit:* | | | | |
| Leasat F5(4) | BSS | 100°E | 01/90 | 10/10 |
| Galaxy 4R(5) | BSS | 76.85°W | 04/00 | 11/09 |

(1) Boeing Satellite Systems, Inc.
(2) Space Systems/Loral, Inc.
(3) Orbital Sciences Corporation.
(4) Leasat F5 provides services in the X-band and UHF-band frequencies for military applications.
(5) Galaxy 16 replaced Galaxy 4R at 99 degrees WL in August 2006. Galaxy 4R was placed into inclined orbit at 76.85 degrees WL.
(6) Galaxy 9 was relocated from 91 degrees WL to 74.15 degrees WL.

The PanAmSat satellites are typically constructed to operate at full capacity over a design life of 15 years, although the actual performance and operating life of a satellite can vary significantly from that estimate.

PanAmSat has identified three types of common anomalies among the satellite models in our global fleet, which, if they materialize, have the potential for a significant operational impact. These are:

failure of the on-board Xenon-Ion Propulsion Systems (XIPS) used to maintain the in-orbit position of BSS 601 HP satellites;

accelerated solar array degradation in early BSS 702 satellites; and

failure of the on-board spacecraft control processor (SCP) in BSS 601 satellites.

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***BSS 601 HP XIPS***

The Boeing 601 High Power series (BSS 601 HP) satellite uses XIPS as its primary propulsion system. There are two separate XIPS on each BSS 601 HP, each one of which is capable of maintaining the satellite in its orbital position. The satellite also has a completely independent bi-propellant propulsion system as a backup to the XIPS. As a result, a single failure of a XIPS on a BSS 601 typically would have no effect on the satellite s performance or its operating life. A failure of a second XIPS on a satellite would also have no impact on the performance of that satellite. However, such a failure would require the use of the backup bi-propellant propulsion system, which could result in a shorter operating life for the satellite depending on the amount of bi-propellant fuel remaining. XIPS failures do not typically result in a catastrophic failure of the satellite or affect the communications capability of the satellite.

Certain of our BSS 601 HP satellites have experienced various problems associated with XIPS. We currently operate seven BSS 601 HP satellites. Three of our currently operated BSS 601 HP satellites have experienced failures of both XIPS.

The first of the currently operated satellites to experience failure of both primary and secondary XIPS was Galaxy 4R. This satellite is operating on its backup bi-propellant propulsion system. We and the manufacturer of this satellite have determined that the XIPS on this satellite are no longer available. As a result, this satellite s estimated remaining service life, based on the bi-propellant fuel on board, was reduced to approximately 3.5 years from June 28, 2003, the date of the secondary XIPS failure.

We began accelerating depreciation on Galaxy 4R beginning in the third quarter of 2003 to coincide with the satellite s revised estimated service life. As of March 2004, following the final insurance settlement on this satellite, depreciation on Galaxy 4R has been approximately equal to the monthly depreciation on this satellite before the anomaly occurred. Galaxy 16 was launched on June 18, 2006 and replaced Galaxy 4R at 99 degrees WL and became operational in the third quarter of 2006. Galaxy 4R was placed into non-primary operating service at an inclined orbit at 76.85 degrees WL at the end of the third quarter of 2006.

The second satellite with failure of both primary and secondary XIPS is IS-6B. We and the manufacturer of this satellite have determined that the XIPS on this satellite are no longer available. As a result, this satellite s estimated remaining service life, based on the bi-propellant fuel on board was reduced to 4.5 years after the most recent gauging operation conducted with the spacecraft manufacturer. We do not expect this problem to affect service to our customers or to affect revenues from the customers on this satellite over the remaining life of the satellite. As a result of this XIPS failure, during 2003 we reduced our revenue backlog by approximately $344.0 million. The insurance policy on this satellite had an exclusion for XIPS-related anomalies and, accordingly, this was not an insured loss.

We began accelerating depreciation on IS-6B beginning in the third quarter of 2003 to coincide with the satellite s revised estimated service life. As a result, we recorded additional depreciation expense of $6.6 million during 2003. We expect to launch a replacement for IS-6B in 2007.

The third satellite with failure of both primary and secondary XIPS is Galaxy 10R. We and the manufacturer of this satellite have determined that the XIPS on this satellite are no longer

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available. As a result, this satellite s estimated remaining service life, based on the bi-propellant fuel on board, was reduced to approximately 3.6 years from August 3, 2004, the date of the secondary XIPS failure. We do not expect this problem to affect service to our customers or to affect revenues from the customers on this satellite over the remaining life of the satellite.

On August 31, 2004, we filed a proof of loss under the insurance policy for Galaxy 10R. During the fourth quarter of 2004, we received all of the expected insurance proceeds for our claim on Galaxy 10R, or approximately $75.0 million. We expect to launch a replacement for Galaxy 10R in 2007.

Of our four remaining BSS 601 HP satellites, IS-5 had a net book value of $8.9 million as of September 30, 2006 and is no longer in primary customer service. The other three continue to have XIPS available as their primary propulsion system. However, no assurance can be given that we will not have further XIPS failures that result in shortened satellite lives or that such failures will be insured if they occur. For two of these three satellites, the available bi-propellant life ranges exceeded 4 years from September 30, 2006. The third satellite, Galaxy 13/Horizons 1, which was placed into service in January 2004, has available bi-propellant of approximately 10.3 years from September 30, 2006.

In December 2004, after reviewing the operating time to failure and other data from failed BSS 601 HP XIPS systems in our fleet and from similar systems owned by others, as reported to us by the manufacturer, we reduced our estimate of the end of service life of one of our BSS 601 HP satellites, IS-9, from 2015 to 2013. This resulted in an increase in our annual depreciation expense of $3.0 million beginning in the fourth quarter of 2004. This estimate was based on available data from satellite systems similar to IS-9 and reflected our expectations for these systems. We plan to replace this satellite prior to the end of its service life. Because some of our customer contracts do not require their service to continue onto a replacement satellite, this reduction in our estimate of service life resulted in a reduction in our revenue backlog of approximately $61.2 million as of December 31, 2004. However, given the nature of our customers use of this satellite, we expect many of these customers will elect to renew their contracts onto a replacement satellite. We believe that the net book value of this satellite is fully recoverable. Along with the manufacturer, we continually monitor the performance of our satellites that use these systems and will, as warranted, reevaluate our expectations.

***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 and unpredictable 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.

We currently operate three BSS 702 satellites, two of which are affected by accelerated solar array degradation. On February 19, 2003, we filed proofs of loss under the insurance policies for two of our BSS 702 satellites, Galaxy 11 and IS-1R, for constructive total losses based on degradation of the solar panels. Service to existing customers has not been affected, and we expect that both of these satellites will continue to serve these customers until we replace or supplement them with new satellites. Along with the manufacturer, we continually monitor the

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problem to determine its cause and its expected effect. Due to this continued degradation, based on a review of available data in December 2004, we reduced our estimate of the end of the service life of Galaxy 11 from 2015 to 2009 and of IS-1R from 2016 to 2010. We plan to replace these satellites prior to the point at which the solar array degradation would affect operation of the core communications payload. This will accelerate capital expenditures planned for their replacement. Pursuant to our contracts with our customers, a substantial portion of our customer activity on these satellites will continue onto replacement satellites and the reduced estimate of their service lives will not result in a material reduction in our revenue backlog. We believe that the net book values of these satellites are fully recoverable.

The third BSS 702 satellite we operate, 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.

***SCP Failures***

Many of our satellites use an on-board SCP to provide advanced orientation control and fault protection 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. Certain BSS 601 satellites, including our IS-4 satellite, have experienced primary SCP failures and are operating on their backup SCPs. We do not anticipate that a failure of the remaining SCP on IS-4 would have a material impact on our business or require replacement of a satellite. On January 15, 2006, our Galaxy 3R satellite, operating in an inclined orbit at 74ºW, experienced an anomaly of its SCP and was taken out of service. This satellite had no net book value as of December 31, 2005 and this event is not expected to have a material impact on our future operations or financial results.

We currently operate three additional BSS 601 satellites. IS-2 and IS-3R are both in primary service and are in a group of satellites that has been identified as having heightened susceptibility to the SCP problem. The risk of SCP failure appears to decline as these satellites age. IS-2 and IS-3R have been in continuous operation since 1994 and 1996, respectively. Both primary and backup SCPs on these satellites are monitored regularly and remain fully functional. Accordingly, we do not expect SCP failures to occur nor do we anticipate an interruption in business or to require early replacement of these satellites. HGS-3 is no longer in primary service and had a book value of approximately $3.1 million as of September 30, 2006.

***Planned Satellites***

We currently have orders for three satellites that will be constructed and launched by the end of 2007. We have recently placed an order for a fourth satellite, which we expect to construct and launch in 2009. One of these satellites is an accelerated procurement from the original replacement cycle due to an enhanced opportunity at that orbital location.

We would expect to replace other existing satellites, as necessary, with more technologically advanced 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.

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On June 18, 2006, we successfully launched our Galaxy 16 satellite into orbit at 99°W longitude to replace the Galaxy 4R satellite. The Galaxy 4R satellite subsequently was placed in inclined orbit operations at 76.85°W longitude to start a new role.

In February 2005, we entered into an agreement for the construction of Galaxy 18. This satellite will serve as replacement for Galaxy 10R located at 123°W. Construction of Galaxy 18 began in 2005 and we plan to launch this satellite in the third quarter of 2007 aboard a Sea Launch launch vehicle.

In June 2004, we entered into an agreement for the construction of Galaxy 17. This satellite will serve as a replacement for Galaxy 11 located at 91°W longitude. The construction program is essentially completed and the satellite is in storage awaiting its planned launch in the second quarter of 2007 on an Ariane 5 launch vehicle. Once replaced, the Galaxy 11 satellite is anticipated to be relocated to 74°W to temporarily replace the SBS-6 satellite, which is approaching the end of its useful life.

On April 12, 2005, we entered into an agreement for the construction of IS-11, which will be located at 43°W and will serve as a replacement for our IS-6B Ku-band satellite and the C-band portion of our IS-3R satellite. The construction of this satellite is progressing as planned, and launch is scheduled for the third quarter of 2007.

On August 1, 2005, we formed our second 50-50 joint venture with JSAT, a leading satellite operator in the Asia-Pacific region, that will build and launch a Ku-band satellite to replace our SBS-6 satellite at 74°W. The joint venture is named Horizons-2. The satellite will support digital video, HDTV and IP-based content distribution networks to broadband Internet and satellite news gathering services (SNG) in the United States. Due to delays in the launch manifest for the Horizons-2 satellite, the Galaxy 11 satellite is expected to temporarily replace the SBS-6 satellite until the Horizons-2 satellite is available in-orbit. The construction of this satellite is progressing as planned and launch is now scheduled for the fourth quarter of 2008.

We were recently informed by one of our launch providers, Sea Launch Company, L.L.C., of anticipated launch delays with respect to certain of our satellites. As a result, the dates on which we now expect to launch certain of our satellites are as follows: Galaxy 17 the second quarter of 2007 (to be launched by another provider); IS-11 and Galaxy 18 the third quarter of 2007; and Horizons-2 the fourth quarter of 2008. The launch delays may also affect consulting services we provide to third party customers and the timing of revenue recognition and costs associated with these consulting services. While we are still evaluating the impact of these launch delays, we do not believe that they will have a material adverse effect on our business or financial condition and results of operations. However, there can be no assurance that there will not be further delays in the launching of these satellites.

***Construction Agreements Related to Planned Satellites***

We have an agreement with one of our major customers for the funding of a portion of the capital expenditures necessary to construct and launch IS-11. Such funding represents an obligation for us when it is received from the customer. As of September 30, 2006, we had received approximately $78.4 million of funding from this customer. This obligation is scheduled to be repaid to the customer over a three year period beginning in the fourth quarter of 2006. Within our consolidated balance sheet as of September 30, 2006, a liability of $42.5 million for this obligation was recorded within short term accounts payable and accrued liabilities, and a liability of $30.9 million was recorded within other long-term liabilities. These balances reflect fair value adjustments recorded in purchase accounting and will accrete to the $78.4 million to be repaid.

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On December 5, 2005, we entered into agreements with the same customer and with the manufacturer of our IS-11 satellite, which, among other things, allow the customer to procure directly from the manufacturer long-lead items that could be used for the construction of a replacement satellite for IS-11 on an expedited basis, if needed. Pursuant to the agreement with the customer, we would be required to construct and launch a replacement for IS-11 in the event of a launch failure or other significant health related issue impacting IS-11 s Ku-band transponders within two years after completion of its in-orbit testing. This customer has leased all of the Ku-band capacity on IS-11 and would be required to lease all of the Ku-band capacity on a replacement satellite for IS-11, if such replacement satellite is required.

On November 22, 2005, the manufacturer of Galaxy 16 and Galaxy 18 emerged from Chapter 11 bankruptcy. Both the Galaxy 16 and Galaxy 18 construction contracts had been executed during the bankruptcy and approved by the bankruptcy court. As a result of the manufacturer s emergence from Chapter 11 bankruptcy, and pursuant to the Galaxy 18 construction contract, on December 2, 2005, we paid to the manufacturer all amounts owed since the beginning of Galaxy 18 s construction in April 2005. Galaxy 16 was launched on June 18, 2006. Our agreements for the construction of Galaxy 18 contain financial covenants applicable to the manufacturer, including a requirement that all payments made or to be made to the manufacturer be utilized for the construction of these satellites. We also have a security interest in the satellite under construction by this manufacturer. In June 2005, we entered into separate launch agreements with a launch provider for these two satellites. Pursuant to these agreements, $65.8 million previously paid to the launch provider for the launch of Galaxy 8-iR was applied to the launch of our Galaxy 16 satellite.

***Network Operations and Current Ground Facilities***

We control and operate 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.

Within the first 18 to 24 months following consummation of the PanAmSat Acquisition Transactions, we plan to consolidate our satellite control and network management centers with Prior Intelsat s facilities based in the Washington, D.C. area in order to improve the reliability and cost efficiency of our satellite operations.

In the past few years, we have invested significantly in our ground network and terrestrial fiber optic network to complement our satellite fleet and to enable us to provide managed solutions. Communications providers around the world are seeking to optimize their networks and focus resources on their core competencies. Our managed solutions combine satellite capacity, terrestrial fiber capacity, communications hardware, ground facilities and network performance monitoring services to provide customers with a complete communications solution. Our terrestrial network includes teleports or leased teleport facilities that operate approximately 125 antennas and that are equipped to provide, among other things, analog and digital transmission services, tape play-out and time delay services, monitoring, down-linking of Internet services, connectivity to terrestrial links and network operations services. Our terrestrial network also includes owned and leased fiber connections and 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.

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***Capacity Sparing and Backup and Satellite Insurance***

*Capacity Sparing and Backup*

We believe that the availability of spare capacity, together with the overlapping coverage areas of our satellites and flexible satellite design features described in Network Our Satellites above, are important aspects of our ability to provide reliable service to our customers. In addition, these factors would enable us to mitigate the financial impact to our operations attributable to the loss of a satellite. Our system accommodates in-orbit sparing through the use of capacity on satellites that are less than fully utilized. In addition, we sell some capacity on a preemptible basis and could preempt the use of this capacity in the event of a loss of a satellite. This approach enables us to optimize our fleet and to minimize potential revenue loss. PanAmSat maintains a satellite risk management strategy involving backup satellites and transponders. For each satellite designated as being in primary operating service, PanAmSat maintains some form of backup capacity. This backup capacity may include any one or more of the following: an in-orbit spare satellite, a ground-based spare satellite, designated reserve transponders on the satellite or other on-board backup systems or designed-in redundancies, or interim restoration capacity on other satellites. However, PanAmSat does not maintain backups for all of its operating capacity.

*Satellite and Other Insurance*

We typically obtain launch insurance for our satellites and will decide whether or not to obtain such insurance taking into consideration launch insurance rates at the time of launch, 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 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). Certain satellites in our fleet are covered by in-orbit insurance. In-orbit insurance coverage may initially be for an amount comparable to launch insurance levels and generally decreases over time, based on the declining book value of the satellite and currently is available on an annual basis.

We maintain third-party liability insurance on certain of our satellites up to a limit of $300 million per occurrence or in the aggregate per year for damages for physical injury and property damage to third parties caused by our satellites. We do not currently insure against lost revenue in the event of a total or partial loss of a satellite.

**Backlog**

As a result of the PanAmSat Acquisition Transactions, the accounting for backlog was changed to conform to the current accounting policy of our parent, Intelsat, Ltd. We previously reported backlog on a cash basis (cash backlog). We now report backlog on a revenue basis (revenue backlog). Cash backlog is calculated based on the cash payments yet to be received from customers for contracted services, while revenue backlog is calculated based on the expected future revenue under our customer contracts. This change in our accounting policy did not have a significant impact on our backlog.

As of September 30, 2006, our revenue backlog was approximately $4.3 billion. We currently expect to deliver future services on satellites we expect to launch associated with $701.3 million, or 16%, of our September 30, 2006 revenue backlog. Our revenue backlog provides significant near-term revenue visibility, particularly since 94% of our total revenue backlog as of September 30, 2006 relates to contracts that either are non-cancelable or have

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substantial termination fees. In the last three years, the revenue that we expected to generate from our revenue backlog at the beginning of each year represented on average approximately 86% of that year s actual revenue. See Management s Discussion and Analysis of Financial Condition and Results of Operations Backlog for additional information regarding our backlog.

**Sales and Marketing**

For the majority of our services, including our video services, our sales and marketing efforts focus on developing long-term relationships with our customers. We assign an account representative to each customer who is responsible for understanding the customer s business and structure, as well as the markets that it may serve. We present comprehensive sales solutions to our customers that include multiple and diverse service offerings to address each customer s unique market and technical needs. As part of our selling efforts, we have a dedicated sales application engineering team that provides both pre-sale and post-sale technical advice and consultation to our customers to help them better utilize their contracted satellite capacity, integrate into our network and develop an efficient ground infrastructure.

Most of our sales are conducted through direct sales channels to a limited group of customers. Some of our customers resell our capacity for private business networks and broadcast services.

**Satellite Communications Industry**

***Fixed Satellite Services Sector***

We compete in the communications market for the provision of voice, data, video and wholesale Internet 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 currently operate in the FSS sector of the satellite industry. Operators in the FSS sector, which is the most established sector in the satellite industry, provide communications links between fixed points on the earth s surface. These services include the provision of satellite capacity between two fixed points, referred to as point-to-point services, and the simultaneous provision of satellite capacity from one fixed point to multiple fixed points, referred to as point-to-multipoint services. Point-to-point applications include telephony, video contribution and data transmission, such as Internet backbone connectivity. Point-to-multipoint applications include DTH and corporate networks.

Over the last several years, deregulation and privatization have significantly reshaped the FSS sector. In addition, the sector has undergone consolidation, with regional and national operators being acquired by larger companies and smaller operators exiting the business or seeking to partner with other providers. We believe that these changes are the result of the increasing globalization of the telecommunications market, customers demand for more robust distribution platforms with network redundancies and worldwide reach, and the desire of some FSS operators to secure and improve their market access in key regions. In addition, the scarcity of desirable orbital locations may lead operators to seek to acquire other operators with specific coverage or capacity capabilities. Consolidation may also occur because of the economies of scale from operational and capital expenditure and from marketing efficiencies that can be achieved.

***Resellers***

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

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Capacity for resale is readily available because resellers can typically procure capacity on short notice, given that FSS and fiber capacity is available.

In addition, resellers effectively compete against FSS operators in a number of ways, including by subdividing purchase capacity and selling to customers in smaller pieces or for shorter time periods, or by packaging the capacity with value-added services. To differentiate themselves, resellers often develop the capability for one or several value-added services to offer along with capacity. These capabilities include pre- and post-production services or teleport services. The cost of these capabilities varies, but all are substantially less than the cost of a satellite.

***Competitive Advantages of Satellites***

Satellites provide a number of advantages over terrestrial communications systems that we believe will result in the continued use of fixed satellite services in the global communications market, particularly for point-to-multipoint applications such as video and corporate data networking. These advantages include satellites ubiquitous coverage, their ability to broadcast signals to many locations simultaneously and the seamless transmission afforded by the ability of satellites to broadcast directly to telecommunications services providers and avoid points of congestion. These advantages also include the ability of satellites to operate independently of other telecommunications infrastructures, as well as rapid deployment through the quick installation of the terrestrial hardware necessary to access satellite capacity.

**Competition**

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

***Fiber Optic Cables***

We compete with providers of terrestrial fiber optic cable capacity on certain routes and networks. As a result, we have been experiencing, and expect to continue to experience, a decline in our channel product revenue 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 cables 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 on point-to-point transoceanic routes, particularly across the Atlantic Ocean, 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 cables, for point-to-multipoint transmissions 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 or is physically not feasible. We believe that the competition we face from fiber optic cable companies is based primarily on price.

**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 International Telecommunications Union frequency coordination process and regulations.

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***U.S. Government Regulation***

*FCC Regulation.* Almost all of the satellites in our current constellation are licensed and regulated by the FCC. We have final or temporary FCC authorization for all of our U.S.-licensed operating satellites. Satellite licenses typically have a fifteen-year term. At the end of a license term, we can request special temporary authorization to continue operating a satellite.

Changes to our satellite system generally require prior FCC approval. From time to time, we have pending applications for permanent or temporary changes in orbital locations, frequencies and technical design. From time to time, we also file applications for replacement or additional satellites. Replacement satellite applications are eligible for streamlined processing if they are unopposed and propose technical characteristics consistent with those of the satellite that is being replaced. In the case of additional FSS geostationary satellites, the FCC processes requests for new orbital locations or frequencies on a first come, first served basis and requires licensees to post a $3.0 million bond and to comply with a schedule of progress milestones, establishing deadlines to sign a satellite construction contract; complete critical design review; begin spacecraft construction; and launch and operate the satellite. Upon completion of each milestone, the amount of the bond is reduced proportionately. A satellite licensee not satisfying a milestone will lose its license and must forfeit the remaining amount on its bond absent circumstances warranting a milestone extension under the FCC s rules and policies.

We have subsidiaries that hold other FCC licenses, including earth station and experimental 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; annual regulatory fees and, to the extent we are deemed to be providing interstate or international telecommunications and do not qualify for an exemption, universal service contributions. 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.

For most of our activities, we are not regulated as a common carrier, and therefore, are not subject to rate regulation or the obligation not to discriminate among customers and we operate with minimal governmental scrutiny of our business decisions. A few of our subsidiaries hold common carrier authorizations and are subject to FCC common carrier requirements, which include: traffic and revenue reports, international circuit status reports, international interconnected private line reports, notification and approval for foreign carrier affiliations, filing of contracts with international carriers, annual financial reports, equal employment opportunity reports, assistance for law enforcement and maintenance of customer billing records for 18 months. We currently qualify for exemptions from several of these reporting requirements.

*U.S. Export Control Requirements and Sanctions Regulation.* We must comply with U.S. export control laws and regulations, specifically the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Regulations and the trade sanctions laws and regulations in the operation of our business. The export of satellites, satellite hardware, defense services and technical information relating to satellites to non-U.S. satellite manufacturing firms, launch services providers, insurers, customers, employees and other non-U.S. persons is regulated by the U.S. Department of State s Directorate of Defense Trade Controls under the International Traffic in Arms Regulations. Certain of our contracts for the manufacture, launch, operation and insurance of our satellites involve the export to non-U.S. persons of technical data or hardware regulated by the International Traffic in Arms Regulations. We have obtained all of the specific Directorate of Defense Trade Controls

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authorizations currently needed in order to fulfill our obligations under contracts with non-U.S. entities, and we believe that the terms of these licenses are sufficient given the scope and duration of the contracts to which they pertain. Many of our employees are non-U.S. nationals. We have obtained a license from the Directorate of Defense Trade Controls to allow certain of our non-U.S. national employees access to our technical information that is controlled under the ITAR. Additionally, since Intelsat, Ltd. is based in Bermuda and it and its employees are non-U.S. persons for purposes of the ITAR, some of our suppliers located in the United States must also comply with U.S. export control laws and regulations in order to provide to us ITAR-controlled technical data or hardware.

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

We cannot provide services to certain countries subject to U.S. trade sanctions unless we first obtain the necessary authorizations from the Office of Foreign Assets Control. Where required, the U.S. Department of the Treasury s Office of Foreign Assets Control has granted us the authorizations needed to provide satellite capacity and related administrative services to U.S.-sanctioned countries.

*U.S. Department of Defense Security Clearances.* To be able 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 under the federal rules and regulations relating to the National Industrial Security Program. If we do not maintain the security clearances that we have obtained from the U.S. Department of Defense, 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. Further, 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.

***Regulation By Foreign National Telecommunications Authorities***

*U.K. Regulation.* In 2005, PanAmSat Opco acquired the assets of Europe*Star Ltd. These assets included a satellite (Europe*Star I now renamed IS-12) and orbital slot rights of C/KU/ Ka-band to several orbital locations and frequency bands. IS-12 operates in an orbital location under a German filing. PanAmSat Opco has a space station license from the U.K. government s British National Space Center.

*Japan Regulation.* We and JSAT International Inc. are the sole members of Horizons Satellite LLC, and in 2002 the Japanese telecommunications ministry authorized Horizons to operate the Ku-band payload on the Galaxy 13/Horizons 1 satellite. In late 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.

*Australia Regulation.* We also have Australian-issued licenses for a future C/Ku-band hybrid satellite in the Pacific Ocean region and nine future Ka-band satellites in various regions.

*France Regulation.* We also hold licenses for several earth stations in France.

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

***The International Telecommunication Union Frequency Coordination Process and Regulation***

Our use of orbital slots is subject to the frequency coordination and registration process of the International Telecommunications Union, or ITU. In order to protect satellite systems from harmful radio frequency interference from other satellite systems, the ITU maintains a Master International Frequency Register of radio frequency assignments and their associated orbital locations. Each ITU notifying administration is required by treaty to give notice of, coordinate and register its proposed use of radio frequency assignments and associated orbital locations with the ITU s Radiocommunication Bureau.

When the coordination process is completed, the ITU formally notifies all proposed users of the frequencies and orbital location in order to protect the registered user of the orbital slot from subsequent or nonconforming interfering uses by other nations. 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 rules and procedures.

**History**

We are the product of the May 1997 merger of PanAmSat International and the Galaxy business of Hughes Communication, Inc., a subsidiary of The DIRECTV Group, into a new publicly held company, which retained the PanAmSat name. Prior to the Recapitalization in August 2004, The DIRECTV Group beneficially owned approximately 80.4% of our outstanding common stock. The DIRECTV Group was owned by Fox Entertainment Group, Inc., an 82% owned subsidiary of News Corporation. Following the Recapitalization, we were owned by entities affiliated with KKR, Carlyle and Providence and certain members of management and of our board of directors.

On September 22, 2004, PanAmSat Holdco was formed by the then existing stockholders of PanAmSat Opco. On October 8, 2004, all of PanAmSat Opco s outstanding common stock held by its then existing stockholders was contributed to PanAmSat Holdco in exchange for an equal number of shares of PanAmSat Holdco common stock, par value $.01 per share ( the Contribution ). As a result of and immediately following that Contribution, PanAmSat Opco s

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then existing stockholders owned PanAmSat Holdco in equal proportion to their prior ownership interest in PanAmSat Opco, and PanAmSat Opco became a wholly-owned subsidiary of PanAmSat Holdco.

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

**Employees**

524 employees were transferred to Intelsat Corporation from Prior Intelsat on July 3, 2006 pursuant to the Employee Transfer Agreement. As a result of the employee transfer, Intelsat Corporation employs substantially all of the U.S. employees of the combined company.

As of September 30, 2006, the combined company had 1,263 full-time regular employees. These employees consisted of:

- 191 employees in sales, marketing and strategy;
- 686 employees in engineering, operations and information systems;
- 297 employees in finance, legal and other administrative functions; and
- 89 employees in government sales and marketing.

As of September 30, 2006, approximately 1,156 of these employees were located in the United States, 25 were located in the United Kingdom, six were located in Bermuda and 76 were located in other countries.

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

**Environmental Matters**

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

**Property, Plant and Equipment**

Our former principal executive offices are located in Wilton, Connecticut, pursuant to which we commenced a ten-year lease in July 2001. We have seven technical facilities in the U.S., which provide transmission, monitoring and control services for operating our fleet and teleport and other services for our customers. We currently operate five teleports, a satellite operations control center and a customer service center in conjunction with our global satellite network.

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We operate our primary teleport in Ellenwood, Georgia and operate regional teleports in Castle Rock, Colorado; Fillmore, California; Silver Spring, Maryland and Napa, California. We own our teleports in Ellenwood, Napa and Fillmore. We own our customer service center in Ellenwood and our satellite operations control center in Long Beach, California. We lease the land and own the improvements on such land at our teleports in Castle Rock and Silver Spring.

We also lease office space in New York, New York; Coral Gables, Florida; Chantilly, Virginia; Sydney, Australia; Johannesburg, South Africa; Tokyo, Japan; Hong Kong, China; Mexico City, Mexico; Beijing, China; and Mumbai, India. Our leases have been entered into upon terms that we believe to be reasonable and customary.

***Property Integration Plans***

As a result of the PanAmSat Acquisition Transactions, we currently expect to consolidate a number of our teleport facilities and to close a number of facilities and redundant offices in certain cities over the next few years as we execute our integration plans.

We own a facility in Ellenwood, Georgia in which our primary customer operations center is located. The facility has approximately 124,000 square feet of office space and operations facilities, which are based in two buildings and multiple antenna shelters on the property. We expect to consolidate all of our customer service operations with those of Prior Intelsat into a single facility in Ellenwood, Georgia and to transition all of our customer traffic to that location by the end of 2007 in order to improve the cost efficiency of our network operations and communications services.

Our secondary satellite operations center is located at a facility which we own in Long Beach, California, which includes approximately 68,870 square feet for administrative and operational facilities. Our current plan is to lease a significant portion of this facility to third parties. Under our integration plan we expect to consolidate primary satellite operations from Long Beach with Prior Intelsat s Washington, D.C. facility in order to improve the reliability and cost efficiency of our satellite operations. We will maintain a more limited presence at Long Beach to provide redundancy for our primary facility and to provide operations for certain third-party satellites.

Our Wilton, Connecticut office space houses the remaining administrative functions of the prior PanAmSat business. This facility is under a lease set to expire in 2011, and we currently expect to sublease this space to third parties in mid-2007, when we discontinue our operations at this facility under our integration plans.

We own the improvements and lease the underlying land at our teleport in Silver Spring, Maryland. In addition, we lease a warehouse at this facility. Both the land and warehouse leases expire in September 2008. The teleport consists of operations facilities and multiple antennas and shelters. We plan to relocate some of our equipment and transition all of our operations from this facility to our Hagerstown, Maryland and Ellenwood, Georgia teleports during the first quarter of 2007, and plan to sell any remaining equipment.

**Legal Proceedings**

We are subject to litigation in the normal course of business, but we do not believe that the resolution of any pending proceedings will have a material impact on our financial position or results of operations.