

24 March 2010

Original: English

**Committee on the Peaceful
Uses of Outer Space**
Legal Subcommittee
Forty-ninth session
Vienna, 22 March-1 April 2010
Item 6 of the agenda*
**Information on the activities of the international
intergovernmental and non-governmental organizations
relating to space law**

**Report on the activities in 2009 of the international
Telecommunications Satellite Organization (ITSO)**

Note by the Secretariat

The present document contains information received by the Secretariat on 17 March 2010 from the International Telecommunications Satellite Organization (ITSO) and updates the information contained in documents A/AC.105/C.2/L.278/Add.1 and A/AC.105/C.2/2010/CRP.3.

* A/AC.105/C.2/L.277.



Jose Toscano
Director General and
Chief Executive Officer

11 March 2010
Ref: 03-11-10/DG-20

Ms. Mazlan Othman
Director
United Nations Office for Outer Space Affairs
United Nations Office at Vienna
Vienna International Centre
Wagramerstrasse 5
1220 Vienna
Austria

**SUBJECT: REPORT ON THE ACTIVITIES OF THE INTERNATIONAL
TELECOMMUNICATIONS SATELLITE ORGANIZATION (ITSO)**

Dear Ms. Othman:

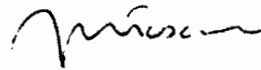
On behalf of the International Telecommunications Satellite Organization (ITSO) and its executive organ, I have the honor to present my compliments and attach a report on the activities of the Organization for 2009, in accordance with Article XIX of the ITSO Treaty Agreement and consistent with the U.N. Resolution 1721.

This Organization was formerly referred to as "INTELSAT" but adopted the "ITSO" acronym after implementing a major restructuring that was authorized by the INTELSAT Assembly of Parties in November 2000. That process transferred INTELSAT's space system into a private entity, "Intelsat, Ltd.," which was created under the jurisdiction of Bermuda and other nations. Recognizing the vital character of the new private entity's services in providing telecommunications to all areas of the world, including some countries that have no other access to international telecommunications, the Assembly of Parties decided to maintain the existence of the intergovernmental Organization and directed it to monitor and supervise Intelsat, Ltd.'s performance of its public service obligations. In fulfillment of that mandate, ITSO conducts regular reviews of Intelsat, Ltd.'s ability to fulfill its public service obligations in the long term as well as short term. That mission represents both a significant contribution to world peace and understanding and a practical contribution to economic growth in all parts of the world, especially in developing countries with limited access to alternative means of communication and, as such, is of special relevance for the fulfillment of the Millenium Development Goals.

Of particular importance in 2009, the 33rd meeting of the ITSO Assembly of Parties, held in Rome, Italy, took important decisions on the protection of the Parties' Common Heritage assets, consisting of orbital locations and associated frequency assignments currently used by Intelsat, Ltd. In July 2009, Mr. José Toscano, a citizen of Portugal, initiated his term as Director General and CEO for four years.

I take this opportunity to assure you, Excellency, that ITSO will continue to monitor Intelsat, Ltd.'s performance in fulfilling its obligations, and that we will do our utmost to encourage developing countries to make the most effective use possible of the telecommunications capabilities provided by the Intelsat system for the benefit of all humankind.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'José Toscano', with a stylized flourish at the end.

José Toscano
Director General & CEO

International Telecommunications Satellite Organization

ITSO

ANNUAL REPORT 2009

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ANNUAL REPORT 2009

1. RESTRUCTURING OF THE ORGANIZATION

1.1 BACKGROUND

The International Telecommunications Satellite Organization (“ITSO,” formerly abbreviated and referred to as “INTELSAT”) is the continuation of the 148-member country intergovernmental organization (“IGO”) established by treaty in 1973.¹ On 18 July 2001 the satellite fleet, customer contracts and other operational assets previously held by INTELSAT were transferred to Intelsat, Ltd. (sometimes referred to as “Intelsat” or the “Company”), a new private company registered in Bermuda.

On 25 November 2009, Intelsat, Ltd. filed Pro Forma Transfer of Control Applications with the United States Federal Communications Commission (“FCC”) for each of its five FCC licensee entities, reflecting the Company’s intention to migrate the jurisdictions of organization of Intelsat, Ltd. and certain of its parent holding companies and subsidiaries from Bermuda to Luxembourg. On 3 December 2009, the FCC granted these applications.²

The IGO’s orbital locations are today under the jurisdiction of two Notifying Administrations – the United States with respect to orbital locations utilizing frequency assignments in the C- and Ku-bands, and the United Kingdom with respect to orbital locations utilizing frequency assignments in the Ka- and V-bands. In turn, these orbital locations and associated frequency assignments, referred to as the common heritage (“Common Heritage”) of ITSO’s member countries (“Parties”), were licensed for use to Intelsat, Ltd. by the two Notifying Administrations. In addition, ITSO’s Parties transferred landing licenses to Intelsat, Ltd., usually without charge, to enable Intelsat to maintain continuity of telecommunications services to all Parties.

As part of the 2001 privatization of INTELSAT’s operating assets, ITSO became the continuation of the INTELSAT IGO, in accordance with amendments to the 1973

¹ See Agreement Relating to the International Telecommunications Satellite Organization, “INTELSAT,” 23 U.S.T. 3813; TIAS No. 7532 (February 12, 1973).

² This migration was substantially completed on 15 December 2009. From this point forward, Intelsat, Ltd. is referred to as Intelsat, S.A. For activities or events occurring prior to 15 December 2009, any references in this Annual Report to the Company would continue to be to Intelsat, Ltd.

INTELSAT Agreement.³ ITSO's mission is to ensure that, post-privatization, Intelsat provides international telecommunications services pursuant to the terms of a Public Services Agreement ("PSA") formally entered into between ITSO and Intelsat, Ltd. The PSA establishes the following core principles ("Core Principles") that govern Intelsat's provision of services:

- Maintaining global connectivity and global coverage for any country or territory that desires to connect with any other country or territory within and between the five regions of America, Western Europe, Eastern Europe, Africa and Asia;
- Providing public telecommunications services, including capacity and price protection guarantees, to customers identified as, and connecting with, Lifeline Connectivity Obligation ("LCO") customers;
- Providing domestic public telecommunications services between areas separated by geographic areas not under the jurisdiction of the state concerned, between areas separated by high seas, or between areas that are not linked by any terrestrial facilities and which are separated by natural barriers of such an exceptional nature that they impede the establishment of terrestrial facilities; and
- Ensuring non-discriminatory access to Intelsat, Ltd.'s communications system.

Adherence to these Core Principles was of such fundamental importance to the privatization of ITSO's satellite assets that the transfer of operating assets to Intelsat was *conditioned* on Intelsat's ongoing adherence to the PSA. The PSA stipulates that Intelsat, Ltd.'s performance of these obligations ("Public Service Obligations"), which incorporate the Core Principles, is the consideration for ITSO's transfer of assets to Intelsat, Ltd. and its right to use the Parties' Common Heritage orbital locations and associated frequency assignments.

1.2 PARTIES' COMMON HERITAGE

The amended ITSO Agreement defines the Parties' Common Heritage as "*those frequency assignments associated with orbital locations in the process of advanced publication, coordination or registered on behalf of the Parties with the International*

³ Amendments from that point forward would be referred to as the ITSO Agreement entered into force on 30 November 2004, in accordance with Article XVII, paragraph (e).

Telecommunication Union ("ITU")...which are transferred to a Party or Parties pursuant to Article XII.” In accordance with the ITSO Agreement, the Director General, on behalf of ITSO, considers all issues arising from the Parties’ Common Heritage assets and is responsible for communicating the views of the Parties to the United States and the United Kingdom as the selected Notifying Administrations.

The 31st meeting (“AP-31”) of the ITSO Assembly of Parties, held in March 2007, approved an amendment of the ITSO Agreement (Article XII, Paragraph (c) (ii)) in order to protect the Parties’ Common Heritage orbital locations and associated frequency assignments. Under the terms of this amendment, the Parties’ interests in the Common Heritage would be protected in the event that the current licensed user of these frequency assignments, Intelsat, Ltd., either (i) waives such frequency assignments, (ii) uses such frequency assignments in ways other than those set forth in the ITSO Agreement, or (iii) declares bankruptcy. Specifically, the amendment enables other satellite operator(s), in case of the events cited above, to use these frequency assignments once they have signed a public services agreement with ITSO. During 2009, the process of ratification of this amendment by the Parties has continued, although to date the formal ratification process has not been completed.

The 32nd meeting (“AP-32”) of the ITSO Assembly of Parties, held in October 2008, took key decisions on the Parties’ Common Heritage assets. In view of the desirability of distinguishing the former INTELSAT filings from the other networks/assignments of the Notifying Administrations in the ITU Radiocommunications Bureau (BR) databases, and believing that such differentiation would contribute in a significant way to safeguarding this Common Heritage, the meeting decided “to request the Notifying Administrations, in coordination with the Director General, to promptly undertake the necessary actions at the ITU to amend the label of the Parties’ Common Heritage orbital locations and associated frequency assignments in the ITU Registry to more clearly reflect their status as part of the Parties’ Common Heritage (i.e., USA/CH or UK/CH).” During 2009 further actions were taken to implement this decision.

The 33rd (Extraordinary) meeting (“AP-33”) of the ITSO Assembly of Parties, held in July 2009, established a procedure for the Notifying Administrations to follow, to supplement the implementation of their obligations under Article XII (e) (iv) of the ITSO Agreement.

1.3 ENSURING THE LONG-TERM SURVIVABILITY OF INTELSAT'S ABILITY TO FULFILL ITS PUBLIC SERVICE OBLIGATIONS

On 10 July 2006, and as requested by ITSO's Parties, ITSO petitioned the FCC under Section 316 of the U.S. Communications Act to modify Intelsat LLC's⁴ satellite licenses for use of the orbital locations and associated frequency assignments that constitute the Parties' Common Heritage. Intelsat, Ltd.'s series of past leverage buy-outs by private equity funds had resulted in a dramatic increase of Intelsat's indebtedness that could limit its capacity to renew its aging fleet, and thereby jeopardize its ability to fulfill, in the long-term, its Public Service Obligations in case of a market downturn or financial distress.⁵

The license modifications requested by ITSO were intended to assure adherence by Intelsat, or any successor or subsequent satellite operator using the Parties' Common Heritage assets, to the "Core Principles" established by the ITSO Agreement. By filing this Petition, ITSO requested that the FCC, in accordance with the U.S. role as one of the primary Notifying Administrations and licensing jurisdictions for the Parties' Common Heritage assets, impose various conditions on the relevant licenses, including the following:

- Ensuring that the FCC's licenses to Intelsat LLC are linked to the Core Principles; and
- Ensuring that any successor to Intelsat LLC or other satellite operator that uses the Parties' Common Heritage assets, is bound by the Core Principles in the ITSO Agreement through the execution of a Public Services Agreement with ITSO.

On 21 February 2008, the FCC issued an Order of Modification ("Order") to Intelsat LLC's licenses. This Order implemented the two conditions referred to above, both of which had been endorsed by the United States Department of States, and clarified that, as part of routine processing, the FCC would insert such conditions in all future

⁴ Intelsat LLC is the U.S. licensee for satellites operated by Intelsat, Ltd., which uses the Parties' Common Heritage orbital allocations that were the subject of that petition.

⁵ Since its acquisition by private equity funds in 2005, Intelsat, Ltd.'s successive recapitalizations have increased its level of indebtedness to approximately 16 billion USD, which currently exceeds its operating margin ("EBITDA") by a factor of ten. Under certain circumstances, this situation could imperil Intelsat's ability to secure the necessary investments to renew its fleet and to fulfill the requirement of LCO customers for essential satellite capacity on a timely basis.

authorizations issued to Intelsat LLC in connection with any grant of authority to launch into or operate a satellite at one of the Parties' Common Heritage orbital locations.

1.4 THIRTY-THIRD (EXTRAORDINARY) ASSEMBLY OF PARTIES ("AP-33") MEETING

The Assembly of Parties held its 33rd meeting ("AP-33") in Rome, Italy in July 2009. The meeting, which was an extraordinary meeting, was chaired by Mr. Jose Saraiva Mendes, Special Representative of the Minister of Public Works, Transport and Communications of the Republic of Portugal, and was attended by representatives of 97 Parties.

The Assembly agreed on a set of procedures to be followed by the United Kingdom and the United States in their capacity as Notifying Administrations, in discharging their obligations of notifying and consulting with the Director General on ITU satellite coordinations involving the Parties' Common Heritage orbital locations and associated frequency assignments. Also, the Assembly decided to establish a Frequency Working Party made up of one expert from each of the five ITU regions to assist the Director General on this matter.

1.5 DIRECTOR GENERAL

In July 2009, Mr. José Toscano, a citizen of Portugal, initiated his term as Director General and CEO for four years.

2. INTELSAT S.A.'S CURRENT NETWORK

As of year-end 2009, Intelsat S.A.'s global communications network included 51 satellites in orbit, leased capacity on one additional satellite owned by other operators⁶, and ground facilities related to the operation and control of Intelsat's satellites. Intelsat's network also included ground network assets consisting of eight owned teleports, over 50 points of presence and fiber connectivity in locations around the world that it uses to provide integrated and end-to-end services. The Company's current fleet investment program is the largest in its history.⁷

⁶ Report of Intelsat Ltd. on Compliance with the Public Service Obligations – July 18 2009

⁷ Intelsat is in the process of procuring eleven satellites that are expected to be launched throughout the next three years, including the New Dawn joint venture satellite. The Company expected that 2009 total capital expenditures would range from approximately \$625 million to \$675 million, however, several delayed 2009 contract milestones

Recent Agreements and Acquisitions of New Satellites

On 9 December 2008, Intelsat announced its New Dawn satellite project, a joint venture between Intelsat and a South African investor group led by Convergence Partners. The purpose of this project is to build and launch a new satellite into the 33° East orbital location to deliver wireless backhaul and broadband among other services, to the Africa region. The New Dawn satellite is expected to be launched in the Fourth Quarter 2010 and to enter in service in early 2011.

On 27 April 2009, Intelsat announced its plan to add the Intelsat 22 satellite to its fleet. This satellite is expected to be launched in the first Quarter of 2012, and will serve at the 72° East longitude orbital location over the Indian Ocean region.

On 30 October 2009, Intelsat announced that it was selected as the successful bidder in public auction for the ProtoStar 1 satellite. Upon conclusion of the transaction, the satellite will be re-named Intelsat 25 and will join its global fleet, serving with the Company's other assets in the Atlantic Ocean region and providing incremental satellite capacity to central Africa and other regions.

could result in some of those expenditures being deferred into 2010. The 2009 capital expenditure estimate excluded capital expenditures related to the New Dawn satellite, for which the Company's cash contributions in 2009 were minimal, and the purchase of the ProtoStar 1 satellite, for which all of the \$210 million consideration was paid in 2009. The Company indicated that changes in the overall satellite launch market could result in increases to expected launch costs in the future.

Other satellites within the current fleet investment program include:

- The Intelsat 20 satellite, to be located at 68.5° E, which will serve the Asia Pacific region. The Intelsat 20 satellite will replace the Intelsat 10 and Intelsat 7 satellites, which currently are co-located at that location.
- The Intelsat 17 satellite, to be located at 66° E, which will provide higher-performing capacity across Europe, the Middle East, Russia and Asia, as well as expand Intelsat's C-band video distribution community in the Indian Ocean region. The Intelsat 17 satellite will replace the Intelsat 702 satellite.
- The Intelsat 18 satellite, to be located at 180° E, which will provide continuity and enhanced performance in C- and Ku-band for network, voice and video services to the Pacific Islands and offer connectivity to the Western United States. The Intelsat 18 satellite will replace the Intelsat 701 satellite.
- The Intelsat 19 satellite, to be located at 166° E, which will feature increased Ku-band capacity optimized for Direct-to-Home (DTH) and network services applications in Australia. The satellite's C-band capacity will provide enhanced performance capacity for distribution of international video content throughout Asia-Pacific with reach to the Western United States. The Ku-band payload will also support demand for mobility and enterprise network applications across the region. The Intelsat 19 satellite will replace the Intelsat 8 satellite."

Launch of New Satellites

On 23 November 2009 Intelsat launched the Intelsat 14 satellite. This satellite will provide high-powered data services through its C- and Ku-band payload to the Company's customers throughout Latin America, Europe and Africa. Once Intelsat 14 is operational, it will replace Intelsat's 1R satellite at 315° E, providing customers with capacity that has a useful life expected to last the next 16 years.

On 30 November 2009 Intelsat launched the Intelsat 15 satellite. This satellite will operate from 85° E, replacing the Intelsat 709 satellite. Intelsat 15 will provide video and data services through its Ku-band payload, and will cover the majority of the Middle East, the Indian Ocean region and Russia.
