

For the attention of Mr Marius Kohl

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References: AAMI/AUCT/NSBD/I16109001M-FSMZ

Intelsat Global Ltd.

Luxembourg migration

Dear Mr Kohl,

At the request of the above-mentioned client, and further to the meetings of 10 and June 29 and July 15, we are pleased to submit for your review and approval/comments the Luxembourg tax treatment of the following structure.



A. Background

A.1 General information about the Intelsat group

1. Intelsat is the leading provider of fixed satellite services worldwide. Since its founding in 1964, Intelsat has provided transmission services for milestone events, including the global delivery of video signals of the first moonwalk, providing the "hot line" connecting the White House and the Kremlin and transmitting live television coverage of every Olympics since 1968.
2. On a day-to-day basis, Intelsat supplies video, data and voice connectivity in approximately 200 countries and territories for approximately 1,800 customers, many of which Intelsat has had relationships with for over 30 years. Some of the world's leading media and communications companies, multinational corporations, Internet service providers and government/military organizations hallmark Intelsat's customer base. Customers access capacity through extensive service offerings, which include transponder services, hybrid managed services combining satellite capacity and terrestrial facilities, and channel services.

3. Intelsat has one of the largest, most flexible and most reliable satellite fleets in the world, covering over 99% of the world's population. Intelsat operates more than 54 satellites with a fully integrated satellite operations model that features two operations centers connected by redundant fiber, resulting in a robust monitoring and control system that is unrivaled in the industry. A terrestrial network of teleports, points of presence and leased fiber links that Intelsat uses to carry traffic and provide satellite access for its customers, complements its satellite fleet.

A.2 Description of current structure and operations of the relevant Intelsat entities

4. Please refer to Appendix 1 for a chart of the current legal structure of the group.
5. Intelsat Global Ltd ("Intelsat Global"), Intelsat Global Subsidiary Ltd ("Intelsat Global Subsidiary"), Intelsat Holdings Ltd, Intelsat Ltd, Intelsat (Bermuda) Ltd ("Intelsat Bermuda"), Intelsat Jackson Holding Ltd ("Jackson") and Intelsat Intermediate Holding Company Ltd ("Intelsat Intermediate") are primarily holding companies for the group, with Intelsat Global Ltd being the ultimate parent company.
6. Intelsat Subsidiary Holding Company ("Intelsat Sub-Holding") is the satellite operating company of the Bermuda based group of companies (see further below a summary description of the operational structure).
7. Intelsat Ltd, Intelsat Bermuda, Jackson and Intelsat Intermediate as well as Intelsat Sub-Holding contracted all the external-party debt of the Bermuda group, with a total current book value of approximately USD 11.9 billion. Most of the external debt is represented by publicly traded bonds (for approx. USD 10.2 billion) and a smaller part (approx. USD 1.7 billion) by bank loans.

A.2.1. Description of the operational structure

8. Intelsat Sub-Holding is the satellite operating company of the Bermuda group.
9. The distribution of satellite capacity in the US (including to government customers) is carried out primarily via three (3) US-based corporations - Intelsat Corporation, an indirect sister-company of Intelsat Sub-Holding, Intelsat USA Sales Corporation, an indirect subsidiary of Intelsat Sub-Holding, and Intelsat General Corporation, an indirect subsidiary of Intelsat Sub-Holding. Intelsat Corporation is held currently under the existing Luxembourg structure of the group (see below).
10. Primarily for regulatory purposes, the Bermuda controlled satellites and rights to the orbital positions are held via US (Delaware) Limited Liability Company ("LLCs") entities. The Bermuda controlled satellites of the group (26) are held by Intelsat LLC, an indirect subsidiary of Intelsat Sub-Holding. The other satellites of the group are owned by 24 US (Delaware) corporations (each holding one satellite) which are direct subsidiaries of Intelsat Corporation.



11. The group distributes its services to customers via three distribution units, located in US (Intelsat USA Sales Corporation, Intelsat General Corporation and Intelsat Corporation), UK (Intelsat Global Sales and Marketing Ltd) and Brazil (Intelsat do Brasil Ltda). The commercial customers remit monthly or quarterly payments for satellite capacity services to the various distribution companies.
- The UK distribution company purchases all of the satellite capacity from Intelsat Sub-Holding and resells it to commercial customers and to the other Intelsat controlled distribution companies. The distribution companies earn a small profit (1% - 1.6% of revenue). As a result, the vast majority of the operating cash-flow of the Bermuda business is earned by the effective satellite and slot owner which is IntelsatSub-Holding. In practice, Intelsat Sub-Holding distributes up the chain the funds necessary for servicing the external debt as dividends on a quarterly basis. Furthermore, Intelsat Sub-Holding and the LLCs (as well as the distributing companies) contract for intra-group services (marketing, sales and network-related services) with the group service companies located in the US, Germany, France, Hong-Kong, Australia, India and Singapore.

A.2.2. Description of the intra-group financing structure

12. Currently, Intelsat Holding Corporation, the direct US parent company of Intelsat Corporation, is financed intra-group via the existing Luxembourg structure. Please refer to [Appendix 2](#) for the summary structure chart. In this respect, the Luxembourg Branch of Intelsat Poland Sp. z.o.o. (which in its turn is held by Intelsat Luxembourg S.à r.l., held by Intelsat Gibraltar Ltd - "Gibco 1" - a direct subsidiary of Jackson) holds approximately USD 1.281 billion in notes issued by Intelsat Holding Corporation ("the US Receivables"). The tax treatment of this structure was described in our letter of September 27, 2006 (reference Q13906001M-AAMI).

A.3. Description of the transactions envisaged

13. For various operational and management reasons the group is currently planning to migrate its headquarters and the top companies of the group to another jurisdiction. The migration would concern the following companies: Intelsat Global, Intelsat Global Subsidiary, Intelsat Holdings, Intelsat Ltd, Intelsat Bermuda, Jackson, Intelsat Intermediate and Intelsat Sub-Holding.
14. As a result, the operational activity of Intelsat Sub-Holding would also be moved and carried out from such jurisdiction.
15. The tax treatment described below would apply in a situation where the jurisdiction chosen for migration would be Luxembourg and provided the facts described herein remain the same.
16. In this respect, please refer to [Appendix 3](#) for a summary of the structure after such migration to Luxembourg.

B. Description of the Luxembourg structure

B.1 Transactions expected to occur pre-migration or immediately upon migration

17. The companies would continue their current activities after migration to Luxembourg, with the following exceptions. The migration would be made with continuity of the legal personality of the respective entities and subsequent de-registration of the entities from the Bermuda trade register.

B.1.1. Recapitalization of the top companies of the group down to Intelsat Sub-Holding

18. In connection with the migration to Luxembourg or immediately upon migration, Intelsat Bermuda, Jackson, Intelsat Intermediate and Intelsat Sub-Holding would convert part of their capital from ordinary shares into founder shares. For each of the entities, the conversion would occur for an amount of capital equal to the face value of the external debt issued and outstanding at the level of the immediate parent company of the respective entity. Please refer to Appendix 4 for an exemplification of this recapitalization. The amounts presented are for reference purposes only.
19. The founder shares will not be representative of the share capital of the issuer and would have the characteristics mentioned in Appendix 5.

B.1.2. Further re-capitalization of Intelsat Sub-Holding

20. Prior to migration to Luxembourg Intelsat Sub-Holding incorporates a new Gibraltar limited company (“Gibco 2”) and capitalizes it via contribution of an intra-group loan receivable (due by Intelsat Sub-Holding to Gibco 2 – “Gibco 2 Note”).

B.1.3. Creation of New Dawn Gibraltar

21. Prior to migration or immediately upon migration, Intelsat Sub-Holding incorporates another Gibraltar limited company (“Gibco New Dawn”) and contributes the participation held in Intelsat New Dawn Bermuda to Gibco New Dawn in exchange for newly issued equity.

B.1.4. Contingency purchase option

22. Prior to the migration GibCo 2 will acquire, at market price (to be determined by a third party appraisal), a contingency purchase option on the Satellite Business of Intelsat Sub-Holding. The aforementioned contingency purchase option would have the characteristics mentioned in Appendix 9.

B.1.5. Amendment of the LLC agreements of Intelsat Holdings LLC, Intelsat LLC and Intelsat North America LLC

23. Prior to or immediately upon migration, the LLC agreements of Intelsat Holdings LLC, Intelsat LLC and Intelsat North America LLC, subsidiaries of Intelsat Sub-Holding are amended in order to reflect the features included in Appendix 6.

B.1.6. Simplification of the existing intra-group US financing structure

24. At a later moment after migration, Intelsat Poland Sp. z.o.o. and its Luxembourg Branch would be liquidated into Lux Finco. As a result, the US receivables currently held by the Luxembourg Branch of Intelsat Poland Sp. z.o.o. would be transferred to Intelsat Luxembourg S.à r.l.. Furthermore, Intelsat Luxembourg S.à r.l. would repay a large part of its equity to Intelsat Gibraltar Ltd with a note payable equal to the value of the US Receivables (“Gibco 1 Note”). As a result, the intra-group financing of Intelsat Holding Corporation will be carried out via a Luxembourg company (“Luxco Finco”) instead of the Luxembourg Branch of Intelsat Poland Sp. z.o.o.

B.2. Description of the activities of the Luxembourg companies after migration

B.2.1. Intelsat Global, Intelsat Global Subsidiary, Intelsat Holdings, Intelsat Ltd, Intelsat Bermuda, Jackson and Intelsat Intermediate

25. These companies would have primarily holding company functions as well as continuance of public and bank debt issuance. Upon issuance of new debt, the proceeds would be transferred below in the chain most probably via contribution against founder shares. To the extent permitted under the debt covenants, it might be envisaged that these companies would also grant loan financing to various group subsidiaries.
26. These companies would have their effective management and control in Luxembourg. In practice, they would have available to them: (i) an office space provided with usual communication means, (ii) name displayed at the premises of the offices, (iii) their own phone or other communication means numbers. The statutory accounts will be published with the Luxembourg Trade Register according to the Luxembourg applicable legislation. Although the composition of the members of the board for these entities may be made of non-resident individuals, the board decisions would be effectively taken in Luxembourg. The board would meet in Luxembourg at least quarterly, with the quorum effectively present.

B.2.2. Intelsat Sub-Holding

27. Intelsat Sub-Holding would continue the same activities as currently. Notably, it would sell satellite capacity to the group distribution companies. In order to carry out its activity, Intelsat Sub-Holding would employ between 10 and 20 people with functions related to this activity. Similarly as for the other migrated entities, the composition of the members of the board for these entities may be made of non-resident individuals, the board decisions would be effectively taken in

Luxembourg. The board would meet in Luxembourg at least quarterly, with the quorum effectively present.

B.2.3. Luxco Finco

28. In a first stage, Luxco Finco would carry out primarily a financial activity related to the financing of Intelsat Holding Corporation. The company would also hold the shares of Intelsat Holding Corporation.



C. Luxembourg tax treatment

C.1 Luxembourg tax residence

29. According to Article 159 of the Luxembourg Income Tax Law ("LITL"), capital companies (such as a *société anonyme* or *société à responsabilité limitée*) that have either their registered office or their central administration in Luxembourg are subject to corporate income tax on their profits.
30. Further to their migration Intelsat Global, Intelsat Global Subsidiary, Intelsat Holdings, Intelsat Ltd, Intelsat Bermuda, Jackson, Intelsat Intermediate and Intelsat Sub-Holding would take the form of Luxembourg *sociétés anonymes* and will have their registered office in Luxembourg.
31. The board of managers and shareholder's meetings will regularly (at least quarterly for the board) take place in Luxembourg with the quorum effectively present. The management decisions will be effectively taken in Luxembourg and the accounting records will be kept in Luxembourg.
32. Considering these facts, Intelsat Global, Intelsat Global Subsidiary, Intelsat Holdings, Intelsat Ltd, Intelsat Bermuda, Jackson, Intelsat Intermediate, Intelsat Sub-Holding will be regarded as fully taxable Luxembourg tax resident capital companies within the meaning of Article 159 LITL and within the meaning of the double tax treaties concluded by Luxembourg. A certificate of tax residence can be requested by these companies upon request.

C.2. "Active trading" character of Intelsat Sub-Holding

33. Considering the arguments developed in Appendix 7 and provided the activity of Intelsat Sub-Holding would be carried out as described therein, the company will be considered as a company qualifying for the benefits of the Luxembourg-US double tax treaty under the provisions of Article 24 para. 3 of the treaty. A certificate in the sample form included in Appendix 10 herein can be obtained upon request.

C.3. Tax consolidation

34. Intelsat Global, Intelsat Global Subsidiary, Intelsat Holdings, Intelsat Ltd, Intelsat Bermuda, Jackson, Intelsat Intermediate and Intelsat Sub-Holding (“Consolidated Companies”) would apply for the tax consolidation regime under the terms of Article 164bis LITL. In this respect, each of the companies would hold directly or indirectly more than 95% of the capital of the consolidated subsidiary and all companies will start and close their financial year-end on the same date.
35. Currently, all the companies open and close their financial year as of the same date. Since the migration would be carried with continuation of the legal personality, the migration would not imply a closing of the accounting year-end. Accordingly, if all the companies would migrate to Luxembourg effective as of the same date, they will be considered to open their accounting year as a Luxembourg resident company as of the same date.
36. Given that a liquidation of a subsidiary would involve a full economical integration of the activities of the subsidiary, the liquidation of any of Intelsat Global Subsidiary, Intelsat Holdings, Intelsat Ltd, Intelsat Bermuda, Jackson, Intelsat Intermediate and Intelsat Sub-Holding within the 5-year minimum holding period during which the tax consolidation regime is applicable would not retroactively jeopardize the tax consolidation, provided that Intelsat Global continues its existence until the end of the 5-year consolidation period.

C.4. Treatment of intra-group dividends

37. As mentioned at point **B.1.1. (18)** above, each of the Consolidated Subsidiaries (except Intelsat Global) would issue both ordinary shares and founder shares to their parent company. Considering that the founder shares are not representative of capital at the level of the issuing subsidiary, they would not represent a qualifying participation for the purposes of Article 166 LITL. As a result, the founder shares held by the consolidated companies in their respective Luxembourg subsidiary would represent a participation to which Article 166 LITL will not apply and their tax treatment will not follow any of the provisions of this article.
38. The founder shares will be financed by and directly connected to the outstanding external debt in each of the Consolidated Subsidiaries. To the extent the founder shares would be treated as exempt under Article 115(15)(a) with the result that 50% of the income would be exempt, 50% of the charges in direct connection with the founder shares would be treated as non-deductible during the year but only up to the amount of the exempt portion of the dividend¹.

¹ See also in this sense Guy Heinz – L’impôt sur le revenu des collectivités, Etudes Fiscales 1999, page 89 and Roger Molitor – Sociétés mère et filiale, Etudes Fiscales 2009, page 158.

39. In the event any amounts paid in respect of founder shares are subject to withholding tax, such company will be entitled to obtain a refund of the withholding tax paid whenever the tax liability of the beneficiary company is lower than the amount of withholding tax to be deducted (as provided by Article 154 LITL - applicable to corporations as stated by Article 162 LITL). However, in light of the features of the founder shares as described in Appendix 5, the amounts distributed to the holders of the founder shares cannot fall under the scope of Article 146 (1), 1, 2 or 3, and therefore will not be subject to withholding tax in Luxembourg.
40. Contrary to the founder shares, since the ordinary shares issued by the Luxembourg companies are representative of capital, they will represent a qualifying participation for the purposes of Article 166 LITL. As a result, dividends and capital gains will benefit from the participation exemption at the level of the receiving company under the conditions of Article 166 LITL and the Grand-Ducal Decree of December 2001 for the application of Article 166 LITL (i.e., provided the parent company holds ordinary shares representing more than 10% of the share capital of the subsidiary or with an acquisition cost of at least EUR 1.2 million for dividends and EUR 6 million for capital gains, for a minimum period of 12 months). However, charges incurred in relation to these qualifying participations will be subject to recapture according to the provisions of Article 166 LITL and the Grand-Ducal Decree of 2001 for the application of Article 166 LITL.

C.5. Treatment of the conversion of founder shares into regular shares

41. Upon the conversion of the founder shares into regular shares, the company may realize a gain which would be fully taxable from a Luxembourg tax perspective².
42. However, Article 22bis (1) states that, in the event of the conversion of a loan with the attribution of shares representative of the share capital of the debtor to the creditor, the gain upon the conversion should be neutralized. Moreover and in the case of the conversion of a capitalizing convertible loan, the interest capitalized referring to the period of the ongoing operation preceding the conversion is taxable at the time of the exchange.
43. The second sentence of this article should only be seen as a clarification for the specific case of the capitalization of a convertible loan. Therefore, any kind of loan should be covered by Article 22bis (1)³. Moreover, the Administrative Circular for the application of Article 22bis gives an example in which it uses the word “obligation” instead of the specific term “loan”⁴. This confirms that the application of this specific part of the Article 22bis should be widened to any obligation of any nature.

² Article 22 LITL.

³ See also in this sense Sandrine Conin / Jean Schaffner – Les titres et instruments financiers innomés – *Droit bancaire et financier au Luxembourg*, volume 3 2004, page 1446.

⁴ The preparatory works for the Law of 21 December 2001 do not give further explanation as regards the characteristics of the loan



44. The one specific condition for the application of the Article 22bis (1), as introduced by the Law of 21 December 2007, is that the creditor receives shares that are representative of the share capital of the debtor.
45. Based on the aforementioned arguments, the features described in Appendix 5, and provided that the two companies between which the conversion happens qualify for the application of Article 22bis, the roll-over of the capital gain provided by Article 22bis (1) will apply on the conversion of the founder shares into regular shares.

C.6. Allocation of the sources of financing

46. At the level of the Luxembourg companies, according to the policy of the board of managers, to be confirmed in a board decision taken at the level of each company, the equity of the companies will be allocated in priority first to the financing (on a fair market basis) of the participations benefiting from the provisions of Article 166 LITL, then to the financing of any foreign branches that can be open by these companies abroad and subsequently to the financing of the other assets. This order of allocation will therefore be respected for tax purposes at the level of all the Luxembourg entities.

C.7. Accounting standards used at the level of the Luxembourg entities

47. To the extent possible, the Luxembourg companies will apply for the use of US GAAP accounting standards for statutory accounting purposes, for both stand-alone and consolidated financials (subject to confirmation of the application of the regime by the Luxembourg Ministry of Justice further to the Law 19 December 2002).
48. For tax purposes however, the Luxembourg companies will convert their statutory US GAAP financial standards to Luxembourg GAAP in a tax balance sheet and profit and loss account for the cases where the US GAAP diverge from Luxembourg GAAP. Furthermore, such tax balance sheet will include the adjustments required by the Luxembourg income tax law for income tax purposes, where and if applicable.

C.8. Tax treatment of Intelsat Holdings LLC, Intelsat LLC and Intelsat North America LLC

49. Considering the arguments exposed in Appendix 6 as well as the features of Intelsat Holdings LLC, Intelsat LLC and Intelsat North America LLC (“Satellite Companies”) described therein, the Satellite Companies will be treated as tax-transparent from a Luxembourg tax perspective. As a result, the assets and liabilities held by these companies, as well as their income and charges will be recorded in the tax balance sheet and profit and loss account of Intelsat Sub-Holdings for Luxembourg tax purposes.



C.9. Compliance with the five-year period for the maintenance of the reserve created for the reduction of the net wealth tax liability

50. Currently, the Luxembourg Branch of Intelsat Poland Sp. z.o.o. opted to reduce its annual net wealth tax liability by booking the undistributable net wealth tax reserve according to the provisions of Article 8a of the Vermögensteuergesetz of 16 October 1934.
51. As mentioned in section **B.1.6**, Intelsat Poland Sp. z.o.o. and its Luxembourg Branch would be liquidated into Luxco Finco (Intelsat Luxembourg S.à r.l.). The reserve booked at the level of the branch will be taken over by Luxco Finco and continued to be maintained under the same conditions as applicable before at the level of the said branch (i.e., until the end of the 5-year term required by Article 8a of the Vermögensteuergesetz of 16 October 1934)⁵.
52. As a result, considering that Luxco Finco will allocate the surplus resulting from the liquidation of the Luxembourg Branch for the maintenance and continuation of the net wealth tax reserve created at the level of the Luxembourg Branch of Intelsat Poland Sp. z.o.o., the liquidation of the Luxembourg Branch and Intelsat Poland Sp. z.o.o. into Luxco Finco which will continue the financing activity will not have any impact on the reduction of the net wealth tax liability applied in previous years at the level of the Luxembourg Branch and will not trigger the retroactive reinstatement of the net wealth tax liability.

C.10. Taxable basis of Intelsat Sub-Holding

53. At the level of Intelsat Sub-Holding, the operational revenue derived from the sale of the satellite capacity is decreased by its operational charges, including but not limited to:
- i. Operational charges such as service fees and other satellite maintenance of the satellite fleet recorded at the level of the Satellite LLCs;
 - ii. Other operational charges and various services fees paid directly by the company in relation to the satellite activity;
 - iii. Amortization charges related to the satellite fleet held via the Satellite LLCs – notably, the satellites will be amortized on a straight-line basis over their useful life; as regards the satellites already recorded at the level of Intelsat Sub-Holding (in tax transparency via the Satellite LLCs) at the moment of the migration, these will be amortized on a straight-line basis over their residual useful lifetime at the moment of the migration;
 - iv. Usual overhead costs;
 - v. Interest due on any third party financing allocated to the operational activity; and
 - vi. Interest due on the intra-group debt due by Intelsat Sub-Holding to Gibco 2 on the Gibco 2 Note.

⁵ Article 8a of the Vermögensteuergesetz of 16 October 1934 provides for the possibility of having the net wealth tax reserve reconstituted by the receiving company or another group company in case of a merger or absorption within a tax group, in order to satisfy the five-year retention period.

54. The interest due by Intelsat Sub-Holding on the intra-group Gibco 2 Note, will be fully deductible provided that Intelsat Sub-Holding will realize an appropriate and acceptable profit on its operational activity with respect to transfer pricing policy and Articles 56 and 164 (3) LITL amounting to minimum 10% of earnings before internal debt and taxes (Luxembourg GAAP), calculated on a consolidated basis within the tax consolidation perimeter and, in case of sale of its assets or of its activity, a margin on the capital gains to be realized at that moment equal at least to the ones mentioned in Appendix 8 herein. Please refer to Appendixes 8 in this respect.
55. From a Luxembourg income tax perspective, the other charges mentioned above, as well as other operational charges not mentioned herein but incurred by the company in the exercise of its operational activity will be deductible for tax purposes from the taxable basis of Intelsat Sub-Holding.
56. To the extent to which the company would incur any tax losses, such losses will be available for carry forward against the net taxable profits of the company realized during subsequent years, without any time limitations. Furthermore, the net taxable profits of the company will be included in the tax consolidation with the other Consolidated Companies.

C.11. Financing activity

57. As a result of the intra-group financing structure simplification mentioned at point **B.1.6** above, Lux Finco will hold the US receivables financed by the Gibco 1 Note, equal to the value of the US receivables. Consequently, Lux Finco will be in a financial on-lending activity with respect to the US receivables financed by the Gibco 1 Note due to Intelsat Gibraltar Ltd for an amount of approximately USD 1.281 billion.
58. Considering the amounts involved and the financing risk profile, a net taxable margin of 0.47% per annum computed on the total annual average outstanding amount of the financial assets will be reported by Lux Finco. Consequently, Lux Finco will be deemed to realize an appropriate and acceptable profit on this financial on-lending activity with respect to transfer pricing policy and Articles 56 and 164 (3) LITL. Depending on the evolution of the risk profile and amounts, the margin may be further reviewed.
59. It may be the case that other companies of the group which will be present in Luxembourg could be in an on-lending financial position going forward. The margins at the level of these companies will be analyzed depending on the amounts involved and the specific risk profile.

C.12. Functional currency

60. It is expected that the accounts of the Intelsat companies in Luxembourg will be denominated in USD, as well as the transactions to be carried out at the level of these entities.



61. The Intelsat companies in Luxembourg will be allowed to use USD as the functional currency for tax purposes as from their first tax year further to the migration. This implies that the tax base of the Intelsat companies in Luxembourg will be established based on the yearly net profits converted into EUR using the year-end USD/EUR market rate. Any tax losses generated by the Intelsat companies in Luxembourg shall be carried forward and the balance maintained in functional currency (currently expected to be the USD).

C.13. Participation exemption

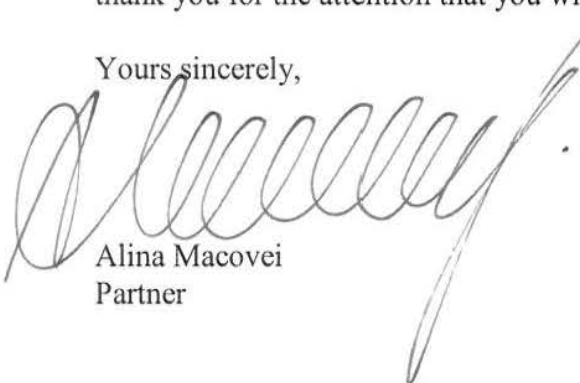
62. Based on the arguments developed in Appendix 10 hereto, Gibco 1, Gibco 2 and Gibco New Dawn will benefit from the participation exemption for dividends, capital gains, net wealth tax and withholding tax from a Luxembourg tax perspective, as companies falling under the provisions of the EU Parent-Subsidiary Directive (Council Directive 90/435/EEC).



We respectfully request that you confirm the tax treatment of the situation described above or that you provide us with your remarks, if any.

We remain at your disposal should you need any further information and would like to thank you for the attention that you will give to our request.

Yours sincerely,



Alina Macovei
Partner



Fernando Casas Martinez
Manager

Annexes:

- Appendix 1: Summary chart of the current legal structure of the group
- Appendix 2: Summary chart for the current intra-group financing activity
- Appendix 3: Summary chart of the structure after migration
- Appendix 4: Re-capitalization example
- Appendix 5: Founder's shares characteristics
- Appendix 6: Legal features and tax treatment of Intelsat Holdings LLC, Intelsat LLC and Intelsat North America LLC
- Appendix 7: "Active trading" character of Intelsat Sub-Holding
- Appendix 8: Operational margin of Intelsat Sub-Holding
- Appendix 9: Sample of tax certificate
- Appendix 10: Participation exemption in relation to Gibco 1, Gibco 2 and Gibco New Dawn

For approval

*Le préposé du bureau d'imposition Sociétés 6
Marius Kohl*

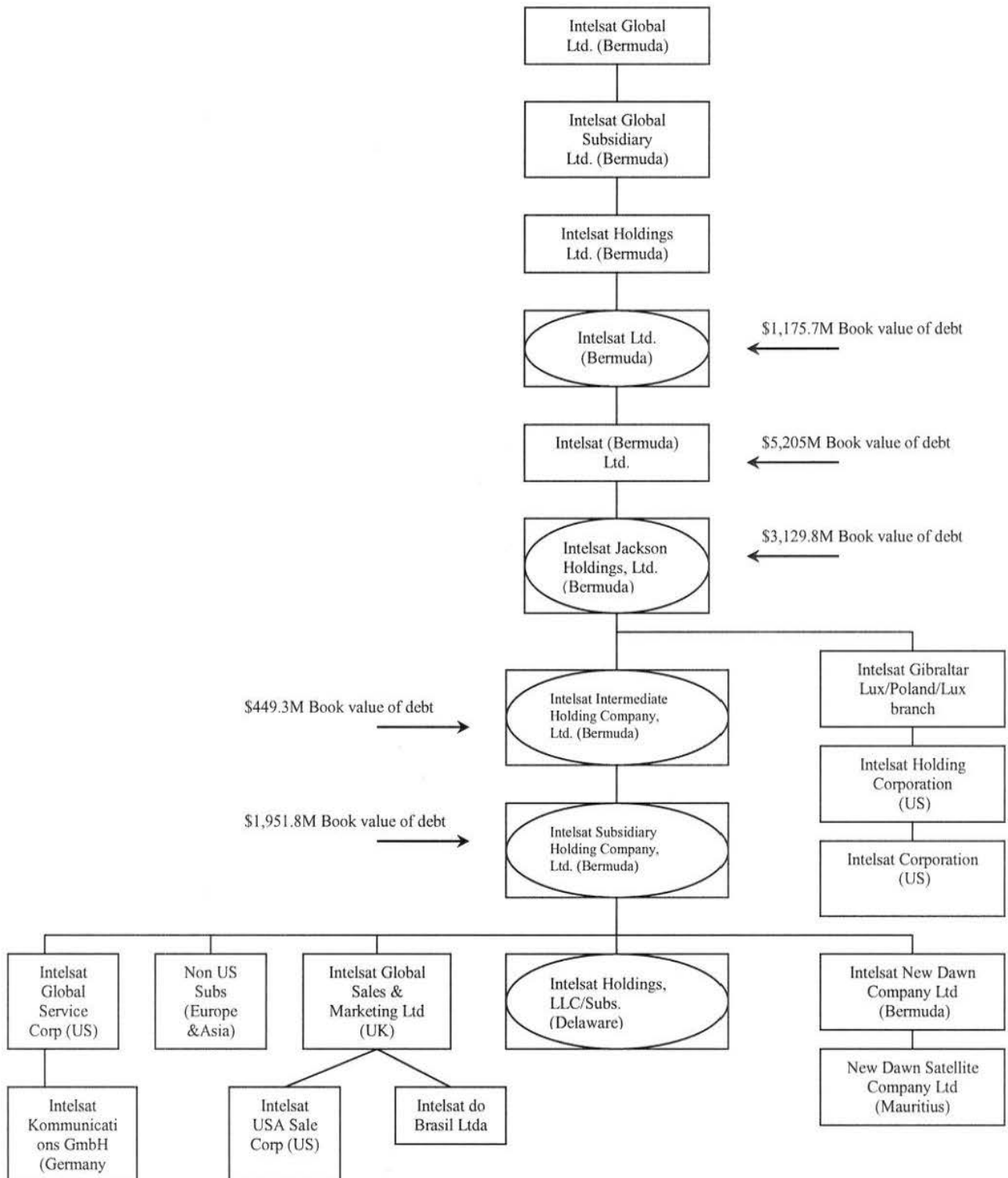
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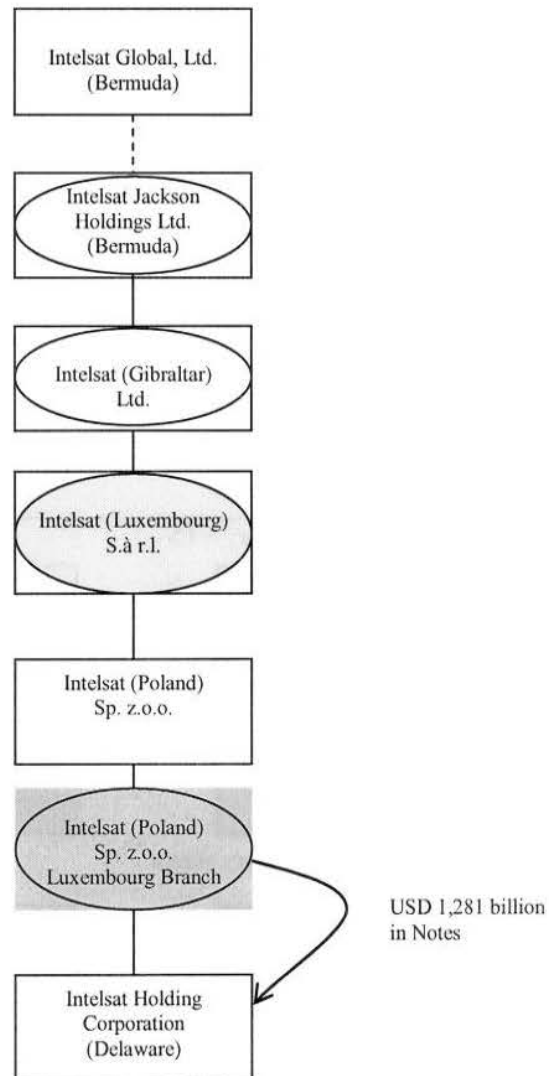


This tax agreement is based on the facts as presented to PricewaterhouseCoopers Sàrl as at the date the advice was given. The agreement is dependent on specific facts and circumstances and may not be appropriate to any party other than the one for which it was prepared. This tax agreement was prepared with only the interests of the Intelsat group in mind, and was not planned or carried out in contemplation of any use by any other party. PricewaterhouseCoopers Sàrl, its partners, employees and or agents, neither owe nor accept any duty of care or any responsibility to any other party, whether in contract or in tort (including without limitation, negligence or breach of statutory duty) however arising, and shall not be liable in respect of any loss, damage or expense of whatever nature which is caused to any other party.

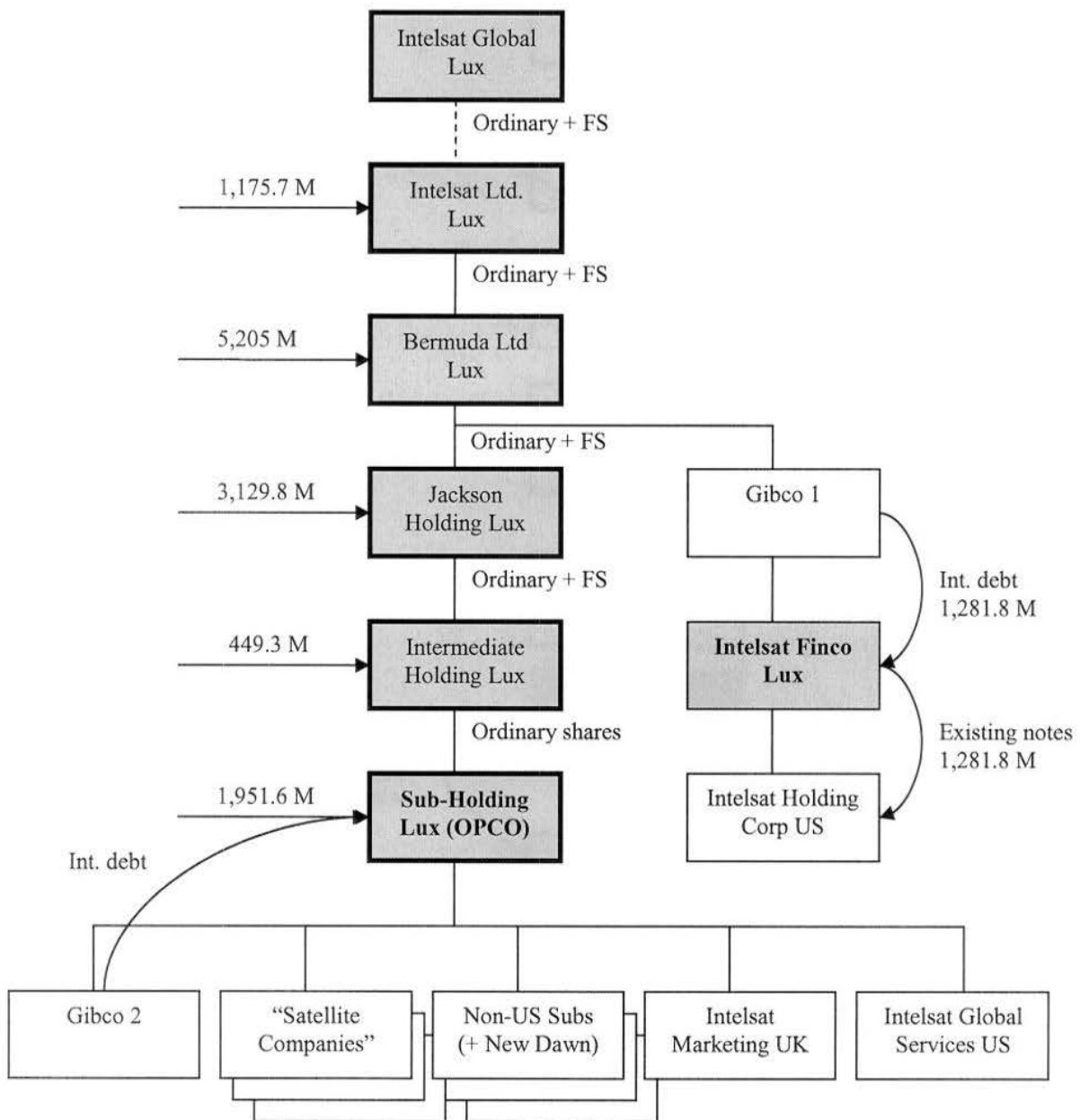
Chart of the current legal structure of the group



Summary structure chart for the current intra financing activity



Summary structure chart after the envisaged migration



Re-capitalisation example

Intelsat Global			
Assets		Liabilities	
Intelsat Ltd	770,700,000	Ordinary shares	770,000,000

Intelsat Ltd			
Assets		Liabilities	
Ordinary Bermuda	770,700,000	Ordinary shares	770,700,000
Founder Shares	1,175,700,000	External debt	1,175,700,000
	1,946,400,000		1,946,400,000

Intelsat Bermuda Ltd			
Assets		Liabilities	
Ordinary Jackson	1,946,400,000	Ordinary shares	770,700,000
		Founder Shares	1,175,700,000
Founder Shares	5,205,000,000	External debt	5,205,000,000
	7,151,400,000		7,151,400,000

Jackson			
Assets		Liabilities	
Holding Corp US	2,458,700,000	Ordinary shares	1,946,400,000
Ordinary Intermed	4,692,700,000	Founder shares	5,205,000,000
Founder Shares	3,129,800,000	External debt	3,129,800,000
	10,281,200,000		10,281,200,000

Intermediate			
Assets		Liabilities	
Sub-Holding	7,822,500,000	Ordinary shares	4,692,700,000
		Founder Shares	3,129,800,000
Founder shares	449,300,000	External debt	449,300,000
	8,271,800,000		8,271,800,000

Sub-Holding			
Assets		Liabilities	
Shares	376,420,294	Ordinary shares	110,610,682
Gibco 2	7,841,232,069	Ordinary shares	7,391,932,069
Opco assets	10,684,647,904	Founder shares	449,300,000
		External debt	2,268,347,573
		PPL	7,841,232,069
		Other liabilities	840,877,874
	18,902,300,267		18,902,300,267

Founder's shares characteristics

A. Legal framework and background

1. In connection with migration to Luxembourg or immediately upon migration, Intelsat Global Subsidiary, Intelsat Holdings, Intelsat Ltd, Intelsat Bermuda, Jackson, Intelsat Intermediate and Intelsat Sub-Holding would convert part of their capital from ordinary shares into founders' shares (instruments not representative of the share capital).
2. In this respect, Article 37 al. 2 of the Luxembourg Company Law of 19 August 1915 (the "**Law**") authorizes to create, in addition to shares representing the corporate capital, founders' shares or similar securities, providing that articles of association of such company shall specify the rights attached to such founders' shares.

B. Rights attached to founders' shares

- One vote per founder share but no right to vote on dividend distributions on ordinary shares;
- Convertible into ordinary shares at the option of holder, at a ratio which will take into account dividends distributed to ordinary shares as well as the time factor and an "incentive" to initially invest in founder shares;
- No special distribution rights and no cumulative dividend rights. Dividend distributions on ordinary shares will be decided separately by the Board/shareholders general meetings and will not imply an obligation to distribute a certain specific amount or any amount on the founder shares;
- Possibility but no obligation of redemption in case of need of repayment of the parent company's external debt financing the founder shares but limited by restrictions resulting from the company's own debt covenants;
- Right to liquidation proceeds.

C. Tax treatment of the founder shares

3. According to Article 166 (2) LITL, the income from a participation held by a Luxembourg resident fully taxable capital company or by a Luxembourg permanent establishment of a EU company falling under the Parent-Subsidiary Directive or of a non-resident company located in a country with which Luxembourg concluded a double tax treaty are exempt from income tax provided that the participation is "*held directly in the share capital*" of a qualifying type of subsidiary. Since the founder shares are titles which are not representative of the share capital of the issuer, they represent a participation which does not fall under the provisions of Article 166 LITL (and, as a consequence, neither under the provisions of the Grand Ducal Decree of 21 December 2001 for the application of Article 166 LITL)⁶.

⁶ See also in this sense Guy Heinz – "L'impôt sur le revenu des collectivités", Etudes Fiscale 1999, page 87.

4. The founder shares are considered of a “hybrid” nature⁷. Indeed, the right granted to the holder of founder shares could not be considered fully equivalent to either the rights granted to a straight shareholder or to a creditor. Consequently, the holder of founder shares could qualify as either creditor or a shareholder⁸. Depending on the specific characteristics of the founder shares, the qualification of the holder would vary.
5. Due to the lack of specific provisions with respect to founder shares included in the Luxembourg Income Tax Law, we believe that the legislator decided to maintain a certain vagueness regarding the qualification of the distributions made under the founder shares. Indeed, the founder shares typically keep their hybrid nature and thus falling neither under the definition of equity nor under the definition of debt. Therefore, the qualification of the aforementioned distribution will depend on the characteristics of the founder shares in the case at hand⁹.
6. Based on the characteristics of the founder shares as described in point **B** above, the founder shares will have the features that will allow them to be treated from a tax perspective as an obligation for the purposes of Articles 22bis and 146 (1).

⁷ See also in this sense Jean-Pierre Winandy – Manuel de droit des sociétés 2008, page 501.

⁸ See also in this sense Roger Molitor – Sociétés mère et filiale, Etudes Fiscales 2009, page 46.

⁹ See also in this sense Alain Steichen – Précis de droit des sociétés 2006, page 685.

Legal features and tax treatment of Intelsat Holdings LLC, Intelsat LLC and Intelsat North America LLC

A. Legal features

1 According to their respective governing agreements, Intelsat Holdings LLC, Intelsat LLC and Intelsat North America LLC (“the US LLCs”) have the following main legal features :

- Management of the US LLCs:

The US LLCs are directly managed by the Member(s) and not through one or several corporate bodies.

- Restriction on the transfer of interest:

The transferability of the membership interest is subject to the unanimous consent of the Member(s).

- Dissolution:

Similar to a *société en nom collectif* (“SNC”) or *société en commandite simple* (“SCS”), the liquidation of the US LLCs will occur upon dissolution or liquidation of any one of the Members.

- Allocation of profits and losses:

A formal resolution is not required in order to allocate profits or losses to a Member, as they will automatically be allocated to a Member in accordance with their respective aggregate capital contributions.

B. Tax treatment

2 Article 175 Luxembourg Income Tax Law (“LITL”) lists the partnerships that are transparent for Luxembourg tax purposes. According to said article “*les sociétés en nom collectif, les sociétés en commandite simple, les groupements d’intérêt économique, les groupements européens d’intérêt économique and les sociétés civiles*“, are to be considered as transparent entities for tax purposes.

3 Under Luxembourg domestic tax law, apart from what is stated under Article 175 of the LITL, no specific provisions currently exist to determine whether an entity established under foreign laws should be treated as a partnership or a corporation for Luxembourg tax purposes. In order to assess the Luxembourg tax treatment of the US LLCs, the characteristics of said entities must be compared to the characteristics of similar entities governed by Luxembourg law (e.g. *société en nom collectif* or *société en commandite simple*).

4 According to the Circular letter of the German tax authorities dated 19 March 2004 regarding the qualification of a LLC as opaque or transparent for German tax purposes and also based on the Luxembourg court decision number 19280 ruled on 20 July 2005, a comparison of several of the LLC's legal criteria must be carried out in order to determine whether its characteristics resemble to those of a Luxembourg partnership or whether, on the contrary, it should be considered as a Luxembourg corporation for tax purposes. Therefore, the following characteristics should be examined when determining whether the US LLCs are to be qualified as transparent for Luxembourg tax purposes:

- Management in the hands of the Members. If the members are legal entities, the management boards/committees of the members should in principle be directly involved in management functions of the US LLCs;
- Unlimited legal liability of at least one member;
- Restrictions on the transfer of interest;
- The dissolution of a partner will result in the liquidation of the company;
- Profits and losses are automatically allocated to the Members, hence they are not subject to a separate decision or process.

7. Based on the above analysis, the majority of the US LLCs legal features can be assimilated to those of a Luxembourg limited partnership (*société en commandite simple*). Accordingly, Intelsat Holdings LLC, Intelsat LLC and Intelsat North America LLC will be treated as transparent entities for Luxembourg tax purposes.

“Active trading” character of Intelsat Sub-Holding

A. Requirements for U.S. Treaty Benefits

1. To qualify for the benefits of the U.S.-Luxembourg Income Tax Treaty (“the Treaty”), a Luxembourg corporation must generally be a resident of Luxembourg, as defined in the Treaty, and must also qualify under one of the paragraphs of the Treaty’s Limitation on Benefits Article. A treaty resident is defined by the Treaty to include a corporation liable to tax by reason of, among other things, its place of incorporation or place of management, provided that taxation is not limited to income from sources within Luxembourg or to capital situated in that country. Because a corporation organized in Luxembourg should be liable or subject to tax in Luxembourg on income earned and capital employed both within and without the country, the proposed Intelsat Luxembourg entities should be residents of Luxembourg under the Treaty.
2. The Limitation on Benefits (“LOB”) Article of the Treaty (Article 24) generally limits Treaty benefits further to companies described in its individual paragraphs. For companies whose shares are not publicly traded and which are not otherwise owned by specified individuals or entities who qualify separately under the LOB Article, benefits under the Treaty are generally available only if the company meets the requirements of the active trade or business paragraph.¹⁰ To meet those requirements, the Luxembourg company must:
 - Conduct an active trade or business in Luxembourg;
 - Derive the item of income for which Treaty relief is claimed in connection with that Luxembourg trade or business; and
 - Ensure that the Luxembourg trade or business is substantial when compared to the U.S. trade or business.¹¹
3. Based on treaty authority in the United States, the Luxembourg company must maintain employees that contribute directly to the generation of income from a business activity in order to satisfy the “active trade or business” requirement. Stewardship management activities or activities related to the management of investments would not count for this purpose. Instead, the company will need to demonstrate that it is involved in active functions that directly contribute to the generation of income from the company’s core business.

¹⁰ For the purpose of this paragraph, the active trade or business requirement can be met through the activities of an associated enterprise, meaning that all activities conducted in Luxembourg by Intelsat entities will be considered.

¹¹ If the Luxembourg companies conduct an active trade or business in Luxembourg, the Treaty provides an alternate test that would allow the item of income to qualify for treaty benefits if the income is “incidental to the trade or business” in Luxembourg. An item of income is “incidental to a trade or business,” even though it is not directly generated by that business, if the income still facilitates the conduct of that trade or business in Luxembourg. The Treaty cites the example of income earned from the investment of working capital as income that facilitates the conduct of that business. The “incidental to a trade or business” test was not intended as a substitute for the active trade or business test in analyzing whether income generated directly from the Luxembourg company’s primary business satisfies the requirements of the active trade or business paragraph of the LOB.

4. To meet the "derived in connection with a trade or business" requirement, the activity in the U.S. that generates income for the Luxembourg company must form a part of or otherwise be complementary to the trade or business conducted in Luxembourg. Since the primary income earned by the Luxembourg company from the U.S. will be from capacity contracts on Luxembourg satellites, the business in the U.S. should be considered part of or complementary to the trade or business activity in Luxembourg.
5. The final requirement of the active trade or business provision is that the trade or business in Luxembourg must be "substantial" in relation to the Luxembourg company's proportionate interest in the trade or business conducted in the U.S. This final test is based upon the facts and circumstances of each business.¹² The factors to be taken into account include the Luxembourg company's proportionate share of the trade or business in the U.S., the nature of the activities performed in Luxembourg, and the contributions made by each company to the conduct of the trade or business in both countries.¹³ Based on these factors, especially given the number of satellites owned and the amount of gross income that will likely be earned in Luxembourg, the facts and circumstances indicate that the substantiality test should be met so long as the Luxembourg companies maintain a material number of employees that are directly involved in the Luxembourg business to meet the substantiality test.
6. To satisfy the requirements to claim Treaty benefits, the employees of the Luxembourg companies will participate directly in and make decisions with respect to the Luxembourg satellite business. To apply this general on a practical basis, three functions are typically regarded as representing the core business activities of the satellite business. They are:
 - capacity management,
 - procurement, and
 - satellite operations.
7. The Luxembourg company will employ at least one employee with substantive responsibility for day-to-day operations in each of the above functional categories. Each employee should have sufficient experience to make day-to-day operating decisions with respect to the assigned activity and should actually carry out those activities.

¹² A safe harbor test is provided in the Treaty for substantiality, which test looks to the asset value, gross income and payroll expense of the U.S. and the Luxembourg businesses. If the relative amount of each financial factor in Luxembourg is at least 7.5 percent of each corresponding factor earned or accrued by the U.S. company and the average of the three factors is at least 10 percent of the same average for the U.S. business, the substantiality test will be deemed satisfied. Although the proposed Luxembourg companies should satisfy the safe harbor test with respect to the first two financial factors, it likely would not meet the test with respect to the payroll expense factor. In the absence of satisfying the safe harbor test for substantiality, the facts and circumstances must be considered as a whole.

¹³ See the Congressional Joint Committee on Taxation's Explanation of the Treaty (October 6, 1997).

8. From a practical viewpoint, active involvement in capacity management means that the individual must review and approve how capacity is being used, be involved in the development of and approve the capacity management plans for the company, review and approve any recommended changes to that plan, review and approve non-standard customer deals that will reserve large amounts of satellite capacity, and approve and execute documentation related to sale of capacity to Intelsat Global Sales and Marketing Ltd., the group's UK capacity distribution company. The relevant procurement activity includes involvement in and approval of satellite and launch vehicle procurement contracts, including involvement in negotiations, approval of contract terms, execution of contracts, and approval of milestone payments. The "satellite operations" function would include participation in deployment and long-term capacity planning, review and approval of actions necessary to maintain and preserve the longevity of the satellites, and participation in the development of and approval of changes to satellite operating policies. In each case, the conduct of those activities does not mean that advice and expertise cannot be provided by company managers and engineers outside of Luxembourg. It also does not mean that emergency decisions cannot be made by the relevant engineering group in the U.S., particularly if those decisions are made in the U.S. for satellites operated by Intelsat's engineering group under contract with unrelated satellite companies. However, it does mean that contracts must be executed in and day-to-day operational decisions should be made from Luxembourg.

9. The Luxembourg companies will have sufficient supporting activities so that the Treaty's substantiality requirement will be satisfied. Assuming that the activities described above are conducted in Luxembourg, the Luxembourg company should have between 10 to 20 employees, with plans for growth in the number of employees and associated business activities over time. As an initial plan, there should be no fewer than 10 employees in Luxembourg at the start, with the company ramping up to between 10 and 20 as quickly as is practical. The additional employees can be involved in support functions, such as treasury management, finance, tax, and administrative support. However, the overall complement of employees will together represent a trade or business that is related directly to the company's satellite business.

Therefore, based on the above elements Intelsat Sub-Holding will qualify for the benefits of the Treaty in the sense of the Art. 24 (3).

Taxable basis of Intelsat Sub-Holding

A. Features of the Gibco 2 Note

A.1. Terms of the credit facility¹⁴

Lender	Gibco2
Borrower	Intelsat Sub-Holding Luxembourg
Principal amount	Approx. USD 7.8 billion (still to be determined)
Term of loan	49 years
Drawdown date	2009
Underlying asset	Satellite capacity business
Fixed Interest rate	0.05% of principal
Variable Interest rate	<p>(1) during the operations: 90% of the positive earnings before internal debt and taxes of Intelsat Sub-Holding, calculated as if Intelsat Sub-Holding, Intelsat Ltd, Intelsat Bermuda, Intelsat Intermediate and Jackson were a single entity and by taking into account amortization of the satellites and other assets held by the US LLCs as if held directly by Intelsat Sub-Holding as well as amortization of goodwill and other intangibles held directly or indirectly by Intelsat Sub-Holdings (other than any orbital slots) as prescribed under Luxembourg Gaap but taking into account the fair value of these assets as of the date of the migration, and interest on all other superior debt (external and other intercompany debt).</p> <p>(2) on disposal of the Satellite Capacity Business: 100% of the capital gains arising on the disposal of the business of Intelsat Sub-Holding, calculated as if Intelsat Sub-Holding, Intelsat Ltd, Intelsat Bermuda, Intelsat Intermediate and Jackson were a single entity, less the Margin (as defined below).</p>
Accrual of fixed interest	Accrued unpaid fixed interest will be recapitalized into the principal amount of the note.
Accrual of variable interest	Accrued unpaid variable interest will be recapitalized into the principal amount of the note.
Limited Recourse clause	Yes, by reference to the Satellite Capacity Business
Date of repayment of principal	Anytime at the option of the borrower, upon agreement by creditor and in any case upon disposal of Satellite Capacity Business.
Recharge of costs	Intelsat Sub-Holding will recharge to Gibco the costs incurred directly or indirectly in relation to the insurance of the business.

¹⁴ These terms are included as a high level description. The final terms of the Gibco 2 Note will be provided in an addendum, when finalized.

A.2. Operational margin of Intelsat Sub-Holding in relation to the Satellite Capacity Business

1. Intelsat is the leading provider of fixed satellite services worldwide. In this industry there are few large players, which in turn operate in various sub-industry segments, with different business models catering to different markets. Intelsat Sub-Holding is the satellite capacity company of the group. Its activity consists in three functions that appear to represent the core business activities of the satellite business:
 - capacity management,
 - procurement, and
 - satellite operations.
2. Intelsat Sub-Holding will employ about 10-20 technically qualified and experienced employees to manage and take decisions on the day-to-day operations for the above functions.
3. Active involvement in capacity management will consist in the following: review and approval as regards how capacity is being used, been involved in the development of and approve the capacity management plans for the company, review and approve any recommended changes to that plan, review and approve non-standard customer deals that will reserve large amounts of satellite capacity, and approve and execute documentation related to sale of capacity to Intelsat Global Sales and Marketing Ltd., the group's UK capacity distribution company.
4. The relevant procurement activity includes involvement in and approval of satellite and launch vehicle procurement contracts, including involvement in negotiations, approval of contract terms, execution of contracts, and approval of milestone payments.
5. The "satellite operations" function would include participation in deployment and long-term capacity planning, review and approval of actions necessary to maintain and preserve the longevity of the satellites, and participation in the development of and approval of changes to satellite operating policies.
6. In performing such functions, Intelsat Sub-Holding would also draw on the advice and expertise of the managers and engineers in other group entities. Further, for some satellites network related services, it would outsource such services to other group service companies and compensate them on a cost plus basis for such services.
7. The distribution of satellite capacity is carried out by the group distribution entities in the US, UK and Brazil. The distributing entities purchase the satellite capacity and sell to large institutional customers such as media and communications companies, multinational corporations, internet service providers and government/military organizations their assigned territories spanning over 200 countries. The customers remit monthly or quarterly payments for the satellite capacity to distributing entities. The distribution entities perform marketing and promotion activities and are responsible for customer relationship. In performing such functions, they develop and hold customer list which is a valuable intangible in Intelsat's business. The rates at which distributing entities purchase the satellite capacity is at arms length.

8. The financing function is crucial for the business of the Intelsat Group given the high value of the investments in the infrastructure required for providing fixed satellite services worldwide. The group heavily draws on external and internal debt for investment in the equipment and operations. Within the group, GibCo 2 would provide the financing for the infrastructure required for satellite capacity management operations under the Gibco 2 Note agreement. The terms of the note are based on certain profitably projections of Intelsat Sub-Holding, regarded as forming one entity with Intelsat Ltd, Intelsat Bermuda, Jackson and Intelsat Intermediate, considering that from an operational perspective, the largest part of the debt incurred by these entities is ultimately used in order to finance the activity of Intelsat Sub-Holding.
9. Typically, the satellite industry has long business cycles and inherently requires large investments in capital expenditure over long periods of time. Based on the projections, there would be almost nine years of a low fixed interest period granted by GibCo 2. However, on achieving certain profitability levels after the end of this period, GibCo 2 would receive a significantly higher amount of variable interest.
10. The projections set out are, by their nature, uncertain and if Intelsat Sub-Holding achieves the profitability levels forecast or if realised profits were to increase, it may be likely that Intelsat Sub-Holding would normally seek to renegotiate the financing terms. Similarly, if Intelsat Sub-Holding were to make losses, it is likely that at arm's length GibCo 2 would seek to renegotiate terms or withdraw from the arrangement. Consequently, if the profitability of Intelsat Sub-Holding increases (or declines) significantly, it would be necessary for GibCo 2 and Intelsat Sub-Holding to re-assess the financial basis of their dealings with a view to renegotiating the appropriate level of charges.
11. The practical consequence of this is that Intelsat Sub-Holding's profits would fluctuate within a relatively narrow band. If those profits increase or decrease markedly compared to forecast, one or other party would be likely to seek to agree new terms.
12. However, the financing is critical to the operations of Intelsat Sub-Holding. Similarly GibCo 2's main activity is financing but under the implicit guarantee of the group. In particular, the profits arising should reflect the relative contribution each company makes. Therefore, on an overall basis, over the duration of the financing arrangement of 49 years, the interest earned by GibCo 2 (without renegotiation of the terms of the arrangement) would be on the similar level with what an unrelated entity would expect to be rewarded following a profit split approach.
13. Based on these factors, and the functions and risk assumed as well as the amount of gross income that will likely be earned by Intelsat Sub-Holding, the resulting profits earned by Intelsat Sub-Holding over a period of about 30 years amounting to 10% earnings before internal debt and tax may be considered as an appropriate return from Luxembourg tax perspective.

A.3. Margin upon disposal of the Satellite Capacity Business

14. Upon sale of the Satellite Capacity Business, Intelsat Sub-Holding is expected to realize the following profit margin in relation to the capital gains realized (calculated by difference between the fair market value of the business at the moment of the transfer and the depreciated net book value of the business, taking into account the assets held by Intelsat Sub-Holding directly or through the US LLCs but excluding the investment in group subsidiaries).

Min \$	Max \$	Margin %	Margin Amount \$
1	200,000,000	10.00%	20,000,000
200,000,001	1,000,000,000	5.00%	50,000,000
1,000,000,001	3,000,000,000	4.00%	120,000,000
as from:	3,000,000,001	3.00%	-

15. At the level of Intelsat Sub-Holding, the holding of the Satellite Capacity Business was largely linked to the financing arrangements concluded with Gibco 2, as well as the external debt contracted directly by the company or by the upper tier entities (Intelsat Ltd, Intelsat Bermuda, Jackson and Intelsat Intermediate). In this respect, it is expected that the external debt initially existing at the level of Intelsat Sub-Holding is refinanced, when and if possible, via the financial arrangement with Gibco 2, meaning that the operation of the business will largely remain linked to the financing arrangement with Gibco 2. This arrangement will furthermore provide a limited recourse whereby the repayment of the arrangement is linked to the performance of the business and of the underlying assets, meaning that in a case of failure or loss of the assets and of the business, the risk is ultimately being suffered by Gibco 2 who will potentially not recover its financial investment in Intelsat Sub-Holding. Also, Intelsat Sub-Holding would economically recharge to Gibco 2 the cost of insurance (separately or via settlement against amounts of outstanding interest being due by Intelsat Sub-Holding to Gibco 2). As a result, Intelsat Sub-Holding is largely covered in relation to effective losses that it can suffer in relation to the performance of the business, which justifies only a margin being realized by the company in case of transfer of the business.

A.4. Contingency purchase option

16. In the near future but prior to the migration, Intelsat Sub-Holding will issue a call option to Gibco 2, further to which Gibco 2 will have the right to acquire the Satellite Business of Intelsat Sub-Holding over an exercise period of 10 years, at a price equal to the net book value of the Satellite Business (taking into account the amortized net book value of the tangible and intangible assets recorded by Intelsat Sub-Holding at the moment of the exercise, whether directly or via the Satellite Companies, plus a premium of US\$ 100 million. The US\$ 100,000,000 additional amount will be adjusted annually during the 10 year option period by a percentage equal to the annual inflation rate in Luxembourg. The annual inflation rate for this purpose shall be determined by reference to the Consumer Price Index¹⁵ published or used by the

¹⁵ Indice des Prix à la consommation national (IPCN)

Service central de la statistique et des études économiques (STATEC) for the period corresponding to the previous 12 months.

17. The option described in the preceding paragraph shall be exercisable in the event of the occurrence of the following events:
 - a. A change in control of the Luxembourg Companies at the shareholder level;
 - b. A sale of the assets of the Luxembourg Companies to an unrelated purchaser.
 - c. Any change in the tax, or corporate laws in Luxembourg or the United States that has a material adverse impact upon the operations or results of the company. For this purpose, a material adverse impact includes an increase in the income or other taxes payable by the Luxembourg Companies, their affiliates or shareholders that is material to the company's operations in the judgment of the Intelsat Board of directors or a change in the corporate laws in any jurisdiction that materially impacts the Companies' ability to operate in Luxembourg or in its affiliate locations.
 - d. Any change in the regulatory laws to which Intelsat or its affiliates are subject that would have a material impact on the Intelsat Group's ability to operate in Luxembourg or in its affiliate locations, as determined in the best judgment of Intelsat's management. or board of directors.
 - e. The execution of any new income tax treaty, or any amendment, protocol, letter of understanding or exchange of diplomatic notes that effect any existing income tax treaty, by Luxembourg or the United States that has the effect of materially increasing the tax costs to which the Intelsat Group is subject post-migration to Luxembourg; or
 - f. Any material impediments to a public equity or bond offering by the Intelsat Luxembourg Companies or their affiliates that arises or is identified post-migration to Luxembourg.

In the event any of above vesting events occurs, the option shall only be exercised after such time as all regulatory or other stakeholder (including bond holders and other lenders) consents have been received by the company.

18. In consideration for the issuance of the option, Intelsat Sub-Holding will receive fair value consideration, to be determined further to an external valuation report. The issuance price as well as the exercise price will represent and will be treated as taxable income of Intelsat Sub-Holding, and will be taken into account for the calculation of the variable interest on the Gibco 2 Note as described above.

Sample certificate

Bureau d'imposition Sociétés 6
Numéro fiscal : 20082435914
446/2813

Luxembourg, (date...)

Name and address of the Luxembourg company

CERTIFICATE

The Tax Authorities of **LUXEMBOURG** certify that

to the best of their knowledge "Name of the Company"

is resident in the Grand-Duchy of Luxembourg within the meaning of Article 4 of the double tax convention between Luxembourg and the United States of America,

is a qualified resident of the Grand-Duchy of Luxembourg as an actively trading company within the meaning of Article 24(3) of the tax convention between Luxembourg and the United States of America and,

is not a holding company benefiting from the Law of 1929 on holding companies.

For the tax office Sociétés 6

Stamp / Signature

Appendix 10

Status of the Gibraltar Companies

1. In the case at hand, it needs to be determined if from a Luxembourg perspective, a company incorporated under the law of Gibraltar is to be considered as falling under Article 2 of the Parent/Subsidiary Directive and therefore if it can benefit from the participation exemption provided for by Articles 166 LITL.
2. Article 227(4) of the treaty establishing the European Economic Community (the "Treaty") expressly provides that the provisions of the Treaty shall apply to the European territories for whose external relations a Member State is responsible.
3. The Government of the United Kingdom is responsible for Gibraltar's external relations. Thus, the treaty should apply to Gibraltar, as established at the time of the accession of the United Kingdom to the European Economic Community on January 1st, 1973.
4. Gibraltar was however expressly excluded from the scope of application of European Union regulations relating to agricultural matters, value added tax harmonization and custom union pursuant to article 28 of the accession treaty. No other exclusion was mentioned. Therefore, all other regulations from the European Union should apply to Gibraltar.
5. In a letter dated January 22, 1999, the European Commission confirmed that E-U directives apply to Gibraltar: *"I confirm that Gibraltar, according to the provisions of article 227 paragraph 4 of the EC treaty, is a European State whose foreign relations are assumed by the United Kingdom. Accordingly, tax directives 90/434, 90/435, 69/335 and 85/303 are applicable to it"*.
6. One could argue that in addition to such confirmation it would be necessary to check whether Gibraltar companies are referred to under article 2 of the Council Directive 90/435/EEC dated July 23, 1990.
7. Gibraltar companies are not expressly mentioned in article 2 of the Council Directive 90/435/EEC dated July 23, 1990. However, we understand that they are covered by the provisions of the Directive, given the confirmation issued by the European Commission and the following:
 - Article 2 of the Council Directive 90/435/EEC refers to "companies incorporated under the laws of United Kingdom";

- The United Kingdom Foreign and Commonwealth Office issued on November 17, 1988 a letter regarding the status of the Gibraltar companies vis-à-vis United Kingdom legislation. In such letter, it is expressly stated that “nationals”, “nationals of member states” or “national of member states and overseas countries and territories” whenever used in the EEC Treaty are to be understood to refer to, inter alia, British Dependent Territories Citizens who acquire citizenship from connection with Gibraltar;
 - The United Kingdom considers companies incorporated under the laws of Gibraltar as incorporated under the laws of the United Kingdom for the purpose of article 2(a) of the Council Directive 90/435/EEC; and
 - The United Kingdom also recognizes that Gibraltar income tax is analogous to its corporation tax for the purpose of article 2(c) of the Council Directive 90/435/EEC¹⁶.
8. Therefore, Gibco 1, Gibco 2 and Gibco New Dawn will be considered as covered by article 2 of the Council Directive 90/435/EEC dated July 23, 1990.
 9. Please note that pursuant to Article 2(b) of the Council Directive 90/435/EEC, “company” of a Member State is in particular defined as a company, which *“according to the tax laws of a Member State is considered to be resident in that State for tax purposes and, under the terms of a double taxation agreement concluded with a third State, is not considered to be a resident for tax purposes outside the Community”*.
 10. Gibco 1, GibCo 2 and GibCo New Dawn will meet the requirements established in the Directive, since they will be residents in Gibraltar for tax purposes.
 11. Under the Gibraltar income tax ordinance, a resident company is:
 - a. a company the management and control of whose business is exercised from Gibraltar; or
 - b. a company which carries on business in Gibraltar and the management and control of which is exercised outside Gibraltar by persons ordinarily resident within the meaning of the Ordinance.
 12. The Commissioner of CIT will presume that a company incorporated in Gibraltar will be liable to taxation in Gibraltar unless it is either a tax exempt company or it is shown that management and control lies outside of Gibraltar (exercised by non Gibraltar residents), neither of which would be the case in the case at hand. Management and control is judged in accordance with UK precedent as decided in *De Beers Consolidated v Howe (1906)* (i.e. control lies with the head and mind of a company).
 13. Therefore, based on the above and to the extent that Gibco 1, GibCo 2 and GibCo New Dawn will be tax residents in Gibraltar, the Council Directive 90/435/EEC will be applicable to these Gibraltar companies for the purpose of Article 166 of the LITL.

¹⁶ “EC corporate tax law. Commentary on the EC Direct Tax Measures and Member States Implementation, 4, Territorial scope”, International Bureau of Fiscal Documentation, August 2006, page 4.16.