Intelsat S.A.
Form 6-K
October 27, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 or 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of October, 2016

001-35878

(Commission File Number)

Intelsat S.A.

(Translation of registrant s name into English)

4 rue Albert Borschette

Luxembourg

Grand Duchy of Luxembourg

L-1246

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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INTELSAT S.A.

Quarterly Report for the three and nine months ended September 30, 2016

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INTRODUCTION

In this Quarterly Report, unless otherwise indicated or the context otherwise requires, (1) the terms we, us, our, the Company and Intelsat S.A. refer to Intelsat S.A. and its subsidiaries on a consolidated basis, (2) the term Intelsat Holdings refers to Intelsat Holdings S.A., Intelsat S.A. s indirect wholly-owned subsidiary, (3) the term Intelsat Investments refers to Intelsat Investments S.A. (formerly Intelsat S.A.), Intelsat S.A. s indirect wholly-owned subsidiary, (4) the term Intelsat Luxembourg refers to Intelsat (Luxembourg) S.A., Intelsat Investments direct wholly-owned subsidiary, (5) the term Intelsat Jackson refers to Intelsat Jackson Holdings S.A., Intelsat Luxembourg s direct wholly-owned subsidiary, (6) the term Intelsat Corp refers to Intelsat Corporation, Intelsat Jackson s direct wholly-owned subsidiary and (7) the term Intelsat General refers to Intelsat General Corporation, our government business subsidiary.

In this Quarterly Report, unless the context otherwise requires, all references to transponder capacity or demand refer to transponder capacity or demand in the C-band and Ku-band frequencies only.

FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated, all references to dollars and $ in this Quarterly Report are to, and all monetary amounts in this Quarterly Report are presented in, U.S. dollars. Unless otherwise indicated, the financial information contained in this Quarterly Report has been prepared in accordance with United States generally accepted accounting principles (U.S. GAAP).

Certain monetary amounts, percentages and other figures included in this Quarterly Report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

In this Quarterly Report, we refer to and rely on publicly available information regarding our industry and our competitors. Although we believe the information is reliable, we cannot guarantee the accuracy and completeness of the information and have not independently verified it.

FORWARD-LOOKING STATEMENTS

Some of the statements in this Quarterly Report constitute forward-looking statements that do not directly or exclusively relate to historical facts.

When used in this Quarterly Report, the words may, will, might, should, expect, plan, anticipate, project, estimate, predict, intend, potential, outlook and continue, and the negative of these terms, and other similar expressions are intended to identify forward-looking statements and information.

The forward-looking statements made in this Quarterly Report reflect our intentions, plans, expectations, anticipations, projections, estimations, predictions, outlook, assumptions and beliefs about future events. These forward-looking statements speak only as of the date of this Quarterly Report and are not guarantees of future performance or results and are subject to risks, uncertainties and other factors, many of which are outside of our control. These factors could cause actual results or developments to differ materially from the expectations expressed or implied in the forward-looking statements and include known and unknown risks. Known risks include, among others, the risks discussed in Item 3D Risk Factors in our Annual Report on Form 20-F for the year ended December 31, 2015, the risks discussed in Part II. Item 1A Risk Factors below, the political, economic and legal conditions in the markets we are targeting for communications services or in which we operate, and other risks and uncertainties inherent in the telecommunications business in general and the satellite communications business in particular.

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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 satellite performance;
- potential changes in the number of companies offering commercial satellite launch services and the number of commercial satellite launch opportunities available in any given time period that could impact our ability to timely schedule future launches and the prices we pay for such launches;
- our ability to obtain new satellite insurance policies with financially viable insurance carriers on commercially reasonable terms or at all, as well as the ability of our insurance carriers to fulfill their obligations;
- possible future losses on satellites that are not adequately covered by insurance;
- U.S. and other government regulation;
- changes in our contracted backlog or expected contracted backlog for future services;
- pricing pressure and overcapacity in the markets in which we compete;
- our ability to access capital markets for debt or equity;
- the competitive environment in which we operate;
- customer defaults on their obligations to us;
- our international operations and other uncertainties associated with doing business internationally;
- litigation; and

other risks discussed in our Annual Report or this Quarterly Report.

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, anticipations, projections, estimations, predictions, outlook, assumptions and beliefs about the future, you are urged not to rely on forward-looking statements in this Quarterly Report and to view all forward-looking statements made in this Quarterly Report with caution. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

INTELSAT S.A.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

	As of December 31, 2015	As of September 30, 2016 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 171,541	$ 957,867
Receivables, net of allowance of $37,178 in 2015 and $58,243 in 2016	232,775	214,552
Prepaid expenses and other current assets	35,784	54,574
Total current assets	440,100	1,226,993
Satellites and other property and equipment, net	5,988,317	6,189,165
Goodwill	2,620,627	2,620,627
Non-amortizable intangible assets	2,452,900	2,452,900
Amortizable intangible assets, net	440,330	403,961
Other assets	311,316	348,054
Total assets	$ 12,253,590	$ 13,241,700
LIABILITIES AND SHAREHOLDERS DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 164,381	$ 137,240
Taxes payable	11,742	15,581
Employee related liabilities	35,361	41,611
Accrued interest payable	161,493	300,833
Deferred satellite performance incentives	19,411	23,734
Deferred revenue	108,779	143,384
Other current liabilities	63,275	53,290
Total current liabilities	564,442	715,673
Long-term debt, net of current portion	14,611,379	15,144,501
Deferred satellite performance incentives, net of current portion	162,177	215,103
Deferred revenue, net of current portion	1,010,242	939,985
Deferred income taxes	160,802	164,580
Accrued retirement benefits	195,385	188,237

Other long-term liabilities	169,516	150,717
Commitments and contingencies (Note 13)		
Shareholders deficit:		
Common shares; nominal value $0.01 per share	1,076	1,178
5.75% Series A mandatory convertible junior non-voting preferred shares; nominal value $0.01 per share; aggregate liquidation preference of $172,500 ($50 per share)	35	
Paid-in capital	2,133,891	2,151,718
Accumulated deficit	(6,706,128)	(6,378,751)
Accumulated other comprehensive loss	(78,439)	(76,620)
Total Intelsat S.A. shareholders deficit	(4,649,565)	(4,302,475)
Noncontrolling interest	29,212	25,379
Total liabilities and shareholders deficit	$ 12,253,590	$ 13,241,700

See accompanying notes to unaudited condensed consolidated financial statements.

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INTELSAT S.A.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2016
Revenue	$ 580,847	$ 542,727	$ 1,781,262	$ 1,637,353
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	77,936	88,460	243,339	254,334
Selling, general and administrative	46,503	58,948	155,260	175,244
Depreciation and amortization	171,409	174,909	514,062	520,869
Total operating expenses	295,848	322,317	912,661	950,447
Income from operations	284,999	220,410	868,601	686,906
Interest expense, net	220,774	243,039	669,528	694,937
Gain on early extinguishment of debt		219,560		350,962
Other income (expense), net	(4,407)	324	(7,793)	(1,084)
Income before income taxes	59,818	197,255	191,280	341,847
Provision for (benefit from) income taxes	(19,149)	650	(4,587)	11,538
Net income	78,967	196,605	195,867	330,309
Net income attributable to noncontrolling interest	(985)	(983)	(2,948)	(2,932)
Net income attributable to Intelsat S.A.	$ 77,982	$ 195,622	$ 192,919	$ 327,377
Cumulative preferred dividends			(9,919)	
Net income attributable to common shareholders	$ 77,982	$ 195,622	$ 183,000	$ 327,377
Net income per common share attributable to Intelsat S.A.:				
Basic	$ 0.73	$ 1.66	$ 1.71	$ 2.89
Diluted	$ 0.66	$ 1.65	$ 1.65	$ 2.77

See accompanying notes to unaudited condensed consolidated financial statements.

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INTELSAT S.A.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2016
Net income	$ 78,967	$ 196,605	$ 195,867	$ 330,309
Other comprehensive income, net of tax:				
Defined benefit retirement plans:				
Reclassification adjustment for amortization of unrecognized prior service credits included in net periodic pension costs and other, net of tax		(1)	(382)	(3)
Reclassification adjustment for amortization of unrecognized actuarial loss included in net periodic pension costs, net of tax	813	532	4,555	1,596
Curtailment gain, net of tax of $3.8 million			6,510	
Marketable securities:				
Unrealized gains (losses) on investments, net of tax	(218)	137	(134)	254
Reclassification adjustment for realized gain on investments, net of tax	(22)	(17)	(70)	(28)
Other comprehensive income	573	651	10,479	1,819
Comprehensive income	79,540	197,256	206,346	332,128
Comprehensive income attributable to noncontrolling interest	(985)	(983)	(2,948)	(2,932)
Comprehensive income attributable to Intelsat S.A.	$ 78,555	$ 196,273	$ 203,398	$ 329,196

See accompanying notes to unaudited condensed consolidated financial statements.

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INTELSAT S.A.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2016
Cash flows from operating activities:		
Net income	$ 195,867	$ 330,309
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	514,062	520,869
Provision for doubtful accounts	12,333	26,153
Foreign currency transaction (gain) loss	11,967	(4,141)
Share-based compensation	21,058	18,028
Deferred income taxes	(6,672)	(8,512)
Amortization of discount, premium, issuance costs and related costs	15,048	17,643
Gain on early extinguishment of debt		(350,962)
Unrealized gains on derivative financial instruments	(17,375)	(764)
Amortization of actuarial loss and prior service credits for retirement benefits	6,613	2,521
Other non-cash items	(51)	1,166
Changes in operating assets and liabilities:		
Receivables	(31,280)	(4,565)
Prepaid expenses and other assets	(6,788)	(39,830)
Accounts payable and accrued liabilities	(9,172)	(3,381)
Accrued interest payable	149,904	143,058
Deferred revenue	62,994	(37,517)
Accrued retirement benefits	(19,751)	(7,148)
Other long-term liabilities	(27,172)	(6,932)
Net cash provided by operating activities	871,585	595,995
Cash flows from investing activities:		
Payments for satellites and other property and equipment (including capitalized interest)	(551,724)	(620,471)
Purchase of cost method investment	(25,000)	(4,000)
Capital contributions to unconsolidated affiliates		(5,490)
Other investing activities	8	(1,188)
Net cash used in investing activities	(576,716)	(631,149)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	430,000	1,250,000

Repayments of long-term debt		(479,000)		(328,569)
Debt issuance costs				(25,809)
Payments on tender, debt exchange and consent				(34,009)
Dividends paid to preferred shareholders		(7,439)		(4,959)
Payments for satellites				(18,333)
Principal payments on deferred satellite performance incentives		(13,667)		(12,734)
Dividends paid to noncontrolling interest		(6,722)		(6,765)
Other financing activities		(1,447)		1,942
Net cash provided by (used in) financing activities		(78,275)		820,764
Effect of exchange rate changes on cash and cash equivalents		(11,967)		716
Net change in cash and cash equivalents		204,627		786,326
Cash and cash equivalents, beginning of period		123,147		171,541
Cash and cash equivalents, end of period	$	327,774	$	957,867
Supplemental cash flow information:				
Interest paid, net of amounts capitalized	$	522,070	$	537,313
Income taxes paid, net of refunds		22,535		17,980
Supplemental disclosure of non-cash investing activities:				
Accrued capital expenditures and payments for satellites	$	15,980	$	64,335
Capitalization of deferred satellite performance incentives				69,909
Supplemental disclosure of non-cash financing activities:				
Debt financing and restricted cash received	$		$	480,200
Restricted cash used				(480,200)

See accompanying notes to unaudited condensed consolidated financial statements.

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INTELSAT S.A.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

September 30, 2016

Note 1 General

Basis of Presentation

The accompanying condensed consolidated financial statements of Intelsat S.A. and its subsidiaries (Intelsat S.A., we, us, our or the Company) have not been audited, but are prepared in accordance with United States generally accepted accounting principles (U.S. GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. References to U.S. GAAP issued by the Financial Accounting Standards Board (FASB) in these footnotes are to the FASB Accounting Standards Codification (ASC). The unaudited condensed consolidated financial statements include all adjustments (consisting only of normal and recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of these financial statements. The results of operations for the periods presented are not necessarily indicative of operating results for the full year or for any future period. The condensed consolidated balance sheet as of December 31, 2015 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 20-F for the year ended December 31, 2015 on file with the Securities and Exchange Commission (the SEC).

Use of Estimates

The preparation of these condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of these condensed consolidated financial statements, the reported amounts of revenues and expenses during the reporting periods, and the disclosures of contingent liabilities. Accordingly, ultimate results could differ from those estimates.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the revenue recognition requirements in FASB ASC Topic 605 *Revenue Recognition*. The guidance in ASU 2014-09 clarifies the principles for recognizing revenue and improves financial reporting by creating a common revenue standard for U.S. GAAP and International Financial Reporting Standards.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, to defer the effective date of ASU 2014-09 by one year. Public entities can now elect to defer implementation of ASU 2014-09 to interim and annual periods beginning after December 15, 2017. Additionally, ASU 2015-14 permits early adoption of the standard but not before the original effective date, i.e. annual periods beginning after December 15, 2016. The standard permits the use of either the retrospective or cumulative effect transition method.

In February 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*. The standard amends the principal versus agent guidance in ASU 2014-09 and clarifies that the analysis must focus on whether the entity has control of the goods or services before they are transferred to the customer.

In April 2016, the FASB issued ASU 2016-10*, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*. The standard amends the guidance in 2014-09 about identifying performance obligations and accounting for licenses of intellectual property.

In May 2016, the FASB issued ASU 2016-12, *Narrow-Scope Improvements and Practical Expedients*. The standard makes narrow-scope amendments to ASU 2014-09 and provides practical expedients to simplify the transition to the new standard and to clarify certain aspects of the standard.

We are in the process of evaluating the impact that these standards will have on our consolidated financial statements and associated disclosures, and have not yet selected a transition method.

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In February 2016, the FASB issued ASU 2016-02, *Leases* to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018, on a modified retrospective basis with early adoption allowed. We are in the process of evaluating the impact that ASU 2016-02 will have on our consolidated financial statements and associated disclosures.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which is intended to improve accounting for share-based payment transactions as part of the FASB s simplification initiative. ASU 2016-09 changes several aspects of accounting for share-based payment award transactions, including changes to accounting for income taxes and forfeitures. The ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within those years for public business entities. Early adoption is permitted in any interim or annual period provided that the entire ASU is adopted. We are in the process of evaluating the impact that ASU2016-09 will have on our consolidated financial statements and associated disclosures.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which changes how companies measure and recognize credit impairment for any financial assets. The standard will require companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets that are within the scope of the standard. ASU 2016-13 is effective for interim and annual periods beginning after December 15, 2019, for public business entities that are SEC filers. Early adoption is permitted for interim and annual periods beginning after December 15, 2018. We are in the process of evaluating the impact that ASU 2016-13 will have on our consolidated financial statements and associated disclosures.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which addresses specific issues relating to diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for interim and annual periods beginning after December 15, 2017, for public business entities. Early adoption is permitted in any interim or annual period provided that the entire ASU is adopted. We are in the process of evaluating the impact that ASU 2016-15 will have on our consolidated financial statements and associated disclosures.

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*, which is intended to improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. The amendments in ASU 2016-16 eliminate the current requirement to defer the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. ASU 2016-16 is effective for interim and annual periods beginning after December 15, 2017, for public business entities. Early adoption is permitted as of the beginning of an annual reporting period for which interim or annual financial statements have not been issued. We are in the process of evaluating the impact that ASU 2016-16 will have on our consolidated financial statements and associated disclosures.

Note 2 Share Capital

Under our Articles of Incorporation, we have an authorized share capital of $10.0 million, represented by 1.0 billion shares of any class with a nominal value of $0.01 per share. At September 30, 2016, there were 117.8 million common shares issued and outstanding.

On May 1, 2016, each of our 5.75% Series A mandatory convertible junior non-voting preferred shares (the Series A Preferred Shares) automatically converted into 2.7778 common shares, based on the average of the closing prices per common share over the 40 trading day period ending on the third trading day prior to the mandatory conversion date. The automatic conversion for a total of 9.6 million new common shares was recorded on May 2, 2016.

Note 3 Net Income per Share

Basic earnings per share (EPS) is computed by dividing net income attributable to Intelsat S.A. s common shareholders by the weighted average number of common shares outstanding during the periods.

In June 2015, the shareholders of Intelsat S.A. declared a $9.9 million dividend to be paid to holders of our Series A Preferred Shares in four equal installments through May 2016 in accordance with the terms of the Series A Preferred Shares. The final installment of $0.71875 per share was paid on May 2, 2016 to the holders of record as of April 15, 2016.

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The following table sets forth the computation of basic and diluted net income per share attributable to Intelsat S.A.:

	(in thousands, except per share data or where otherwise noted)			
	Three Months Ended September 30, 2015	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2016
Numerator:				
Net income	$ 78,967	$ 196,605	$ 195,867	$ 330,309
Net income attributable to noncontrolling interest	(985)	(983)	(2,948)	(2,932)
Net income attributable to Intelsat S.A.	77,982	195,622	192,919	327,377
Less: Preferred stock dividends declared			(9,919)	
Net income attributable to common shareholders	77,982	195,622	183,000	327,377
Numerator for Basic EPS - income available to common shareholders	77,982	195,622	183,000	327,377
Dilutive effect of Preferred shares			9,919	
Numerator for Diluted EPS	77,982	195,622	192,919	327,377
Denominator:				
Basic weighted average shares outstanding (in millions)	107.3	117.8	107.1	113.4
Weighted average dilutive shares outstanding (in millions):				
Preferred shares (in millions)	9.6		9.6	4.2
Employee compensation related shares including options and restricted stock units (in millions)	0.5	0.8	0.5	0.7
Diluted weighted average shares outstanding (in millions)	117.4	118.6	117.2	118.3
Basic net income per common share attributable to Intelsat S.A.	$ 0.73	$ 1.66	$ 1.71	$ 2.89
Diluted net income per common share attributable to Intelsat S.A.	$ 0.66	$ 1.65	$ 1.65	$ 2.77

The weighted average number of shares that could potentially dilute basic EPS in the future was 5.2 million and 6.0 million (consisting of restricted share units and options to purchase common shares) for the three months ended September 30, 2015 and September 30, 2016, respectively, and 5.2 million and 6.4 million for the nine months ended September 30, 2015 and September 30, 2016, respectively.

Note 4 Share-Based and Other Compensation Plans

In connection with our initial public offering (IPO) in April 2013, our board of directors adopted the amended and restated Intelsat Global, Ltd. 2008 Share Incentive Plan (as amended, the 2008 Equity Plan). Also in April 2013, our board of directors adopted the Intelsat S.A. 2013 Equity Incentive Plan (the 2013 Equity Plan). Following the IPO, no new awards may be granted under the 2008 Equity Plan.

The 2013 Equity Plan allows for grants of stock options, restricted shares, restricted share units (RSUs), other share-based awards and performance compensation awards. Effective June 16, 2016, we increased the common shares authorized for issuance under the 2013 Equity Plan to 20.0 million common shares.

For all share-based awards, we recognize the compensation costs over the vesting period during which the employee provides service in exchange for the award. During the nine months ended September 30, 2015 and 2016, we recorded compensation expense of $21.1 million and $18.0 million, respectively.

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Stock options

We granted 1.5 million stock options during the nine months ended September 30, 2016. These options vest over a service period of two or three years. The fair value was measured using the Black-Scholes option pricing model and the following assumptions were used: risk-free interest rates of 1.6% to 1.9%; dividend yield of 0.0%; expected volatility of 60%; and expected life of six to seven years.

The weighted average grant date fair value of options granted during the nine months ended September 30, 2016 was $2.25 per option.

Option modifications

During the nine months ended September 30, 2016, we amended 1.2 million stock options under the 2008 Equity Plan (including 0.7 million of anti-dilution options), and 0.4 million stock options under the 2013 Equity Plan in order to modify the exercise prices to $4.16 for the anti-dilution options and to $3.77 for the remainder. As a result of the change, we estimated the difference between fair value of the amended options and the fair value of the original awards before settlement. The fair value was measured using the Black-Scholes option pricing model and the following assumptions were used for the amended options and the original awards before amendment: risk-free interest rates of 0.8% to 1.5%; dividend yields of 0.0%; expected volatility of 50-60%; and expected life of one to four years.

All such options were fully vested and we recognized additional compensation expense associated with the modifications of $2.0 million for the nine months ended September 30, 2016.

Time-based RSUs

We granted 1.7 million time-based RSUs during the nine months ended September 30, 2016. These RSUs vest generally three years from the date of grant in equal annual installments.

The fair value of time-based RSUs is the market price of our common shares on the date of grant. The weighted average grant date fair value of time-based RSUs granted during the nine months ended September 30, 2016 was $1.65 per RSU.

Performance-based RSUs

We granted 1.2 million performance-based RSUs during the nine months ended September 30, 2016. These RSUs vest after three years from the date of grant upon achievement of certain performance conditions expressed as a combination of an adjusted EBITDA target and a relative shareholder return (RSR), which is based on our relative shareholder return percentile ranking versus the S&P 900 Index, measured at the end of a three year period.

We measure the fair value of performance-based RSUs at the date of grant using the market price of our common shares (to measure the portion of the award based on the adjusted EBITDA target) and a Monte Carlo simulation model (to measure the portion of the award based on the RSR target).

The weighted average grant date fair value of performance-based RSUs granted during the nine months ended September 30, 2016 was $0.94 per RSU.

Note 5 Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements and Disclosure* (FASB ASC 820) defines fair value, establishes a market-based framework or hierarchy for measuring fair value and provides for certain required disclosures about fair value measurements. The guidance is applicable whenever another accounting pronouncement requires or permits assets and liabilities to be measured at fair value but does not require any new fair value measurements.

The fair value hierarchy prioritizes the inputs used in valuation techniques into three levels as follows:

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

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

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

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We have identified investments in marketable securities and interest rate financial derivative instruments as those items that meet the criteria of the disclosure requirements and fair value framework of FASB ASC 820.

The following tables present assets and liabilities measured and recorded at fair value in our condensed consolidated balance sheets on a recurring basis and their level within the fair value hierarchy (in thousands), excluding long-term debt (see Note 10 Long-Term Debt). We did not have transfers between Level 1 and Level 2 fair value measurements during the nine months ended September 30, 2016.

		Fair Value Measurements at December 31, 2015	
Description	**As of December 31, 2015**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Assets			
Marketable securities[1]	$ 5,486	$ 5,486	$
Total assets	$ 5,486	$ 5,486	$
Liabilities			
Undesignated interest rate swap[2]	$ 2,013	$	$ 2,013
Total liabilities	$ 2,013	$	$ 2,013

		Fair Value Measurements at September 30, 2016	
Description	**As of September 30, 2016**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Assets			
Marketable securities[1]	$ 5,472	$ 5,472	$
Total assets	$ 5,472	$ 5,472	$

(1) The valuation measurement inputs of these marketable securities represent unadjusted quoted prices in active markets and, accordingly, we have classified such investments within Level 1 of the fair value hierarchy. The

cost basis of our available-for-sale marketable securities was $5.3 million at December 31, 2015 and $4.9 million at September 30, 2016. We sold marketable securities with a cost basis of $0.5 million during the nine months ended September 30, 2016 and recorded a nominal loss on the sale, which was included within other income (expense), net in our condensed consolidated statements of income.

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

Note 6 Retirement Plans and Other Retiree Benefits

(a) Pension and Other Postretirement Benefits

We maintain a noncontributory defined benefit retirement plan covering substantially all of our employees hired prior to July 19, 2001. The cost of providing benefits to eligible participants under the defined benefit retirement plan is calculated using the plan s benefit formulas, which take into account the participants remuneration, dates of hire, years of eligible service, and certain actuarial assumptions. In addition, as part of the overall medical plan, we provide postretirement medical benefits to certain current retirees who meet the criteria under the medical plan for postretirement benefit eligibility.

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In the first quarter of 2015, we amended the defined benefit retirement plan to cease the accrual of additional benefits for the remaining active participants effective March 31, 2015, resulting in a curtailment of $10.3 million that decreased both the pension liability and the actuarial loss recorded in accumulated other comprehensive loss. As a result of the curtailment, all of the plan s participants are now considered inactive. Accordingly, all amounts recorded in accumulated other comprehensive loss are being recognized as an increase to net periodic benefit cost over the average remaining life expectancy of plan participants, which is approximately 20 years, beginning in the second quarter of 2015.

Also, as a result of the plan amendment, we recognized $0.6 million of prior service credits in our consolidated statements of income in 2015 that were previously recorded in accumulated other comprehensive loss.

In the first quarter of 2016, we changed the method we use to estimate the interest cost component of net periodic benefit cost for our defined benefit pension and other postretirement benefit plans. Historically, we estimated the interest cost component using a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. We have elected to use a full yield curve approach in the estimation of this component of benefit cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. We have made this change to improve the correlation between projected benefit cash flows and the corresponding yield curve spot rates, and to provide a more precise measurement of interest costs. This change does not affect the measurement of our total benefit obligations, as the change in the interest cost is completely offset in the actuarial (gain) loss reported. We have accounted for this change as a change in estimate and, accordingly, have accounted for it prospectively starting in the first quarter of 2016. The discount rate that we used to measure interest cost for the nine months ended September 30, 2016 was approximately 3.8%. The discount rate that we measured at December 31, 2015 and would have used for interest cost under our prior estimation technique was approximately 4.5%. The reduction in interest cost for the nine months ended September 30, 2016, associated with this change in estimate was approximately $2.7 million.

The defined benefit retirement plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. We expect that our future contributions to the defined benefit retirement plan will be based on the minimum funding requirements of the Internal Revenue Code and on the plan s funded status. Any significant decline in the fair value of our defined benefit retirement plan assets or other adverse changes to the significant assumptions used to determine the plan s funded status would negatively impact its funded status and could result in increased funding in future periods. The impact on the funded status is determined based upon market conditions in effect when we completed our annual valuation. We do not anticipate additional contributions to the defined benefit retirement plan in 2016. We fund the postretirement medical benefits throughout the year based on benefits paid. We anticipate that our contributions to fund postretirement medical benefits in 2016 will be approximately $4.3 million.

Included in accumulated other comprehensive loss at September 30, 2016 is $124.4 million ($78.6 million, net of tax) that has not yet been recognized in the net periodic pension cost, which includes unrecognized actuarial losses.

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Prior service credits and actuarial losses are reclassified from accumulated other comprehensive loss to net periodic pension benefit costs, which are included in both direct costs of revenue and selling, general and administrative in our condensed consolidated statements of income. The following table presents these reclassifications, net of tax, as well as the reclassification of the realized gain on investments, and the statement of income line items that are impacted (in thousands):

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2016
Amortization of prior service credits reclassified from other comprehensive loss to net periodic pension benefit costs included in:				
Direct costs of revenue (excluding depreciation and amortization)	$	$ (1)	$ (228)	$ (2)
Selling, general and administrative			(154)	(1)
Total	$	$ (1)	$ (382)	$ (3)
Amortization of actuarial loss reclassified from other comprehensive loss to net periodic pension benefit costs included in:				
Direct costs of revenue (excluding depreciation and amortization)	$ 506	$ 326	$ 2,822	$ 989
Selling, general and administrative	307	206	1,733	607
Total	$ 813	$ 532	$ 4,555	$ 1,596
Realized gain on investments included in:				
Other expense, net	$ (22)	$ (17)	$ (70)	$ (28)
Total	$ (22)	$ (17)	$ (70)	$ (28)

Net periodic pension benefit costs included the following components (in thousands):

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2016
Service cost	$	$	$ 780	$
Interest cost	4,661	4,046	14,073	12,137

Expected return on plan assets		(6,482)		(6,384)		(19,444)		(19,151)
Amortization of unrecognized prior service credits						(607)		
Amortization of unrecognized net loss		1,138		842		6,773		2,527
Total benefit	$	(683)	$	(1,496)	$	1,575	$	(4,487)

Net periodic other postretirement benefit costs included the following components (in thousands):

	Three Months Ended September 30, 2015		Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015		Nine Months Ended September 30, 2016	
Service cost	$	18	$		$	52	$	
Interest cost		1,148		841		3,445		2,522
Amortization of unrecognized net loss		149		(2)		447		(6)
Total costs	$	1,315	$	839	$	3,944	$	2,516

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(b) Other Retirement Plans

In connection with the amendment of the defined benefit retirement plan in the first quarter of 2015, the two defined contribution retirement plans we previously maintained for the benefit of our employees in the United States, were merged into a single plan, which is qualified under the provisions of Section 401(k) of the Internal Revenue Code. We recognized compensation expense for these plans of $5.2 million and $7.3 million during the nine months ended September 30, 2015 and 2016, respectively. We also maintain other defined contribution retirement plans in several non-U.S. jurisdictions, but such plans are not material to our financial position or results of operations.

Note 7 Satellites and Other Property and Equipment

(a) Satellites and Other Property and Equipment, net

Satellites and other property and equipment, net were comprised of the following (in thousands):

	As of December 31, 2015	As of September 30, 2016
Satellites and launch vehicles	$ 9,810,941	$ 10,317,603
Information systems and ground segment	641,741	704,743
Buildings and other	241,273	242,650
Total cost	10,693,955	11,264,996
Less: accumulated depreciation	(4,705,638)	(5,075,831)
Total	$ 5,988,317	$ 6,189,165

Satellites and other property and equipment are stated at historical cost, with the exception of satellites that have been impaired. Satellites and other property and equipment acquired as part of an acquisition are based on their fair value at the date of acquisition.

Satellites and other property and equipment, net as of December 31, 2015 and September 30, 2016 included construction-in-progress of $1.5 billion and $1.0 billion, respectively. These amounts relate primarily to satellites under construction and related launch services. Interest costs of $63.6 million and $79.0 million were capitalized during the nine months ended September 30, 2015 and 2016, respectively.

We have entered into launch contracts for the launch of both specified and unspecified future satellites. Each of these launch contracts may be terminated at our option, subject to payment of a termination fee that increases as the applicable launch date approaches. In addition, in the event of a failure of any launch, we may exercise our right to obtain a replacement launch within a specified period following our request for re-launch.

(b) Recent Satellite Launches

On January 27, 2016, we successfully launched our Intelsat 29e satellite into orbit, the first of seven high throughput satellites (HTS) that will comprise our Intelsat EpicNG platform. Intelsat 29e is a C- and Ku-band satellite featuring high-performance spot beams and an advanced digital payload that will enable next generation broadband services for commercial and government customers. The satellite, which is located at the 310ºE orbital location, will support broadband services for enterprise, fixed and mobile network operators, aeronautical and maritime mobility service providers, and for government customers operating throughout the Americas and the North Atlantic region. The satellite entered into service in March 2016.

On June 9, 2016, we successfully launched our Intelsat 31 satellite to the 95ºW orbital location, co-located with our Intelsat 30 satellite. This satellite will provide in-orbit resilience for direct-to-home (DTH) television services in Latin America via its Ku-band payload. Intelsat 31 also includes a C-band payload that is expected to enhance our Latin American network infrastructure. This satellite has completed in-orbit testing and entered into service in late July 2016.

On August 24, 2016, we successfully launched our Intelsat 36 and Intelsat 33e satellites into orbit. Intelsat 36 is co-located with our Intelsat 20 satellite at the 68.5ºE orbital location and entered into service in late September 2016. Intelsat 36 will provide capacity for DTH television services via its Ku-band payload, as well as media distribution services via its C-band payload to customers in the Africa and Indian Ocean regions.

Intelsat 33e is the second of seven HTS within our Intelsat Epic^{NG} platform, featuring high performance spot beams and an advanced digital payload to expand next generation broadband services. Due to a malfunction in the primary thruster for orbit raising, Intelsat 33e is expected to arrive at its 60ºE orbital location in December 2016. Following completion of in-orbit testing, the satellite is expected to enter into service in the first quarter of 2017. The Intelsat 33e antennas and reflectors have been deployed, and currently, there is no evidence of any impact to the communications payload. A failure review board was established to determine the cause of the anomaly. As of September 30, 2016, a final conclusion had not been reached as to the likely cause of the anomaly. We continue to participate in the on-going investigation. Intelsat 33e is expected to deliver commercial-grade services for enterprise, fixed and mobile network operators, aeronautical and maritime mobility service providers, and for government customers in the Africa, Europe, Middle East and Asia regions.

Note 8 Investments

We have an ownership interest in two entities that meet the criteria of a variable interest entity (VIE), Horizons Satellite Holdings, LLC (Horizons Holdings) and Horizons-3 Satellite LLC. Horizons Holdings is discussed in further detail below, including our analyses of the primary beneficiary determination as required under FASB ASC Topic 810, *Consolidation* (FASB ASC 810). Horizons-3 Satellite LLC is also discussed in further detail below. Further, we have cost method investments where we have a minority investment, discussed further below.

(a) Horizons Holdings

Our first joint venture with JSAT International, Inc. (JSAT) is named Horizons Satellite Holdings, LLC, and consists of two investments: Horizons-1 Satellite LLC (Horizons-1) and Horizons-2 Satellite LLC (Horizons-2). Horizons Holdings borrowed from JSAT a portion of the funds necessary to finance the construction of the Horizons 2 satellite pursuant to a loan agreement. The borrowing was subsequently repaid. We provide certain services to the joint venture and utilize capacity from the joint venture.

We have determined that this joint venture meets the criteria of a VIE under FASB ASC 810, and we have concluded that we are the primary beneficiary because decisions relating to any future relocation of the Horizons 2 satellite, the most significant asset of the joint venture, are effectively controlled by us. In accordance with FASB ASC 810, as the primary beneficiary, we consolidate Horizons Holdings within our consolidated financial statements. Total assets and liabilities of Horizons Holdings were $58.7 million and $0.3 million as of December 31, 2015. Total assets were $50.8 million as of September 30, 2016, while total liabilities as of the same date were a nominal amount.

We have a revenue sharing agreement with JSAT related to services sold on the Horizons 1 and Horizons 2 satellites. We are responsible for billing and collection for such services, and we remit 50% of the revenue, less applicable fees and commissions, to JSAT. Amounts payable to JSAT related to the revenue sharing agreement, net of applicable fees and commissions, from the Horizons-1 and Horizons-2 satellites were $6.6 million and $5.6 million as of December 31, 2015 and September 30, 2016, respectively.

(b) Horizons-3 Satellite LLC

On November 4, 2015, we entered into a joint venture agreement with JSAT. The joint venture, named Horizons 3 Satellite LLC (Horizons 3), was formed for the purpose of developing, launching, managing, operating and owning a high performance satellite to be located at the 169ºE orbital location.

Horizons 3, which is 50% owned by each of Intelsat and JSAT, was set up with a joint share of management authority and equal rights to profits and revenues from the joint venture. Similar to Horizons Holdings, we have a revenue sharing agreement with JSAT related to services sold on the Horizons 3e satellite. In addition, we are responsible for billing and collection for such services, and we remit 50% of the revenue, less applicable fees and commissions, to

JSAT.

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We have determined that this joint venture meets the criteria of a VIE under FASB ASC 810, and we have concluded that we are not the primary beneficiary, and therefore, do not consolidate Horizons 3. The assessment considered both quantitative and qualitative factors, including an analysis of voting power and other means of control of the joint venture as well as each owner s exposure to risk of loss or gain. Because we and JSAT equally share control over the operations of the joint venture and also equally share exposure to risk of losses or gains, we concluded that we are not the primary beneficiary of Horizons 3. Our investment, included within other assets in our condensed consolidated balance sheets, is accounted for using the equity method of accounting, and the investment balance was $19.1 million and $25.8 million as of December 31, 2015 and September 30, 2016, respectively.

In connection with our investment in Horizons 3, we entered into a capital contribution and subscription agreement, which requires us to fund our 50% share of the amounts due in order to maintain our respective 50% interest in the joint venture. Pursuant to this agreement, we made contributions of $5.5 million during the nine months ended September 30, 2016. In addition, our indirect subsidiary which holds our investment in Horizons 3 has entered into a security and pledge agreement with Horizons 3, pursuant to which it has granted a security interest in its membership interests in Horizons 3. Further, our indirect subsidiary has granted a security interest in its customer capacity service contracts and its ownership interest in its wholly-owned subsidiary that will hold the U.S. Federal Communications Commission license required for the joint venture s operations.

(c) Cost Method Investments

Our cost method investments recorded in other assets in our condensed consolidated balance sheets had a total carrying value of $25.0 million as of December 31, 2015 and $29.0 million as of September 30, 2016. The balance as of September 30, 2016 consists of two minority investments.

(d) Equity Attributable to Intelsat S.A. and Noncontrolling Interest

The following tables present changes in equity attributable to the Company and equity attributable to our noncontrolling interest, which is included in the equity section of our condensed consolidated balance sheet (in thousands):

	Intelsat S.A. Shareholders Deficit	Noncontrolling Interest	Total Shareholders Deficit
Balance at January 1, 2015	$ (776,268)	$ 33,701	$ (742,567)
Net income	(3,923,387)	3,934	(3,919,453)
Dividends paid to noncontrolling interests		(8,423)	(8,423)
Share-based compensation	25,921		25,921
Declaration of preferred stock dividend	(9,919)		(9,919)
Postretirement/pension liability adjustment	34,449		34,449
Other comprehensive income	(361)		(361)
Balance at December 31, 2015	$ (4,649,565)	$ 29,212	$ (4,620,353)

	Intelsat S.A. Shareholders Deficit	Noncontrolling Interest	Total Shareholders Deficit
Balance at January 1, 2016	$ (4,649,565)	$ 29,212	$ (4,620,353)
Net income	327,377	2,932	330,309
Dividends paid to noncontrolling interests		(6,765)	(6,765)
Share-based compensation	17,894		17,894
Postretirement/pension liability adjustment	1,593		1,593
Other comprehensive income	226		226
Balance at September 30, 2016	$ (4,302,475)	$ 25,379	$ (4,277,096)

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Note 9 Goodwill and Other Intangible Assets

The carrying amounts of goodwill and acquired intangible assets not subject to amortization consist of the following (in thousands):

	As of December 31, 2015	As of September 30, 2016
Goodwill[1]	$ 2,620,627	$ 2,620,627
Orbital locations	2,387,700	2,387,700
Trade name	65,200	65,200

(1) Net of accumulated impairment losses of $4,160,200.

We account for goodwill and other non-amortizable intangible assets in accordance with FASB ASC Topic 350, *Intangibles Goodwill and Other*, and have deemed these assets to have indefinite lives. Therefore, these assets are not amortized but are tested on an annual basis for impairment during the fourth quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

The carrying amount and accumulated amortization of acquired intangible assets subject to amortization consist of the following (in thousands):

	As of December 31, 2015			As of September 30, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Backlog and other	$ 743,760	$ (647,534)	$ 96,226	$ 743,760	$ (663,667)	$ 80,093
Customer relationships	534,030	(189,926)	344,104	534,030	(210,162)	323,868
Total	$ 1,277,790	$ (837,460)	$ 440,330	$ 1,277,790	$ (873,829)	$ 403,961

Intangible assets are amortized based on the expected pattern of consumption. We recorded amortization expense of $45.2 million and $36.4 million for the nine months ended September 30, 2015 and 2016, respectively.

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Note 10 Long-Term Debt

The carrying values and fair values of our notes payable and long-term debt were as follows (in thousands):

	As of December 31, 2015		As of September 30, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Intelsat Luxembourg:				
6.75% Senior Notes due June 2018	$ 475,000	$ 355,063	$ 475,000	$ 308,750
Unamortized prepaid debt issuance costs on 6.75% Senior Notes	(2,066)		(1,461)	
7.75% Senior Notes due June 2021	2,000,000	930,000	2,000,000	650,000
Unamortized prepaid debt issuance costs on 7.75% Senior Notes	(19,602)		(17,364)	
8.125% Senior Notes due June 2023	1,000,000	450,000	1,000,000	325,000
Unamortized prepaid debt issuance costs on 8.125% Senior Notes	(10,870)		(10,049)	
Total Intelsat Luxembourg obligations	3,442,462	1,735,063	3,446,126	1,283,750
Intelsat Jackson:				
9.5% Senior Secured Notes due September 2022	$	$	$ 490,000	$ 539,000
Unamortized prepaid debt issuance costs and discount on 9.5% Senior Notes			(20,536)	
8.00% Senior Secured Notes due February 2024			1,349,678	1,356,426
Unamortized prepaid debt issuance costs and premium on 8.0% Senior Notes			(6,138)	
7.25% Senior Notes due October 2020	2,200,000	1,919,500	2,200,000	1,705,000
Unamortized prepaid debt issuance costs and premium on 7.25% Senior Notes	(8,248)		(7,139)	
7.25% Senior Notes due April 2019	1,500,000	1,368,750	1,500,000	1,200,000
Unamortized prepaid debt issuance costs on 7.25% Senior Notes	(8,203)		(6,482)	
7.5% Senior Notes due April 2021	1,150,000	1,000,500	1,150,000	862,500
Unamortized prepaid debt issuance costs on 7.5% Senior Notes	(8,137)		(7,164)	
6.625% Senior Notes due December 2022	1,275,000	803,250	375	323
Unamortized prepaid debt issuance costs and premium on 6.625% Senior Notes	20,428			
5.5% Senior Notes due August 2023	2,000,000	1,560,000	2,000,000	1,380,000
Unamortized prepaid debt issuance costs on 5.5% Senior Notes	(16,719)		(15,365)	
Senior Secured Credit Facilities due June 2019	3,095,000	2,944,274	3,095,000	2,936,381
Unamortized prepaid debt issuance costs and discount on Senior Credit Facilities and Jackson Revolver	(30,204)		(23,854)	
Total Intelsat Jackson obligations	11,168,917	9,596,274	11,698,375	9,979,630

Total Intelsat S.A. long-term debt	$ 14,611,379	$ 11,331,337	$ 15,144,501	$ 11,263,380

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The fair value for publicly traded instruments is determined using quoted market prices, and for non-publicly traded instruments, fair value is based upon composite pricing from a variety of sources, including market leading data providers, market makers, and leading brokerage firms. Substantially all of the inputs used to determine the fair value of our debt are classified as Level 1 inputs within the fair value hierarchy from FASB ASC 820, except our senior secured credit facilities, the inputs for which are classified as Level 2.

Senior Secured Credit Facilities

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

Up to $350.0 million of the revolving credit facility is available for issuance of letters of credit. Additionally, up to $70.0 million of the revolving credit facility is available for swingline loans. Both the face amount of any outstanding letters of credit and any swingline loans reduce availability under the revolving credit facility on a dollar for dollar basis. Intelsat Jackson is required to pay a commitment fee for the unused commitments under the revolving credit facility, if any, at a rate per annum of 0.375%. As of September 30, 2016, Intelsat Jackson had $431.3 million of undrawn capacity under its revolving credit facility. However, use of such capacity was subject to the covenants contained in its other debt agreements. As a result of the completion of senior secured note issuances in March, June and September, Intelsat Jackson currently has limited access to the undrawn capacity under the revolving credit facility, and has been relying for liquidity purposes, and intends to rely in the future, on a portion of the net proceeds of the March notes issuance.

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

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

The Intelsat Jackson Secured Credit Agreement includes two financial covenants. Intelsat Jackson must maintain a consolidated secured debt to consolidated EBITDA ratio equal to or less than 3.50 to 1.00 at the end of each fiscal quarter as well as a consolidated EBITDA to consolidated interest expense ratio equal to or greater than 1.75 to 1.00 at the end of each fiscal quarter, in each case as such financial measures are defined in the Intelsat Jackson Secured Credit Agreement. Intelsat Jackson was in compliance with these financial maintenance covenant ratios with a consolidated secured debt to consolidated EBITDA ratio of 2.57 to 1.00 and a consolidated EBITDA to consolidated interest expense ratio of 2.26 to 1.00 as of September 30, 2016.

2016 Debt Transactions

March 2016 Intelsat Jackson Senior Secured Notes Offering

On March 29, 2016, Intelsat Jackson completed an offering of $1.25 billion aggregate principal amount of 8% Senior Secured Notes due 2024 (the 2024 Jackson Notes). The 2024 Jackson Notes bear interest at 8% annually and mature in February 2024. These notes are guaranteed by Intelsat Luxembourg and certain of Intelsat Jackson s subsidiaries.

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The net proceeds from this offering have been and, are expected to be, used for general corporate purposes, which may include repayment and repurchase of indebtedness, capital expenditures and working capital and to pay fees and expenses related to the offering. A portion of the net proceeds was used to prepay in full all amounts outstanding under the Intercompany Loan described below.

May 2016 Intelsat Jackson Notes Repurchases

In May 2016, we repurchased $459.7 million in aggregate principal amount of Intelsat Jackson s outstanding 6⅝% Senior Notes due 2022 (the 2022 Jackson Notes). In connection with these repurchases, we recognized a net gain on early extinguishment of debt of $131.4 million in the second quarter of 2016, consisting of the difference between the carrying value of the debt repurchased and the total cash amount paid (including related fees and expenses), together with a write-off of unamortized debt premium and unamortized debt issuance costs.

Subsidiary Guarantee of Intelsat Jackson s 6 ⅝% Senior Notes due 2022

In May 2016, Intelsat Jackson and each of the subsidiaries of Intelsat Jackson that guarantees loans under Intelsat Jackson s Secured Credit Agreement executed a supplemental indenture to the indenture governing the 2022 Jackson Notes, following the execution of which such subsidiaries guarantee the 2022 Jackson Notes.

2016 Intelsat Jackson Tender Offers and June 2016 Senior Secured Notes Issuance

In May 2016, Intelsat Jackson commenced tender offers to purchase several tranches of outstanding debt (the Tender Offers). On June 30, 2016, Intelsat Jackson completed an issuance of $490 million aggregate principal amount of 9.5% Senior Secured Notes due 2022 (the New Jackson Secured Notes) with an original issue discount of 2.0%. Under the terms of the issuance, in the event that all of the net proceeds of the New Jackson Secured Notes were not applied to fund the Tender Offers, Intelsat Jackson would have been required to use the portion of the net proceeds not so applied to redeem the New Jackson Secured Notes. Since the possible uses of the debt proceeds were restricted to repayment of long-term debt, the net proceeds were classified as restricted cash within long-term assets on the condensed consolidated balance sheet as of June 30, 2016. On July 15, 2016, the net proceeds from the sale of the New Jackson Secured Notes were used to repurchase $673.5 million aggregate principal amount of the 2022 Jackson Notes pursuant to the terms of the previously commenced Tender Offers and to pay related fees and expenses. In connection with this repurchase, we recognized a gain on early extinguishment of debt of $219.6 million during the three months ending September 30, 2016, consisting of the difference between the carrying value of the debt repurchased and the total cash amount paid (including related fees and expenses), together with a write-off of unamortized debt premium and unamortized debt issuance costs.

September 2016 Intelsat Jackson Debt Exchange and Consent

In September 2016, Intelsat Jackson completed a debt exchange receiving $141.4 million aggregate principal amount of 2022 Jackson Notes in exchange for $99.7 million aggregate principal amount of newly issued 2024 Jackson Notes issued and $17.0 million in cash. In connection with this exchange, Intelsat Jackson also received a consent from holders of $141.5 million principal amount of 2022 Jackson Notes in exchange for $9.2 million in cash to amend the indenture governing the 2022 Jackson Notes, among other things to: (i) eliminate substantially all of the restrictive covenants and certain events of default pertaining to the 2022 Jackson Notes, and (ii) waive any defaults or events of default potentially existing under the indenture governing the 2022 Jackson Notes as of September 12, 2016. We have determined the transaction will be accounted for as a modification and not as an extinguishment of debt under ASU 470, *Debt*. As a result, the fees paid to bondholders, including the consent payment, will be amortized over the remaining term of the debt instrument.

Significant Intercompany Transaction

During the third quarter of 2015, Intelsat Jackson declared and paid a dividend of $360 million in cash to its parent, Intelsat Luxembourg, also one of our subsidiaries. Subsequent to the payment of the dividend, a subsidiary of Intelsat Luxembourg loaned an aggregate principal amount of $360 million to Intelsat Jackson (the Intercompany Loan) pursuant to a promissory note. During the first quarter of 2016, Intelsat Jackson prepaid in full all amounts outstanding under the Intercompany Loan.

Note 11 Derivative Instruments and Hedging Activities

Interest Rate Swaps

We are subject to interest rate risk primarily associated with our variable-rate borrowings. Interest rate risk is the risk that changes in interest rates could adversely affect earnings and cash flows. Specific interest rate risk includes: the risk of increasing interest rates on short-term debt; the risk of increasing interest rates for planned new fixed long-term financings; and the risk of increasing interest rates for planned refinancing using long-term fixed-rate debt.

At December 31, 2015, we held interest rate swaps with an aggregate notional amount of $1.6 billion, which matured in January 2016. These swaps were entered into to economically hedge the variability in cash flow on a portion of the floating-rate loans under our senior secured credit facilities, but were not designated as hedges for accounting purposes.

The following table sets forth the fair value of our derivatives by category (in thousands):

Derivatives not designated as hedging instruments	Balance Sheets Location	As of December 31, 2015
Undesignated interest rate swaps	Other current liabilities	$ 2,013

The following table sets forth the effect of the derivative instruments in our condensed consolidated statements of income (in thousands):

Derivatives not designated as hedging instruments	Presentation in Statements of Operations	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Undesignated interest rate swaps	Included in interest expense, net	$ 889	$ 3,452

Note 12 Income Taxes

The majority of our operations are located in taxable jurisdictions, including Luxembourg, the United States and the United Kingdom. Our Luxembourg companies that file tax returns as a consolidated group generated taxable loss for the nine months ended September 30, 2016. Due to our cumulative losses in recent years, and the inherent uncertainty associated with the realization of future taxable income in the foreseeable future, we recorded a full valuation allowance against the net operating losses generated in Luxembourg. The difference between tax expense (benefit) reported in the condensed consolidated statements of income and tax computed at statutory rates is attributable to the valuation allowance on losses generated in Luxembourg, the provision for foreign taxes, which were principally in the United States and the United Kingdom, as well as withholding taxes on revenue earned in many of the foreign markets in which we operate.

As of December 31, 2015 and September 30, 2016, our gross unrecognized tax benefits were $40.2 million and $36.6 million, respectively (including interest and penalties), of which $29.6 million and $28.1 million, respectively, if recognized, would affect our effective tax rate. As of December 31, 2015 and September 30, 2016, we had recorded reserves for interest and penalties in the amount of $5.0 million and $2.9 million, respectively. We continue to recognize interest and, to the extent applicable, penalties with respect to the unrecognized tax benefits as income tax expense. Since December 31, 2015, the change in the balance of unrecognized tax benefits consisted of an increase of $2.0 million related to current tax positions, an increase of $1.4 million related to prior tax positions, and a decrease of $7.0 million related to expiration of statute of limitations on the assessment of certain taxes.

We operate in various taxable jurisdictions throughout the world, and our tax returns are subject to audit and review from time to time. We consider Luxembourg, the United States, the United Kingdom and Brazil to be our significant tax jurisdictions. Our Luxembourg, U.S., U.K. and Brazilian subsidiaries are subject to income tax examination for tax years ending after December 31, 2010. Within the next twelve months, we believe that there are no jurisdictions in which the outcome of unresolved tax issues or claims is likely to be material to our results of operations, financial position or cash flows.

On March 3, 2014, Intelsat Corp, Intelsat Global Service LLC, Intelsat General, Intelsat USA License LLC and Intelsat USA Sales LLC were notified by the District of Columbia Office of the Tax Revenue of its intent to initiate an audit for the tax years ending 2010 and 2011. In June 2016, we received a Notice of Proposed Audit Changes with no material assessment.

Note 13 Commitments and Contingencies

We are subject to litigation in the ordinary course of business. Management does not believe that the resolution of any pending proceedings would have a material adverse effect on our financial position or results of operations.

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Note 14 Business and Geographic Segment Information

We operate in a single industry segment in which we provide satellite services to our communications customers around the world. Revenue by region is based on the locations of customers to which services are billed. Our satellites are in geosynchronous orbit, and are not attributable to any geographic location. Of our remaining assets, substantially all are located in the United States. The geographic distribution of our revenue based upon billing region of the customer was as follows:

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2016
North America	46%	50%	46%	49%
Europe	16%	14%	16%	14%
Latin America and Caribbean	15%	15%	15%	15%
Africa and Middle East	14%	12%	14%	13%
Asia Pacific	9%	9%	9%	9%

Approximately 7% and 8% of our revenue was derived from our largest customer during the three months ended September 30, 2015 and 2016, respectively. Approximately 7% of our revenue was derived from our largest customer during both the nine months ended September 30, 2015 and 2016. Our ten largest customers accounted for approximately 29% and 32% of our revenue during the three months ended September 30, 2015 and 2016, respectively, as well as 28% and 31% during the nine months ended September 30, 2015 and 2016, respectively.

We earn revenue primarily by providing services to our customers using our satellite transponder capacity. Our customers generally obtain satellite capacity from us by placing an order pursuant to one of several master customer service agreements. On-network services are comprised primarily of services delivered on our owned network infrastructure, as well as commitments for third-party capacity, generally long-term in nature, that we integrate and market as part of our owned infrastructure. In the case of third-party services in support of government applications, the commitments for third-party capacity are shorter and matched to the government contracting period, and thus remain classified as off-network services. Off-network services can include transponder services and other satellite-based transmission services, such as mobile satellite services (MSS), which are sourced from other operators, often in frequencies not available on our network. Under the category Off-Network and Other Revenues, we also include revenues from consulting and other services.

Our revenues were derived from the following services, with Off-Network and Other Revenues shown separately from On-Network Revenues (in thousands, except percentages):

	Three Months Ended September 30, 2015		Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015		Nine Months Ended September 30, 2016	
On-Network Revenues								
Transponder services	$ 420,855	72%	$ 388,372	72%	$ 1,294,542	73%	$ 1,163,185	71%
Managed services	101,295	17%	103,034	19%	301,631	17%	310,470	19%
Channel	11,386	2%	1,873	0%	35,287	2%	7,200	0%
Total on-network revenues	533,536	92%	493,279	91%	1,631,460	92%	1,480,855	90%

Off-Network and Other Revenues								
Transponder, MSS and other off-network services	37,694	6%	39,365	7%	117,162	7%	121,441	7%
Satellite-related services	9,617	2%	10,083	2%	32,640	2%	35,057	2%
Total off-network and other revenues	47,311	8%	49,448	9%	149,802	8%	156,498	10%
Total	$ 580,847	100%	$ 542,727	100%	$ 1,781,262	100%	$ 1,637,353	100%

Note 15 Related Party Transactions

(a) Shareholders Agreements

Certain shareholders of Intelsat Global S.A. entered into shareholders agreements on February 4, 2008. The shareholders agreements were assigned to Intelsat S.A. by amendments effective as of March 30, 2012. The shareholders agreements and the articles of incorporation of Intelsat S.A. provided, among other things, for the governance of Intelsat S.A. and its subsidiaries and provided specific rights to and limitations upon the holders of Intelsat S.A. s share capital with respect to shares held by such holders. In connection with the IPO, these articles of incorporation and shareholders agreements were amended.

(b) Governance Agreement

Prior to the consummation of the IPO, we entered into a governance agreement with our shareholder affiliated with BC Partners, our shareholder affiliated with Silver Lake and David McGlade, our Executive Chairman and former Chief Executive Officer. The Governance Agreement contains provisions relating to the composition of our board of directors and certain other matters.

(c) Indemnification Agreements

We have entered into agreements with our executive officers and directors to provide contractual indemnification in addition to the indemnification provided for in our articles of incorporation.

(d) Horizons Holdings

We have a 50% ownership interest in Horizons Holdings as a result of a joint venture with JSAT (see Note 8(a) Investments Horizons Holdings).

(e) Horizons 3

We have a 50% ownership interest in Horizons 3 as a result of a joint venture with JSAT (see Note 8(b) Investments Horizons-3 Satellite LLC).

Note 16 Supplemental Consolidating Financial Information

On April 5, 2011, Intelsat Jackson completed an offering of $2.65 billion aggregate principal amount of senior notes, consisting of $1.5 billion aggregate principal amount of the 7 $^1/_4$% Senior Notes due 2019 and $1.15 billion aggregate principal amount of the 7 $^1/_2$% Senior Notes due 2021 (collectively the 2011 Jackson Notes). The 2011 Jackson Notes are fully and unconditionally guaranteed, jointly and severally, by Intelsat S.A., Intelsat Holdings, Intelsat Investment Holdings S.à r.l. and Intelsat Investments (collectively, the Parent Guarantors), by Intelsat Luxembourg and by certain wholly-owned subsidiaries of Intelsat Jackson (the Subsidiary Guarantors).

On April 26, 2012, Intelsat Jackson completed an offering of $1.2 billion aggregate principal amount of its 7 $^1/_4$% Senior Notes due 2020, which are fully and unconditionally guaranteed, jointly and severally, by the Parent Guarantors, Intelsat Luxembourg and the Subsidiary Guarantors.

Separate financial statements of the Parent Guarantors, Intelsat Luxembourg, Intelsat Jackson and the Subsidiary Guarantors are not presented because management believes that such financial statements would not be material to investors. Investments in Intelsat Jackson s subsidiaries in the following condensed consolidating financial information are accounted for under the equity method of accounting. Consolidating adjustments include the following:

- elimination of investment in subsidiaries;
- elimination of intercompany accounts;
- elimination of intercompany sales between guarantor and non-guarantor subsidiaries; and
- elimination of equity in earnings (losses) of subsidiaries.

Other comprehensive income for the three months ended September 30, 2015 was $0.6 million compared to $0.7 million for the three months ended September 30, 2016. Other comprehensive income for the nine months ended September 30, 2015 was $10.5 million compared to $1.8 million for the nine months ended September 30, 2016. Other comprehensive income is fully attributable to the Subsidiary Guarantors, which are also consolidated within Intelsat Jackson.

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INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET

AS OF SEPTEMBER 30, 2016

(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
ASSETS							
Current assets:							
Cash and cash equivalents	$ 1,672	$ 358,769	$ 538,262	$ 309,883	$ 59,164	$ (309,883)	$ 957,867
Receivables, net of allowance			155,808	155,792	58,744	(155,792)	214,552
Prepaid expenses and other current assets	1,522	12	46,616	46,412	9,399	(49,387)	54,574
Intercompany receivables			552,188		306,231	(858,419)	
Total current assets	3,194	358,781	1,292,874	512,087	433,538	(1,373,481)	1,226,993
Satellites and other property and equipment, net			6,098,579	6,098,579	90,586	(6,098,579)	6,189,165
Goodwill			2,620,627	2,620,627		(2,620,627)	2,620,627
Non-amortizable intangible assets			2,452,900	2,452,900		(2,452,900)	2,452,900
Amortizable intangible assets, net			403,961	403,961		(403,961)	403,961
Investment in affiliates	(3,756,030)	(218,283)	170,251	170,251		3,633,811	
Other assets	88		300,871	300,871	47,095	(300,871)	348,054
Restricted Cash							
Total assets	$ (3,752,748)	$ 140,498	$ 13,340,063	$ 12,559,276	$ 571,219	$ (9,616,608)	$ 13,241,700
LIABILITIES AND SHAREHOLDERS EQUITY (DEFICIT)							
Current liabilities:							
Accounts payable and accrued	$ 23,267	$ 5	$ 147,520	$ 145,666	$ 26,614	$ (148,640)	$ 194,432

liabilities							
Accrued interest payable		89,440	211,393	2,966		(2,966)	300,833
Current portion of long-term debt							
Deferred satellite performance incentives			23,734	23,734		(23,734)	23,734
Other current liabilities			193,515	193,515	3,159	(193,515)	196,674
Intercompany payables	501,081	357,339		2,358,158		(3,216,578)	
Total current liabilities	524,348	446,784	576,162	2,724,039	29,773	(3,585,433)	715,673
Long-term debt, net of current portion		3,446,126	11,698,375				15,144,501
Deferred satellite performance incentives, net of current portion			215,103	215,103		(215,103)	215,103
Deferred revenue, net of current portion			939,721	939,721	264	(939,721)	939,985
Deferred income taxes			154,057	154,057	10,523	(154,057)	164,580
Accrued retirement benefits			188,016	188,016	221	(188,016)	188,237
Other long-term liabilities			144,245	144,245	6,472	(144,245)	150,717
Shareholders equity (deficit):							
Common shares	1,178	7,202	200	5,558,066	24	(5,565,492)	1,178
Other shareholders equity (deficit)	(4,278,274)	(3,759,614)	(575,816)	2,636,029	523,942	1,175,459	(4,278,274)
Total liabilities and shareholders equity	$ (3,752,748)	$ 140,498	$ 13,340,063	$ 12,559,276	$ 571,219	$ (9,616,608)	$ 13,241,700

(Certain totals may not add due to the effects of rounding)

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INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET

AS OF DECEMBER 31, 2015

(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
ASSETS							
Current assets:							
Cash and cash equivalents	$ 16,941	$ 760	$ 109,959	$ 89,641	$ 43,881	$ (89,641)	$ 171,541
Receivables, net of allowance			173,869	173,638	58,906	(173,638)	232,775
Prepaid expenses and other current assets	919		28,633	28,593	6,680	(29,041)	35,784
Intercompany receivables		116,396	49,539		323,173	(489,108)	
Total current assets	17,860	117,156	362,000	291,872	432,640	(781,428)	440,100
Satellites and other property and equipment, net			5,897,103	5,897,103	91,214	(5,897,103)	5,988,317
Goodwill			2,620,627	2,620,627		(2,620,627)	2,620,627
Non-amortizable intangible assets			2,452,900	2,452,900		(2,452,900)	2,452,900
Amortizable intangible assets, net			440,330	440,330		(440,330)	440,330
Investment in affiliates	(4,120,570)	(769,452)	139,983	139,983		4,610,056	
Other assets	87		278,771	278,771	32,458	(278,771)	311,316
Total assets	$ (4,102,623)	$ (652,296)	$ 12,191,714	$ 12,121,586	$ 556,312	$ (7,861,103)	$ 12,253,590
LIABILITIES AND SHAREHOLDERS EQUITY							
Current liabilities:							
Accounts payable and accrued liabilities	$ 28,622	$ 10	$ 154,247	$ 154,861	$ 29,053	$ (155,309)	$ 211,484
		22,360	139,133	1,964		(1,964)	161,493

Accrued interest payable							
Deferred satellite performance incentives			19,411	19,411		(19,411)	19,411
Other current liabilities			168,261	166,248	3,793	(166,248)	172,054
Intercompany payables	489,108			2,038,908		(2,528,016)	
Total current liabilities	517,730	22,370	481,052	2,381,392	32,846	(2,870,948)	564,442
Long-term debt, net of current portion		3,442,462	11,168,917				14,611,379
Deferred satellite performance incentives, net of current portion			162,177	162,177		(162,177)	162,177
Deferred revenue, net of current portion			1,010,019	1,010,019	223	(1,010,019)	1,010,242
Deferred income taxes			150,283	150,283	10,519	(150,283)	160,802
Accrued retirement benefits			195,170	195,170	215	(195,170)	195,385
Other long-term liabilities			161,420	161,420	8,096	(161,420)	169,516
Shareholders equity (deficit):							
Common shares	1,076	7,202	3,114,981	5,558,066	24	(8,680,273)	1,076
Preferred shares	35						35
Other shareholders equity (deficit)	(4,621,464)	(4,124,330)	(4,252,305)	2,503,059	504,389	5,369,187	(4,621,464)
Total liabilities and shareholders equity	$ (4,102,623)	$ (652,296)	$ 12,191,714	$ 12,121,586	$ 556,312	$ (7,861,103)	$ 12,253,590