



Intelsat completes acquisition of Loral's North American satellites

With a decisive move destined to have repercussions that will go far beyond the North American continent, Intelsat has finally become a major player in the satellite broadcasting market. At the same time, Loral has received a much-needed cash injection that will help reorganise its remaining assets.

▶▶ **Intelsat Ltd** has completed the acquisition of the North American satellites and related customer contracts of Loral Space & Communications Corporation. The US\$961.1 million purchase enhances Intelsat's global market position by adding full coverage of North America to the Intelsat fleet and expanding its customer base in the broadcasting, cable television and corporate networking segments.

Upon the closing, Intelsat paid \$961.1 million in cash for the assets acquired under the purchase agreement with Loral. This price reflects performance-related and other adjustments to the \$1.025 billion base purchase price set forth in the asset purchase agreement. In connection with the closing, and related to the failure last year of the Telstar 4 satellite, Intelsat was assigned Loral's rights to receive insurance proceeds (net of currently expected warranty payments) of up to \$140 million, which would further reduce the total consideration for these assets.

Communications operations and customer support will now be managed by Intelsat, with support from Loral for a six-month transition period. Command and control of the Intelsat Americas satellites will be transferred to Intelsat's satellite control centre over the next 12 to 18 months.

Proceeds from the transaction will be used to pay in full Loral's \$967 million of outstanding secured bank debt, nearly half of the company's total of \$2 billion in principal debt obligations. Loral intends to reorganise around its remaining satellite services fleet and manufacturing business. Loral Skynet's satellite services fleet currently comprises four international satellites, with an additional satellite, Telstar 18, scheduled for launch in mid-2004. Satellite System/Loral (SS/L) received orders in late 2003 for the construction of four new satellites - one each for Intelsat and PanAmSat Corporation and two for DirecTV Inc. As of 31 December 2003, Loral's external backlog for its remaining businesses totalled approximately \$1.2 billion excluding approximately \$240 million associated with the new manufacturing orders that were booked in the First Quarter (Q1) of 2004. ■

Intelsat's Americas satellites

The four in-orbit satellites and one satellite under construction that Intelsat has acquired have been renamed as noted below, with the orbital designation to remain in degrees West. Intelsat has also acquired rights to use the 77 degrees West orbital location.

In orbit:

- 97 degrees West: Intelsat Americas 5 or IA-5 (was Telstar 5 or T5);
- 93 degrees West: Intelsat Americas 6 or IA-6 (was Telstar 6 or T6);
- 129 degrees West: Intelsat Americas 7 or IA-7 (was Telstar 7 or T7); and
- 121 degrees West: Intelsat Americas 13 or IA-13 (was Telstar 13 or T13).

To be launched in the Third Quarter (Q3) of 2004:

- 89 degrees West: Intelsat Americas 8 or IA-8 (was Telstar 8 or T8).



Photo courtesy of Intelsat

