Spence Timothy
Form 4
February 06, 2018

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Spence Timothy

(Last) (First) (Middle)

38 FOUNTAIN SQUARE PLAZA

(Street)

CINCINNATI, OH 45263

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
FIFTH THIRD BANCORP [FITB]

3. Date of Earliest Transaction (Month/Day/Year)
02/03/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP & CSO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/03/2018		F (1)		2,726	D	$ 33.13	166,322	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Spence Timothy 38 FOUNTAIN SQUARE PLAZA CINCINNATI, OH 45263			EVP & CSO	

Signatures

H. Samuel Lind, as Attorney-in-Fact for Timothy Spence	02/06/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares withheld for taxes upon the vesting of restricted stock units granted to the reporting person on February 3, 2017.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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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

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

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INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE THREE MONTHS ENDED JUNE 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
Revenue	$	$	$ 496,353	$ 496,356	$ 136,028	$ (586,754)	$ 541,983
Operating expenses:							
Direct costs of revenue (excluding depreciation and amortization)			62,492	62,492	106,312	(152,882)	78,414
Selling, general and administrative	2,010	106	37,190	36,949	19,868	(36,957)	59,166
Depreciation and amortization			172,815	172,815	4,264	(172,815)	177,079
Total operating expenses	2,010	106	272,497	272,256	130,444	(362,654)	314,659
Income (loss) from operations	(2,010)	(106)	223,856	224,100	5,584	(224,100)	227,324
Interest expense (income), net	3,264	68,187	163,691	46,320	(155)	(46,320)	234,987
Gain on early extinguishment of debt			131,402				131,402
Subsidiary income (loss)	121,704	195,141	14,542	14,542		(345,929)	
Other income (expense), net	(1)		(2,860)	16	2,032	(16)	(829)
Income (loss) before income taxes	116,429	126,848	203,249	192,338	7,771	(523,725)	122,910
Provision for (benefit from) income taxes			7,842	7,842	(2,344)	(7,842)	5,498
	116,429	126,848	195,407	184,496	10,115	(515,883)	117,412

Net income (loss) attributable to Intelsat S.A.							
Net income attributable to noncontrolling interest					(983)		(983)
Net income (loss) attributable to Intelsat S.A.	$ 116,429	$ 126,848	$ 195,407	$ 184,496	$ 9,132	$ (515,883)	$ 116,429

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

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INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE THREE MONTHS ENDED JUNE 30, 2015

(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
Revenue	$	$	$ 552,116	$ 552,119	$ 138,461	$ (644,587)	$ 598,109
Operating expenses:							
Direct costs of revenue (excluding depreciation and amortization)			60,933	60,933	113,380	(153,311)	81,935
Selling, general and administrative	2,323	45	34,127	33,980	17,682	(34,072)	54,085
Depreciation and amortization			162,990	162,990	8,257	(162,990)	171,247
Total operating expenses	2,323	45	258,050	257,903	139,319	(350,373)	307,267
Income (loss) from operations	(2,323)	(45)	294,066	294,216	(858)	(294,214)	290,842
Interest expense, net	2,680	68,639	151,452	1,493	10	(1,493)	222,781
Subsidiary income	65,223	140,613	3,731	3,731		(213,298)	
Other income (expense), net			40	331	212	(331)	252
Income (loss) before income taxes	60,220	71,929	146,385	296,785	(656)	(506,350)	68,313
Provision for (benefit from) income taxes			5,772	5,798	1,305	(5,798)	7,077
Net income (loss)	60,220	71,929	140,613	290,987	(1,961)	(500,552)	61,236
Net income attributable to noncontrolling interest					(1,016)		(1,016)
	$ 60,220	$ 71,929	$ 140,613	$ 290,987	$ (2,977)	$ (500,552)	$ 60,220

Net income (loss) attributable to Intelsat S.A.							
Cumulative preferred dividends	(9,919)						(9,919)
Net income (loss) attributable to common shareholders	$ 50,301	$ 71,929	$ 140,613	$ 290,987	$ (2,977)	$ (500,552)	$ 50,301

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

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INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 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
Revenue	$	$	$ 997,296	$ 997,302	$ 281,180	$ (1,181,152)	$ 1,094,626
Operating expenses:							
Direct costs of revenue (excluding depreciation and amortization)			124,856	124,856	224,851	(308,689)	165,874
Selling, general and administrative	4,245	110	73,980	73,412	37,979	(73,429)	116,297
Depreciation and amortization			336,191	336,191	9,768	(336,191)	345,959
Total operating expenses	4,245	110	535,027	534,459	272,598	(718,309)	628,130
Income (loss) from operations	(4,245)	(110)	462,269	462,843	8,582	(462,843)	466,496
Interest expense (income), net	6,395	136,462	317,815	93,204	(8,775)	(93,204)	451,897
Gain on early extinguishment of debt			131,402				131,402
Subsidiary income	142,397	290,865	24,137	24,137		(481,536)	
Other income (expense), net	(2)		(5,057)	646	3,649	(646)	(1,410)
Income before income taxes	131,755	154,293	294,936	394,422	21,006	(851,821)	144,591
Provision for (benefit from) income taxes			11,837	11,837	(950)	(11,837)	10,887
Net income	131,755	154,293	283,099	382,585	21,956	(839,984)	133,704
					(1,949)		(1,949)

Net income attributable to noncontrolling interest							
Net income (loss) attributable to Intelsat S.A.	$ 131,755	$ 154,293	$ 283,099	$ 382,585	$ 20,007	$ (839,984)	$ 131,755

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

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INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2015

(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
Revenue	$	$	$ 1,107,640	$ 1,107,646	$ 278,933	$ (1,293,805)	$ 1,200,414
Operating expenses:							
Direct costs of revenue (excluding depreciation and amortization)			123,409	123,409	228,052	(309,468)	165,402
Selling, general and administrative	4,089	165	68,617	68,136	35,987	(68,236)	108,758
Depreciation and amortization			326,168	326,168	16,485	(326,168)	342,653
Total operating expenses	4,089	165	518,194	517,713	280,524	(703,872)	616,813
Income (loss) from operations	(4,089)	(165)	589,446	589,933	(1,591)	(589,933)	583,601
Interest expense, net	5,232	137,255	306,166	3,217	101	(3,217)	448,754
Subsidiary income	124,262	274,989	3,971	3,971		(407,193)	
Other income (expense), net			1,230	1,100	(4,616)	(1,100)	(3,386)
Income (loss) before income taxes	114,941	137,569	288,481	591,787	(6,308)	(995,009)	131,461
Provision for income taxes	4		13,492	13,521	1,065	(13,521)	14,561
Net income (loss)	114,937	137,569	274,989	578,266	(7,373)	(981,488)	116,900
Net income attributable to					(1,963)		(1,963)

noncontrolling interest							
Net income (loss) attributable to Intelsat S.A.	114,937	137,569	274,989	578,266	(9,336)	(981,488)	114,937
Cumulative preferred dividends	(9,919)						(9,919)
Net income (loss) atrributable common shareholders	$ 105,018	$ 137,569	$ 274,989	$ 578,266	$ (9,336)	$ (981,488)	$ 105,018

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

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INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 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
Cash flows from operating activities:	$ (8,030)	$ 223,267	$ 447,423	$ 813,509	$ (320,969)	$ (813,510)	$ 341,690
Cash flows from investing activities:							
Payments for satellites and other property and equipment (including capitalized interest)			(409,687)	(409,687)	(7,947)	409,687	(417,634)
Repayment from (disbursements for) intercompany loans	4,895				359,237	(364,132)	
Investment in subsidiaries	(4,519)		(198)	(198)		4,915	
Dividend from affiliates		134,700	4,555	4,555		(143,810)	
Purchase of cost method investment			(4,000)	(4,000)		4,000	(4,000)
Other investing activities					(787)		(787)
Net cash provided by (used in) investing activities	376	134,700	(409,330)	(409,330)	350,503	(89,340)	(422,421)
Cash flows from financing activities:							
Proceeds from issuance of long-term debt			1,250,000				1,250,000
			(328,569)				(328,569)

Repayments of long-term debt							
Debt issuance costs			(25,053)				(25,053)
Proceeds from (repayment of) intercompany borrowing			(364,132)	(12,438)		376,570	
Dividends paid to preferred shareholders	(4,959)						(4,959)
Capital contribution from parent				56,458	4,717	(61,175)	
Dividends to shareholders			(134,700)	(251,137)	(4,555)	390,392	
Principal payments on deferred satellite performance incentives			(8,544)	(8,544)		8,544	(8,544)
Dividends paid to noncontrolling interest					(4,555)		(4,555)
Net cash provided by (used in) financing activities	(4,959)		389,002	(215,661)	(4,393)	714,331	878,320
Effect of exchange rate changes on cash and cash equivalents	(2)		(373)	(370)	809	371	435
Net change in cash and cash equivalents	(12,615)	357,967	426,722	188,148	25,950	(188,148)	798,024
Cash and cash equivalents, beginning of period	16,941	760	109,959	89,641	43,881	(89,641)	171,541
Cash and cash equivalents, end of period	$ 4,326	$ 358,727	$ 536,681	$ 277,789	$ 69,831	$ (277,789)	$ 969,565

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

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INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2015

(in thousands)

	Intelsat S.A. and Other Parent Guarantors	Intelsat Luxembourg	Intelsat Jackson	Jackson Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidation and Eliminations	Consolidated
Cash flows from operating activities:	$ 545	$ (135,128)	$ 575,314	$ 749,016	$ 23,601	$ (749,016)	$ 464,332
Cash flows from investing activities:							
Payments for satellites and other property and equipment (including capitalized interest)			(397,666)	(397,666)	(1,928)	397,666	(399,594)
Repayment from (disbursements for) intercompany loans	4,727		1,752	1,752		(8,231)	
Investment in subsidiaries	(5,250)	(250,000)	(108)	(108)		255,466	
Dividend from affiliates	19,000	403,100	14,483	14,483		(451,066)	
Purchase of cost method investment			(25,000)	(25,000)		25,000	(25,000)
Other investing activities					5		5
Net cash provided by (used in) investing activities	18,477	153,100	(406,539)	(406,539)	(1,923)	218,835	(424,589)
Cash flows from financing activities:							
Repayments of long-term debt			(324,000)				(324,000)
Proceeds from drawdown of long-term debt			300,000				300,000
Proceeds from (repayment of)	(1,430)		(4,727)		(322)	6,479	

intercompany borrowing							
Dividends paid to preferred shareholders	(4,959)						(4,959)
Capital contribution from parent			250,000	40,013	5,358	(295,371)	
Dividends to shareholders		(19,000)	(403,100)	(395,245)	(14,483)	831,828	
Dividends paid to noncontrolling interest					(4,482)		(4,482)
Principal payments on deferred satellite performance incentives			(9,265)	(9,265)	(572)	9,265	(9,837)
Other financing activities	96						96
Net cash provided by (used in) financing activities	(6,293)	(19,000)	(191,092)	(364,497)	(14,501)	552,201	(43,182)
Effect of exchange rate changes on cash and cash equivalents			(676)	(686)	(4,628)	686	(5,304)
Net change in cash and cash equivalents	12,729	(1,028)	(22,993)	(22,706)	2,549	22,706	(8,743)
Cash and cash equivalents, beginning of period	6,229	1,068	63,633	63,144	52,217	(63,144)	123,147
Cash and cash equivalents, end of period	$ 18,958	$ 40	$ 40,640	$ 40,438	$ 54,766	$ (40,438)	$ 114,404

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

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and their notes included elsewhere in this Quarterly Report. See Forward-Looking Statements for a discussion of factors that could cause our future financial condition and results of operations to be different from those discussed below.

Overview

We operate the world s largest satellite services business, providing a critical layer in the global communications infrastructure.

We provide diversified communications services to the world s leading media companies, fixed and wireless telecommunications operators, data networking service providers for enterprise and air and maritime mobility applications, multinational corporations, and internet service providers. We are also the leading provider of commercial satellite capacity to the U.S. government and other select military organizations and their contractors.

Our customers use our global network for a broad range of applications, from global distribution of content for media companies to providing the transmission layer for commercial aeronautical consumer broadband connectivity, to enabling essential network backbones for telecommunications providers in high-growth emerging regions.

Our network solutions are critical components of our customers infrastructures and business models. Generally, our customers need the specialized connectivity that satellites provide so long as they are in business or pursuing their mission. For instance, our satellite neighborhoods provide our media customers with efficient and reliable broadcast distribution that maximizes audience reach, a benefit that is difficult for terrestrial services to match. In addition, our satellite solutions provide higher reliability than is available from local terrestrial telecommunications services in many regions and allow our customers to reach geographies that they would otherwise be unable to serve.

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Results of Operations

Three Months Ended June 30, 2015 and 2016

The following table sets forth our comparative statements of income for the periods shown with the increase (decrease) and percentage changes, except those deemed not meaningful (NM), between the periods presented (in thousands, except percentages):

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2016	
			Increase (Decrease)	Percentage Change
Revenue	$ 598,109	$ 541,983	$ (56,126)	(9)%
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	81,935	78,414	(3,521)	(4)
Selling, general and administrative	54,085	59,166	5,081	9
Depreciation and amortization	171,247	177,079	5,832	3
Total operating expenses	307,267	314,659	7,392	2
Income from operations	290,842	227,324	(63,518)	(22)
Interest expense, net	222,781	234,987	12,206	5
Gain on early extinguishment of debt		131,402	131,402	NM
Other income (expense), net	252	(829)	(1,081)	NM
Income before income taxes	68,313	122,910	54,597	80
Provision for income taxes	7,077	5,498	(1,579)	(22)
Net income	61,236	117,412	56,176	92
Net income attributable to noncontrolling interest	(1,016)	(983)	(33)	(3)
Net income attributable to Intelsat	$ 60,220	$ 116,429	$ 56,209	93
Cumulative preferred dividends	(9,919)		(9,919)	NM
Net income attributable to common shareholders	$ 50,301	$ 116,429	$ 66,128	NM

Revenue

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, which 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.

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The following table sets forth our comparative revenue by service type, with Off-Network and Other Revenues shown separately from On-Network Revenues, for the periods shown (in thousands, except percentages):

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016	Increase (Decrease)	Percentage Change
On-Network Revenues				
Transponder services	$ 432,513	$ 384,438	$ (48,075)	(11)%
Managed services	101,553	106,821	5,268	5
Channel	11,853	2,490	(9,363)	(79)
Total on-network revenues	545,919	493,749	(52,170)	(10)
Off-Network and Other Revenues				
Transponder, MSS and other off-network services	38,743	35,861	(2,882)	(7)
Satellite-related services	13,447	12,373	(1,074)	(8)
Total off-network and other revenues	52,190	48,234	(3,956)	(8)
Total	$ 598,109	$ 541,983	$ (56,126)	(9)%

Total revenue for the three months ended June 30, 2016 decreased by $56.1 million, or 9%, as compared to the three months ended June 30, 2015. By service type, our revenues increased or decreased due to the following:

On-Network Revenues:

Transponder services an aggregate decrease of $48.1 million, primarily due to a $38.3 million decrease in revenue from network services customers, together with a $9.3 million decline from media customers. The network services decline was mainly due to non-renewals and renewal pricing at lower rates for enterprise and wireless infrastructure services, together with reduced volumes from non-renewals of point-to-point connectivity, which is shifting to fiber alternatives. The media decrease of $9.3 million resulted primarily from lower volumes due to certain North American customers migrating to new compression standards and single format distribution. The aggregate decrease also reflects $1.3 million in currency-related reductions of our contracts in Brazil and Russia, primarily in our media business. Our sector is undergoing a period of increased supply across all regions; the resulting competitive environment is causing pricing pressure in certain regions and applications, primarily with respect to our network services business, and we expect this to continue to impact our business negatively in the near to mid-term.

Managed services an aggregate increase of $5.3 million, largely due to an increase of $10.2 million in revenue from network services customers for broadband services for air and maritime mobility applications, partially offset by declines of $5.1 million in revenues from network services customers for trunking applications and from media customers for video solutions.

Channel an aggregate decrease of $9.4 million due to the continued migration of international point-to-point satellite traffic to fiber optic cable. This legacy product is no longer actively marketed to our customers.

Off-Network and Other Revenues:

Transponder, MSS and other off-network services an aggregate decrease of $2.9 million, primarily due to decreases in services for government applications, largely related to sales of off-network managed services.

Satellite-related services an aggregate decrease of $1.1 million, primarily due to decreased revenue from support for third-party satellites and other services.

Operating Expenses

Direct Costs of Revenue (Excluding Depreciation and Amortization)

Direct costs of revenue decreased by $3.5 million, or 4%, to $78.4 million for the three months ended June 30, 2016 as compared to the three months ended June 30, 2015. The decrease was primarily due to the following:

a decrease of $5.3 million largely due to declines in cost of off-network fixed satellite services and managed services capacity purchased mainly in support of our government business; partially offset by

an increase of $1.4 million in staff-related expenses.

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Selling, General and Administrative

Selling, general and administrative expenses increased by $5.1 million, or 9%, to $59.2 million for the three months ended June 30, 2016 as compared to the three months ended June 30, 2015. The increase was primarily due to the following:

- an increase of $4.7 million in bad debt expense primarily related to a limited number of customers in the Latin America and Caribbean region; and
- an increase of $1.7 million in staff-related expenses consistent with our expectations; partially offset by
- a decrease of $2.5 million in development expense related to our antenna innovation initiatives.

Depreciation and Amortization

Depreciation and amortization expense increased by $5.8 million, or 3%, to $177.1 million for the three months ended June 30, 2016 as compared to the three months ended June 30, 2015. Significant items impacting depreciation and amortization included:

- an increase of $12.6 million in depreciation expense resulting from the impact of satellites placed in service in the fourth quarter of 2015 and the first quarter of 2016; partially offset by
- a net decrease of $4.2 million in depreciation expense due to the timing of certain satellites and ground equipment becoming fully depreciated, and other satellite related expenses; and
- a decrease of $2.9 million in amortization expense primarily due to changes in the pattern of consumption of amortizable intangible assets, as these assets primarily include acquired backlog, which relates to contracts covering varying periods that expire over time, and acquired customer relationships, for which the value diminishes over time.

Interest Expense, Net

Interest expense, net consists of the gross interest expense we incur together with gains and losses on interest rate swaps (which reflect net interest accrued on the interest rate swaps as well as the change in their fair value), offset by interest income earned and the amount of interest we capitalize related to assets under construction. As of December 31, 2015, we held interest rate swaps with an aggregate notional amount of $1.6 billion to economically hedge the variability in cash flow on a portion of the floating-rate term loans under our senior secured credit facilities. The swaps were not designated as hedges for accounting purposes. The swaps matured in January 2016. Interest expense, net increased by $12.2 million, or 5.5%, to $235.0 million for the three months ended June 30, 2016, as compared to the three months ended June 30, 2015. The increase in interest expense, net was principally due to:

a net increase of $21.4 million in interest expense, primarily resulting from the issuance of new debt in 2016 (see Liquidity and Capital Resources Long-Term Debt); partially offset by

a decrease of $8.6 million from higher capitalized interest of $29.9 million for the three months ended June 30, 2016, primarily resulting from increased levels of satellites and related assets under construction.

The non-cash portion of total interest expense, net was $5.9 million for the three months ended June 30, 2016. The non-cash interest expense was due to the amortization of deferred financing fees and the accretion and amortization of discounts and premiums.

Gain on Early Extinguishment of Debt

Gain on early extinguishment of debt was $131.4 million for the three months ended June 30, 2016 with no comparable gain or loss for the three months ended June 30, 2015. In the second quarter of 2016, Intelsat Jackson repurchased $459.7 million aggregate principal amount of Intelsat Jackson s outstanding 6⅝% Senior Notes due 2022 (the 2022 Jackson Notes) (see Liquidity and Capital Resources Long-Term Debt). The gain of $131.4 million consisted of the difference between the carrying value of the debt repurchased and the total cash amount paid (including related fees), together with a write-off of unamortized debt premium and unamortized debt issuance costs.

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Other Income (Expense), Net

Other expense, net was $0.8 million for the three months ended June 30, 2016, as compared to other income, net of $0.3 million for the three months ended June 30, 2015. The difference of $1.1 million was primarily due to a $0.6 million increase in expenses mainly related to our business conducted in Brazilian *reais*.

Provision for Income Taxes

Our income tax expense was $5.5 million for the three months ended June 30, 2016, as compared to $7.1 million for the three months ended June 30, 2015. The decrease was principally due to the recognition of previously unrecognized tax benefits related to our U.S. subsidiaries in the three months ended June 30, 2016.

Cash paid for income taxes, net of refunds, totaled $2.5 million and $5.3 million for the three months ended June 30, 2016 and 2015, respectively.

Net Income Attributable to Intelsat S.A.

Net income attributable to Intelsat S.A. increased by $56.2 million, or 93%, to $116.4 million for the three months ended June 30, 2016, as compared to the three months ended June 30, 2015, reflecting the various items discussed above.

Cumulative Preferred Dividends

Cumulative preferred dividends declared during the three months ended June 30, 2015, were $9.9 million, with no comparable amount during the three months ended June 30, 2016.

Net Income Attributable to Common Shareholders

Net income attributable to common shareholders for the three months ended June 30, 2016 totaled $116.4 million. Net income increased from the comparable period in 2015 by $66.1 million, reflecting the various items discussed above.

Six Months Ended June 30, 2015 and 2016

The following table sets forth our comparative of operations for the periods shown with increase (decrease) and percentage changes, except those deemed not meaningful (NM), between the periods (in thousands, except percentages):

			Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2016	
	Six Months Ended June 30, 2015	**Six Months Ended June 30, 2016**	**Increase (Decrease)**	**Percentage Change**
Revenue	$ 1,200,414	$ 1,094,626	$ (105,788)	(9)%

Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	165,402	165,874	472	0
Selling, general and administrative	108,758	116,297	7,539	7
Depreciation and amortization	342,653	345,959	3,306	1
Total operating expenses	616,813	628,130	11,317	2
Income from operations	583,601	466,496	(117,105)	(20)
Interest expense, net	448,754	451,897	3,143	1
Gain on early extinguishment of debt		131,402	131,402	NM
Other expense, net	(3,386)	(1,410)	(1,976)	(58)
Income before income taxes	131,461	144,591	13,130	10
Provision for income taxes	14,561	10,887	(3,674)	(25)
Net income	116,900	133,704	16,804	14
Net income attributable to noncontrolling interest	(1,963)	(1,949)	(14)	(1)
Net income attributable to Intelsat S.A.	$ 114,937	$ 131,755	$ 16,818	15
Cumulative preferred dividends	(9,919)		(9,919)	NM
Net income attributable to common shareholders	$ 105,018	$ 131,755	$ 26,737	25%

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Revenue

The following table sets forth our comparative revenue by service type, with Off-Network and Other Revenues shown separately from On-Network Revenues, for the periods shown (in thousands, except percentages):

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2016	Increase (Decrease)	Percentage Change
On-Network Revenues				
Transponder services	$ 873,687	$ 774,812	$ (98,875)	(11)%
Managed services	200,336	207,436	7,100	4
Channel	23,902	5,327	(18,575)	(78)
Total on-network revenues	1,097,925	987,575	(110,350)	(10)
Off-Network and Other Revenues				
Transponder, MSS and other off-network services	79,468	82,077	2,609	3
Satellite-related services	23,021	24,974	1,953	8
Total off-network and other revenues	102,489	107,051	4,562	4
Total	$ 1,200,414	$ 1,094,626	$ (105,788)	(9)%

Total revenue for the six months ended June 30, 2016 decreased by $105.8 million, or 9%, as compared to the six months ended June 30, 2015. By service type, our revenues increased or decreased due to the following:

On-Network Revenues:

Transponder services an aggregate decrease of $98.9 million, primarily due to a $78.2 million decrease in revenue from network services customers, together with a $20.3 million decline from media customers. The network services decline was mainly due to non-renewals and renewal pricing at lower rates for enterprise and wireless infrastructure services, together with reduced volumes from non-renewals of point-to-point connectivity, which is shifting to fiber alternatives. The media decrease of $20.3 million resulted primarily from lower volumes due to certain North American customers migrating to new compression standards and single format distribution. The aggregate decrease also reflects $4.9 million in currency-related reductions of our contracts in Brazil and Russia, across our network services and media businesses. Our sector is undergoing a period of increased supply across all regions; the resulting competitive environment is causing pricing pressure in certain regions and applications, primarily with respect to our network services business, and we expect this to continue to impact our business negatively in the near to mid-term.

Managed services an aggregate increase of $7.1 million, largely due to an increase of $14.8 million in revenue from network services customers for broadband services for air and maritime mobility applications and an increase of $3.9 million in revenue from government customers, partially offset by declines in revenues of $9.2 million from network services customers for trunking applications and from media customers for video solutions.

Channel an aggregate decrease of $18.6 million due to the continued migration of international point-to-point satellite traffic to fiber optic cable. This legacy product is no longer actively marketed to our customers.

Off-Network and Other Revenues:

Transponder, MSS and other off-network services an aggregate increase of $2.6 million, primarily due to increases in services for government applications, largely related to sales of off-network managed services.

Satellite-related services an aggregate increase of $2.0 million, primarily due to increased revenue from support for third-party satellites and other services.

Operating Expenses

Direct Costs of Revenue (Excluding Depreciation and Amortization)

Direct costs of revenue increased by $0.5 million to $165.9 million for the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. The increase was primarily due to higher cost of sales for customer premise equipment relating to our government customer set, partially offset by declines in cost of off-network fixed satellite services and managed services capacity purchased mainly in support of our government business.

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Selling, General and Administrative

Selling, general and administrative expenses increased by $7.5 million, or 7%, to $116.3 million for the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. The increase was primarily due to the following:

- an increase of $5.9 million in bad debt expense primarily related to a limited number of customers in the Latin America and Caribbean region; and
- an increase of $2.2 million in professional fees.

Depreciation and Amortization

Depreciation and amortization expense increased by $3.3 million, or 1.0%, to $346.0 million for the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. Significant items impacting depreciation and amortization included:

- an increase of $15.9 million in depreciation expense resulting from the impact of satellites placed in service in the fourth quarter of 2015 and the first quarter of 2016; partially offset by
- a net decrease of $7.7 million in depreciation expense due to the timing of certain satellites and ground equipment becoming fully depreciated, and other satellite related expenses; and
- a decrease of $5.9 million in amortization expense primarily due to changes in the pattern of consumption of amortizable intangible assets, as these assets primarily include acquired backlog, which relates to contracts covering varying periods that expire over time, and acquired customer relationships, for which the value diminishes over time.

Interest Expense, Net

Interest expense, net increased by $3.1 million, or less than 1%, to $451.9 million for the six months ended June 30, 2016, as compared to the six months ended June 30, 2015. The increase in interest expense, net was principally due to:

- a net increase of $22.5 million in interest expense, primarily resulting from the issuance of new debt in 2016 (see Liquidity and Capital Resources Long-Term Debt); partially offset by
- a decrease of $17.0 million from higher capitalized interest of $57.0 million for the six months ended June 30, 2016, primarily resulting from increased levels of satellites and related assets under construction; and

a decrease of $2.5 million in interest, as compared to the six months ended June 30, 2015, resulting from the expiration of the interest rate swaps in January 2016.

The non-cash portion of total interest expense, net was $10.9 million for the six months ended June 30, 2016. The non-cash interest expense was due to the amortization of deferred financing fees and the accretion and amortization of discounts and premiums.

Gain on Early Extinguishment of Debt

Gain on early extinguishment of debt was $131.4 million for the six months ended June 30, 2016 with no comparable gain or loss for the six months ended June 30, 2015. In the second quarter of 2016, Intelsat Jackson repurchased $459.7 million aggregate principal amount of the 2022 Jackson Notes (see Liquidity and Capital Resources Long-Term Debt). The gain of $131.4 million consisted of the difference between the carrying value of the debt repurchased and the total cash amount paid (including related fees), together with a write-off of unamortized debt premium and unamortized debt issuance costs.

Other Expense, Net

Other expense, net was $1.4 million for the six months ended June 30, 2016, as compared to $3.4 million for the six months ended June 30, 2015. The decrease of $2.0 million was primarily due to a $3.1 million decrease in expenses mainly related to our business conducted in Brazilian *reais*.

Provision for Income Taxes

Our income tax expense was $10.9 million for the six months ended June 30, 2016, as compared to $14.6 million for the six months ended June 30, 2015. The decrease was principally due to the recognition of previously unrecognized tax benefits related to our U.S. subsidiaries in the six months ended June 30, 2016.

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Cash paid for income taxes, net of refunds, totaled $14.1 million and $19.4 million for the six months ended June 30, 2016 and 2015, respectively.

Net Income Attributable to Intelsat S.A.

Net income attributable to Intelsat S.A. increased by $16.8 million, or 15%, to $131.8 million for the six months ended June 30, 2016, as compared to the six months ended June 30, 2015, reflecting the various items discussed above.

Cumulative Preferred Dividends

Cumulative preferred dividends declared during the six months ended June 30, 2015, were $9.9 million, with no comparable amount during the six months ended June 30, 2016.

Net Income Attributable to Common Shareholders

Net income attributable to common shareholders for the six months ended June 30, 2016 totaled $131.8 million, an increase from the comparable period in 2015 by $26.7 million, reflecting the various items discussed above.

EBITDA

EBITDA consists of earnings before net interest, gain on early extinguishment of debt, taxes and depreciation and amortization. Given our high level of leverage, refinancing activities are a frequent part of our efforts to manage our costs of borrowing. Accordingly, we consider gain on early extinguishment of debt an element of interest expense. EBITDA is a measure commonly used in the fixed satellite services sector, and we present EBITDA to enhance the understanding of our operating performance. We use EBITDA as one criterion for evaluating our performance relative to that of our peers. We believe that EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and financial analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. However, EBITDA is not a measure of financial performance under U.S. GAAP, and our EBITDA may not be comparable to similarly titled measures of other companies. EBITDA should not be considered as an alternative to operating income (loss) or net income (loss) determined in accordance with U.S. GAAP, as an indicator of our operating performance, or as an alternative to cash flows from operating activities determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

A reconciliation of net income to EBITDA for the periods shown is as follows (in thousands):

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016	Six Months Ended June 30, 2015	Six Months Ended June 30, 2016
Net income	$ 61,236	$ 117,412	$ 116,900	$ 133,704
Add (Subtract):				
Interest expense, net	222,781	234,987	448,754	451,897
Gain on early extinguishment of debt		(131,402)		(131,402)
Provision for income taxes	7,077	5,498	14,561	10,887

Depreciation and amortization	171,247	177,079	342,653	345,959
EBITDA	$ 462,341	$ 403,574	$ 922,868	$ 811,045

Adjusted EBITDA

In addition to EBITDA, we calculate a measure called Adjusted EBITDA to assess the operating performance of Intelsat S.A. Adjusted EBITDA consists of EBITDA of Intelsat S.A., as adjusted to exclude or include certain unusual items, certain other operating expense items and certain other adjustments as described in the table and related footnotes below. Our management believes that the presentation of Adjusted EBITDA provides useful information to investors, lenders and financial analysts regarding our financial condition and results of operations because it permits clearer comparability of our operating performance between periods. By excluding the potential volatility related to the timing and extent of non-operating activities, such as impairments of asset value and other non-recurring items, our management believes that Adjusted EBITDA provides a useful means of evaluating the success of our operating activities. We also use Adjusted EBITDA, together with other appropriate metrics, to set goals for and measure the operating performance of our business, and it is one of the principal measures we use to evaluate our management s performance in determining compensation under our incentive compensation plans. Adjusted EBITDA measures have been used historically by investors, lenders and financial analysts to estimate the value of a company, to make informed investment decisions and to evaluate performance. Our management believes that the inclusion of Adjusted EBITDA facilitates comparison of our results with those of companies having different capital structures.

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Adjusted EBITDA is not a measure of financial performance under U.S. GAAP and may not be comparable to similarly titled measures of other companies. Adjusted EBITDA should not be considered as an alternative to operating income (loss) or net income (loss) determined in accordance with U.S. GAAP, as an indicator of our operating performance, as an alternative to cash flows from operating activities determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

A reconciliation of net income to EBITDA and EBITDA to Adjusted EBITDA is as follows (in thousands):

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016	Six Months Ended June 30, 2015	Six Months Ended June 30, 2016
Net income	$ 61,236	$ 117,412	$ 116,900	$ 133,704
Add (Subtract):				
Interest expense, net	222,781	234,987	448,754	451,897
Gain on early extinguishment of debt		(131,402)		(131,402)
Provision for income taxes	7,077	5,498	14,561	10,887
Depreciation and amortization	171,247	177,079	342,653	345,959
EBITDA	462,341	403,574	922,868	811,045
Add:				
Compensation and benefits (1)	7,318	5,504	15,266	13,173
Non-recurring and other non-cash items (2)	3,775	1,659	5,650	4,189
Adjusted EBITDA	$ 473,434	$ 410,737	$ 943,784	$ 828,407

(1) Reflects non-cash expenses incurred relating to our equity compensation plans.

(2) Reflects certain non-recurring gains and losses and non-cash items, including the following: costs associated with development activities; expenses associated with the relocation of our government business subsidiary to our U.S. administrative headquarters facility in 2015; non-cash expense related to the recognition of expense on a straight-line basis for certain office space leases mainly in 2015; professional fees related to certain financing and balance sheet initiatives; severance, retention and relocation payments; and other various non-recurring expenses. These costs were partially offset by non-cash income related to the recognition of deferred revenue on a straight-line basis for certain prepaid capacity service contracts.

Liquidity and Capital Resources

Overview

We are a highly leveraged company and our contractual obligations, commitments and debt service requirements over the next several years are significant. At June 30, 2016, the aggregate principal amount of our debt outstanding was $16.0 billion. As described in further detail below, on July 15, 2016, upon completion of previously announced tender offers, we reduced our debt outstanding by $673.5 million aggregate principal amount using restricted cash on our condensed consolidated balance sheet. Our interest expense for the six months ended June 30, 2016 was $451.9 million, which included $10.9 million of non-cash interest expense. We also expect to make significant capital expenditures in 2016 and future years, as set forth below in Capital Expenditures.

Our primary source of liquidity is and will continue to be cash generated from operations and existing cash. At June 30, 2016, cash and cash equivalents were $969.6 million. In addition, $480.2 million of restricted cash was included within other long-term assets on the condensed consolidated balance sheet. On July 15, 2016, the restricted cash was used to repurchase $673.5 million aggregate principal amount of the 2022 Jackson Notes pursuant to the terms of previously announced tender offers, and to pay related fees and expenses. As of June 30, 2016, Intelsat Jackson had $434.3 million of undrawn capacity under its revolving credit facility. However, use of such capacity was subject to the covenants of its other debt agreements. As a result of the completion of senior secured note issuances in March and June 2016, 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.

We currently expect to use cash on hand, cash flows from operations and refinancing of our third party debt to fund our most significant cash outlays, including debt service requirements and capital expenditures, in the next twelve months, and expect such

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sources to be sufficient to fund our requirements over that time and beyond. In past years, our cash flows from operations and cash on hand have been sufficient to fund interest obligations ($970.3 million and $894.5 million in 2014 and 2015, respectively) and significant capital expenditures ($645.4 million and $724.4 million in 2014 and 2015, respectively). Our total capital expenditures are expected to range from $725 million to $800 million in 2016, $625 million to $700 million in 2017 and $425 million to $525 million in 2018. However, an inability to generate sufficient cash flow to satisfy our debt service obligations, to refinance our obligations on commercially reasonable terms, or to finance our planned capital expenditures, would have an adverse effect on our business, financial position, results of operations and cash flows, as well as on our and our subsidiaries ability to satisfy their obligations in respect of their respective debt. We continually evaluate ways to simplify our capital structure and opportunistically extend our maturities and reduce our costs of debt. In addition, we may from time to time retain any future earnings or use other available cash to purchase, repay, redeem or retire any of our outstanding debt securities in privately negotiated or open market transactions, by tender offer or otherwise.

In June 2015, the shareholders of Intelsat S.A. declared a $9.9 million dividend which was paid to holders of our Series A Preferred Shares in four installments through May 2016, in accordance with the terms of the Series A Preferred Shares.

Cash Flow Items

Our cash flows consisted of the following for the periods shown (in thousands):

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2016
Net cash provided by operating activities	$ 464,332	$ 341,690
Net cash used in investing activities	(424,589)	(422,421)
Net cash provided by (used in) financing activities	(43,182)	878,320
Net change in cash and cash equivalents	(8,743)	798,024

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased by $122.6 million to $341.7 million for the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. The primary drivers of the decrease were a lower cash inflow related to lower customer prepayments received under our long-term service contracts and higher cash outflows for prepaid expenses and other assets, partially offset by lower cash outflows related to interest payable, accrued retirement benefits and accounts payable and accrued liabilities. During the six months ended June 30, 2016, cash flows from operating activities reflected a $30.0 million cash outflow related to prepaid expenses and other assets and an $18.7 million outflow related to timing on collection of receivables, partially offset by a $25.0 million inflow related to the amount and timing of interest payments.

Net Cash Used in Investing Activities

Net cash used in investing activities decreased by $2.2 million to $422.4 million during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. The decrease was primarily due to fewer purchases of cost method investments, partially offset by higher capital expenditures.

Net Cash Provided by (Used in) Financing Activities

Net cash from financing activities increased by $921.5 million to $878.3 million during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015, primarily due to net proceeds from the issuance of $1.25 billion aggregate principal amount of senior secured notes by Intelsat Jackson in March 2016, partially offset by a $328.6 million repayment of long-term debt.

Supplemental Disclosures of Non-cash Financing Activities

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%. Since the possible uses of the debt proceeds were contractually restricted to repayment of long-term debt, we classified the net proceeds as restricted cash within long-term assets on the condensed consolidated balance sheet as of June 30, 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 in connection with the previously announced tender offers completed on July 15, 2016.

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Long-Term Debt

Senior Secured Credit Facilities

On January 12, 2011, 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 June 30, 2016, Intelsat Jackson had $434.3 million of undrawn capacity under its revolving credit facility. However, use of such capacity was subject to the covenants of its other debt agreements. As a result of the completion of senior secured note issuances in March and June 2016, 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 2.15 to 1.00 and a consolidated EBITDA to consolidated interest expense ratio of 2.37 to 1.00 as of June 30, 2016.

2016 Debt Transactions

March 2016 Intelsat Jackson Senior Secured Notes Offerings

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.

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.

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May 2016 Intelsat Jackson Notes Repurchases

In May 2016, we repurchased $459.7 million in aggregate principal amount of 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 6 5/8% 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 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 expect to recognize a gain on early extinguishment of debt of approximately $216.3 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.

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, our subsidiary, Intelsat Jackson prepaid in full all amounts outstanding under the Intercompany Loan.

Noteholder Letters and Responses

During May and June 2016, Intelsat Jackson responded to letters received from Aurelius Capital Management, LP on behalf of funds that purport to hold outstanding 7.25% Senior Notes due 2020 of Intelsat Jackson. The Company believes that the transactions referenced in the letters were in compliance with our debt agreements and that allegations to the contrary are without merit. The Company intends to vigorously defend its position in any actions or proceedings stemming from such allegations.

Contracted Backlog

We have historically had, and currently have, a substantial contracted backlog, which provides some assurance regarding our future revenue expectations. Contracted backlog is our expected future revenue under customer contracts, and includes both cancelable and non-cancelable contracts. Approximately 89% of our total contracted backlog as of June 30, 2016 related to contracts that were non-cancelable and approximately 10% related to contracts that were cancelable subject to substantial termination fees. In certain cases of breach for non-payment or customer bankruptcy, we may not be able to recover the full value of certain contracts or termination fees. Our contracted backlog includes 100% of the backlog of our consolidated ownership interests, which is consistent with the accounting for our ownership interests in these entities. Our contracted backlog was approximately $9.2 billion as of June 30, 2016. This backlog reduces the volatility of our net cash provided by operating activities more than would be typical for a company outside our industry.

Capital Expenditures

Our capital expenditures depend on our business strategies and reflect our commercial responses to opportunities and trends in our industry. Our actual capital expenditures may differ from our expected capital expenditures if, among other things, we enter into any currently unplanned strategic transactions. Levels of capital spending from one year to the next are also influenced by the nature of the satellite life cycle and by the capital-intensive nature of the satellite industry. For example, we incur significant capital expenditures during the years in which satellites are under construction. We typically procure a new satellite within a timeframe that would allow the satellite to be deployed at least one year prior to the end of the service life of the satellite to be replaced. As a result, we frequently experience significant variances in our capital expenditures from year to year.

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Payments for satellites and other property and equipment during the six months ended June 30, 2016, were $417.6 million. Our capital expenditure guidance for the periods 2016 through 2018 (the Guidance Period) forecasts capital expenditures for ten satellites which are in the manufacturing and design phase, or recently launched, during the Guidance Period. In January 2016, we successfully launched Intelsat 29e, the first of the Intelsat Epic^{NG} high throughput satellites. Intelsat 29e entered into service in March 2016. Further, in June 2016, we successfully launched Intelsat 31. Intelsat 31 entered into service in late July 2016. We expect to launch five additional satellites during the Guidance Period, two of which are expected to be launched in 2016. By the conclusion of the Guidance Period, our total transmission capacity is expected to increase significantly from levels at 2015 year end. We expect our capital expenditures to range from $725 million to $800 million in 2016. For 2017, we anticipate capital expenditures to range from $625 million to $700 million. For 2018, we anticipate capital expenditures to range from $425 million to $525 million as we begin investing in replacement satellites that will be launched beyond the Guidance Period. Our capital expenditures guidance includes capitalized interest. The annual classification of capital expenditure payments could be impacted by the timing of achievement of satellite manufacturing and launch contract milestones.

We intend to fund our capital expenditure requirements through cash on hand and cash provided from operating activities.

Off-Balance Sheet Arrangements

At June 30, 2016, we had an off-balance sheet commitment of $10.0 million which we expect to pay through 2017 for development expenses.

Disclosures about Market Risk

See Item 3 Quantitative and Qualitative Disclosures About Market Risk.

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.

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 ASU 2016-09 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 in 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are primarily exposed to the market risk associated with unfavorable movements in interest rates and foreign currencies. The risk inherent in our market risk sensitive instruments and positions is the potential loss arising from adverse changes in those factors. We do not purchase or hold any derivative financial instruments for speculative purposes.

Interest Rate Risk

The satellite communications industry is a capital intensive, technology driven business. We are subject to interest rate risk primarily associated with our borrowings. Interest rate risk is the risk that changes in interest rates could adversely affect earnings and cash flows. Specific interest rate risks include: the risk of increasing interest rates on short-term debt; the risk of increasing interest rates for planned new fixed-rate long-term financings; and the risk of increasing interest rates for planned refinancings using long-term fixed-rate debt.

At December 31, 2015, approximately 79%, or $11.6 billion was fixed-rate debt. As of June 30, 2016, our fixed-rate debt increased to 81% or $12.9 billion. Based on the level of fixed-rate debt outstanding at June 30, 2016, a 100 basis point decrease in market rates would result in an increase in fair value of this fixed-rate debt of approximately $324 million.

We perform interest rate sensitivity analyses on our variable-rate debt. These analyses indicate that a 100 basis point increase in interest rates would have an annual impact of approximately $20.1 million on our consolidated statements of operations and cash flows as of June 30, 2016. While our variable-rate debt may impact earnings and cash flows as interest rates change, it is not subject to changes in fair values.

Foreign Currency Risk

We do not currently use material foreign currency derivatives to hedge our foreign currency exposures. There have been no material changes to our foreign currency exposures as discussed in our Annual Report on Form 20-F for the year ended December 31, 2015.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to litigation in the ordinary course of business, but 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.

Item 1A. Risk Factors

Aside from the updates to the risk factor set forth below, there has been no other changes in the risks related to our business since we filed our Annual Report on Form 20-F for the year ended December 31, 2015.

The terms of the Intelsat Jackson Secured Credit Agreement, the indentures governing our existing notes and the terms of our other indebtedness may restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions.

On January 12, 2011, Intelsat Jackson, our wholly-owned subsidiary, entered into a secured credit agreement (as amended, the Intelsat Jackson Secured Credit Agreement). The Intelsat Jackson Secured Credit Agreement, the indentures governing our existing notes and the terms of our other outstanding indebtedness contain, and any future indebtedness of ours would likely contain, a number of restrictive covenants imposing significant operating and financial restrictions on Intelsat S.A. and some or all of its subsidiaries, including restrictions that may limit our ability to engage in acts that may be in our long-term best interests. The Intelsat Jackson Secured Credit Agreement includes two financial covenants. Intelsat Jackson must maintain a consolidated secured debt to consolidated EBITDA ratio of less than or equal to 3.50 to 1.00 at the end of each fiscal quarter as well as a consolidated EBITDA to consolidated interest expense ratio of greater than or equal to 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.

In addition, the Intelsat Jackson Secured Credit Agreement requires Intelsat Jackson to use a portion of the proceeds of certain asset sales, in excess of a specified amount, that are not reinvested in its business to repay indebtedness under the agreement.

The Intelsat Jackson Secured Credit Agreement, the indentures governing our existing notes and the terms of our other outstanding indebtedness include covenants restricting, among other things, the ability of Intelsat S.A. and its subsidiaries to:

- incur or guarantee additional debt or issue disqualified stock;
- pay dividends (including to fund cash interest payments at different entity levels), or make redemptions, repurchases or distributions, with respect to ordinary shares or capital stock;
- create or incur certain liens;

make certain loans or investments;

engage in mergers, acquisitions, amalgamations, asset sales and sale and leaseback transactions; and

engage in transactions with affiliates.

These covenants are subject to a number of qualifications and exceptions. The operating and financial restrictions and covenants in our existing debt agreements and any future financing agreements may adversely affect our ability to finance future operations or capital needs or to engage in other business activities. A breach of any of the restrictive covenants in the Intelsat Jackson Secured Credit Agreement or the indentures governing our existing notes could result in a default under such agreement or indentures. If any such default occurs and continues, the lenders under the Intelsat Jackson Secured Credit Agreement and the holders of any applicable series of notes may elect to declare all outstanding principal amounts, together with accrued interest and other amounts, to be immediately due and payable and, in the case of the Jackson Secured Credit Agreement and our secured notes, subject to the intercreditor arrangements governing them, proceed against the collateral granted to them to secure the amounts owed to them. If a default and acceleration occurred under the Intelsat Jackson Secured Credit Agreement, this would result in an event of default under our existing notes. The lenders under the Intelsat Jackson Secured Credit Agreement will also have the right in these circumstances to terminate any commitments they have to fund further borrowings. If the debt under the Intelsat Jackson Secured Credit Agreement and/or our secured notes were to be accelerated, our assets might not be sufficient to repay such debt in full or to repay our unsecured notes and our other debt.

Between May 13, 2016 and the date hereof, the Company has considered allegations contained in four letters (the Letters) received by the Company from Aurelius Capital Management, LP and its affiliates and representatives (collectively, Aurelius), purporting at times to represent certain funds holding outstanding 7.25% Senior Notes due 2020 (the 2020 Jackson Notes) of Intelsat

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Jackson. The Letters allege, among other things, that a dividend Intelsat Jackson paid to Intelsat Luxembourg in the third quarter of 2015, and the repayment of the Intercompany Loan in the first quarter of 2016 were in violation of the restricted payments covenant contained in the indenture governing the 2020 Jackson Notes (the 2020 Indenture). In addition, the Letters allege that the grants of guarantees on the 6.625% Senior Notes due 2022 by Intelsat Jackson s subsidiaries in May 2016, and the issuances of guarantees by Intelsat Jackson s subsidiaries in March 2016 and June 2016 on debt issued at such times by Intelsat Jackson, may be deemed to have been fraudulent transfers.

The Company believes that the transactions referenced in the Letters were in compliance with our debt agreements, were not fraudulent transfers and that allegations to the contrary in the Letters are wrong. The Company intends to vigorously defend its position in any actions or proceedings stemming from such allegations. Nonetheless:

- No assurance can be given that the requisite holders of the 2020 Jackson Notes or other Intelsat Jackson indebtedness (including lenders under Intelsat Jackson s Secured Credit Agreement), will not take a position similar to Aurelius and declare a default under the applicable indentures or debt agreements, claim that the applicable subsidiary guarantees were fraudulent transfers or raise new allegations.

- No assurance can be given that we would prevail in any legal proceeding with respect to any allegation made by Aurelius.

- The pendency of the allegations made in the Letters and the possibility of the consequences set forth herein may make it difficult for the Company to access the capital markets or obtain credit, or may make the terms on which the Company could raise money more onerous.

- If it is ultimately determined that a default existed under Intelsat Jackson s Secured Credit Agreement in March 2016 and June 2016 when Intelsat Jackson issued secured notes, and that the absence of default was a condition to such financing being permitted under the credit facility, then it could be argued that the issuance of such notes violated the terms of the Intelsat Jackson Secured Credit Agreement and the priority and validity of the security for such notes could be challenged. If it is ultimately determined that the granting of guarantees on any of Intelsat Jackson s notes by subsidiaries of Intelsat Jackson constituted a fraudulent transfer, then such guarantees may be subject to avoidance.

If a default or event of default, as applicable, were to be triggered under any of Intelsat Jackson s indentures or other agreements governing its indebtedness in respect of any of the foregoing matters, and such event of default were not cured within the applicable grace period, the indebtedness thereunder could be declared immediately due and payable, subject to certain notice and other requirements. This could result in the indebtedness under all of Intelsat Jackson s other debt agreements being cross defaulted and, upon requisite notice of default and acceleration, such other indebtedness could become immediately due and payable. We would not have sufficient financial resources to satisfy all of the obligations under the 2020 Jackson Notes and such other indebtedness if they were to become due and payable, and might not be able to restructure or refinance such indebtedness on similar terms or at all.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities
None.

Item 4. Mine Safety Disclosures
None.

Item 5. Other Information
None.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTELSAT S.A.

Date: July 27, 2016	By	/s/ STEPHEN SPENGLER **Stephen Spengler** **Chief Executive Officer**
Date: July 27, 2016	By	/s/ JACQUES KERREST **Jacques Kerrest** **Executive Vice President and Chief Financial Officer**

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