

AGREEMENT RELATING TO THE INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION "INTELSAT" (with annexes and Operating Agreement) (1971)

ENTERED INTO FORCE: 12 Feb 1973

PREAMBLE

The States Parties to this Agreement,

Considering the principle set forth in Resolution 1721 (XVI) of the General Assembly of the United Nations that communication by means of satellites should be available to the nations of the world as soon as practicable on a global and nondiscriminatory basis,

Considering the relevant provisions of the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies, and in particular Article I, which states that outer space shall be used for the benefit and in the interests of all countries,

Noting that pursuant to the Agreement Establishing Interim Arrangements for a Global Commercial Communications Satellite System and the related Special Agreement, a global commercial telecommunications satellite system has been established,

Desiring to continue the development of this telecommunications satellite system with the aim of achieving a single global commercial telecommunications satellite system as part of an improved global telecommunications network which will provide expanded telecommunications services to all areas of the world and which will contribute to world peace and understanding,

Determined, to this end, to provide, for the benefit of all mankind, through the most advanced technology available, the most efficient and economic facilities possible consistent with the best and most equitable use of the radio frequency spectrum and of orbital space,

Believing that satellite telecommunications should be organized in such a way as to permit all peoples to have access to the global satellite system and those States members of the International Telecommunication Union so wishing to invest in the system with consequent participation in the design, development, construction, including the provision of equipment, establishment, operation, maintenance and ownership of the system,

Pursuant to the Agreement Establishing Interim Arrangements for a Global Commercial Communications Satellite System,

Agree as follows:

Article I. (DEFINITIONS)

For the purposes of this Agreement:

(a) "Agreement" means the present agreement, including its Annexes but excluding all titles of Articles, opened for signature by Governments at Washington on August 20, 1971, by which the international telecommunications satellite organization "INTELSAT" is established;

(b) "Operating Agreement" means the agreement, including its Annex but excluding all titles of Articles, opened for signature at Washington on August 20, 1971, by Governments or telecommunications entities designated by Governments in accordance with the provisions of this Agreement;

(c) "Interim Agreement" means the Agreement Establishing Interim Arrangements for a Global Commercial Communications Satellite System signed by Governments at Washington on August 20, 1964;

(d) "Special Agreement" means the agreement signed on August 20, 1964, by Governments or telecommunications entities designated by Governments, pursuant to the provisions of the Interim Agreement;

(e) "Interim Communications Satellite Committee" means the Committee established by Article IV of the Interim Agreement;

(f) "Party" means a State for which the Agreement has entered into force or been provisionally applied;

(g) "Signatory" means a Party, or the telecommunications entity designated by a Party, which has signed the Operating Agreement and for which it has entered into force or been provisionally applied;

(h) "Space segment" means the telecommunications satellites, and the tracking, telemetry, command, control, monitoring and related facilities and equipment required to support the operation of these satellites;

(i) "INTELSAT space segment" means the space segment owned by INTELSAT;

(j) "Telecommunications" means any transmission, emission or reception of signs, signals, writing, images and sounds or intelligence of any nature, by wire, radio, optical or other electromagnetic systems;

(k) "Public telecommunications services" means fixed or mobile telecommunications services which can be provided by satellite and which are available for use by the public, such as telephony, telegraphy, telex, facsimile, data transmission, transmission of radio and television

programs between approved earth stations having access to the INTELSAT space segment for further transmission to the public, and leased circuits for any of these purposes; but excluding those mobile services of a type not provided under the Interim Agreement and the Special Agreement prior to the opening for signature of this Agreement, which are provided through mobile stations operating directly to a satellite which is designed, in whole or in part to provide services relating to the safety or flight control of aircraft or to aviation or maritime radio navigation;

(l) "Specialized telecommunications services" means telecommunications services which can be provided by satellite, other than those defined in paragraph (k) of this Article, including, but not limited to, radio navigation services, broadcasting satellite services for reception by the general public, space research services, meteorological services, and earth resources services;

(m) "Property" includes every subject of whatever nature to which a right of ownership can attach, as well as contractual rights; and

(n) "Design" and "development" include research directly related to the purposes of INTELSAT.

Article II. (ESTABLISHMENT OF INTELSAT)

(a) With full regard for the principles set forth in the Preamble to this Agreement, the Parties hereby establish the international telecommunications satellite organization "INTELSAT", the main purpose of which is to continue and carry forward on a definitive basis the design, development, construction, establishment, operation and maintenance of the space segment of the global commercial telecommunications satellite system as established under the provisions of the Interim Agreement and the Special Agreement.

(b) Each State Party shall sign, or shall designate a telecommunications entity, public or private, to sign, the Operating Agreement which shall be concluded in conformity with the provisions of this Agreement and which shall be opened for signature at the same time as this Agreement. Relations between any telecommunications entity, acting as Signatory, and the Party which has designated it shall be governed by applicable domestic law.

(c) Telecommunications administrations and entities may, subject to applicable domestic law, negotiate and enter directly into appropriate traffic agreements with respect to their use of channels of telecommunications provided pursuant to this Agreement and the Operating Agreement, as well as services to be furnished to the public, facilities, divisions of revenue and related business arrangements.

Article III (SCOPE OF INTELSAT ACTIVITIES)

(a) In continuing and carrying forward on a definitive basis activities concerning the space segment of the global commercial telecommunications satellite system referred to in paragraph (a) of Article II of this Agreement, INTELSAT shall have as its prime objective the provision, on a commercial basis, of the space segment required for international public telecommunications services of high quality and reliability to be available on a non-discriminatory basis to all areas of the world.

(b) The following shall be considered on the same basis as

international public telecommunications services:

(i) Domestic public telecommunications services between areas separated by areas not under the jurisdiction of the State concerned, or between areas separated by the high seas; and

(ii) Domestic public telecommunications services between areas which are not linked by any terrestrial wideband facilities and which are separated by natural barriers of such an exceptional nature that they impede the viable establishment of terrestrial wideband facilities between such areas, provided that the Meeting of Signatories, having regard to advice tendered by the Board of Governors, has given the appropriate approval in advance.

(c) The INTELSAT space segment established to meet the prime objective shall also be made available for other domestic public telecommunications services on a non-discriminatory basis to the extent that the ability of INTELSAT to achieve its prime objective is not impaired.

(d) The INTELSAT space segment may also, on request and under appropriate terms and conditions, be utilized for the purpose of specialized telecommunications services, either international or domestic, other than for military purposes, provided that:

(i) The provision of public telecommunications services is not unfavorably affected thereby; and

(ii) The arrangements are otherwise acceptable from a technical and economic point of view.

(e) INTELSAT may, on request and under appropriate terms and conditions, provide satellites or associated facilities separate from the INTELSAT space segment for:

(i) Domestic public telecommunications services in territories under the jurisdiction of one or more Parties;

(ii) International public telecommunications services between or among territories under the jurisdiction of two or more Parties;

(iii) Specialized telecommunications services, other than for military purposes; provided that the efficient and economic operation of the INTELSAT space segment is not unfavorably affected in any way.

(f) The utilization of the INTELSAT space segment for specialized telecommunications services pursuant to paragraph (d) of this Article, and the provision of satellites or associated facilities separate from the INTELSAT space segment pursuant to paragraph (e) of this Article, shall be covered by contracts entered into between INTELSAT and the applicants concerned. The utilization of INTELSAT space segment facilities for specialized telecommunications services pursuant to paragraph (d) of this Article, and the provision of satellites or associated facilities separate from the INTELSAT space segment for specialized telecommunications services pursuant to subparagraph (e) (iii) of this Article, shall be in accordance with appropriate authorizations, at the planning stage, of the Assembly of Parties pursuant to subparagraph (c) (iv) of Article VII of this Agreement. Where the utilization of INTELSAT space segment facilities for specialized telecommunications services would involve additional costs which result from required modifications to existing or planned INTELSAT space segment

facilities, or where the provision of satellites or associated facilities separate from the INTELSAT space segment is sought for specialized telecommunications services as provided for in subparagraph (e) (iii) of this Article, authorization pursuant to subparagraph (c) (iv) of Article VII of this Agreement shall be sought from the Assembly of Parties as soon as the Board of Governors is in a position to advise the Assembly of Parties in detail regarding the estimated cost of the proposal, the benefits to be derived, the technical or other problems involved and the probable effects on present or foreseeable INTELSAT services. Such authorization shall be obtained before the procurement process for the facility or facilities involved is initiated. Before making such authorizations, the Assembly of Parties, in appropriate cases, shall consult or ensure that there has been consultation by INTELSAT with Specialized Agencies of the United Nations directly concerned with the provision of the specialized telecommunications services in question.

Article IV. (JURIDICAL PERSONALITY)

(a) INTELSAT shall possess juridical personality. It shall enjoy the full capacity necessary for the exercise of its functions and the achievement of its purposes, including the capacity to:

- (i) Conclude agreements with States or international organizations;
- (ii) Contract;
- (iii) Acquire and dispose of property; and
- (iv) Be a party to legal proceedings.

(b) Each Party shall take such action as is necessary within its jurisdiction for the purpose of making effective in terms of its own law the provisions of this Article.

Article V. (FINANCIAL PRINCIPLES)

(a) INTELSAT shall be the owner of the INTELSAT space segment and of all other property acquired by INTELSAT. The financial interest in INTELSAT of each Signatory shall be equal to the amount arrived at by the application of its investment share to the valuation effected pursuant to Article 7 of the Operating Agreement.

(b) Each Signatory shall have an investment share corresponding to its percentage of all utilization of the INTELSAT space segment by all Signatories as determined in accordance with the provisions of the Operating Agreement. However, no Signatory, even if its utilization of the INTELSAT space segment is nil, shall have an investment share less than the minimum established in the Operating Agreement.

(c) Each Signatory shall contribute to the capital requirements of INTELSAT, and shall receive capital repayment and compensation for use of capital in accordance with the provisions of the Operating Agreement.

(d) All users of the INTELSAT space segment shall pay utilization charges determined in accordance with the provisions of this Agreement and the Operating Agreement. The rates of space segment utilization charge for each type of utilization shall be the same for all applicants for space segment capacity for that type of utilization.

(e) The separate satellites and associated facilities referred to in paragraph (e) of Article III of this Agreement may be financed and owned

by INTELSAT as part of the INTELSAT space segment upon the unanimous approval of all the Signatories. If such approval is withheld, they shall be separate from the INTELSAT space segment and shall be financed and owned by those requesting them. In this case the financial terms and conditions set by INTELSAT shall be such as to cover fully the costs directly resulting from the design, development, construction and provision of such separate satellites and associated facilities as well as an adequate part of the general and administrative costs of INTELSAT.

Article VI. (STRUCTURE OF INTELSAT)

(a) INTELSAT shall have the following organs:

- (i) The Assembly of Parties;
- (ii) The Meeting of Signatories;
- (iii) The Board of Governors; and
- (iv) An executive organ, responsible to the Board of Governors.

(b) Except to the extent that this Agreement or the Operating Agreement specifically provides otherwise, no organ shall make determinations or otherwise act in such a way as to alter, nullify, delay or in any other manner interfere with the exercise of a power or the discharge of a responsibility or a function attributed to another organ by this Agreement or the Operating Agreement.

(c) Subject to paragraph (b) of this Article, the Assembly of Parties, the Meeting of Signatories and the Board of Governors shall each take note of and give due and proper consideration to any resolution, recommendation or view made or expressed by another of these organs acting in the exercise of the responsibilities and functions attributed to it by this Agreement or the Operating Agreement.

Article VII. (ASSEMBLY OF PARTIES)

(a) The Assembly of Parties shall be composed of all the Parties and shall be the principal organ of INTELSAT.

(b) The Assembly of Parties shall give consideration to those aspects of INTELSAT which are primarily of interest to the Parties as sovereign States. It shall have the power to give consideration to general policy and long-term objectives of INTELSAT consistent with the principles, purposes and scope of activities of INTELSAT, as provided for in this Agreement. In accordance with paragraphs (b) and (c) of Article VI of this Agreement, the Assembly of Parties shall give due and proper consideration to resolutions, recommendations and views addressed to it by the Meeting of Signatories or the Board of Governors.

(c) The Assembly of Parties shall have the following functions and powers:

- (i) In the exercise of its power of considering general policy and long-term objectives of INTELSAT, to formulate its views or make recommendations, as it may deem appropriate, to the other organs of INTELSAT;
- (ii) To determine that measures should be taken to prevent the activities of INTELSAT from conflicting with any general multilateral convention which is consistent with this Agreement and which is adhered to by at least two-thirds of the Parties;
- (iii) To consider and take decisions on proposals for amending this

Agreement in accordance with Article XVII of this Agreement and to propose, express its views and make recommendations on amendments to the Operating Agreement;

- (iv) To authorize, through general rules or by specific determinations, the utilization of the INTELSAT space segment and the provision of satellites and associated facilities separate from the INTELSAT space segment for specialized telecommunications services within the scope of activities referred to in paragraph (d) and subparagraph (e) (iii) of Article III of this Agreement;
- (v) To review, in order to ensure the application of the principle of non-discrimination, the general rules established pursuant to subparagraph (b) (v) of Article VIII of this Agreement;
- (vi) To consider and express its views on the reports presented by the Meeting of Signatories and the Board of Governors concerning the implementation of general policies, the activities and the long-term program of INTELSAT;
- (vii) To express, pursuant to Article XIV of this Agreement, its findings in the form of recommendations, with respect to the intended establishment, acquisition or utilization of space segment facilities separate from the INTELSAT space segment facilities;
- (viii) To take decisions, pursuant to subparagraph (b) (i) of Article XVI of this Agreement, in connection with the withdrawal of a Party from INTELSAT;
- (ix) To decide upon questions concerning formal relationships between INTELSAT and States, whether Parties or not, or international organizations;
- (x) To consider complaints submitted to it by Parties;
- (xi) To select the legal experts referred to in Article 3 of Annex C to this Agreement;
- (xii) To act upon the appointment of the Director General in accordance with Articles XI and XII of this Agreement;
- (xiii) Pursuant to Article XII of this Agreement, to adopt the organizational structure of the executive organ; and
- (xiv) To exercise any other powers coming within the purview of the Assembly of Parties according to the provisions of this Agreement.

(d) The first ordinary meeting of the Assembly of Parties shall be convened by the Secretary General within one year following the date on which this Agreement enters into force. Ordinary meetings shall thereafter be scheduled to be held every two years. The Assembly of Parties, however, may decide otherwise from meeting to meeting.

(e) (i) In addition to the ordinary meetings provided for in paragraph (d) of this Article, the Assembly of Parties may meet in extraordinary meetings, which may be convened either upon request of the Board of Governors acting pursuant to the provisions of Article XIV or XVI of this Agreement, or upon the request of one or more Parties which receives the support of at least one-third of the Parties including the

requesting Party or Parties.

(ii) Requests for extraordinary meetings shall state the purpose of the meeting and shall be addressed in writing to the Secretary General or the Director General, who shall arrange for the meeting to be held as soon as possible and in accordance with the rules of procedure of the Assembly of Parties for convening such meetings.

(f) A quorum for any meeting of the Assembly of Parties shall consist of representatives of a majority of the Parties. Each Party shall have one vote. Decisions on matters of substance shall be taken by an affirmative vote cast by at least two-thirds of the Parties whose representatives are present and voting. Decisions on procedural matters shall be taken by an affirmative vote cast by a simple majority of the Parties whose representatives are present and voting. Disputes whether a specific matter is procedural or substantive shall be decided by a vote cast by a simple majority of the Parties whose representatives are present and voting.

(g) The Assembly of Parties shall adopt its own rules of procedure, which shall include provision for the election of a Chairman and other officers.

(h) Each Party shall meet its own costs of representation at a meeting of the Assembly of Parties. Expenses of meetings of the Assembly of Parties shall be regarded as an administrative cost of INTELSAT for the purpose of Article 8 of the Operating Agreement.

Article VIII. (MEETING OF SIGNATORIES)

(a) The Meeting of Signatories shall be composed of all the Signatories. In accordance with paragraphs (b) and (c) of Article VI of this Agreement, the Meeting of Signatories shall give due and proper consideration to resolutions, recommendations and views addressed to it by the Assembly of Parties or the Board of Governors.

(b) The Meeting of Signatories shall have the following functions and powers:

- (i) To consider and express its views to the Board of Governors on the annual report and annual financial statements submitted to it by the Board of Governors;
- (ii) To express its views and make recommendations on proposed amendments to this Agreement pursuant to Article XVII of this Agreement and to consider and take decisions, in accordance with Article 22 of the Operating Agreement and taking into account any views and recommendations received from the Assembly of Parties or the Board of Governors, on proposed amendments to the Operating Agreement which are consistent with this Agreement;
- (iii) To consider and express its views regarding reports on future programs, including the estimated financial implications of such programs, submitted by the Board of Governors;
- (iv) To consider and decide on any recommendation made by the Board of Governors concerning an increase in the ceiling provided for in Article 5 of the Operating Agreement;
- (v) To establish general rules, upon the recommendation of and for the guidance of the Board of Governors, concerning:

(A) The approval of earth stations for access to the INTELSAT space segment,
(B) The allotment of INTELSAT space segment capacity, and
(C) The establishment and adjustment of the rates of charge for utilization of the INTELSAT space segment on a non-discriminatory basis;

- (vi) To take decisions pursuant to Article XVI of this Agreement in connection with the withdrawal of a Signatory from INTELSAT;
- (vii) To consider and express its views on complaints submitted to it by Signatories directly or through the Board of Governors or submitted to it through the Board of Governors by users of the INTELSAT space segment who are not Signatories;
- (viii) To prepare and present to the Assembly of Parties, and to the Parties, reports concerning the implementation of general policies, the activities and the long-term program of INTELSAT;
- (ix) To take decisions concerning the approval referred to in subparagraph (b) (ii) of Article III of this Agreement;
- (x) To consider and express its views on the report on permanent management arrangements submitted by the Board of Governors to the Assembly of Parties pursuant to paragraph (g) of Article XII of this Agreement;
- (xi) To make annual determinations for the purpose of representation on the Board of Governors in accordance with Article IX of this Agreement; and
- (xii) To exercise any other powers coming within the purview of the Meeting of Signatories according to the provisions of this Agreement or the Operating Agreement.

(c) The first ordinary meeting of the Meeting of Signatories shall be convened by the Secretary General at the request of the Board of Governors within nine months after the entry into force of this Agreement. Thereafter an ordinary meeting shall be held in every calendar year.

(d) (i) In addition to the ordinary meetings provided for in paragraph (c) of this Article, the Meeting of Signatories may hold extraordinary meetings, which may be convened either upon the request of the Board of Governors or upon the request of one or more Signatories which receives the support of at least one-third of the Signatories including the requesting Signatory or Signatories.

(ii) Requests for extraordinary meetings shall state the purpose for which the meeting is required and shall be addressed in writing to the Secretary General or the Director General, who shall arrange for the meeting to be held as soon as possible and in accordance with the rules of procedure of the Meeting of Signatories for convening such meetings. The agenda for an extraordinary meeting shall be restricted to the purpose or purposes for which the meeting was convened.

(e) A quorum for any meeting of the Meeting of Signatories shall consist of representatives of a majority of the Signatories. Each Signatory shall have one vote. Decisions on matters of substance shall be taken by an affirmative vote cast by at least two-thirds of the

Signatories whose representatives are present and voting. Decisions on procedural matters shall be taken by an affirmative vote cast by a simple majority of the Signatories whose representatives are present and voting. Disputes whether a specific matter is procedural or substantive shall be decided by a vote cast by a simple majority of the Signatories whose representatives are present and voting.

(f) The Meeting of Signatories shall adopt its own rules of procedure, which shall include provision for the election of a Chairman and other officers.

(g) Each Signatory shall meet its own costs of representation at meetings of the Meeting of Signatories. Expenses of meetings of the Meeting of Signatories shall be regarded as an administrative cost of INTELSAT for the purpose of Article 8 of the Operating Agreement.

Article IX. (BOARD OF GOVERNORS: COMPOSITION AND VOTING)

(a) The Board of Governors shall be composed of:

- (i) One Governor representing each Signatory whose investment share is not less than the minimum investment share as determined in accordance with paragraph (b) of this Article;
- (ii) One Governor representing each group of any two or more Signatories not represented pursuant to subparagraph (i) of this paragraph whose combined investment share is not less than the minimum investment share as determined in accordance with paragraph (b) of this Article and which have agreed to be so represented;
- (iii) One Governor representing any group of at least five Signatories not represented pursuant to subparagraph (i) or (ii) of this paragraph from any one of the regions defined by the Plenipotentiary Conference of the International Telecommunication Union, held at Montreux in 1965, regardless of the total investment shares held by the Signatories comprising the group. However, the number of Governors under this category shall not exceed two for any region defined by the Union or five for all such regions.

(b) (i) During the period between the entry into force of this Agreement and the first meeting of the Meeting of Signatories, the minimum investment share that will entitle a Signatory or group of Signatories to be represented on the Board of Governors shall be equal to the investment share of the Signatory holding position thirteen in the list of the descending order of size of initial investment shares of all the Signatories.

(ii) Subsequent to the period mentioned in subparagraph (i) of this paragraph, the Meeting of Signatories shall determine annually the minimum investment share that will entitle a Signatory or group of Signatories to be represented on the Board of Governors. For this purpose, the Meeting of Signatories shall be guided by the desirability of the number of Governors being approximately twenty, excluding any selected pursuant to subparagraph (a) (iii) of this Article.

(iii) For the purpose of making the determinations referred to in subparagraph (ii) of this paragraph, the Meeting of Signatories shall fix a minimum investment share according to the following provisions:

(A) If the Board of Governors, at the time the determination is made, is composed of twenty, twenty-one or twenty-two Governors, the Meeting of Signatories shall fix a minimum investment share equal to the investment share of the Signatory which, in the list in effect at that time, holds the same position held in the list in effect when the previous determination was made, by the Signatory selected on that occasion,

(B) If the Board of Governors, at the time the determination is made, is composed of more than twenty-two Governors, the Meeting of Signatories shall fix a minimum investment share equal to the investment share of a Signatory which, in the list in effect at that time, holds a position above the one held in the list in effect when the previous determination was made, by the Signatory selected on that occasion,

(C) If the Board of Governors, at the time the determination is made, is composed of less than twenty Governors, the Meeting of Signatories shall fix a minimum investment share equal to the investment share of a Signatory which, in the list in effect at that time, holds a position below the one held in the list in effect when the previous determination was made, by the Signatory selected on that occasion.

(iv) If, by applying the ranking method set forth in subparagraph (iii) (B) of this paragraph, the number of Governors would be less than twenty, or, by applying that set forth in subparagraph (iii) (C) of this paragraph, would be more than twenty-two, the Meeting of Signatories shall determine a minimum investment share that will better ensure that there will be twenty Governors.

(v) For the purpose of the provisions of subparagraphs (iii) and (iv) of this paragraph, the Governors selected in accordance with subparagraph (a) (iii) of this Article shall not be taken into consideration.

(vi) For the purpose of the provisions of this paragraph, investment shares determined pursuant to subparagraph (c) (ii) of Article 6 of the Operating Agreement shall take effect from the first day of the ordinary meeting of the Meeting of Signatories following such determination.

(c) Whenever a Signatory or group of Signatories fulfills the requirements for representation pursuant to subparagraph (a) (i), (ii) or (iii) of this Article, it shall be entitled to be represented on the Board of Governors. In the case of any group of Signatories referred to in subparagraph (a) (iii) of this Article, such entitlement shall become effective upon receipt by the executive organ of a written request from such group, provided, however, that the number of such groups represented on the Board of Governors has not, at the time of receipt of any such written request, reached the applicable limitations prescribed in subparagraph (a) (iii) of this Article. If at the time of receipt of any such written request representation on the Board of Governors pursuant to subparagraph (a) (iii) of this Article has reached the applicable limitations prescribed therein, the group of Signatories may submit its request to the next ordinary meeting of the Meeting of Signatories for a determination pursuant to paragraph (d) of this Article.

(d) Upon the request of any group or groups of Signatories referred to in subparagraph (a) (iii) of this Article, the Meeting of Signatories shall annually determine which of these groups shall be or continue to be represented on the Board of Governors. For this purpose, if such groups exceed two for any one region defined by the International

Telecommunication Union, or five for all such regions, the Meeting of Signatories shall first select the group which has the highest combined investment share from each such region from which there has been submitted a written request pursuant to paragraph (c) of this Article. If the number of groups so selected is less than five, the remaining groups which are to be represented shall be selected in decreasing order of the combined investment shares of each group, without exceeding the applicable limitations prescribed in subparagraph (a) (iii) of this Article.

(e) In order to ensure continuity within the Board of Governors, every Signatory or group of Signatories represented pursuant to subparagraph (a) (i), (ii) or (iii) of this Article shall remain represented, either individually or as part of such group, until the next determination made in accordance with paragraph (b) or (d) of this Article, regardless of the changes that may occur in its or their investment shares as the result of any adjustment of investment shares. However, representation as part of a group constituted pursuant to subparagraph (a) (ii) or (iii) of this Article shall cease if the withdrawal from the group of one or more Signatories would make the group ineligible to be represented on the Board of Governors pursuant to this Article.

(f) Subject to the provisions of paragraph (g) of this Article, each Governor shall have a voting participation equal to that part of the investment share of the Signatory, or group of Signatories, he represents, which is derived from the utilization of the INTELSAT space segment for services of the following types:

- (i) International public telecommunications services;
- (ii) Domestic public telecommunications services between areas separated by areas not under the jurisdiction of the State concerned, or between areas separated by the high seas; and
- (iii) Domestic public telecommunications services between areas which are not linked by any terrestrial wide-band facilities and which are separated by natural barriers of such an exceptional nature that they impede the viable establishment of terrestrial wide-band facilities between such areas, provided that the Meeting of Signatories has given in advance the appropriate approval required by subparagraph (b) (ii) of Article III of this Agreement.

(g) For the purposes of paragraph (f) of this Article, the following arrangements shall apply:

- (i) In the case of a Signatory which is granted a lesser investment share in accordance with the provisions of paragraph (d) of Article 6 of the Operating Agreement, the reduction shall apply proportionately to all types of its utilization;
- (ii) In the case of a Signatory which is granted a greater investment share in accordance with the provisions of paragraph (d) of Article 6 of the Operating Agreement, the increase shall apply proportionately to all types of its utilization;
- (iii) In the case of a Signatory which has an investment share of 0.05 per cent in accordance with the provisions of paragraph (h) of Article 6 of the Operating Agreement and which forms part of a group for the purpose of representation in the Board of Governors

pursuant to the provisions of subparagraph (a) (ii) or (a) (iii) of this Article, its investment share shall be regarded as being derived from utilization of the INTELSAT space segment for services of the types listed in paragraph C of this Article; and

(iv) No Governor may cast more than forty per cent of the total voting participation of all Signatories and groups of Signatories represented on the Board of Governors. To the extent that the voting participation of any Governor exceeds forty per cent of such total voting participation, the excess shall be distributed equally to the other Governors on the Board of Governors.

(h) For the purposes of composition of the Board of Governors and calculation of the voting participation of Governors, the investment shares determined pursuant to subparagraph (c) (ii) of Article 6 of the Operating Agreement shall take effect from the first day of the ordinary meeting of the Meeting of Signatories following such determination.

(i) A quorum for any meeting of the Board of Governors shall consist of either a majority of the Board of Governors, which majority shall have at least two-thirds of the total voting participation of all Signatories and groups of Signatories represented on the Board of Governors, or else the total number constituting the Board of Governors minus three, regardless of the amount of voting participation they represent.

(j) The Board of Governors shall endeavor to take decisions unanimously. However, if it fails to reach unanimous agreement, it shall take decisions:

(i) On all substantive questions, either by an affirmative vote cast by at least four Governors having at least two-thirds of the total voting participation of all Signatories and groups of Signatories represented on the Board of Governors taking into account the distribution of the excess referred to in subparagraph (g) (iv) of this Article, or else by an affirmative vote cast by at least the total number constituting the Board of Governors minus three, regardless of the amount of voting participation they represent;

(ii) On all procedural questions, by an affirmative vote representing a simple majority of Governors present and voting, each having one vote.

(k) Disputes whether a specific question is procedural or substantive shall be decided by the Chairman of the Board of Governors. The decision of the Chairman may be overruled by a two-thirds majority of the Governors present and voting, each having one vote.

(l) The Board of Governors, if it deems appropriate, may create advisory committees to assist it in the performance of its responsibilities.

(m) The Board of Governors shall adopt its own rules of procedure, which shall include the method of election of a Chairman and such other officers as may be required. Notwithstanding the provisions of paragraph (j) of this Article, such rules may provide for any method of voting in the election of officers which the Board of Governors deems appropriate.

(n) The first meeting of the Board of Governors shall be convened in accordance with paragraph 2 of the Annex to the Operating Agreement. The

Board of Governors shall meet as often as is necessary but at least four times a year.

Article X. (BOARD OF GOVERNORS: FUNCTIONS)

(a) The Board of Governors shall have the responsibility for the design, development, construction, establishment, operation and maintenance of the INTELSAT space segment and, pursuant to this Agreement, the Operating Agreement and such determinations that in this respect may have been made by the Assembly of Parties pursuant to Article VII of this Agreement, for carrying out any other activities which are undertaken by INTELSAT. To discharge the foregoing responsibilities, the Board of Governors shall have the powers and shall exercise the functions coming within its purview according to the provisions of this Agreement and the Operating Agreement, including:

- (i) Adoption of policies, plans and programs in connection with the design, development, construction, establishment, operation and maintenance of the INTELSAT space segment and, as appropriate, in connection with any other activities which INTELSAT is authorized to undertake;
- (ii) Adoption of procurement procedures, regulations, terms and conditions, consistent with Article XIII of this Agreement, and approval of procurement contracts;
- (iii) Adoption of financial policies and annual financial statements, and approval of budgets;
- (iv) Adoption of policies and procedures for the acquisition, protection and distribution of rights in inventions and technical information, consistent with Article 17 of the Operating Agreement;
- (v) Formulation of recommendations to the Meeting of Signatories in relation to the establishment of the general rules referred to in subparagraph (b) (v) of Article VIII of this Agreement;
- (vi) Adoption of criteria and procedures, in accordance with such general rules as may have been established by the Meeting of Signatories, for approval of earth stations for access to the INTELSAT space segment, for verification and monitoring of performance characteristics of earth stations having access, and for coordination of earth station access to and utilization of the INTELSAT space segment;
- (vii) Adoption of terms and conditions governing the allotment of INTELSAT space segment capacity, in accordance with such general rules as may have been established by the Meeting of Signatories;
- (viii) Periodic establishment of the rates of charge for utilization of the INTELSAT space segment, in accordance with such general rules as may have been established by the Meeting of Signatories;
- (ix) Action as may be appropriate, in accordance with the provisions of Article 5 of the Operating Agreement, with respect to an increase in the ceiling provided for in that Article;
- (x) Direction of the negotiation with the Party in whose territory

the headquarters of INTELSAT is situated, and submission to the Assembly of Parties for decision thereon, of the Headquarters Agreement covering privileges, exemptions and immunities, referred to in paragraph (c) of Article XV of this Agreement;

- (xi) Approval of non-standard earth stations for access to the INTELSAT space segment in accordance with the general rules which may have been established by the Meeting of Signatories;
- (xii) Establishment of terms and conditions for access to the INTELSAT space segment by telecommunications entities which are not under the jurisdiction of a Party, in accordance with the general rules established by the Meeting of Signatories pursuant to subparagraph (b) (v) of Article VIII of this Agreement and consistent with the provisions of paragraph (d) of Article V of this Agreement;
- (xiii) Decisions on the making of arrangements for overdrafts and the raising of loans in accordance with Article 10 of the Operating Agreement;
- (xiv) Submission to the Meeting of Signatories of an annual report on the activities of INTELSAT and of annual financial statements;
- (xv) Submission to the Meeting of Signatories of reports on future programs including the estimated financial implications of such programs;
- (xvi) Submission to the Meeting of Signatories of reports and recommendations on any other matter which the Board of Governors deems appropriate for consideration by the Meeting of Signatories;
- (xvii) Provision of such information as may be required by any Party or Signatory to enable that Party or Signatory to discharge its obligations under this Agreement or the Operating Agreement;
- (xviii) Appointment and removal from office of the Secretary General pursuant to Article XII, and of the Director General pursuant to Articles VII, XI and XII, of this Agreement;
- (xix) Designation of a senior officer of the executive organ to serve as Acting Secretary General pursuant to subparagraph (d) (i) of Article XII and designation of a senior officer of the executive organ to serve as Acting Director General pursuant to subparagraph (d) (i) of Article XI of this Agreement;
- (xx) Determination of the number, status and terms and conditions of employment of all posts on the executive organ upon the recommendation of the Secretary General or the Director General;
- (xxi) Approval of the appointment by the Secretary General or the Director General of senior officers reporting directly to him;
- (xxii) Arrangement of contracts in accordance with subparagraph (c) (ii) of Article XI of this Agreement;
- (xxiii) Establishment of general internal rules, and adoption of decisions in each instance, concerning notification to the International Telecommunication Union in accordance with its

rules of procedure of the frequencies to be used for the INTELSAT space segment;

(xxiv) Tendering to the Meeting of Signatories the advice referred to in subparagraph (b) (ii) of Article III of this Agreement;

(xxv) Expression, pursuant to paragraph (c) of Article XIV of this Agreement, of its findings in the form of recommendations, and the tendering of advice to the Assembly of Parties, pursuant to paragraph (d) or (e) of Article XIV of this Agreement, with respect to the intended establishment, acquisition or utilization of space segment facilities separate from the INTELSAT space segment facilities;

(xxvi) Action in accordance with Article XVI of this Agreement and Article 21 of the Operating Agreement in connection with the withdrawal of a Signatory from INTELSAT; and

(xxvii) Expression of its views and recommendations on proposed amendments to this Agreement pursuant to paragraph (b) of Article XVII of this Agreement, the proposal of amendments to the Operating Agreement pursuant to paragraph (a) of Article 22 of the Operating Agreement, and the expression of its views and recommendations on proposed amendments to the Operating Agreement pursuant to paragraph (b) of Article 22 of the Operating Agreement.

(b) In accordance with the provisions of paragraphs (b) and (c) of Article VI of this Agreement, the Board of Governors shall:

(i) Give due and proper consideration to resolutions, recommendations and views addressed to it by the Assembly of Parties or the Meeting of Signatories; and

(ii) Include in its reports to the Assembly of Parties and to the Meeting of Signatories information on actions or decisions taken with respect to such resolutions, recommendations and views, and its reasons for such actions or decisions.

Article XI. (DIRECTOR GENERAL)

(a) The executive organ shall be headed by the Director General and shall have its organizational structure implemented not later than six years after the entry into force of this Agreement.

(b) (i) The Director General shall be the chief executive and the legal representative of INTELSAT and shall be directly responsible to the Board of Governors for the performance of all management functions.

(ii) The Director General shall act in accordance with the policies and directives of the Board of Governors.

(iii) The Director General shall be appointed by the Board of Governors, subject to confirmation by the Assembly of Parties. The Director General may be removed from office for cause by the Board of Governors on its own authority.

(iv) The paramount consideration in the appointment of the Director General and in the selection of other personnel of the executive organ shall be the necessity of ensuring the highest standards of integrity, competency and efficiency. The Director General and the personnel of the

executive organ shall refrain from any action incompatible with their responsibilities to INTELSAT.

(c) (i) The permanent management arrangements shall be consistent with the basic aims and purposes of INTELSAT, its international character and its obligation to provide on a commercial basis telecommunications facilities of high quality and reliability.

(ii) The Director General, on behalf of INTELSAT, shall contract out, to one or more competent entities, technical and operational functions to the maximum extent practicable with due regard to cost and consistent with competence, effectiveness and efficiency. Such entities may be of various nationalities or may be an international corporation owned and controlled by INTELSAT. Such contracts shall be negotiated, executed and administered by the Director General.

(d) (i) The Board of Governors shall designate a senior officer of the executive organ to serve as the Acting Director General whenever the Director General is absent or is unable to discharge his duties, or if the office of Director General should become vacant. The Acting Director General shall have the capacity to exercise all the powers of the Director General pursuant to this Agreement and the Operating Agreement. In the event of a vacancy, the Acting Director General shall serve in that capacity until the assumption of office by a Director General appointed and confirmed, as expeditiously as possible, in accordance with subparagraph (b) (iii) of this Article.

(ii) The Director General may delegate such of his powers to other officers in the executive organ as may be necessary to meet appropriate requirements.

Article XII. (TRANSITIONAL MANAGEMENT AND SECRETARY GENERAL)

(a) As a matter of priority after entry into force of this Agreement, the Board of Governors shall:

- (i) Appoint the Secretary General and authorize the necessary support staff;
- (ii) Arrange the management services contract in accordance with paragraph (e) of this Article; and
- (iii) Initiate the study concerning permanent management arrangements in accordance with paragraph (f) of this Article.

(b) The Secretary General shall be the legal representative of INTELSAT until the first Director General shall have assumed office. In accordance with the policies and directives of the Board of Governors, the Secretary General shall be responsible for the performance of all management services other than those which are to be provided under the terms of the management services contract concluded pursuant to paragraph (e) of this Article including those specified in Annex A to this Agreement. The Secretary General shall keep the Board of Governors fully and currently informed on the performance of the management services contractor under its contract. To the extent practicable, the Secretary General shall be present at or represented at and observe, but not participate in, major contract negotiations conducted by the management services contractor on behalf of INTELSAT. For this purpose the Board of Governors may authorize the appointment to the executive organ of a small number of technically qualified personnel to assist the Secretary General. The Secretary General shall not be interposed between the Board

of Governors and the management services contractor nor shall he exercise a supervisory role over the said contractor.

(c) The paramount consideration in the appointment of the Secretary General and in the selection of other personnel of the executive organ shall be the necessity of ensuring the highest standards of integrity, competency and efficiency. The Secretary General and the personnel of the executive organ shall refrain from any action incompatible with their responsibilities to INTELSAT. The Secretary General may be removed from office for cause by the Board of Governors. The office of Secretary General shall cease to exist on the assumption of office by the first Director General.

(d) (i) The Board of Governors shall designate a senior officer of the executive organ to serve as the Acting Secretary General whenever the Secretary General is absent or is unable to discharge his duties, or if the office of Secretary General should become vacant. The Acting Secretary General shall have the capacity to exercise all the powers of the Secretary General pursuant to this Agreement and the Operating Agreement. In the event of a vacancy, the Acting Secretary General shall serve in that capacity until the assumption of office by a Secretary General, who shall be appointed by the Board of Governors as expeditiously as possible.

(ii) The Secretary General may delegate such of his powers to other officers in the executive organ as may be necessary to meet appropriate requirements.

(e) The contract referred to in subparagraph (a) (ii) of this Article shall be between the Communications Satellite Corporation, referred to in this Agreement as "the management services contractor", and INTELSAT, and shall be for the performance of technical and operational management services for INTELSAT, as specified in Annex B to this Agreement and in accordance with the guidelines set out therein, for a period terminating at the end of the sixth year after the date of entry into force of this Agreement. The contract shall contain provisions for the management services contractor:

- (i) To act pursuant to relevant policies and directives of the Board of Governors;
- (ii) To be responsible directly to the Board of Governors until the assumption of office by the first Director General and thereafter through the Director General; and
- (iii) To furnish the Secretary General with all the information necessary for the Secretary General to keep the Board of Governors informed on the performance under the management services contract and for the Secretary General to be present at or represented at and observe, but not participate in, major contract negotiations conducted by the management services contractor on behalf of INTELSAT.

The management services contractor shall negotiate, place, amend and administer contracts on behalf of INTELSAT within the area of its responsibilities under the management services contract and as otherwise authorized by the Board of Governors. Pursuant to authorization under the management services contract, or as otherwise authorized by the Board of Governors, the management services contractor shall sign contracts on behalf of INTELSAT in the area of its responsibilities. All other contracts shall be signed by the Secretary General.

(f) The study referred to in subparagraph (a) (iii) of this Article shall be commenced as soon as possible and, in any event, within one year after entry into force of this Agreement. It shall be conducted by the Board of Governors and shall be designed to provide the information necessary for the determination of the most efficient and effective permanent management arrangements consistent with the provisions of Article XI of this Agreement. The study shall, among other matters, give due regard to:

- (i) The principles set forth in subparagraph (c) (i) of Article XI and the policy expressed in subparagraph (c) (ii) of Article XI, of this Agreement;
- (ii) Experience gained during the period of the Interim Agreement and of the transitional management arrangements provided for in this Article;
- (iii) The organization and procedures adopted by telecommunications entities throughout the world, with particular reference to the integration of policy and management and to management efficiency;
- (iv) Information, similar to that referred to in subparagraph (iii) of this paragraph, in respect of multinational ventures for implementing advanced technologies; and
- (v) Reports commissioned from not less than three professional management consultants from various parts of the world.

(g) Not later than four years after the entry into force of this Agreement, the Board of Governors shall submit to the Assembly of Parties a comprehensive report, which incorporates the results of the study referred to in subparagraph (a) (iii) of this Article, and which includes the recommendations of the Board of Governors for the organizational structure of the executive organ. It shall also transmit copies of this report to the Meeting of Signatories and to all Parties and Signatories as soon as it is available.

(h) By not later than five years after entry into force of this Agreement, the Assembly of Parties, after having considered the report of the Board of Governors referred to in paragraph (g) of this Article and any views which may have been expressed by the Meeting of Signatories thereon, shall adopt the organizational structure of the executive organ which shall be consistent with the provisions of Article XI of this Agreement.

(i) The Director General shall assume office one year before the end of the management services contract referred to in subparagraph (a) (ii) of this Article or by December 31, 1976, whichever is earlier. The Board of Governors shall appoint the Director General, and the Assembly of Parties shall act upon the confirmation of the appointment, in time to enable the Director General to assume office in accordance with this paragraph. Upon his assumption of office, the Director General shall be responsible for all management services, including the performance of the functions performed by the Secretary General up to that time, and for the supervision of the performance of the management services contractor.

(i) The Director General, acting under relevant policies and directives of the Board of Governors, shall take all necessary steps to ensure that the permanent management arrangements are fully implemented

not later than the end of the sixth year after the date of entry into force of this Agreement.

Article XIII. (PROCUREMENT)

(a) Subject to this Article, procurement of goods and services required by INTELSAT shall be effected by the award of contracts, based on responses to open international invitations to tender, to bidders offering the best combination of quality, price and the most favorable delivery time. The services to which this Article refers are those provided by juridical persons.

(b) If there is more than one bid offering such a combination, the contract shall be awarded so as to stimulate, in the interests of INTELSAT, world-wide competition.

(c) The requirement of open international invitations to tender may be dispensed with in those cases specifically referred to in Article 16 of the Operating Agreement.

Article XIV. (RIGHTS AND OBLIGATIONS OF MEMBERS)

(a) The Parties and Signatories shall exercise their rights and meet their obligations under this Agreement in a manner fully consistent with and in furtherance of the principles stated in the Preamble and other provisions of this Agreement.

(b) All Parties and all Signatories shall be allowed to attend and participate in all conferences and meetings, in which they are entitled to be represented in accordance with any provisions of this Agreement or the Operating Agreement, as well as in any other meeting called by or held under the auspices of INTELSAT, in accordance with the arrangements made by INTELSAT for such meetings regardless of where they may take place. The executive organ shall ensure that arrangements with the host Party or Signatory for each such conference or meeting shall include a provision for the admission to the host country and sojourn for the duration of such conference or meeting, of representatives of all Parties and all Signatories entitled to attend.

(c) To the extent that any Party or Signatory or person within the jurisdiction of a Party intends to establish, acquire or utilize space segment facilities separate from the INTELSAT space segment facilities to meet its domestic public telecommunications services requirements, such Party or Signatory, prior to the establishment, acquisition or utilization of such facilities, shall consult the Board of Governors, which shall express, in the form of recommendations, its findings regarding the technical compatibility of such facilities and their operation with the use of the radio frequency spectrum and orbital space by the existing or planned INTELSAT space segment.

(d) To the extent that any Party or Signatory or person within the jurisdiction of a Party intends individually or jointly to establish, acquire or utilize space segment facilities separate from the INTELSAT space segment facilities to meet its international public telecommunications services requirements, such Party or Signatory, prior to the establishment, acquisition or utilization of such facilities, shall furnish all relevant information to and shall consult with the Assembly of Parties, through the Board of Governors, to ensure technical compatibility of such facilities and their operation with the use of the radio frequency spectrum and orbital space by the existing or planned INTELSAT space segment and to avoid significant economic harm to the

global system of INTELSAT. Upon such consultation, the Assembly of Parties, taking into account the advice of the Board of Governors, shall express, in the form of recommendations, its findings regarding the considerations set out in this paragraph, and further regarding the assurance that the provision or utilization of such facilities shall not prejudice the establishment of direct telecommunication links through the INTELSAT space segment among all the participants.

(e) To the extent that any Party or Signatory or person within the jurisdiction of a party intends to establish, acquire or utilize space segment facilities separate from the INTELSAT space segment facilities to meet its specialized telecommunications services requirements, domestic or international, such Party or Signatory, prior to the establishment, acquisition or utilization of such facilities, shall furnish all relevant information to the Assembly of Parties, through the Board of Governors. The Assembly of Parties, taking into account the advice of the Board of Governors, shall express, in the form of recommendations, its findings regarding the technical compatibility of such facilities and their operation with the use of the radio frequency spectrum and orbital space by the existing or planned INTELSAT space segment.

(f) Recommendations by the Assembly of Parties or the Board of Governors pursuant to this Article shall be made within a period of six months from the date of commencing the procedures provided for in the foregoing paragraphs. An extraordinary meeting of the Assembly of Parties may be convened for this purpose.

(g) This Agreement shall not apply to the establishment, acquisition or utilization of space segment facilities separate from the INTELSAT space segment facilities solely for national security purposes.

Article XV. (INTELSAT HEADQUARTERS,
PRIVILEGES, EXEMPTIONS, IMMUNITIES)

(a) The headquarters of INTELSAT shall be in Washington.

(b) Within the scope of activities authorized by this Agreement, INTELSAT and its property shall be exempt in all States Party to this Agreement from all national income and direct national property taxation and from customs duties on communications satellites and components and parts for such satellites to be launched for use in the global system. Each Party undertakes to use its best endeavors to bring about, in accordance with the applicable domestic procedure, such further exemption of INTELSAT and its property from income and direct property taxation, and customs duties, as is desirable, bearing in mind the particular nature of INTELSAT.

(c) Each Party other than the Party in whose territory the headquarters of INTELSAT is located shall grant in accordance with the Protocol referred to in this paragraph, and the Party in whose territory the headquarters of INTELSAT is located shall grant in accordance with the Headquarters Agreement referred to in this paragraph, the appropriate privileges, exemptions and immunities to INTELSAT, to its officers, and to those categories of its employees specified in such Protocol and Headquarters Agreement, to Parties and representatives of Parties, to Signatories and representatives of Signatories and to persons participating in arbitration proceedings. In particular, each Party shall grant to these individuals immunity from legal process in respect of acts done or words written or spoken in the exercise of their functions and within the limits of their duties, to the extent and in the cases to be provided for in the Headquarters Agreement and Protocol referred to in

this paragraph. The Party in whose territory the headquarters of INTELSAT is located shall, as soon as possible, conclude a Headquarters Agreement with INTELSAT covering privileges, exemptions and immunities. The Headquarters Agreement shall include a provision that all Signatories acting in their capacity as such, except the Signatory designated by the Party in whose territory the headquarters is located, shall be exempt from national taxation on income earned from INTELSAT in the territory of such Party. The other Parties shall also as soon as possible conclude a Protocol covering privileges, exemptions and immunities. The Headquarters Agreement and the Protocol shall be independent of this Agreement and each shall prescribe the conditions of its termination.

Article XVI. (WITHDRAWAL)

(a) (i) Any Party or Signatory may withdraw voluntarily from INTELSAT. A Party shall give written notice to the Depository of its decision to withdraw. The decision of a Signatory to withdraw shall be notified in writing to the executive organ by the Party which has designated it and such notification shall signify the acceptance by the Party of such notification of decision to withdraw.

(ii) Voluntary withdrawal shall become effective and this Agreement and the Operating Agreement shall cease to be in force for a Party or Signatory three months after the date of receipt of the notice referred to in subparagraph (i) of this paragraph or, if the notice so states, on the date of the next determination of investment shares pursuant to subparagraph (c) (ii) of Article 6 of the Operating Agreement following the expiration of such three months.

(b) (i) If a Party appears to have failed to comply with any obligation under this Agreement, the Assembly of Parties, having received notice to that effect or acting on its own initiative, and having considered any representations made by the Party, may decide, if it finds that the failure to comply has in fact occurred, that the Party be deemed to have withdrawn from INTELSAT. This Agreement shall cease to be in force for the Party as of the date of such decision. An extraordinary meeting of the Assembly of Parties may be convened for this purpose.

(ii) If any Signatory, in its capacity as such, appears to have failed to comply with any obligation under this Agreement or the Operating Agreement, other than obligations under paragraph (a) of Article 4 of the Operating Agreement and the failure to comply shall not have been remedied within three months after the Signatory has been notified in writing by the executive organ of a resolution of the Board of Governors taking note of the failure to comply, the Board of Governors may, after considering any representations made by the Signatory or the Party which designated it, suspend the rights of the Signatory, and may recommend to the Meeting of Signatories that the Signatory be deemed to have withdrawn from INTELSAT. If the Meeting of Signatories, after consideration of any representations made by the Signatory or by the Party which designated it, approves the recommendation of the Board of Governors, the withdrawal of the Signatory shall become effective upon the date of the approval, and this Agreement and the Operating Agreement shall cease to be in force for the Signatory as of that date.

(c) If any Signatory fails to pay any amount due from it pursuant to paragraph (a) of Article 4 of the Operating Agreement within three months after the payment has become due, the rights of the Signatory under this Agreement and the Operating Agreement shall be automatically suspended. If within three months after the suspension the Signatory has not paid all sums due or the Party which has designated the Signatory has not made

a substitution pursuant to paragraph o of this Article, the Board of Governors, after considering any representations made by the Signatory or by the Party which has designated it, may recommend to the Meeting of Signatories that the Signatory be deemed to have withdrawn from INTELSAT. The Meeting of Signatories, after considering any representations made by the Signatory, may decide that the Signatory be deemed to have withdrawn from INTELSAT and, from the date of the decision, this Agreement and the Operating Agreement shall cease to be in force for the Signatory.

(d) Withdrawal of a Party, in its capacity as such, shall entail the simultaneous withdrawal of the Signatory designated by the Party or of the Party in its capacity as Signatory, as the case may be, and this Agreement and the Operating Agreement shall cease to be in force for the Signatory on the same date on which this Agreement ceases to be in force for the Party which has designated it.

(e) In all cases of withdrawal of a Signatory from INTELSAT, the Party which designated the Signatory shall assume the capacity of a Signatory, or shall designate a new Signatory effective as of the date of such withdrawal, or shall withdraw from INTELSAT.

(f) If for any reason a Party desires to substitute itself for its designated Signatory or to designate a new Signatory, it shall give written notice thereof to the Depositary, and upon assumption by the new Signatory of all the outstanding obligations of the previously designated Signatory and upon signature of the Operating Agreement, this Agreement and the Operating Agreement shall enter into force for the new Signatory and thereupon shall cease to be in force for such previously designated Signatory.

(g) Upon the receipt by the Depositary or the executive organ, as the case may be, of notice of decision to withdraw pursuant to subparagraph (a) (i) of this Article, the Party giving notice and its designated Signatory, or the Signatory in respect of which notice has been given, as the case may be, shall cease to have any rights of representation and any voting rights in any organ of INTELSAT, and shall incur no obligation or liability after the receipt of the notice, except that the Signatory, unless the Board of Governors decides otherwise pursuant to paragraph (d) of Article 21 of the Operating Agreement, shall be responsible for contributing its share of the capital contributions necessary to meet both contractual commitments specifically authorized before such receipt and liabilities arising from acts or omissions before such receipt.

(h) During the period of suspension of the rights of a Signatory pursuant to subparagraph (b) (ii) or paragraph (c) of this Article, the Signatory shall continue to have all the obligations and liabilities of a Signatory under this Agreement and the Operating Agreement.

(i) If the Meeting of Signatories, pursuant to subparagraph (b) (ii) or paragraph (c) of this Article, decides not to approve the recommendation of the Board of Governors that the Signatory be deemed to have withdrawn from INTELSAT, as of the date of that decision the suspension shall be lifted and the Signatory shall thereafter have all rights under this Agreement and the Operating Agreement, provided that where a Signatory is suspended pursuant to paragraph (c) of this Article the suspension shall not be lifted until the Signatory has paid the amounts due from it pursuant to paragraph (a) of Article 4 of the Operating Agreement.

(j) If the Meeting of Signatories approves the recommendation of the Board of Governors pursuant to subparagraph (b) (ii) or paragraph (c) of

this Article that a Signatory be deemed to have withdrawn from INTELSAT, that Signatory shall incur no obligation or liability after such approval, except that the Signatory, unless the Board of Governors decides otherwise pursuant to paragraph (d) of Article 21 of the Operating Agreement, shall be responsible for contributing its share of the capital contributions necessary to meet both contractual commitments specifically authorized before such approval and liabilities arising from acts or omissions before such approval.

(k) If the Assembly of Parties decides pursuant to subparagraph (b) (i) of this Article that a Party be deemed to have withdrawn from INTELSAT, the Party, in its capacity as Signatory or its designated Signatory, as the case may be, shall incur no obligation or liability after such decision, except that the Party, in its capacity as Signatory or its designated Signatory, as the case may be, unless the Board of Governors decides otherwise pursuant to paragraph (d) of Article 21 of the Operating Agreement, shall be responsible for contributing its share of the capital contributions necessary to meet both contractual commitments specifically authorized before such decision and liabilities arising from acts or omissions before such decision.

(l) Settlement between INTELSAT and a Signatory for which this Agreement and the Operating Agreement have ceased to be in force, other than in the case of substitution pursuant to paragraph (f) of this Article, shall be accomplished as provided in Article 21 of the Operating Agreement.

(m) (i) Notification of the decision of a Party to withdraw pursuant to subparagraph (a) (i) of this Article shall be transmitted by the Depositary to all Parties and to the executive organ, and the latter shall transmit the notification to all Signatories.

(ii) If the Assembly of Parties decides that a Party shall be deemed to have withdrawn from INTELSAT pursuant to subparagraph (b) (i) of this Article, the executive organ shall notify all Signatories and the Depositary, and the latter shall transmit the notification to all Parties.

(iii) Notification of the decision of a Signatory to withdraw pursuant to subparagraph (a) (i) of this Article or of the withdrawal of a Signatory pursuant to subparagraph (b) (ii) or paragraph (c) or (d) of this Article, shall be transmitted by the executive organ to all Signatories and to the Depositary, and the latter shall transmit the notification to all Parties.

(iv) The suspension of a Signatory pursuant to subparagraph (b) (ii) or paragraph (c) of this Article shall be notified by the executive organ to all Signatories and to the Depositary, and the latter shall transmit the notification to all Parties.

(v) The substitution of a Signatory pursuant to paragraph (f) of this Article shall be notified by the Depositary to all Parties and to the executive organ, and the latter shall transmit the notification to all Signatories.

(n) No Party or its designated Signatory shall be required to withdraw from INTELSAT as a direct result of any change in the status of that Party with regard to the International Telecommunication Union.

Article XVII. (AMENDMENT)

(a) Any Party may propose amendments to this Agreement. Proposed amendments shall be submitted to the executive organ, which shall distribute them promptly to all Parties and Signatories.

(b) The Assembly of Parties shall consider each proposed amendment at its first ordinary meeting following its distribution by the executive organ, or at an earlier extraordinary meeting convened in accordance with the provisions of Article VII of this Agreement, provided that the proposed amendment has been distributed by the executive organ at least ninety days before the opening date of the meeting. The Assembly of Parties shall consider any views and recommendations which it receives from the Meeting of Signatories or the Board of Governors with respect to a proposed amendment.

(c) The Assembly of Parties shall take decisions on each proposed amendment in accordance with the provisions relating to quorum and voting contained in Article VII of this Agreement. It may modify any proposed amendment, distributed in accordance with paragraph (b) of this Article, and may also take decisions on any amendment not so distributed but directly consequential to a proposed or modified amendment.

(d) An amendment which has been approved by the Assembly of Parties shall enter into force in accordance with paragraph (e) of this Article after the Depositary has received notice of approval, acceptance or ratification of the amendment from either:

(i) Two-thirds of the States which were Parties as of the date upon which the amendment was approved by the Assembly of Parties, provided that such two-thirds include Parties which then held, or whose designated Signatories then held, at least two-thirds of the total investment shares; or

(ii) A number of States equal to or exceeding eighty-five per cent of the total number of States which were Parties as of the date upon which the amendment was approved by the Assembly of Parties, regardless of the amount of investment shares such Parties or their designated Signatories then held.

(e) The Depositary shall notify all the Parties as soon as it has received the acceptances, approvals or ratifications required by paragraph (d) of this Article for the entry into force of an amendment. Ninety days after the date of issue of this notification, the amendment shall enter into force for all Parties, including those that have not yet accepted, approved, or ratified it and have not withdrawn from INTELSAT.

(f) Notwithstanding the provisions of paragraphs (d) and (e) of this Article, an amendment shall not enter into force less than eight months or more than eighteen months after the date it has been approved by the Assembly of Parties.

Article XVIII. (SETTLEMENT OF DISPUTES)

(a) All legal disputes arising in connection with the rights and obligations under this Agreement or in connection with obligations undertaken by Parties pursuant to paragraph (c) of Article 14 or paragraph (c) of Article 15 of the Operating Agreement, between Parties with respect to each other, or between INTELSAT and one or more Parties, if not otherwise settled within a reasonable time, shall be submitted to arbitration in accordance with the provisions of Annex C to this Agreement. Any legal dispute arising in connection with the rights and obligations under this Agreement or the Operating Agreement between one

or more Parties and one or more Signatories may be submitted to arbitration in accordance with the provisions of Annex C to this Agreement, provided that the Party or Parties and the Signatory or Signatories involved agree to such arbitration.

(b) All legal disputes arising in connection with the rights and obligations under this Agreement, or in connection with the obligations undertaken by Parties pursuant to paragraph (c) of Article 14 or paragraph (c) of Article 15 of the Operating Agreement, between a Party and a State which has ceased to be a Party or between INTELSAT and a State which has ceased to be a Party, and which arise after the State ceased to be a Party, if not otherwise settled within a reasonable time, shall be submitted to arbitration. Such arbitration shall be in accordance with the provisions of Annex C to this Agreement, provided that the State which has ceased to be a Party so agrees. If a State ceases to be a Party, or if a State or a telecommunications entity ceases to be a Signatory, after a dispute in which it is a disputant has been submitted to arbitration pursuant to paragraph (a) of this Article, the arbitration shall be continued and concluded.

(c) All legal disputes arising as a result of agreements between INTELSAT and any Party shall be subject to the provisions on settlement of disputes contained in such agreements. In the absence of such provisions, such disputes, if not otherwise settled, may be submitted to arbitration in accordance with the provisions of Annex C to this Agreement if the disputants so agree.

Article XIX. (SIGNATURE)

(a) This Agreement shall be open for signature at Washington from August 20, 1971 until it enters into force, or until a period of nine months has elapsed, whichever occurs first:

(i) By the Government of any State party to the Interim Agreement;

(ii) By the Government of any other State member of the International Telecommunication Union.

(b) Any Government signing this Agreement may do so without its signature being subject to ratification, acceptance or approval or with a declaration accompanying its signature that it is subject to ratification, acceptance or approval.

(c) Any State referred to in paragraph (a) of this Article may accede to this Agreement after it is closed for signature.

(d) No reservation may be made to this Agreement.

Article XX. (ENTRY INTO FORCE)

(a) This Agreement shall enter into force sixty days after the date on which it has been signed not subject to ratification, acceptance or approval, or has been ratified, accepted, approved or acceded to, by two-thirds of the States which were parties to the Interim Agreement as of the date upon which this Agreement is opened for signature, provided that:

(i) Such two-thirds include parties to the Interim Agreement which then held, or whose signatories to the Special Agreement then held, at least two-thirds of the quotas under the Special Agreement; and

- (ii) Such parties or their designated telecommunications entities have signed the Operating Agreement.

Upon the commencement of such sixty days, the provisions of paragraph 2 of the Annex to the Operating Agreement shall enter into force for the purposes stated in that paragraph. Notwithstanding the foregoing provisions, this Agreement shall not enter into force less than eight months or more than eighteen months after the date it is opened for signature.

(b) For a State whose instrument of ratification, acceptance, approval or accession is deposited after the date this Agreement enters into force pursuant to paragraph (a) of this Article, this Agreement shall enter into force on the date of such deposit.

(c) Upon entry into force of this Agreement pursuant to paragraph (a) of this Article, it may be applied provisionally with respect to any State whose Government signed it subject to ratification, acceptance or approval if that Government so requests at the time of signature or at any time thereafter prior to the entry into force of this Agreement. Provisional application shall terminate:

- (i) Upon deposit of an instrument of ratification, acceptance or approval of this Agreement by that Government;
- (ii) Upon expiration of two years from the date on which this Agreement enters in to force without having been ratified, accepted or approved by that Government; or
- (iii) Upon notification by that Government, before expiration of the period mentioned in subparagraph (ii) of this paragraph, of its decision not to ratify, accept or approve this Agreement.

If provisional application terminates pursuant to subparagraph (ii) or (iii) of this paragraph, the provisions of paragraphs (g) and (l) of Article XVI of this Agreement shall govern the rights and obligations of the Party and of its designated Signatory.

(d) Notwithstanding the provisions of this Article, this Agreement shall neither enter into force for any State nor be applied provisionally with respect to any State until the Government of that State or the telecommunications entity designated pursuant to this Agreement shall have signed the Operating Agreement.

(e) Upon entry into force, this Agreement shall replace and terminate the Interim Agreement.

Article XXI. (MISCELLANEOUS PROVISIONS)

(a) The official and working languages of INTELSAT shall be English, French and Spanish.

(b) Internal regulations for the executive organ shall provide for the prompt distribution to all Parties and Signatories of copies of any INTELSAT document in accordance with their requests.

(c) Consistent with the provisions of Resolution 1721 (XVI) of the General Assembly of the United Nations, the executive organ shall send to the Secretary General of the United Nations, and to the Specialized Agencies concerned, for their information, an annual report on the

activities of INTELSAT.

Article XXII. (DEPOSITARY)

(a) The Government of the United States of America shall be the Depositary for this Agreement, with which shall be deposited declarations made pursuant to paragraph (b) of Article XIX of this Agreement, instruments of ratification, acceptance, approval or accession, requests for provisional application, and notifications of ratification, acceptance or approval of amendments, of decisions to withdraw from INTELSAT, or of termination of the provisional application of this Agreement.

(b) This Agreement, of which the English, French and Spanish texts are equally authentic, shall be deposited in the archives of the Depositary. The Depositary shall transmit certified copies of the text of this Agreement to all Governments that have signed it or deposited instruments of accession to it, and to the International Telecommunication Union, and shall notify those Governments, and the International Telecommunication Union, of signatures, of declarations made pursuant to paragraph (b) of Article XIX of this Agreement, of the deposit of instruments of ratification, acceptance, approval or accession, of requests for provisional application, of commencement of the sixty-day period referred to in paragraph (a) of Article XX of this Agreement, of the entry into force of this Agreement, of notifications of ratification, acceptance or approval of amendments, of the entry into force of amendments, of decisions to withdraw from INTELSAT of withdrawals and of terminations of provisional application of this Agreement. Notice of the commencement of the sixty-day period shall be issued on the first day of that period.

(c) Upon entry into force of this Agreement, the Depositary shall register it with the Secretariat of the United Nations in accordance with Article 102 of the Charter of the United Nations.

IN WITNESS WHEREOF the Plenipotentiaries gathered together in the city of Washington, who have submitted their full powers, found to be in good and due form, have signed this Agreement.

DONE at Washington, on the 20th day of August, one thousand nine hundred and seventy one.

ANNEX A
FUNCTIONS OF THE SECRETARY GENERAL

The functions of the Secretary General referred to in paragraph (b) of Article XII of this Agreement include the following:

- 1) Maintain the INTELSAT traffic data projections and, for this purpose, convene periodic regional meetings in order to estimate traffic demands;
- 2) Approve applications for access to the INTELSAT space segment by standard earth stations, report to the Board of Governors on applications for access by non-standard earth stations, and maintain records on dates of availability of existing and proposed earth stations;
- 3) Maintain records based on reports submitted by Signatories, other earth station owners and the management services

contractor, on the technical and operational capabilities and limitations of all existing and proposed earth stations;

- 4) Maintain an office of record of the assignment of frequencies to users and arrange for the notification of frequencies to the International Telecommunication Union;
- 5) Based on planning assumptions approved by the Board of Governors, prepare capital and operating budgets and estimates of revenue requirements;
- 6) Recommend INTELSAT space segment utilization charges to the Board of Governors;
- 7) Recommend accounting policies to the Board of Governors;
- 8) Maintain books of account and make them available for audit as required by the Board of Governors, and prepare monthly and annual financial statements;
- 9) Calculate the investment shares of Signatories, render accounts to Signatories for capital contributions and to allottees for INTELSAT space segment utilization charges, receive cash payments on behalf of INTELSAT, and make revenue distributions and other cash disbursements to Signatories on behalf of INTELSAT;
- 10) Advise the Board of Governors of Signatories in default of capital contributions, and of allottees in default of payments for INTELSAT space segment utilization charges;
- 11) Approve and pay invoices submitted to INTELSAT with respect to authorized purchases and contracts made by the executive organ, and reimburse the management services contractor for expenditures incurred in connection with purchases and contracts made on behalf of INTELSAT and authorized by the Board of Governors;
- 12) Administer INTELSAT personnel benefit programs and pay salaries and authorized expenses of INTELSAT personnel;
- 13) Invest or deposit funds on hand, and draw upon such investments or deposits as necessary to meet INTELSAT obligations;
- 14) Maintain INTELSAT property and depreciation accounts, and arrange with the management services contractor and the appropriate Signatories for the necessary inventories of INTELSAT property;
- 15) Recommend terms and conditions of allotment agreements for utilization of the INTELSAT space segment;
- 16) Recommend insurance programs for protection of INTELSAT property and, as authorized by the Board of Governors, arrange for necessary coverage;
- 17) For the purpose of paragraph (d) of Article XIV of this Agreement, analyze and report to the Board of Governors on the estimated economic effects to INTELSAT of any proposed space segment facilities separate from the INTELSAT space segment facilities;

- 18) Prepare the tentative agenda for meetings of the Assembly of Parties, the Meeting of Signatories and the Board of Governors and their advisory committees, and the provisional summary records of such meetings, and assist the chairmen of advisory committees in preparation of their agenda, records and reports to the Assembly of Parties, the Meeting of Signatories and the Board of Governors;
- 19) Arrange for interpretation services, for the translation, reproduction, and distribution of documents, and for the preparation of verbatim records of meetings, as necessary;
- 20) Provide the history of the decisions taken by the Assembly of Parties, the Meeting of Signatories and the Board of Governors, and prepare reports and correspondence relating to decisions taken during their meetings;
- 21) Assist in the interpretation of the rules of procedure of the Assembly of Parties, the Meeting of Signatories and the Board of Governors, and the terms of reference for their advisory committees;
- 22) Make arrangements for any meetings of the Assembly of Parties, the Meeting of Signatories and the Board of Governors and of their advisory committees;
- 23) Recommend procedures and regulations for contracts and purchases made on behalf of INTELSAT;
- 24) Keep the Board of Governors informed on the performance of the obligations of contractors, including the management services contractor;
- 25) Compile and maintain a world-wide list of bidders for all INTELSAT procurement;
- 26) Negotiate, place and administer contracts necessary to enable the Secretary General to perform his assigned functions, including contracts for obtaining assistance from other entities to perform such functions;
- 27) Provide or arrange for the provision of legal advice to INTELSAT, as required in connection with the functions of the Secretary General;
- 28) Provide appropriate public information services; and
- 29) Arrange and convene conferences for negotiation of the Protocol covering privileges, exemptions and immunities, referred to in paragraph (c) of Article XV of this Agreement.

ANNEX B

FUNCTIONS OF THE MANAGEMENT SERVICES CONTRACTOR AND GUIDELINES OF THE MANAGEMENT SERVICES CONTRACT

- 1) Pursuant to Article XII of this Agreement, the management services contractor shall perform the following functions:

- (a) Recommend to the Board of Governors research and development programs directly related to the purposes of INTELSAT;
- (b) As authorized by the Board of Governors:
 - (i) Conduct studies and research and development, directly or under contract with other entities or persons,
 - (ii) Conduct system studies in the fields of engineering, economics and cost effectiveness,
 - (iii) Perform system simulation tests and evaluations, and
 - (iv) Study and forecast potential demands for new telecommunications satellite services;
- (c) Advise the Board of Governors on the need to procure space segment facilities for the INTELSAT space segment;
- (d) As authorized by the Board of Governors, prepare and distribute requests for proposals, including specifications, for procurement of space segment facilities;
- (e) Evaluate all proposals submitted in response to requests for proposals and make recommendations to the Board of Governors on such proposals;
- (f) Pursuant to procurement regulations and in accordance with decisions of the Board of Governors:
 - (i) Negotiate, place, amend and administer all contracts on behalf of INTELSAT for space segments,
 - (ii) Make arrangements for launch services and necessary supporting activities, and cooperate in launches,
 - (iii) Arrange insurance coverage to protect the INTELSAT space segment as well as equipment designated for launch or launch services,
 - (iv) Provide or arrange for the provision of services for tracking, telemetry, command and control of the telecommunications satellites, including coordination of the efforts of Signatories and other owners of earth stations participating in the provision of these services, to perform satellite positioning, maneuvers, and tests, and
 - (v) Provide or arrange for the provision of services for monitoring satellite performance characteristics, outages, and effectiveness, and the satellite power and frequencies used by the earth stations, including coordination of the efforts of Signatories and other owners of earth stations participating in the provision of these services;
- (g) Recommend to the Board of Governors frequencies for use by the INTELSAT space segment and location plans for telecommunications satellites;
- (h) Operate the INTELSAT Operations Center and the Spacecraft Technical Control Center;
- (i) Recommend to the Board of Governors standard earth station

performance characteristics, both mandatory and non-mandatory;

- (j) Evaluate applications for access to the INTELSAT space segment by non-standard earth stations;
- (k) Allot units of INTELSAT space segment capacity, as determined by the Board of Governors;
- (l) Prepare and coordinate system operations plans (including network configuration studies and contingency plans), procedures, guides, practices and standards, for adoption by the Board of Governors;
- (m) Prepare, coordinate and distribute frequency plans for assignment to earth stations having access to the INTELSAT space segment;
- (n) Prepare and distribute system status reports, to include actual and projected system utilization;
- (o) Distribute information to Signatories and other users on new telecommunications services and methods;
- (p) For the purpose of paragraph (d) of Article XIV of this Agreement, analyze and report to the Board of Governors on the estimated technical and operational effect on INTELSAT of any proposed space segment facilities separate from the INTELSAT space segment facilities, including the effect on the frequency and location plans of INTELSAT;
- (q) Provide the Secretary General with the information necessary for the performance of his responsibility to the Board of Governors pursuant to paragraph 24 of Annex A to this Agreement;
- (r) Make recommendations relating to the acquisition, disclosure, distribution and protection of rights in inventions and technical information in accordance with Article 17 of the Operating Agreement;
- (s) Pursuant to decisions of the Board of Governors, arrange to make available to Signatories and others the rights of INTELSAT in inventions and technical information in accordance with Article 17 of the Operating Agreement, and enter into licensing agreements on behalf of INTELSAT; and
- (t) Take all operational, technical, financial, procurement, administrative and supporting actions necessary to carry out the above listed functions.

2) The management services contract shall include appropriate terms to implement the relevant provisions of Article XII of this Agreement and to provide for:

- (a) Reimbursement by INTELSAT in US dollars of all direct and indirect costs documented and identified, properly incurred by the management services contractor under the contract;
- (b) Payment to the management services contractor of a fixed fee at an annual rate in US dollars to be negotiated between the Board of Governors and the contractor;
- (c) Periodic review by the Board of Governors in consultation with the management services contractor of the costs under subparagraph (a)

of this paragraph;

- (d) Compliance with procurement policies and procedures of INTELSAT, consistent with the relevant provisions of this Agreement and the Operating Agreement, in the solicitation and negotiation of contracts on behalf of INTELSAT;
- (e) Provisions with respect to inventions and technical information which are consistent with Article 17 of the Operating Agreement;
- (f) Technical personnel selected by the Board of Governors, with the concurrence of the management services contractor, from among persons nominated by Signatories, to participate in the assessment of designs and of specifications for equipment for the space segment;
- (g) Disputes or disagreements between INTELSAT and the management services contractor which may arise under the management services contract to be settled in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce; and
- (h) The furnishing by the management services contractor to the Board of Governors of such information as may be required by any Governor to enable him to discharge his responsibilities as a Governor.

ANNEX C

PROVISIONS ON PROCEDURES RELATING TO SETTLEMENT OF DISPUTES REFERRED TO IN ARTICLE XVIII OF THIS AGREEMENT AND ARTICLE 20 OF THE OPERATING AGREEMENT

Article 1. The only disputants in arbitration proceedings instituted in accordance with this Annex shall be those referred to in Article XVIII of this Agreement, and Article 20 of, and the Annex to, the Operating Agreement.

Article 2. An arbitral tribunal of three members duly constituted in accordance with the provisions of this Annex shall be competent to give a decision in any dispute cognizable pursuant to Article XVIII of this Agreement, and Article 20 of, and the Annex to, the Operating Agreement.

Article 3. (a) Not later than sixty days before the opening date of the first and each subsequent ordinary meeting of the Assembly of Parties, each Party may submit to the executive organ the names of not more than two legal experts who will be available for the period from the end of such meeting until the end of the next ordinary meeting of the Assembly of Parties to serve as presidents or members of tribunals constituted in accordance with this Annex. From such nominees the executive organ shall prepare a list of all the persons thus nominated and shall attach to this list any biographical particulars submitted by the nominating Party, and shall distribute such list to all Parties not later than thirty days before the opening date of the meeting in question. If for any reason a nominee becomes unavailable for selection to the panel during the sixty-day period before the opening date of the meeting of the Assembly of Parties, the nominating Party may, not later than fourteen days before the opening date of the meeting of the Assembly of Parties, substitute the name of another legal expert.

(b) From the list mentioned in paragraph (a) of this Article, the Assembly of Parties shall select eleven persons to be members of a panel

from which presidents of tribunals shall be selected, and shall select an alternate for each such member. Members and alternates shall serve for the period prescribed in paragraph (a) of this Article. If a member becomes unavailable to serve on the panel, he shall be replaced by his alternate.

(c) For the purpose of designating a chairman, the panel shall be convened to meet by the executive organ as soon as possible after the panel has been selected. The quorum for a meeting of the panel shall be nine of the eleven members. The panel shall designate one of its members as its chairman by a decision taken by the affirmative votes of at least six members, cast in one or, if necessary, more than one secret ballot. The chairman so designated shall hold office as chairman for the rest of his period of office as a member of the panel. The cost of the meeting of the panel shall be regarded as an administrative cost of INTELSAT for the purpose of Article 8 of the Operating Agreement.

(d) If both a member of the panel and the alternate for that member become unavailable to serve, the Assembly of Parties shall fill the vacancies thus created from the list referred to in paragraph (a) of this Article. If, however, the Assembly of Parties does not meet within ninety days subsequent to the occurrence of the vacancies, they shall be filled by selection by the Board of Governors from the list referred to in paragraph (a) of this Article, with each Governor having one vote. A person selected to replace a member or alternate whose term of office has not expired shall hold office for the remainder of the term of his predecessor. Vacancies in the office of the chairman of the panel shall be filled by the panel by designation of one of its members in accordance with the procedure prescribed in paragraph (c) of this Article.

(e) In selecting the members of the panel and the alternates in accordance with paragraph (b) or (d) of this Article, the Assembly of Parties or the Board of Governors shall seek to ensure that the composition of the panel will always be able to reflect an adequate geographical representation, as well as the principal legal systems as they are represented among the Parties.

(f) Any panel member or alternate serving on an arbitral tribunal at the expiration of his term shall continue to serve until the conclusion of any arbitral proceeding pending before such tribunal.

(g) If, during the period between the date of entry into force of this Agreement and the establishment of the first panel and alternates pursuant to the provisions of paragraph (b) of this Article, a legal dispute arises between the disputants mentioned in Article 1 of this Annex the panel as constituted in accordance with paragraph (b) of Article 3 of the Supplementary Agreement on Arbitration dated June 4, 1965, shall be the panel for use in connection with the settlement of that dispute. That panel shall act in accordance with the provisions of this Annex for the purposes of Article XVIII of this Agreement, and Article 20 of, and the Annex to, the Operating Agreement.

Article 4. (a) Any petitioner wishing to submit a legal dispute to arbitration shall provide each respondent and the executive organ with a document which contains:

- (i) A statement which fully describes the dispute being submitted for arbitration, the reasons why each respondent is required to participate in the arbitration, and the relief being requested;
- (ii) A statement which sets forth why the subject matter of the

dispute comes within the competence of a tribunal to be constituted in accordance with this Annex, and why the relief being requested can be granted by such tribunal if it finds in favor of the petitioner;

- (iii) A statement explaining why the petitioner has been unable to achieve a settlement of the dispute within a reasonable time by negotiation or other means short of arbitration;
- (iv) In the case of any dispute for which, pursuant to Article XVIII of this Agreement or Article 20 of the Operating Agreement, the agreement of the disputants is a condition for arbitration in accordance with this Annex, evidence of such agreement; and
- (v) The name of the person designated by the petitioner to serve as a member of the tribunal.

(b) The executive organ shall promptly distribute to each Party and Signatory, and to the chairman of the panel, a copy of the document provided pursuant to paragraph (a) of this Article.

Article 5. (a) Within sixty days from the date copies of the document described in paragraph (a) of Article 4 of this Annex have been received by all the respondents, the side of the respondents shall designate an individual to serve as a member of the tribunal. Within that period, the respondents may, jointly or individually, provide each disputant and the executive organ with a document stating their responses to the document referred to in paragraph (a) of Article 4 of this Annex and including any counter-claims arising out of the subject matter of the dispute. The executive organ shall promptly furnish the chairman of the panel with a copy of any such document.

(b) In the event of a failure by the side of the respondents to make such a designation within the period allowed, the chairman of the panel shall make a designation from among the experts whose names were submitted to the executive organ pursuant to paragraph (a) of Article 3 of this Annex.

(c) Within thirty days after the designation of the two members of the tribunal, they shall agree on a third person selected from the panel constituted in accordance with Article 3 of this Annex, who shall serve as the president of the tribunal. In the event of failure to reach agreement within such period of time, either of the two members designated may inform the chairman of the panel, who, within ten days, shall designate a member of the panel other than himself to serve as president of the tribunal.

(d) The tribunal is constituted as soon as the president is selected.

Article 6. (a) If a vacancy occurs in the tribunal for reasons which the president or the remaining members of the tribunal decide are beyond the control of the disputants, or are compatible with the proper conduct of the arbitration proceedings, the vacancy shall be filled in accordance with the following provisions:

- (i) If the vacancy occurs as a result of the withdrawal of a member appointed by a side to the dispute, then that side shall select a replacement within ten days after the vacancy occurs;
- (ii) If the vacancy occurs as a result of the withdrawal of the president of the tribunal or of another member of the tribunal

appointed by the chairman, a replacement shall be selected from the panel in the manner described in paragraph (c) or (b) respectively of Article 5 of this Annex.

(b) If a vacancy occurs in the tribunal for any reason other than as described in paragraph (a) of this Article or if a vacancy occurring pursuant to that paragraph is not filled, the remainder of the tribunal shall have the power, notwithstanding the provisions of Article 2 of this Annex, upon the request of one side, to continue the proceedings and give the final decision of the tribunal.

Article 7. (a) The tribunal shall decide the date and place of its sittings.

(b) The proceedings shall be held in private and all material presented to the tribunal shall be confidential, except that INTELSAT and the Parties whose designated Signatories and the Signatories whose designating Parties are disputants in the proceedings shall have the right to be present and shall have access to the material presented. When INTELSAT is a disputant in the proceedings, all Parties and all Signatories shall have the right to be present and shall have access to the material presented.

(c) In the event of a dispute over the competence of the tribunal, the tribunal shall deal with this question first, and shall give its decision as soon as possible.

(d) The proceedings shall be conducted in writing, and each side shall have the right to submit written evidence in support of its allegations of fact and law. However, oral arguments and testimony may be given if the tribunal considers it appropriate.

(e) The proceedings shall commence with the presentation of the case of the petitioner containing its arguments, related facts supported by evidence and the principles of law relied upon. The case of the petitioner shall be followed by the counter-case of the respondent. The petitioner may submit a reply to the counter-case of the respondent. Additional pleadings shall be submitted only if the tribunal determines they are necessary.

(f) The tribunal may hear and determine counter-claims arising directly out of the subject matter of the dispute, provided the counter-claims are within its competence as defined in Article XVIII of this Agreement and Article 20 of, and the Annex to, the Operating Agreement.

(g) If the disputants reach an agreement during the proceedings, the agreement shall be recorded in the form of a decision of the tribunal given by consent of the disputants.

(h) At any time during the proceedings, the tribunal may terminate the proceedings if it decides the dispute is beyond its competence as defined in Article XVIII of the Agreement, and Article 20 of, and the Annex to, the Operating Agreement.

(i) The deliberations of the tribunal shall be secret.

(j) The decisions of the tribunal shall be presented in writing and shall be supported by a written opinion. Its rulings and decisions must be supported by at least two members. A member dissenting from the decision may submit a separate written opinion.

(k) The tribunal shall forward its decision to the executive organ, which shall distribute it to all Parties and Signatories.

(l) The tribunal may adopt additional rules of procedure, consistent with those established by this Annex, which are necessary for the proceedings.

Article 8. If one side fails to present its case, the other side may call upon the tribunal to give a decision in its favor. Before giving its decision, the tribunal shall satisfy itself that it has competence and that the case is well-founded in fact and in law.

Article 9. (a) Any Party whose designated Signatory is a disputant in a case shall have the right to intervene and become an additional disputant in the case. Intervention shall be made by giving notice thereof in writing to the tribunal and to the other disputants.

(b) Any other Party, any Signatory or INTELSAT, if it considers that it has a substantial interest in the decision of the case, may petition the tribunal for permission to intervene and become an additional disputant in the case. If the tribunal determines that the petitioner has a substantial interest in the decision of the case, it shall grant the petition.

Article 10. Either at the request of a disputant, or upon its own initiative, the tribunal may appoint such experts as it deems necessary to assist it.

Article 11. Each Party, each Signatory and INTELSAT shall provide all information determined by the tribunal, either at the request of a disputant or upon its own initiative, to be required for the handling and determination of the dispute.

Article 12. During the course of its consideration of the case, the tribunal may, pending the final decision, indicate any provisional measures which it considers would preserve the respective rights of the disputants.

Article 13. (a) The decision of the tribunal shall be based on

- (i) This Agreement and the Operating Agreement; and
- (ii) Generally accepted principles of law.

(b) The decision of the tribunal, including any reached by agreement of the disputants pursuant to paragraph (g) of Article 7 of this Annex, shall be binding on all the disputants and shall be carried out by them in good faith. In a case in which INTELSAT is a disputant, and the tribunal decides that a decision of one of its organs is null and void as not being authorized by or in compliance with this Agreement and the Operating Agreement, the decision of the tribunal shall be binding on all Parties and Signatories.

(c) In the event of a dispute as to the meaning or scope of its decision, the tribunal shall construe it at the request of any disputant.

Article 14. Unless the tribunal determines otherwise because of the particular circumstances of the case, the expenses of the tribunal, including the remuneration of the members of the tribunal, shall be borne in equal shares by each side. Where a side consists of more than one

disputant, the share of that side shall be apportioned by the tribunal among the disputants on that side. Where INTELSAT is a disputant, its expenses associated with the arbitration shall be regarded as an administrative cost of INTELSAT for the purpose of Article 8 of the Operating Agreement.

ANNEX D

TRANSITION PROVISIONS

1) Continuity of INTELSAT Activities

Any decision of the Interim Communications Satellite Committee taken pursuant to the Interim Agreement or the Special Agreement and which is in effect as of the termination of those Agreements shall remain in full force and effect, unless and until it is modified or repealed by, or in implementation of, the terms of this Agreement or the Operating Agreement.

2) Management

During the period immediately following entry into force of this Agreement, the Communications Satellite Corporation shall continue to act as the manager for the design, development, construction, establishment, operation and maintenance of the INTELSAT space segment pursuant to the same terms and conditions of service which were applicable to its role as manager pursuant to the Interim Agreement and the Special Agreement. In the discharge of its functions it shall be bound by all the relevant provisions of this Agreement and the Operating Agreement and shall in particular be subject to the general policies and specific determinations of the Board of Governors, until:

- (i) The Board of Governors determines that the executive organ is ready to assume responsibility for performance of all or certain of the functions of the executive organ pursuant to Article XII of this Agreement, at which time the Communications Satellite Corporation shall be relieved of its responsibility for performance of each such function as it is assumed by the executive organ; and
- (ii) The management services contract referred to in subparagraph (a) (ii) of Article XII of this Agreement takes effect, at which time the provisions of this paragraph shall cease to have effect with respect to those functions within the scope of that contract.

3) Regional Representation

During the period between entry into force of this Agreement and the date of assumption of office by the Secretary General, the entitlement, consistent with paragraph (c) of Article IX of this Agreement, of any group of Signatories seeking representation on the Board of Governors, pursuant to subparagraph (a) (iii) of Article IX of this Agreement, shall become effective upon receipt by the Communications Satellite Corporation of a written request from such group.

4) Privileges and Immunities

The Parties to this Agreement which were parties to the Interim Agreement shall extend to the corresponding successor persons and bodies until such

times as the Headquarters Agreement and the Protocol, as the case may be, enter into force as provided for in Article XV of this Agreement, those privileges, exemptions and immunities which were extended by such Parties, immediately prior to entry into force of this Agreement, to the International Telecommunications Satellite Consortium, to the signatories to the Special Agreement and to the Interim Communications Satellite Committee and to representatives thereto.

%%%

OPERATING AGREEMENT RELATING TO
THE INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION "INTELSAT"

PREAMBLE

The Signatories to this Operating Agreement,

Considering that the States Parties to the Agreement Relating to the International Telecommunications Satellite Organization "INTELSAT" have undertaken therein to sign or to designate a telecommunications entity to sign this Operating Agreement,

Agree as follows:

Article 1. (DEFINITIONS)

(a) For the purpose of this Operating Agreement:

(i) "Agreement" means the Agreement Relating to the International Telecommunications Satellite Organization "INTELSAT";

(ii) "Amortization" includes depreciation; and

(iii) "Assets" includes every subject of whatever nature to which a right of ownership can attach, as well as contractual rights.

(b) The definitions in Article I of the Agreement shall apply to this Operating Agreement.

Article 2. (RIGHTS AND OBLIGATIONS OF SIGNATORIES)

Each Signatory acquires the rights provided for Signatories in the Agreement and this Operating Agreement and undertakes to fulfill the obligations placed upon it by those Agreements.

Article 3. (TRANSFER OF RIGHTS AND OBLIGATIONS)

(a) As of the date the Agreement and this Operating Agreement enter into force and subject to the requirements of Article 19 of this Operating Agreement:

(i) All of the property and contractual rights and all other rights, including rights in and to the space segment, owned in undivided shares by the signatories to the Special Agreement pursuant to the Interim Agreement and the Special Agreement as of such date, shall be owned by INTELSAT;

(ii) All of the obligations and liabilities undertaken or incurred by or on behalf of the signatories to the Special Agreement collectively in carrying out the provisions of the Interim

Agreement and the Special Agreement which are outstanding as of, or arise from acts or omissions prior to, such date shall become obligations and liabilities of INTELSAT. However, this subparagraph shall not apply to any such obligation or liability arising from actions or decisions taken after the opening for signature of the Agreement which, after the entry into force of the Agreement, could not have been taken by the Board of Governors without prior authorization of the Assembly of Parties pursuant to paragraph (f) of Article III of the Agreement.

(b) INTELSAT shall be the owner of the INTELSAT space segment and of all other property acquired by INTELSAT.

(c) The financial interest in INTELSAT of each Signatory shall be equal to the amount arrived at by the application of its investment share to the valuation effected pursuant to Article 7 of this Operating Agreement.

Article 4. (FINANCIAL CONTRIBUTIONS)

(a) Each Signatory shall make contributions to the capital requirements of INTELSAT, as determined by the Board of Governors in accordance with the terms of the Agreement and this Operating Agreement, in proportion to its investment share as determined pursuant to Article 6 of this Operating Agreement and shall receive capital repayment and compensation for use of capital in accordance with the provisions of Article 8 of this Operating Agreement.

(b) Capital requirements shall include all direct and indirect costs for the design, development, construction and establishment of the INTELSAT space segment and for other INTELSAT property, as well as requirements for contributions by Signatories pursuant to paragraph (f) of Article 8 and paragraph (b) of Article 18 of this Operating Agreement. The Board of Governors shall determine the financial requirements of INTELSAT which shall be met from capital contributions from the Signatories.

(c) Each Signatory, as user of the INTELSAT space segment, as well as all other users, shall pay appropriate utilization charges established in accordance with the provisions of Article 8 of this Operating Agreement.

(d) The Board of Governors shall determine the schedule of payments required pursuant to this Operating Agreement. Interest at a rate to be determined by the Board of Governors shall be added to any amount unpaid after the date designated for payment.

Article 5. (CAPITAL CEILING)

(a) The sum of the net capital contributions of the Signatories and of the outstanding contractual capital commitments of INTELSAT shall be subject to a ceiling. This sum shall consist of the cumulative capital contributions made by the signatories to the Special Agreement, pursuant to Articles 3 and 4 of the Special Agreement, and by the Signatories to this Operating Agreement, pursuant to Article 4 of this Operating Agreement, less the cumulative capital repaid to them pursuant to the Special Agreement and to this Operating Agreement, plus the outstanding amount of contractual capital commitments of INTELSAT.

(b) The ceiling referred to in paragraph (a) of this Article shall be 500 million U.S. dollars or the amount authorized pursuant to paragraph (c) or (d) of this Article.

(c) The Board of Governors may recommend to the Meeting of Signatories that the ceiling in effect under paragraph (b) of this Article be increased. Such recommendation shall be considered by the Meeting of Signatories, and the increased ceiling shall become effective upon approval by the Meeting of Signatories.

(d) However, the Board of Governors may increase the ceiling up to ten percent above the limit of 500 million U.S. dollars or such higher limits as may be approved by the Meeting of Signatories pursuant to paragraph (c) of this Article.

Article 6. (INVESTMENT SHARES)

(a) Except as otherwise provided in this Article, each Signatory shall have an investment share equal to its percentage of all utilization of the INTELSAT space segment by all Signatories.

(b) For the purpose of paragraph (a) of this Article, utilization of the INTELSAT space segment by a Signatory shall be measured by dividing the space segment utilization charges payable by the Signatory to INTELSAT by the number of days for which charges were payable during the six-month period prior to the effective date of a determination of investment shares pursuant to subparagraph (c) (i), (c) (ii) or (c) (v) of this Article. However, if the number of days for which charges were payable by a Signatory for utilization during such six-month period was less than ninety days, such charges shall not be taken into account in determining investment shares.

(c) Investment shares shall be determined effective as of:

- (i) The date of entry into force of this Operating Agreement;
- (ii) The first day of March of each year, provided that if this Operating Agreement enters into force less than six months before the succeeding first day of March, there shall be no determination under this subparagraph effective as of that date;
- (iii) The date of entry into force of this Operating Agreement for a new Signatory;
- (iv) The effective date of withdrawal of a Signatory from INTELSAT; and
- (v) The date of request by a Signatory for whom INTELSAT space segment utilization charges have, for the first time, become payable by that Signatory for utilization through its own earth station, provided that such date of request is not less than ninety days following the date the space segment utilization charges became payable.

(d) (i) Any Signatory may request that, if any determination of investment shares made pursuant to paragraph (c) of this Article would result in its investment share exceeding its quota or investment share, as the case may be, held immediately prior to such determination, it be allocated a lesser investment share, provided that such investment share shall not be less than its final quota held pursuant to the Special Agreement or than its investment share held immediately prior to the determination, as the case may be. Such requests shall be deposited with INTELSAT and shall indicate the reduced investment share desired. INTELSAT shall give prompt notification of such requests to all

Signatories, and such requests shall be honored to the extent that other Signatories accept greater investment shares.

(ii) Any Signatory may notify INTELSAT that it is prepared to accept an increase in its investment share in order to accommodate requests for lesser investment shares made pursuant to subparagraph (i) of this paragraph and up to what limit, if any. Subject to such limits, the total amount of reduction in investment shares requested pursuant to subparagraph (i) of this paragraph shall be distributed among the Signatories which have accepted, pursuant to this subparagraph, greater investment shares, in proportion to the investment shares held by them immediately prior to the applicable adjustment.

(iii) If reductions requested pursuant to subparagraph (i) of this paragraph cannot be wholly accommodated among the Signatories which have accepted greater investment shares pursuant to subparagraph (ii) of this paragraph, the total amount of accepted increases shall be allocated, up to the limits indicated by each Signatory accepting a greater investment share pursuant to this paragraph, as reductions to those Signatories which requested lesser investment shares pursuant to subparagraph (i) of this paragraph, in proportion to the reductions requested by them under subparagraph (i) of this paragraph.

(iv) Any Signatory which has requested a lesser or accepted a greater investment share pursuant to this paragraph shall be deemed to have accepted the decrease or increase of its investment share, as determined pursuant to this paragraph, until the next determination of investment shares pursuant to subparagraph (c) (ii) of this Article.

(v) The Board of Governors shall establish appropriate procedures with regard to notification of requests by Signatories for lesser investment shares made pursuant to subparagraph (i) of this paragraph, and notification by Signatories which are prepared to accept increases in their investment shares pursuant to subparagraph (ii) of this paragraph.

(e) For the purposes of composition of the Board of Governors and calculation of the voting participation of Governors, the investment shares determined pursuant to subparagraph (c) (ii) of this Article shall take effect from the first day of the ordinary meeting of the Meeting of Signatories following such determination.

(f) To the extent that an investment share is determined pursuant to subparagraph (c) (iii) or (c) (v) or paragraph (h) of this Article, and to the extent necessitated by withdrawal of a Signatory, the investment shares of all other Signatories shall be adjusted in the proportion that their respective investment shares, held prior to this adjustment, bear to each other. On the withdrawal of a Signatory, investment shares of 0.05 per cent determined in accordance with the provisions of paragraph (h) of this Article shall not be increased.

(g) Notification of the results of each determination of investment shares, and of the effective date of such determination shall be promptly furnished to all Signatories by INTELSAT.

(h) Notwithstanding any provision of this Article, no Signatory shall have an investment share of less than 0.05 per cent of the total investment shares.

Article 7. (FINANCIAL ADJUSTMENTS BETWEEN SIGNATORIES)

(a) On entry into force of this Operating Agreement and thereafter at

each determination of investment shares, financial adjustments shall be made between Signatories, through INTELSAT, on the basis of a valuation effected pursuant to paragraph (b) of this Article. The amounts of such financial adjustments shall be determined with respect to each Signatory by applying to such valuation:

- (i) On entry into force of this Operating Agreement, the difference, if any, between the final quota of each Signatory held pursuant to the Special Agreement and its initial investment share determined pursuant to Article 6 of this Operating Agreement;
- (ii) At each subsequent determination of investment shares, the difference, if any, between the new investment share of each Signatory and its investment share prior to such determination.

(b) The valuation referred to in paragraph (a) of this Article shall be effected as follows:

- (i) Deduct from the original cost of all assets as recorded in INTELSAT accounts as of the date of adjustment, including any capitalized return or capitalized expenses, the sum of:
 - (A) The accumulated amortization as recorded in INTELSAT accounts as of the date of adjustment, and
 - (B) Loans and other accounts payable by INTELSAT as of the date of adjustment;
- (ii) Adjust the results obtained pursuant to subparagraph (i) of this paragraph by:
 - (A) Adding or deducting, for the purpose of the financial adjustments on entry into force of this Operating Agreement, an amount representing any deficiency or excess, respectively, in the payment by INTELSAT of compensation for use of capital relative to the cumulative amount due pursuant to the Special Agreement, at the rate or rates of compensation for use of capital in effect during the periods in which the relevant rates were applicable, as established by the Interim Communications Satellite Committee pursuant to Article 9 of the Special Agreement. For the purpose of assessing the amount representing any deficiency or excess in payment, compensation due shall be calculated on a monthly basis and relate to the net amount of the elements described in subparagraph (i) of this paragraph;
 - (B) Adding or deducting, for the purpose of each subsequent financial adjustment a further amount representing any deficiency or excess, respectively, in the payment by INTELSAT of compensation for use of capital from the time of entry into force of this Operating Agreement to the effective date of valuation, relative to the cumulative amount due pursuant to this Operating Agreement, at the rate or rates of compensation for use of capital in effect during the periods in which the relevant rates were applicable, as established by the Board of Governors pursuant to Article 8 of this Operating Agreement. For the purpose of assessing the amount representing any deficiency or excess in payment, compensation due shall be calculated on a monthly basis and relate to the net amount of the elements described in subparagraph (i) of this paragraph.

(c) Payments due from and to Signatories pursuant to the provisions

of this Article shall be effected by a date designated by the Board of Governors. Interest at a rate to be determined by the Board of Governors shall be added to any amount unpaid after that date, except that, with respect to payments due pursuant to subparagraph (a) (i) of this Article, interest shall be added from the date of entry into force of this Operating Agreement. The rate of interest referred to in this paragraph shall be equal to the rate of interest determined by the Board of Governors pursuant to paragraph (d) of Article 4 of this Operating Agreement.

Article 8. (UTILIZATION CHARGES AND REVENUES)

(a) The Board of Governors shall specify the units of measurement of INTELSAT space segment utilization relative to various types of utilization and, guided by such general rules as may be established by the Meeting of Signatories pursuant to Article VIII of the Agreement, shall establish INTELSAT space segment utilization charges. Such charges shall have the objective of covering the operating, maintenance and administrative costs of INTELSAT, the provision of such operating funds as the Board of Governors may determine to be necessary, the amortization of investment made by Signatories in INTELSAT and compensation for use of the capital of Signatories.

(b) For the utilization of capacity available for the purposes of specialized telecommunications services, pursuant to paragraph (d) of Article III of the Agreement, the Board of Governors shall establish the charge to be paid for the utilization of such services. In doing so it shall comply with the provisions of the Agreement and this Operating Agreement and in particular paragraph (a) of this Article, and shall take into consideration the costs associated with the provision of the specialized telecommunications services as well as an adequate part of the general and administrative costs of INTELSAT. In the case of separate satellites or associated facilities financed by INTELSAT pursuant to paragraph (e) of Article V of the Agreement, the Board of Governors shall establish the charges to be paid for the utilization of such services. In doing so, it shall comply with the provisions of the Agreement and this Operating Agreement and in particular paragraph (a) of this Article, so as to cover fully the costs directly resulting from the design, development, construction, and provision of such separate satellites and associated facilities as well as an adequate part of the general and administrative costs of INTELSAT.

(c) In determining the rate of compensation for use of the capital of Signatories, the Board of Governors shall include an allowance for the risks associated with investment in INTELSAT and, taking into account such allowance, shall fix the rate as close as possible to the cost of money in the world markets.

(d) The Board of Governors shall institute any appropriate sanctions in cases where payments of utilization charges shall have been in default for three months or longer.

(e) The revenues earned by INTELSAT shall be applied, to the extent that such revenues allow, in the following order of priority:

- (i) To meet operating, maintenance and administrative costs;
- (ii) To provide such operating funds as the Board of Governors may determine to be necessary;
- (iii) To pay to Signatories, in proportion to their respective

investment shares, sums representing a repayment of capital in the amount of the provisions for amortization established by the Board of Governors and recorded in the INTELSAT accounts;

- (iv) To pay to a Signatory which has withdrawn from INTELSAT such sums as may be due to it pursuant to Article 21 of this Operating Agreement; and
- (v) To pay to Signatories, in proportion to their respective investment shares, the available balance towards compensation for use of capital.

(f) To the extent, if any, that the revenues earned by INTELSAT are insufficient to meet INTELSAT operating, maintenance and administrative costs, the Board of Governors may decide to meet the deficiency by using INTELSAT operating funds, by overdraft arrangements, by raising a loan, by requiring Signatories to make capital contributions in proportion to their respective investment shares or by any combination of such measures.

Article 9. (TRANSFER OF FUNDS)

(a) Settlement of accounts between Signatories and INTELSAT in respect of financial transactions pursuant to Articles 4, 7 and 8 of this Operating Agreement shall be so arranged as to minimize both transfers of funds between Signatories and INTELSAT and the amount of funds held by INTELSAT over and above any operating funds determined by the Board of Governors to be necessary.

(b) All payments between Signatories and INTELSAT pursuant to this Operating Agreement shall be made in U.S. dollars or in currency freely convertible into U.S. dollars.

Article 10. (OVERDRAFTS AND LOANS)

(a) For the purpose of meeting financial deficiencies, pending the receipt of adequate INTELSAT revenues or of capital contributions by Signatories pursuant to this Operating Agreement, INTELSAT may, with the approval of the Board of Governors, enter into overdraft arrangements.

(b) Under exceptional circumstances and for the purpose of financing any activity undertaken by INTELSAT, or of meeting any liability incurred by INTELSAT, pursuant to paragraph (a), (b) or (c) of Article III of the Agreement or to this Operating Agreement, INTELSAT may raise loans upon decision of the Board of Governors. The outstanding amounts of such loans shall be considered as contractual capital commitments for the purpose of Article 5 of this Operating Agreement. The Board of Governors shall, in accordance with subparagraph (a) (xiv) of Article X of the Agreement, report fully to the Meeting of Signatories with respect to the reasons for its decision to raise any loan and the terms and conditions under which such a loan was raised.

Article 11. (EXCLUDED COSTS)

The following shall not form part of the costs of INTELSAT:

- (i) Taxes on income derived from INTELSAT of any of the Signatories;
- (ii) Design and development expenditure on launchers and launching facilities except expenditure incurred for the adaptation of launchers and launching facilities in connection with the

design, development, construction and establishment of the INTELSAT space segment; and

- (iii) The costs of representatives of Parties and Signatories incurred in attending meetings of the Assembly of Parties, of the Meeting of Signatories, of the Board of Governors or any other meetings of INTELSAT.

Article 12. (AUDIT)

The accounts of INTELSAT shall be audited annually by independent auditors appointed by the Board of Governors. Any Signatory shall have the right of inspection of INTELSAT accounts.

Article 13. (INTERNATIONAL TELECOMMUNICATION UNION)

In addition to observing the relevant regulations of the International Telecommunication Union, INTELSAT shall, in the design, development, construction and establishment of the INTELSAT space segment and in the procedures established for regulating the operation of the INTELSAT space segment and of the earth stations, give due consideration to the relevant recommendations and procedures of the International Telegraph and Telephone Consultative Committee, the International Radio Consultative Committee and the International Frequency Registration Board.

Article 14. (EARTH STATION APPROVAL)

(a) Any application for approval of an earth station to utilize the INTELSAT space segment shall be submitted to INTELSAT by the Signatory designated by the Party in whose territory the earth station is or will be located or, with respect to earth stations located in a territory not under the jurisdiction of a party, by a duly authorized telecommunications entity.

(b) Failure by the Meeting of Signatories to establish general rules, pursuant to subparagraph (b) (v) of Article VIII of the Agreement, or the Board of Governors to establish criteria and procedures, pursuant to subparagraph (a) (vi) of Article X of the Agreement, for approval of earth stations shall not preclude the Board of Governors from considering or acting upon any application for approval of an earth station to utilize the INTELSAT space segment.

(c) Each Signatory or telecommunications entity referred to in paragraph (a) of this Article shall, with respect to earth stations for which it has submitted an application, be responsible to INTELSAT for compliance of such stations with the rules and standards specified in the document of approval issued to it by INTELSAT, unless, in the case of a Signatory which has submitted an application, its designating Party assumes such responsibility, with respect to all or some of the earth stations not owned or operated by such Signatory.

Article 15. (ALLOTMENT OF SPACE SEGMENT CAPACITY)

(a) Any application for allotment of INTELSAT space segment capacity shall be submitted to INTELSAT by a Signatory or, in the case of a territory not under the jurisdiction of a Party, by a duly authorized telecommunications entity.

(b) In accordance with the terms and conditions established by the Board of Governors pursuant to Article X of the Agreement, allotment of INTELSAT space segment capacity shall be made to a Signatory or, in the

case of a territory not under the jurisdiction of a Party, to the duly authorized telecommunications entity making the application.

(c) Each Signatory or telecommunications entity to, which an allotment has been made pursuant to paragraph (b) of this Article shall be responsible for compliance with all the terms and conditions established by INTELSAT with respect to such allotment, unless, in the case of a Signatory which has submitted an application, its designating Party assumes such responsibility for allotments made with respect to all or some of the earth stations not owned or operated by such Signatory.

Article 16. (PROCUREMENT)

(a) All contracts relating to the procurement of goods and services required by INTELSAT shall be awarded in accordance with Article XIII of the Agreement, Article 17 of this Operating Agreement and the procedures, regulations, terms and conditions established by the Board of Governors pursuant to the provisions of the Agreement and this Operating Agreement. The services to which this Article refers are those provided by juridical persons.

(b) The approval of the Board of Governors shall be required before:

- (i) The issuing of requests for proposals or invitations to tender for contracts which are expected to exceed 500,000 U.S. dollars in value;
- (ii) The awarding of any contract to a value exceeding 500,000 U.S. dollars.

(c) In any of the following circumstances, the Board of Governors may decide to procure goods and services otherwise than on the basis of responses to open international invitations to tender:

- (i) Where the estimated value of the contract does not exceed 50,000 U.S. dollars or any such higher amount as the Meeting of Signatories may decide in the light of proposals by the Board of Governors;
- (ii) Where procurement is required urgently to meet an emergency situation involving the operational viability of the INTELSAT space segment;
- (iii) Where the requirement is of a predominantly administrative nature best suited to local procurement; and
- (iv) Where there is only one source of supply to a specification which is necessary to meet the requirements of INTELSAT or where the sources of supply are so severely restricted in number that it would be neither feasible nor in the best interest of INTELSAT to incur the expenditure and time involved in open international tender, provided that where there is more than one source they will all have the opportunity to bid on an equal basis.

(d) The procedures, regulations, terms and conditions referred to in paragraph (a) of this Article shall provide for the supply of full and timely information to the Board of Governors. Upon request from any Governor, the Board of Governors shall be able to obtain, with respect to all contracts, any information necessary to enable that Governor to discharge his responsibilities as a Governor.

Article 17. (INVENTIONS AND TECHNICAL INFORMATION)

(a) INTELSAT, in connection with any work performed by it or on its behalf, shall acquire in inventions and technical information those rights, but no more than those rights, necessary in the common interests of INTELSAT and the Signatories in their capacity as such. In the case of work done under contract, any such rights obtained shall be on a non-exclusive basis.

(b) For the purposes of paragraph (a) of this Article, INTELSAT, taking into account its principles and objectives, the rights and obligations of the Parties and Signatories under the Agreement and this Operating Agreement and generally accepted industrial practices, shall, in connection with any work performed by it or on its behalf involving a significant element of study, research or development, ensure for itself:

- (i) The right without payment to have disclosed to it all inventions and technical information generated by work performed by it or on its behalf;
- (ii) The right to disclose and have disclosed to Signatories and others within the jurisdiction of any Party and to use and authorize and have authorized Signatories and such others to use such inventions and technical information:

(A) Without payment, in connection with the INTELSAT space segment and any earth station operating in conjunction therewith, and

(B) For any other purpose, on fair and reasonable terms and conditions to be settled between Signatories or others within the jurisdiction of any Party and the owner or originator of such inventions and technical information or any other duly authorized entity or person having a property interest therein.

(c) In the case of work done under contract, the implementation of paragraph (b) of this Article shall be based on the retention by contractors of ownership of rights in inventions and technical information generated by them.

(d) INTELSAT shall also ensure for itself the right, on fair and reasonable terms and conditions, to disclose and have disclosed to Signatories and others within the jurisdiction of any Party, and to use and authorize and have authorized Signatories and such others to use, inventions and technical information directly utilized in the execution of work performed on its behalf but not included in paragraph (b) of this Article, to the extent that the person who has performed such work is entitled to grant such right and to the extent that such disclosure and use is necessary for the effective exercise of rights obtained pursuant to paragraph (b) of this Article.

(e) The Board of Governors may, in individual cases, where exceptional circumstances warrant, approve a deviation from the policies prescribed in subparagraph (b) (ii) and paragraph (d) of this Article where in the course of negotiations it is demonstrated to the Board of Governors that failure to deviate would be detrimental to the interests of INTELSAT and, in the case of subparagraph (b) (ii), that adherence to these policies would be incompatible with prior contractual obligations entered into in good faith by a prospective contractor with a third party.

(f) The Board of Governors may also, in individual cases, where exceptional circumstances warrant, approve a deviation from the policy prescribed in paragraph (c) of this Article where all of the following conditions are met:

- (i) It is demonstrated to the Board of Governors that failure to deviate would be detrimental to the interests of INTELSAT,
- (ii) It is determined by the Board of Governors that INTELSAT should be able to ensure patent protection in any country, and
- (iii) Where, and to the extent that, the contractor is unable or unwilling to ensure such protection on a timely basis.

(g) In determining whether and in what form to approve any deviation pursuant to paragraphs (e) and (f) of this Article, the Board of Governors shall take into account the interests of INTELSAT and all Signatories and the estimated financial benefits to INTELSAT resulting from such deviation.

(h) With respect to inventions and technical information in which rights were acquired under the Interim Agreement and the Special Agreement, or are acquired under the Agreement and this Operating Agreement other than pursuant to paragraph (b) of this Article, INTELSAT, to the extent that it has the right to do so, shall upon request:

- (i) Disclose or have disclosed such inventions and technical information to any Signatory, subject to reimbursement of any payment made by or required of INTELSAT in respect of the exercise of such right of disclosure;
- (ii) Make available to any Signatory the right to disclose or have disclosed to others within the jurisdiction of any Party and to use and authorize or have authorized such others to use such inventions and technical information:

(A) Without payment, in connection with the INTELSAT space segment or any earth station operating in conjunction therewith, and

(B) For any other purpose, on fair and reasonable terms and conditions to be settled between Signatories or others within the jurisdiction of any Party and INTELSAT or the owner or originator of such inventions and technical information or any other duly authorized entity or person having a property interest therein, and subject to reimbursement of any payment made by or required of INTELSAT in respect of the exercise of such rights.

(i) To the extent that INTELSAT acquires the right pursuant to subparagraph (b) (i) of this Article to have inventions and technical information disclosed to it, it shall keep each Signatory which so requests informed of the availability and general nature of such inventions and technical information. To the extent that INTELSAT acquires rights pursuant to the provisions of this Article to make inventions and technical information available to Signatories and others in the jurisdiction of Parties, it shall make such rights available upon request to any Signatory or its designee.

(j) The disclosure and use, and the terms and conditions of

disclosure and use, of all inventions and technical information in which INTELSAT has acquired any rights shall be on a non-discriminatory basis with respect to all Signatories and their designees.

Article 18. (LIABILITY)

(a) Neither INTELSAT nor any Signatory, in its capacity as such, nor any director, officer or employee of any of them nor any representative to any organ of INTELSAT acting in the performance of their functions and within the scope of their authority, shall be liable to, nor shall any claim be made against any of them by, any Signatory or INTELSAT for loss or damage sustained by reason of any unavailability, delay or faultiness of telecommunications services provided or to be provided pursuant to the Agreement or this Operating Agreement.

(b) If INTELSAT or any Signatory, in its capacity as such, is required, by reason of a binding decision rendered by a competent tribunal or as a result of a settlement agreed to or concurred in by the Board of Governors, to pay any claim, including any costs and expenses associated therewith, which arises out of any activity conducted or authorized by INTELSAT pursuant to the Agreement or to this Operating Agreement, to the extent that the claim is not satisfied through indemnification, insurance or other financial arrangements, the Signatories shall, notwithstanding any ceiling established by or pursuant to Article 5 of this Operating Agreement, pay to INTELSAT the amount unsatisfied on such claim in proportion to their respective investment shares as of the date the payment by INTELSAT of such claim is due.

(c) If such a claim is asserted against a Signatory, that Signatory, as a condition of payment by INTELSAT of the claim pursuant to paragraph (b) of this Article, shall without delay provide INTELSAT with notice thereof, and shall afford INTELSAT the opportunity to advise and recommend on or to conduct the defense or other disposition of the claim and, to the extent permitted by the law of the jurisdiction in which the claim is brought, to become a party to the proceeding either with such Signatory or in substitution for it.

Article 19. (BUY-OUT)

(a) Consonant with the provisions of Articles IX and XV of the Interim Agreement, the Board of Governors shall, as soon as practicable and not later than three months after entry into force of this Operating Agreement, determine, in accordance with paragraph (d) of this Article, the financial status in relation to INTELSAT of each signatory to the Special Agreement for which, in its capacity as a State, or for whose State the Agreement, on its entry into force, had neither entered into force nor been applied provisionally. The Board of Governors shall notify each such signatory in writing of its financial status and the rate of interest thereon. This rate of interest shall be close to the cost of money in world markets.

(b) A signatory may accept the assessment of its financial status and the rate of interest as notified pursuant to paragraph (a) of this Article or as may otherwise have been agreed between the Board of Governors and this signatory. INTELSAT shall pay to such signatory, in U.S. dollars or in another currency freely convertible into U.S. dollars, within ninety days of such acceptance, or within such greater period as may be mutually agreed, the amount so accepted, together with interest thereon from the date of entry into force of this Operating Agreement to the date of payment.

(c) If there is a dispute between INTELSAT and a signatory as to the amount or the rate of interest, which cannot be settled by negotiation within the period of one year from the date of notification pursuant to paragraph (a) of this Article, the amount and rate of interest notified shall remain the standing offer by INTELSAT to settle the matter, and the corresponding funds shall be set aside at the disposal of such signatory. Provided that a mutually acceptable tribunal can be found, INTELSAT shall refer the matter to arbitration if the signatory so requests. Upon receipt of the decision of the tribunal, INTELSAT shall pay to the signatory the amount decided by the tribunal in U. S. dollars or in another currency freely convertible into U. S. dollars.

(d) For the purpose of paragraph (a) of this Article, the financial status shall be determined as follows:

- (i) Multiply the final quota held by the signatory pursuant to the Special Agreement by the amount established from the valuation effected pursuant to paragraph (b) of Article 7 of this Operating Agreement as of the date of entry into force of this Operating Agreement; and
- (ii) From the resulting product deduct any amounts due from that signatory as of the date of entry into force of this Operating Agreement.

(e) No provision of this Article shall:

- (i) Relieve a signatory described in paragraph (a) of this Article of its share of any obligations incurred by or on behalf of the signatories to the Special Agreement collectively as the result of acts or omissions in the implementation of the Interim Agreement and the Special Agreement prior to the date of entry into force of this Operating Agreement; or
- (ii) Deprive such a signatory of any rights acquired by it, in its capacity as such, which would otherwise continue after the termination of the Special Agreement and for which the signatory has not already been compensated pursuant to the provisions of this Article.

Article 20. (SETTLEMENT OF DISPUTES)

(a) All legal disputes arising in connection with the rights and obligations under the Agreement or this Operating Agreement between Signatories with respect to each other, or between INTELSAT and a Signatory or Signatories, if not otherwise settled within a reasonable time, shall be submitted to arbitration in accordance with the provisions of Annex C to the Agreement.

(b) All such disputes arising between a Signatory and a State or telecommunications entity which has ceased to be a Signatory, or between INTELSAT and a State or telecommunications entity which has ceased to be a Signatory, and which arise after such State or telecommunications entity ceased to be a Signatory, if not otherwise settled within a reasonable time, shall be submitted to arbitration, and may be submitted to arbitration in accordance with the provisions of Annex C to the Agreement provided the disputants in any given dispute so agree. If a State or telecommunications entity ceases to be a Signatory after an arbitration in which it is a disputant has commenced, such arbitration shall be continued and concluded in accordance with the provisions of Annex C to the Agreement, or, as the case may be, with the other

provisions under which the arbitration is being conducted.

(c) All legal disputes arising in connection with agreements or contracts that INTELSAT may conclude with any Signatory shall be subject to the provisions on settlement of disputes contained in such agreements or contracts. In the absence of such provisions, such disputes, if not otherwise settled within a reasonable time, shall be submitted to arbitration in accordance with the provisions of Annex C to the Agreement.

(d) If upon entry into force of this Operating Agreement, any arbitration is in progress pursuant to the Supplementary Agreement on Arbitration dated June 4, 1965, the provisions of that Agreement shall remain in force with respect to such arbitration until its conclusion. If the Interim Communications Satellite Committee is a party to any such arbitration, INTELSAT shall replace it as a party.

Article 21. (WITHDRAWAL)

(a) Within three months after the effective date of withdrawal of a Signatory from INTELSAT pursuant to Article XVI of the Agreement, the Board of Governors shall notify the Signatory of the evaluation by the Board of Governors of its financial status in relation to INTELSAT as of the effective date of its withdrawal and of the proposed terms of settlement pursuant to paragraph (c) of this Article.

(b) The notification pursuant to paragraph (a) of this Article shall include a statement of:

(i) The amount payable by INTELSAT to the Signatory, calculated by multiplying the investment share held by the Signatory as of the effective date of its withdrawal by the amount established from a valuation effected pursuant to paragraph (b) of Article 7 of this Operating Agreement as of that date;

(ii) Any amounts to be paid by the Signatory to INTELSAT, pursuant to paragraph (g), (i) or (k) of Article XVI of the Agreement, representing its share of capital contributions for contractual commitments specifically authorized prior to the receipt by the appropriate authority of notice of its decision to withdraw or, as the case may be, prior to the effective date of its withdrawal, together with the proposed schedule for the payments to meet the said contractual commitments; and

(iii) Any amounts due from the Signatory to INTELSAT as of the effective date of its withdrawal.

(c) The amounts referred to in subparagraphs (b) (i) and (b) (ii) of this Article shall be repaid by INTELSAT to the Signatory over a period of time consistent with the period over which other Signatories will be repaid their capital contributions, or over such lesser period as the Board of Governors may consider appropriate. The Board of Governors shall determine the rate of interest to be paid to or by the Signatory in respect of any amounts which may, from time to time, be outstanding for settlement.

(d) In its evaluation pursuant to subparagraph (b) (ii) of this Article, the Board of Governors may decide to relieve the Signatory in whole or in part of its responsibility for contributing its share of the capital contributions necessary to meet both contractual commitments specifically authorized and liabilities arising from acts or omissions

prior to the receipt of notice of withdrawal or, as the case may be, prior to the effective date of withdrawal of the Signatory pursuant to Article VI of the Agreement.

(e) Except as may be decided by the Board of Governors pursuant to paragraph (d) of this Article, no provision of this Article shall:

- (i) Relieve a Signatory referred to in paragraph (a) of this Article of its share of any non-contractual obligations of INTELSAT arising from acts or omissions in the implementation of the Agreement and the Operating Agreement prior to the receipt of notice of its decision to withdraw or, as the case may be, prior to the effective date of its withdrawal; or
- (ii) Deprive such a Signatory of any rights acquired by it, in its capacity as such, which would otherwise continue after the effective date of its withdrawal, and for which the Signatory has not already been compensated pursuant to the provisions of this Article.

Article 22. (AMENDMENTS)

(a) Any Signatory, the Assembly of Parties or the Board of Governors may propose amendments to this Operating Agreement. Proposed amendments shall be submitted to the executive organ, which shall distribute them promptly to all Parties and Signatories.

(b) The Meeting of Signatories shall consider each proposed amendment at its first ordinary meeting following its distribution by the executive organ, or at an earlier extraordinary meeting convened in accordance with the provisions of Article VIII of the Agreement, provided that the proposed amendment has been distributed by the executive organ at least ninety days before the opening date of the meeting. The Meeting of Signatories shall consider any views and recommendations which it receives from the Assembly of Parties or the Board of Governors with respect to a proposed amendment.

(c) The Meeting of Signatories shall take decisions on each proposed amendment in accordance with the provisions relating to quorum and voting contained in Article VIII of the Agreement. It may modify any proposed amendment, distributed in accordance with paragraph (b) of this Article, and may also take decisions on any amendment not so distributed but directly consequential to a proposed or modified amendment.

(d) An amendment which has been approved by the Meeting of Signatories shall enter into force in accordance with paragraph (e) of this Article after the Depositary has received notice of approval of the amendment from either:

- (i) Two-thirds of the Signatories which were Signatories as of the date upon which the amendment was approved by the Meeting of Signatories, provided that such two-thirds include Signatories which then held at least two-thirds of the total investment shares; or
- (ii) A number of Signatories equal to or exceeding eighty-five per cent of the total number of Signatories which were Signatories as of the date upon which the amendment was approved by the Meeting of Signatories, regardless of the amount of investment shares which such Signatories then held.

Notification of the approval of an amendment by a Signatory shall be transmitted to the Depositary by the Party concerned, and such a notification shall signify the acceptance by the Party of such amendment.

(e) The Depositary shall notify all the Signatories as soon as it has received the approvals of the amendment required by paragraph (d) of this Article for the entry into force of an amendment. Ninety days after the date of issue of this notification, the amendment shall enter into force for all Signatories, including those that have not yet approved it and have not withdrawn from INTELSAT.

(f) Notwithstanding the provisions of paragraphs (d) and (e) of this Article, an amendment shall not enter into force later than eighteen months after the date it has been approved by the Meeting of Signatories.

Article 23. (ENTRY INTO FORCE)

(a) This Operating Agreement shall enter into force for a Signatory on the date on which the Agreement enters into force, in accordance with paragraphs (a) and (d) or paragraphs (b) and (d) of Article XX of the Agreement, for the Party concerned.

(b) This Operating Agreement shall be applied provisionally for a Signatory on the date on which the Agreement is applied provisionally, in accordance with paragraphs (c) and (d) of Article XX of the Agreement, for the Party concerned.

(c) This Operating Agreement shall continue in force for as long as the Agreement is in force.

Article 24. (DEPOSITARY)

(a) The Government of the United States of America shall be the Depositary for this Operating Agreement, the texts of which in English, French and Spanish are equally authentic. This Operating Agreement shall be deposited in the archives of the Depositary, with which shall also be deposited notifications of approval of amendments, of substitution of a Signatory pursuant to paragraph (f) of Article XVI of the Agreement, and of withdrawals from INTELSAT.

(b) The Depositary shall transmit certified copies of the texts of this Operating Agreement to all Governments and all designated telecommunications entities which have signed it, and to the International Telecommunication Union, and shall notify those Governments, designated telecommunications entities, and the International Telecommunication Union, of signatures to this Operating Agreement, of commencement of the sixty-day period referred to in paragraph (a) of Article XX of the Agreement, of the entry into force of this Operating Agreement, of notifications of approval of amendments and of the entry into force of amendments to this Operating Agreement. Notice of the commencement of the sixty-day period shall be issued on the first day of that period.

(c) Upon entry into force of this Operating Agreement, the Depositary shall register it with the Secretariat of the United Nations in accordance with Article 102 of the Charter of the United Nations.

IN WITNESS WHEREOF, the undersigned duly authorized thereto have signed this Operating Agreement.

DONE at Washington, on the 20th day of August, one thousand nine hundred

and seventy-one.

ANNEX

TRANSITION PROVISIONS

1) Obligation of Signatories

Each Signatory to this Operating Agreement which was, or whose designating Party was, a party to the Interim Agreement shall pay, or shall be entitled to receive, the net amount of any sums due pursuant to the Special Agreement as of the date of entry into force of the Agreement, from or to such party, in its capacity as a signatory to the Special Agreement, or from or to its designated signatory to the Special Agreement.

2) Establishment of the Board of Governors

(a) On the date of commencement of the sixty-day period referred to in paragraph (a) of Article XX of the Agreement, and thereafter at weekly intervals, the Communications Satellite Corporation shall notify all signatories to the Special Agreement and States or telecommunications entities designated by States for whom this Operating Agreement will come into force, or will be applied provisionally, on the date of entry into force of the Agreement, of the estimated initial investment share of each such State or telecommunications entity pursuant to the provisions of this Operating Agreement.

(b) During the said sixty-day period, the Communications Satellite Corporation shall make the necessary administrative preparations for the convening of the first meeting of the Board of Governors.

(c) Within three days after the date of entry into force of the Agreement, the Communications Satellite Corporation, acting pursuant to paragraph 2 of Annex D to the Agreement, shall:

- (i) Inform all Signatories for whom this Operating Agreement has come into force or has been applied provisionally of their initial investment shares determined pursuant to Article 6 of this Operating Agreement; and
- (ii) Inform all such Signatories of the arrangements made for the first meeting of the Board of Governors, which shall be convened not more than thirty days after the date of entry into force of the Agreement.

3) Settlement of Disputes

Any legal dispute which may arise between INTELSAT and the Communications Satellite Corporation in connection with the rendering of services by the Corporation to INTELSAT, between the date of entry into force of this Operating Agreement and the effective date of the contract arranged pursuant to subparagraph (a) (ii) of Article XII of the Agreement, if not otherwise settled within a reasonable time, shall be submitted to arbitration in accordance with the provisions of Annex C to the Agreement.