SOCIÉTÉ EUROPÉENNE DES SATELLITES

(Incorporated in the Grand-Duchy of Luxembourg as a public limited company (société anonyme))
(Trade Register No. B22589)

6,206,000 Fiduciary Depositary Receipts with respect to 6,206,000 A Shares

Banque et Caisse d'Epargne de l'Etat, Luxembourg, as fiduciary (the "Fiduciary"), is issuing 6,206,000 Fiduciary Depositary Receipts ("FDRs"), each with respect to one A Share, with no par value (each, an "A Share"), of Société Européenne des Satellites (the "Company" or "SES"), of which (i) 990,267 FDRs are being offered to members of the public and institutional investors in Luxembourg by the Luxembourg Managers named herein (the "Luxembourg Offering"), (ii) 3,961,066 FDRs are being offered to institutional investors outside Luxembourg and the United States (the "International Offering") by the International Managers named herein, (iii) 177,167 FDRs are being offered to the Company for distribution to employees and members of the Board of Directors of the Company (the "Employee Offering") and (iv) 1,077,500 FDRs are being offered in a designated offering (the "Designated Offering" and, together with the Luxembourg Offering, the International Offering and the Employee Offering, the "Combined Offering"). See "Summary — The Combined Offering". The foregoing amounts are indicative only and are subject to final allocations. All of the A Shares underlying the FDRs offered in the Combined Offering, including the additional A Shares referred to below, are being offered by the Selling Shareholders. See "Selling Shareholders". The Company will not receive any of the proceeds from the Combined Offering.

The FDRs will be issued in bearer form and will be represented by a permanent global certificate which will be deposited with a common depositary for Cedel Bank, société anonyme ("Cedel Bank"), and Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear"). Beneficial interests in the FDRs will be shown on, and transfers thereof will be effected only through, records maintained by Cedel Bank or Euroclear. Definitive certificates will only be available in certain limited circumstances as described herein.

Prior to the Combined Offering, there has been no public market for the A Shares and no market for the FDRs. Application has been made to have up to 31,034,000 FDRs, in respect of all issued A Shares, admitted to the Official List of the Luxembourg Stock Exchange (the "LuxSE") and to have the FDRs quoted on the Stock Exchange Automated Quotation International System ("SEAQ International") of the London Stock Exchange. The FDRs may be offered to the public in Luxembourg.

SEE "INVESTMENT CONSIDERATIONS" ON PAGE 14 OF THIS OFFERING CIRCULAR FOR A DISCUSSION OF CERTAIN CONSIDERATIONS RELEVANT TO AN INVESTMENT IN THE FDRs.

THIS OFFERING CIRCULAR IS INTENDED FOR USE ONLY IN CONNECTION WITH OFFERS AND SALES OUTSIDE THE UNITED STATES AND IS NOT TO BE SENT OR GIVEN TO ANY PERSON WITHIN THE UNITED STATES. THE FDRs AND THE UNDERLYING A SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT").

OFFER PRICE: LUF 6,000 PER FIDUCIARY DEPOSITARY RECEIPT

Touchstone Securities Limited has acted as a financial adviser to the Company.

The Joint Global Coordinators, on behalf of the Managers, have been granted an option by certain of the Selling Shareholders, exercisable until 30 days after the closing date of the Combined Offering, to purchase up to 755,183 additional FDRs, each with respect to one A Share, solely to cover over-allotments, if any. See "Subscription and Sale".

The FDRs offered hereby are being offered severally by the Managers, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that payment for and delivery of the FDRs will be made through the facilities of Euroclear and Cedel Bank on or about 9 July, 1998 against payment therefor in Luxembourg francs or an equivalent amount in Belgian francs in same-day funds.

Joint Global Coordinators and Joint Lead Managers of the International Offering

DEUTSCHE BANK DRESDNER KLEINWORT BENSON MORGAN STANLEY DEAN WITTER

Lead Manager of the Luxembourg Offering

BANQUE GENERALE DU LUXEMBOURG S.A.

The date of this Offering Circular is 5 July, 1998.

Joint Global Coordinators and Joint Lead Managers of the International Offering

Deutsche Bank **Dresdner Kleinwort Benson** **Morgan Stanley Dean Witter**

International Offering

Banque Générale du Luxembourg S.A.
Argentaria Bolsa
HSBC Investment Banking
ING Barings
Paribas

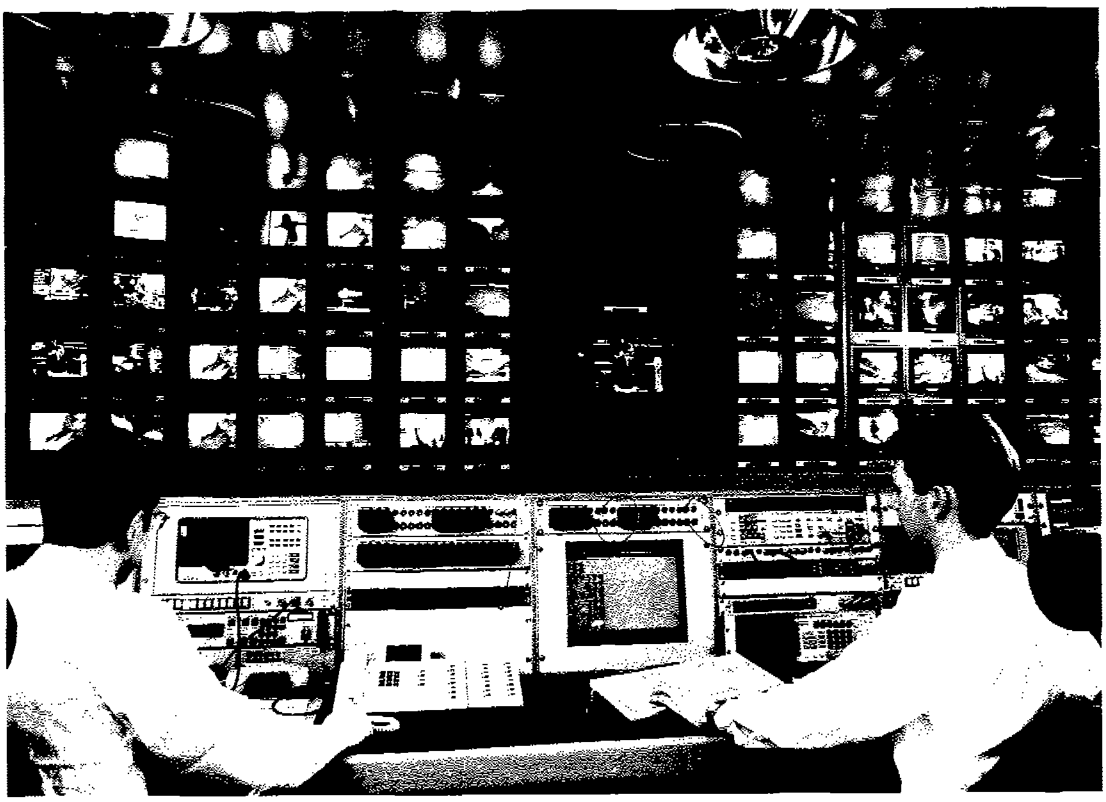
Luxembourg Offering

Banque Générale du Luxembourg S.A.

Banque et Caisse d'Epargne de l'Etat, Luxembourg

Deutsche Bank Luxembourg Dresdner Bank Luxembourg Morgan Stanley Bank Luxembourg


ASTRA



No person is authorised in connection with any offering made hereby to provide any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company, any Selling Shareholders named under "Selling Shareholders" or any Manager. Neither the delivery of this Offering Circular nor any sale made hereunder at any time shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date, nor should anything contained in this Offering Circular be relied upon as a promise or representation as to future events.

The Company accepts responsibility for the information contained in this Offering Circular, provided that the Company does not accept responsibility for the paragraph below regarding over-allotment and stabilisation by the Joint Global Coordinators and the information set forth in the twelfth paragraph under the caption "Subscription and Sale", for which the Managers accept responsibility. To the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular for which the Company accepts responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

No representation or warranty, express or implied, is made by the Selling Shareholders or, other than as set forth above, the Managers, or any of their respective affiliates or any person acting on their behalf as to the accuracy or completeness of the information contained in this Offering Circular, and none of such persons has attempted to verify such information.

This Offering Circular does not constitute an offer to sell, or the solicitation of an offer to buy, any FDRs offered hereby to any person in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of this document and the offering of FDRs in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Company, the Selling Shareholders and the Managers to inform themselves about and to observe any such restrictions. This Offering Circular may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful.

Application has been made to have the FDRs listed on the LuxSE and quoted on SEAQ International. No action has been taken to permit a public offering of the FDRs or the possession, circulation or distribution of this Offering Circular (in preliminary or final form) or any other offering material in any jurisdiction (other than Luxembourg) where action would be required for such purpose.

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. Certain of such forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "will", "will continue", "should", "would be", "seeks" or "anticipates" or similar expressions or the negative thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may not be realised. The following factors, among other things, could cause actual results and other matters to differ materially from such forward-looking statements: the highly competitive nature of the satellite and telecommunications industry, technological developments and obsolescence of the Company's equipment, changes in government regulation of the Company, its industry or its customers, the outcome of legal or regulatory disputes and the privatisation of international satellite organisations.

IN CONNECTION WITH THE COMBINED OFFERING, THE JOINT GLOBAL COORDINATORS, ON BEHALF OF THE MANAGERS, MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAW AND AFTER PRIOR CONSULTATION WITH THE LUXEMBOURG LEAD MANAGER, OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE FDRs AT LEVELS WHICH MIGHT NOT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE LUXEMBOURG STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

KEY DEFINITIONS

A Shares	A Shares, with no par value, of the Company.
Annual General Meeting	The annual general meeting of the Company's shareholders, which occurs on or about 15 April of each year.
ARCS	ASTRA Return Channel System, a direct return channel system via satellite in the Ka-band.
BCEE	Banque et Caisse d'Epargne de l'Etat, Luxembourg, one of the two holders of the B Shares and the Fiduciary for the FDRs.
B Shares	B Shares, with no par value, of the Company, the holders of which are Luxembourg public institutions.
Cahier des Charges	The term sheet relating to the Contrat de Concession between the Company and the Government.
Contrat de Concession	The concession agreement between the Government and SES relating to the operation of the ASTRA Satellite System.
ESM	European Satellite Multimedia Services S.A., a wholly owned (less one share) subsidiary of ESMF.
ESMF	European Satellite Multimedia Services Finance S.A., a majority owned subsidiary of the Company.
FDRs	Fiduciary Depositary Receipts to be issued by the Fiduciary, each with respect to one A Share of the Company.
Fiduciary Deposit Agreement	The Fiduciary Deposit Agreement dated 5 July, 1998 among the Company, the Selling Shareholders and the Fiduciary.
Global Certificate	A permanent global certificate representing the FDRs.
Government	The government of the Grand-Duchy of Luxembourg.
Group	The Company, the Company's five wholly owned subsidiaries and its majority owned subsidiary, ESM (which it holds through a 53 per cent. interest in ESMF).
ITU	International Telecommunications Union.
Selling Shareholders	The Company's shareholders named under "Selling Shareholders", with the exception of Romain Bausch, Yves Elsen and Jürgen Schulte.
SNCI	Société Nationale de Crédit et d'Investissement, one of the two holders of the B Shares.
WRC	World Radio Conference, a biennial meeting of all members of the ITU.

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FINANCIAL AND OTHER INFORMATION

The Offering Circular includes audited consolidated financial statements of the Company and its subsidiaries as of and for the years ended 31 December, 1995, 1996 and 1997. These financial statements have been prepared in accordance with accounting principles accepted in the Grand-Duchy of Luxembourg ("Luxembourg"), which conform in all material respects with International Accounting Standards Committee ("IASC") recommendations. The presentation of the financial information in this Offering Circular, including the financial information under "Index to Financial Statements", differs in certain respects from the presentation in the Company's statutory financial statements.

The Company maintains its accounts in Luxembourg francs. Unless otherwise specified or the context otherwise requires, references in this Offering Circular to "Luxembourg francs" and "LUF" are to the lawful currency of Luxembourg, references to "Belgian francs" are to the lawful currency of Belgium, references to "ECU" are to the European Currency Unit, as referred to in Article 109g of the Treaty establishing the European Community and as defined in Council Regulation (EC) No. 3320/94, that is from time to time used as the unit of account of the European Community ("EC"), references to "U.S.$" and "U.S. dollars" are to the lawful currency of the United States and references to "Deutschemark" and "DM" are to the lawful currency of Germany. The LUF and the Belgian franc are exchangeable on a parity of 1:1 pursuant to the *Protocole entre le Grand-Duché de Luxembourg et le Royaume de Belgique relatif à l'Association Monétaire* (the "Belgo-Luxembourg Monetary Union"). Solely for the convenience of the readers of this Offering Circular, certain financial information of the Company has been translated into ECU at the rates of LUF 40.78 = ECU 1.00 and LUF 41.02 = ECU 1.00, the rate of exchange published by the *Financial Times* as of 31 December, 1997 and 31 March, 1998, respectively. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into ECU at that or any other exchange rate. On 3 July, 1998, the rate of exchange published by the *Financial Times* was LUF 40.87 = ECU 1.00. It is expected that the FDRs will be quoted on the LuxSE in Luxembourg francs until 31 December, 1998 and thereafter in Euros, the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the EC, as amended by the Treaty on European Union (the "EU").

Certain financial and statistical information in this Offering Circular has been rounded to the nearest whole number. Accordingly, the sum of certain numbers may not conform to the stated total.

ADDITIONAL INFORMATION

The Company has agreed to furnish the Fiduciary with all notices of meetings of shareholders and other reports and communications that are generally made available to holders of A Shares. In addition, the Company will provide the Fiduciary with the annual audited consolidated financial statements of the Company prepared in accordance with accounting principles and regulations accepted in Luxembourg and semi-annual reports which will include or be accompanied by unaudited interim consolidated financial information prepared in accordance with accounting principles and regulations accepted in Luxembourg. The Fiduciary will make available such reports, notices and communications to all holders of record of the FDRs. Such documents will also be available while any of the FDRs are outstanding at the office of the Fiduciary, which, as of the date of this document, is at 1, Place de Metz, L-2954 Luxembourg, and at the office of Banque Générale du Luxembourg S.A., as listing agent (the "Listing Agent"), which, as of the date hereof, is 50, Avenue J.F. Kennedy L-2951 Luxembourg.

SUMMARY

The following information is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements, including the notes thereto, included elsewhere herein. See "Investment Considerations" for a discussion of certain considerations relevant to an investment in the FDRs.

The Satellite Broadcasting Industry

Local, regional and international broadcasters can use one or a combination of three principal methods to make programming and services available to the general public: terrestrial, cable, and satellite. In Europe, terrestrial transmission is used to provide a limited number of television and radio services to the public via over-the-air transmission. Most analogue cable systems distribute a maximum of 30 channels. The introduction of fibre optic and coaxial cables generally increased transmission capacity, allowing additional services to be made available to the public. Satellite transmission further increases capacity and reaches numerous locations over vast distances simultaneously. Satellites can also be used for the distribution and redistribution of services by cable operators and terrestrial television stations. By converting from analogue to digital transmissions, satellites, terrestrial and cable systems are able to increase the number of channels they offer. See "Business — The Satellite Broadcasting Market in Europe — Technological Advances and Declines in Equipment Costs — Digital Video Compression Technology".

Satellite operators typically provide either satellite infrastructure or the services necessary to establish a satellite communications network. For television programming distribution, these services may consist of providing satellite capacity and providing teleport transmission facilities and other value-added services. Services for business communications networks are generally more extensive and may include providing satellite capacity, procurement and installation of on-site antennae and network design, integration, management, operation and maintenance.

The Company

SES is Europe's leading provider of high quality satellite transponder capacity for broadcasting services through which television, radio and data broadcasters make available free and pay programming and services to the general public. SES's satellites are principally used by its customers to broadcast programming to (i) households via a single residence satellite dish (direct-to-home or DTH), (ii) communal residences via a satellite dish for redistribution to residents (SMATV) and (iii) cable operators for distribution to cable subscribers. SES's customer base includes many of the leading public and private broadcasters in Europe and internationally, including the German public broadcasters ARD and ZDF, Canal+ (France), CLT-Ufa (Luxembourg), BSkyB (U.K.), Kirch Gruppe (Germany), Turner Broadcasting (USA) and Viacom (USA). All of SES's services are marketed and sold under the ASTRA brand name.

The Company, established in 1985, owns and operates the ASTRA Satellite System, which began service in February 1989. The Company's history has been characterised by market driven innovation. SES was the first satellite operator worldwide to successfully apply the concept of co-locating satellites at the same orbital location (19.2° East) to exploit the entire Ku-band frequency spectrum at such orbital location. Further, SES expects to be the first European satellite operator to exploit commercially the Ka-band frequencies for interactive and multimedia services in Europe, including Internet-related satellite services. Today, the Company is the third largest commercial satellite operator by revenues worldwide. The ASTRA Satellite System currently consists of seven geostationary satellites operating in the Ku-band, six of which are located at the 19.2° East orbital position and one of which is temporarily located at the 28.2° East orbital position. In addition to its seven operational satellites, the Company has also contracted for the construction and delivery of four additional satellites, which it expects to deploy between August 1998 and the end of 2000. These new satellites will provide additional transponder capacity in the Ku-band for expanded broadcast services to existing and new markets in Europe, as well as Ka-band capacity to permit SES to offer two-way asymmetric, high-speed transmission of multimedia content. See "The ASTRA Satellite System".

Through the ASTRA Satellite System, the Company currently transmits 99 analogue and 219 digital television channels and more than 190 analogue and digital radio channels over 138 transponders. As of 31 December, 1997, of all European households receiving television by either satellite or cable, approximately 70.5 million, or 93 per cent., received one or more channels via the ASTRA Satellite System. The

ASTRA Satellite System reached approximately 43 per cent. of all European TV households. The volume of digital broadcasts transmitted by the ASTRA Satellite System increased significantly in 1997 and management expects to expand these services further with the provision of transponder capacity for digital broadcasts to the United Kingdom and the Republic of Ireland via the temporary relocation of ASTRA 1D at 28.2° East and subsequently via ASTRA 2A, currently scheduled to be launched in August 1998.

The Company, through ESM, also operates ASTRA-NET, a data and multimedia platform that allows service and content providers to transmit data directly to high-end servers and PCs in businesses and homes across the 22 European countries served by the ASTRA Satellite System. Following the launch of ASTRA 1H, currently scheduled for the fourth quarter of 1998, the Company expects to commence operations of the ASTRA Return Channel System ("ARCS"), a direct satellite return channel system via the Ka-band. ARCS is designed to serve the growing market in Western and Central Europe for two-way asymmetric, high-speed broadband collection and delivery of multimedia services. See "Business — Interactive and Multimedia Services".

Strategy

The Company's principal goal is to build on its position as the leading provider of high quality satellite transponder capacity and broadcasting services in Europe and establish the ASTRA Satellite System's innovative broadband open infrastructure as a basis for a global network for entertainment and business communications. The Company's strategy to attain this goal, and to achieve continued revenue growth and enhance its market position, consists of three key components: the Company intends to (i) consolidate and enhance its position as the leading provider of broadband satellite infrastructure for television, radio and multimedia in Western Europe by launching the Ka-band ASTRA Return Channel System and by using existing satellites to seed new markets; (ii) expand geographically by launching ASTRA 1K to extend the ASTRA Satellite System footprint further into Eastern Europe and Russia as well as the Mediterranean region and by pursuing investment and partnership opportunities with satellite operators in adjacent regions; and (iii) become the leading provider of broadband communications infrastructure in Europe via next generation satellites featuring on-board processing and establish a global broadband communication system. To support its growth strategy, the Company is currently investing in four additional satellites to be launched during the next two years and plans to procure Next Generation System ("NGS") satellites in 2002 and 2003.

The Combined Offering

The Combined Offering:	
The Luxembourg Offering	990,267 FDRs are being offered to members of the public and institutional investors in Luxembourg by the Luxembourg Managers named under "Subscription and Sale".
The International Offering	3,961,066 FDRs are being offered to institutional investors outside Luxembourg and the United States by the International Managers named under "Subscription and Sale".
The Employee Offering	177,167 FDRs are being offered to the Company for distribution to employees of the Company and members of the Board of Directors of the Company (the "Board").
The Designated Offering	Deutsche Telekom has authorisation from the Government to hold up to 16.67 per cent. of the shares of the Company. Deutsche Telekom, as a Selling Shareholder, will sell 1,241,000 FDRs and, consistent with its intention to restore its 16.67 per cent. interest in the shares of the Company, will simultaneously purchase 1,077,500 FDRs offered by the Joint Global Coordinators and the Lead Manager of the Luxembourg Offering (the "Designated Offering"). See "Selling Shareholders" and "Subscription and Sale". The foregoing amounts are indicative only and are subject to final allocations.
Selling Shareholders	The Selling Shareholders include two Luxembourg public institutions, BCEE and SNCI, which together own all of the B Shares, representing 16.67 per cent. of the shares of the Company and 33.33 per cent. of the voting rights. Upon completion of the Combined Offering, holders of A Shares and FDRs will beneficially own 83.33 per cent. of the total number of shares of the Company and holders of B Shares will beneficially own 16.67 per cent. of the total number of shares of the Company. Holders of the B Shares will continue to be entitled to voting rights in respect of 33.33 per cent. of the total number of shares of the Company. See "Investment Considerations — Risks Relating to the Combined Offering — Voting Power of Luxembourg Public Institutions", "Description of Share Capital — Voting Rights" and "Selling Shareholders".
Over-allotment Option	In connection with the Combined Offering, certain of the Selling Shareholders have granted the Joint Global Coordinators, on behalf of the Managers, an option (the "Over-allotment Option"), exercisable until 30 days after the closing date of the Combined Offering (the "Closing Date"), to purchase up to 755,183 additional FDRs, solely to cover over-allotments, if any.

Offer Price	The Offer Price is LUF 6,000 per FDR. The Offer Price was determined by negotiation among the Company, the Selling Shareholders and the Joint Global Coordinators together with the Lead Manager of the Luxembourg Offering. Among the factors considered in determining the Offer Price, in addition to prevailing market conditions, were the future prospects of the Company and the satellite industry in general, sales, earnings, cash flow and certain other financial and operating results of the Company in recent periods, and the price-earnings ratios and market prices of securities of companies engaged in activities similar to those of the Company. The market price of the FDRs may be subject to fluctuations in response to the factors noted above as well as other factors. See "Subscription and Sale".
Share Capital	The issued Share Capital of the Company is LUF 4,469,000,000, consisting of 31,034,000 A Shares and 15,517,000 B Shares (collectively, the "Shares").
Restrictions on Ownership of Shares	Pursuant to the Company's Articles of Association (the "Articles"), no one may hold, directly or indirectly, more than 10 per cent. of the Shares, no direct or indirect users of the transmission capacities of the Company may together hold more than 30 per cent. of the Shares, and no direct or indirect manufacturer of satellites or satellite launch vehicles or satellite operators may together hold more than 30 per cent. of the Shares, in each case without the prior written consent of the Government. These restrictions on ownership of Shares will not apply to holders of FDRs unless a holder of FDRs withdraws A Shares against the surrender of FDRs or exercises the voting rights attaching to the A Shares underlying its FDRs. See "Description of Share Capital—Transfer and Restrictions on Ownership of Shares".
The FDRs	Each FDR represents rights against the Fiduciary in respect of one underlying A Share held by the Fiduciary. As the Fiduciary is the legal owner of the A Shares pursuant to the terms and conditions of the FDRs, holders of FDRs will be able to exercise their rights only through the Fiduciary. The FDRs will be in bearer form and will be represented by a permanent global certificate representing all the FDRs (the "Global Certificate"). The Global Certificate is only exchangeable for definitive certificates in certain limited circumstances. See "Terms and Conditions of the Fiduciary Depositary Receipts".
Use of Proceeds	The Selling Shareholders will receive the net proceeds of the Combined Offering (after deducting commissions). The Company has agreed to pay certain expenses associated with the Combined Offering but will not receive any of the proceeds therefrom.
Lock-up	The Company and the Selling Shareholders have agreed, subject to certain exceptions, not to offer, sell or otherwise transfer A Shares, or securities that are convertible into, or exercisable or exchangeable for, A Shares (including, without limitation, FDRs), for a period of 180 days after the date hereof without the prior written consent of the Joint Global Coordinators, after prior consultation with the Lead Manager of the Luxembourg Offering. See "Subscription and Sale".

Voting Rights	Holders of A Shares are entitled to one vote per share. Pursuant to the terms of the Fiduciary Deposit Agreement, holders of FDRs will, subject to certain limitations, be entitled to instruct the Fiduciary to vote in respect of the A Shares underlying the FDRs. Subject to certain limitations, holders of FDRs also may withdraw the A Shares underlying the FDRs and vote directly. See "Description of Share Capital" and "Terms and Conditions of the Fiduciary Depositary Receipts". Holders of B Shares are entitled to voting rights in respect of 33.33 per cent. of the total number of Shares and, accordingly, will have the ability to block any shareholder vote requiring more than a two-thirds majority. See "Investment Considerations — Risks Relating to the Combined Offering — Voting Power of Luxembourg Public Institutions" and "Description of Share Capital — Transfer and Restrictions on Ownership of Shares".
Dividends	Holders of FDRs will, subject to the terms of the Fiduciary Deposit Agreement, be entitled to receive dividends paid, if any, on the A Shares held by the Fiduciary for all dividend accrual periods ending after the completion of the Combined Offering. Dividends, if any, on the A Shares underlying the FDRs will be paid to the Fiduciary in Luxembourg francs. A special dividend was paid on 30 June, 1998 to all shareholders of record on 30 April, 1998. Holders of FDRs purchased in the Combined Offering are not entitled to the special dividend. See "Dividends and Dividend Policy", "Terms and Conditions of the Fiduciary Depositary Receipts" and "Taxation — Dividends".
Taxation of Dividends	For tax purposes, any A Shares held by the Fiduciary pursuant to the FDRs and any dividend, liquidation proceeds or other distributions paid to the Fiduciary will be attributable to holders of FDRs. Dividends paid by the Company currently are subject to withholding tax at the rate of 25 per cent. which may be reduced in accordance with applicable Luxembourg tax laws, EU Directives or tax treaties. See "Taxation — Dividends".
Listing	Prior to the Combined Offering, there has been no public market for the A Shares and no market for the FDRs. Application has been made to have up to 31,034,000 FDRs, in respect of all issued A Shares, admitted to the Official List of the LuxSE and to have the FDRs quoted on SEAQ International.
Commencement of Trading	Listing of and trading in the FDRs on the LuxSE are expected to begin on or about 6 July, 1998.
Settlement Procedures	It is expected that payment for and delivery of the FDRs will be made through the facilities of Euroclear and Cedel Bank on or about 9 July, 1998 against payment therefor in Luxembourg francs or an equivalent amount in Belgian francs in same-day funds. Neither Cedel Bank nor Euroclear undertakes to, and neither Cedel Bank nor Euroclear shall have responsibility to, monitor or ascertain the compliance of any transactions in the FDRs with any ownership restrictions. See "Terms and Conditions of the Fiduciary Depositary Receipts".
Identification Numbers of FDRs	ISIN: LU 0088087324 Common Code: 008808732
Official Listing Name	SES

Summary Financial and Other Information

The summary financial and other data for the years ended and as of 31 December, 1995, 1996 and 1997 set forth below have been derived from, and should be read in conjunction with and are qualified in their entirety by reference to, the audited consolidated financial statements of the Company, including the notes thereto, included elsewhere in this Offering Circular. See "Index to Financial Statements".

	Year Ended 31 December,			
	1995	1996	1997	1997[1]
	(In LUF millions)			(In ECU millions)
Summary Profit and Loss Account Data:				
Total revenues[2]	10,336	14,160	18,074	443
Depreciation and amortisation	(3,090)	(4,287)	(4,629)	(113)
Operating expenses[3]	(2,491)	(2,411)	(3,586)	(88)
Net interest	(777)	(606)	(850)	(21)
Franchise fees and taxes	(1,100)	(2,060)	(2,696)	(66)
Net income after minority interests	2,878	4,796	6,406	157

	As of 31 December,			
	1995	1996	1997	1997[1]
	(In LUF millions)			(In ECU millions)
Summary Balance Sheet Data:				
Fixed assets	37,643	46,665	53,048	1,301
Total assets	43,016	53,688	63,909	1,567
Net debt	(12,872)	(18,384)	(19,231)	(472)
Shareholders' funds (including minority interests)	19,802	22,726	26,954	661

	As of and for the Year Ended 31 December,			
	1995	1996	1997	1997[1]
	(In LUF millions, except ratios, per A Share data and satellite data)			(In ECU millions)
Other Data:				
EBITDA margin (%)[4]	75.9	83.0	80.2	80.2
Net income margin (%)[5]	27.8	33.9	35.4	35.4
Return on average equity (%)[6]	14.9	22.6	25.8	25.8
Capital expenditure	9,501	13,297	11,013	270
Earnings per A Share (LUF)[7]	77.3	128.8	172.0	4.2
Number of satellites at year end[8]	5	6	7	—
Weighted average number of transponders available[8]	64	95	104	—
Weighted average number of transponders in commercial use[8]	55	78	101	—

(1) Luxembourg franc amounts are translated, solely for the convenience of the reader, into ECU at the exchange rate on 31 December, 1997 of LUF 40.78 = ECU 1.00.

(2) Transponder revenues plus other operating income.

(3) Personnel costs, external charges, other operating charges and results of associated companies.

(4) Earnings before interest, taxes, franchise fee, depreciation and amortisation divided by total revenues.

(5) Net income divided by total revenues.

(6) Net income divided by average of opening and closing shareholders' funds.

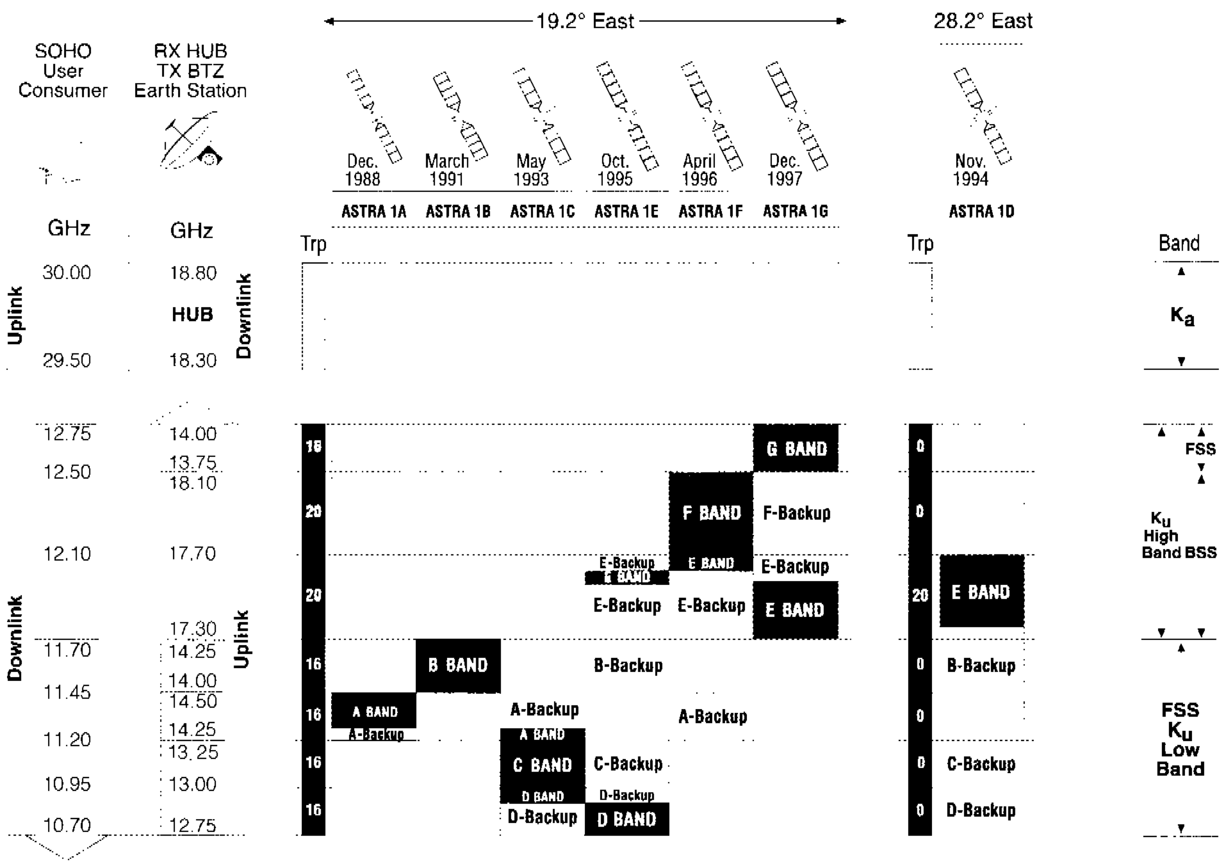
(7) Earnings per A Share are restated to account for the new capital structure following the Extraordinary General Meeting on 20 May, 1998. See "Description of Share Capital — General".

(8) See "The ASTRA Satellite System" for a description of the ASTRA Satellite System.

Summary Satellite Data

The ASTRA Satellite System is currently comprised of seven satellites, six of which (ASTRA 1A, ASTRA 1B, ASTRA 1C, ASTRA 1E, ASTRA 1F and ASTRA 1G) are co-located in geostationary orbit at 19.2° East and one of which (ASTRA 1D) is temporarily located in geostationary orbit at 28.2° East. In addition, four satellites are under construction, two of which will be co-located in geostationary orbit at 19.2° East and two of which will be co-located in geostationary orbit at 28.2° East. The ASTRA Satellite System presently has capacity dedicated to the transmission of analogue and digital television and radio channels, as well as multimedia services. For a description of the ASTRA Satellite System, see "The ASTRA Satellite System".

The following illustration sets forth the current configuration of the ASTRA Satellite System, including uplink and downlink frequencies, the total number of transponders by frequency band and, for each satellite, the frequency band in which it is transmitting and the additional frequencies for which it is configured to provide back-up capacity.



INVESTMENT CONSIDERATIONS

Prior to making an investment decision, prospective investors should carefully consider all of the information set forth in this Offering Circular, including the following investment considerations.

Technical Risks

Risk of Failure or Delay

Satellites are subject to significant risks, including launch failure, destruction, damage and incorrect orbital placement which prevent proper commercial operation. Since 1986, approximately 16 per cent. of all insured commercial geosynchronous satellites experienced a launch failure, failure to achieve geosynchronous orbit from transfer orbit or failure to operate upon reaching orbit. Although the Company has not suffered any such failures to date, there can be no assurance that the launches of ASTRA 2A, ASTRA 1H, ASTRA 2B or ASTRA 1K will be successful or that the satellites will perform as designed. Although the Company believes that the contingency plans it has in place in the event of a launch or other failure are adequate, a total or constructive total loss of, or significant defects in, any of these satellites could have a material adverse effect on the Company's results of operations. The Company maintains full launch and in-orbit insurance in respect of its satellites, although such insurance does not compensate the Company for lost revenues, costs or losses associated with business interruption or consequential losses resulting from any launch or other failure or significant delay. See " — Business Risks — Dependence on Key Suppliers" and "The ASTRA Satellite System — Insurance".

Recently, the Galaxy IV satellite manufactured by Hughes and operated by PanAmSat experienced a total failure, and PanAmSat's Galaxy VII satellite, also manufactured by Hughes, experienced a significant anomaly (failure of the primary onboard spacecraft control processor). One of the Company's satellites, ASTRA 1C, is of the same generation of Hughes satellites as Galaxy IV and Galaxy VII, although to date the Company has not experienced any difficulties with the ASTRA 1C onboard spacecraft control processors.

Transponder agreements signed by the Company with its customers in advance of the launch of a particular satellite generally include provisions allowing the customer, upon notice, to terminate the agreement if the launch of the satellite is delayed beyond an agreed date or commercial operations on the satellite have failed to commence by a specified time. An unsuccessful launch of an ASTRA satellite or a significant delay in such launch could cause some or all of SES's customers for transponder capacity on that satellite to use other satellite operators which could have a material adverse effect on the Company's results of operations. The launch of the Company's ASTRA 2A satellite has been delayed since August 1997 and the current expected launch date is August 1998. The delay in the launch of ASTRA 2A has delayed the payment to the Company of certain transponder revenues under contracts in respect of ASTRA 2A. The Company is able to provide transponder capacity on ASTRA 1D which, in part, provides replacement capacity for ASTRA 2A, but any significant further delay in the launch of ASTRA 2A may impair the Company's planned transponder capacity at 28.2° East, including the capacity to transmit digital services in the United Kingdom and the Republic of Ireland. See "The ASTRA Satellite System — Satellites Under Construction — Orbital Slot at 28.2° East".

Life of Satellites

All of the Company's satellites have design lives between 10 and 15 years and the Company believes that their operational life should, under normal circumstances, exceed design life. A number of factors affect the operational lives of satellites, including the quality of their construction, the durability of their component parts, the amount of fuel on board, the functionality of battery cells, the launch vehicle used, how the satellite is utilised and the skill with which the satellite is monitored and operated. It is expected that the Company will begin replacing the capacity of its existing satellites in 1999 following the launch of ASTRA 1H, currently scheduled for the fourth quarter of 1998. There can be no assurance, however, as to the specific operational life of any satellites within the ASTRA Satellite System. The Company's results of operations could be adversely affected in the event the operational life of satellites within the ASTRA Satellite System is significantly shorter than expected. See "The ASTRA Satellite System".

Changes in Technology

Satellite technology in the broadcasting industry is in a rapid and continuing state of change. While the Company seeks to purchase satellites incorporating state-of-the-art technology, there can be no assurance that the technology used will continue to be the most advanced throughout the operational life of each satellite. Any technological lag which develops during the operational life of a satellite could result in lower transponder revenues after the initial contract term for any given transponder. In addition, the Company's business is subject to competitive pressure from developments in competing or enhanced technologies, such as digital terrestrial broadcasting and digital video compression technology, which could in the future result in excess supply of satellite transponder capacity and/or result in lower revenues per transponder. See "Business — The Satellite Broadcasting Market in Europe — Technological Advancements and Declines in Equipment Costs".

Risk of Satellite Damage or Loss from Acts of War, Electrostatic Storm and Space Debris

The loss, damage or destruction of any satellite in the ASTRA Satellite System as a result of military actions or acts of war, anti-satellite devices, electrostatic storm, collision with space debris or other causes could, to the extent the losses are not covered by applicable insurance policies, have an adverse effect on the Company. The Company's insurance policies contain customary exclusions including, among other things, exclusions from losses resulting from (i) military or similar actions, (ii) laser, directed energy or nuclear anti-satellite devices, (iii) insurrection and similar acts or governmental action to prevent such acts and (iv) nuclear reaction or radiation contamination. Astronomers have forecast that a significant asteroid storm may approach Earth in November 1998. If any of the Company's satellites were damaged or destroyed as a result of a collision with an asteroid, the loss from such damage or destruction could adversely affect the Company's results of operations or financial condition to the extent that such loss was not covered under the Company's current insurance policies. See "The ASTRA Satellite System — Insurance".

Regulatory Risks

Dispute Relating to Orbital Slots

The Luxembourg government is currently responsible for filing and coordinating applications by the Company for orbital slots with the Radiocommunication Bureau of the ITU (the "Radiocommunication Bureau") under the provisions of the International Telecommunications Convention. When a conflict or potential conflict is noted in the use of an orbital slot by or affecting a satellite operated by the Company, the Luxembourg government is responsible for the negotiations to resolve any intended use or interference concerns. Under the Radio Regulations of the ITU, during the coordination process a country may request the Radiocommunication Bureau to assist it in resolving disputes in connection with existing or proposed uses of frequencies and orbital locations. However, should any such disputes remain unresolved, and the coordination process therefore not be successfully completed, there is no formal dispute resolution mechanism. See "Regulation — International Regulation".

The Company's orbital slot at 28.2° East may be affected by a claim brought by France on behalf of Eutelsat to use the same frequencies at the neighbouring orbital slot at 29° East. Any satellites Eutelsat might operate from an adjacent orbital slot using the same band of frequencies used by the Company would interfere with the transmissions made by the Company's satellites at 28.2° East and, conversely, the Company's use of such frequencies at 28.2° East would interfere with transmissions from any satellites Eutelsat might operate at 29° East.

In 1989, France filed with the ITU to establish the Europesat satellite network at 29° East. Pursuant to the ITU's rules, France had to enter the Europesat network into use by 23 May, 1997 or its frequency allocation would expire and Luxembourg's filing, dated 23 December, 1994, to establish ASTRA at 28.2° East would form the basis for the ITU's frequency planning process. In June 1996, the Company announced its intention to bring into use the 28.2° East orbital position. In December 1996, Eutelsat tested its Hotbird 2 satellite at 29° East before moving the satellite to its final position at 13° East. By doing so, Eutelsat claimed that it had brought the Europesat network into use at 29° East.

At the November 1997 WRC meeting, a decision was taken to include the Europesat network in the international frequency plan for broadcasting satellite services, subject to clarification as to whether the network had been "brought into use" prior to the expiry date of 23 May, 1997. Luxembourg lodged a reservation to the inclusion of the Europesat network in the frequency plan, arguing that the satellite system had not, in fact, been brought into use prior to the expiry date. The basis of the dispute is whether the testing of a satellite at an orbital slot for a short period constitutes "bringing the satellite into use" for purposes of the ITU frequency coordination process.

Upon application by Luxembourg, the ITU is investigating France's claim to use 29° East. France supplied the ITU with documentation supporting Eutelsat's position, and a meeting of the Board of the ITU to consider the dispute is scheduled to take place during the first week of July 1998. At that meeting, the Board of the ITU could decide in favour of Luxembourg, in which case the Company would be entitled to operate its satellites from 28.2° East without harmful interference from Eutelsat at 29° East. However, it is possible that the Board of the ITU could refer the dispute back to the parties for further discussion or could decide in favour of France. In the event of a decision in favour of France, it is likely that Luxembourg would appeal such decision. Nonetheless, there can be no assurance that a satisfactory accommodation with France would be achieved. The ITU Board has no binding dispute resolution mechanism, and if France and Luxembourg were unable to agree to a resolution, neither side would be entitled to invoke the protections of international law against interference. Accordingly, the impact of an unfavourable decision, and in particular the impact of harmful interference to the Company's transmissions from 28.2° East caused by any service introduced by Eutelsat from 29° East, would be significant. However, the Company intends to continue the transmission of digital TV services from 28.2° East. See "Business — Legal and Regulatory Proceedings — Dispute Relating to Orbital Slots".

Restrictions on Export of Technology Affecting Launch of ASTRA 2A and ASTRA 1H

The Company has contracted with Hughes Space and Communications, Inc. ("Hughes") for the construction of ASTRA 2A and ASTRA 1H, which are expected to be launched in August 1998 and the fourth quarter of 1998, respectively, from the Republic of Kazakhstan, an independent country that was once a territory of the former Soviet Union. Hughes is required to obtain from the United States government a technical data export licence and a hardware export licence to transport ASTRA 2A and ASTRA 1H to the proposed launch site. While the export licence for ASTRA 2A has been obtained, Hughes is still awaiting receipt of the licence for ASTRA 1H. In addition, the launch of ASTRA 2A and ASTRA 1H by a Russian launch vehicle provider is subject to the U.S. - Russia Agreement Regarding International Trade in Commercial Space Launch Services (the "Space Launch Agreement"), which regulates international trade in commercial space launch services between the two countries. See "Regulation — International Regulation". In the event such licences are not granted in a timely manner or, after being granted, are revoked for any reason, including political developments, the launch of ASTRA 2A and ASTRA 1H could be delayed, and any such delay could have a material adverse effect on the Company's financial condition and results of operations.

Political Risks Pertaining to the Launch Provider

Changes in the policies of the governments of the Republic of Kazakhstan or Russia may have a significant adverse impact on the political and economic environment in the Republic of Kazakhstan or Russia. Although there are alternative locations from which to launch a geostationary satellite, any political or social instability in the Republic of Kazakhstan or Russia could affect the cost, timing and overall feasibility of launching the Company's satellites from the Republic of Kazakhstan. The Company launched ASTRA 1F and ASTRA 1G from the Republic of Kazakhstan, and currently intends to also launch ASTRA 2A and ASTRA 1H on a Proton rocket from the Baikonur Cosmodrome in the Republic of Kazakhstan. There can be no assurance that political or social instability in the Republic of Kazakhstan or Russia would not have an adverse effect on the ability of SES to successfully launch ASTRA 2A and ASTRA 1H in a timely manner, although the Company believes that its dual launch policy could allow it to launch either ASTRA 2A or ASTRA 1H with Arianespace on an Ariane rocket from Kourou, French Guyana. See "The ASTRA Satellite System — Satellite Launch Arrangements".

Business Risks

Limitations on Insurance

The Company maintains in-orbit insurance coverage for the satellites comprising the ASTRA Satellite System which must be renewed every three to five years, depending on the policy. The Company has also obtained launch and initial in-orbit insurance coverage for ASTRA 2A, ASTRA 1H and ASTRA 2B and intends to obtain insurance coverage for ASTRA 1K. The Company's launch and in-orbit insurance policies contain standard commercial satellite insurance provisions, including customary exclusions. See "— Technical Risks — Risk of Satellite Damage or Loss from Acts of War, Electrostatic Storm and Space Debris".

There are circumstances in which the Company's insurance may not fully reimburse the Company for its expenditures with respect to launching a replacement satellite (for example, if the cost of replacement exceeds the sum insured), and the insurance will not compensate the Company for business interruption and similar losses (including, among other things, loss of market share, loss of revenue and incidental and consequential damages) which might arise from the failure of a satellite launch and launch of a replacement satellite or a failure of a satellite to perform to specifications. For a description of the amounts and coverage of the Company's launch and in-orbit insurance, see "The ASTRA Satellite System — Insurance".

Market Demand and Competition

The Company faces competition from international, regional and national satellite operators, and from other communications companies which offer competing services using competing communications technologies. Some of these competitors, particularly the international satellite operators ("ISOs"), may have access to substantially greater financial resources than the Company. See "Business — Competition". If the expanding supply of international satellite broadcasting facilities, including those of the Company, exceeds the demand for such services, such overcapacity could have an adverse effect on the Company's financial condition and results of operations. In addition, the use of digital video compression technology (which compresses multiple high-quality television, radio and data channels into the same capacity that previously carried only one analogue channel) could also increase the effective overall supply of broadcasting capacity in the satellite industry because fewer transponders are required to transmit the same quantity of programming or data. There can be no assurance that there will be an offsetting increase in the demand for transponder capacity. See "Business — The Satellite Broadcasting Market in Europe — Technological Advances and Declines in Equipment Costs".

Dependence on Key Customers

Revenues from the Company's five largest customers, German public broadcasters ARD and ZDF, BSkyB, Canal+, CLT-Ufa and Kirch Gruppe, for the year ended 31 December, 1997 represented approximately 74 per cent of total revenues, although no one customer accounted for more than 20 per cent. of total revenues. Although the Company's typical transponder agreement with its customers has a term of ten years, the loss of one or more of its key customers could have a material adverse effect on the Company's results of operations. There can be no assurance that the Company's key customers will not reduce their reliance on the Company by developing relationships with other satellite operators, although the Company is currently unaware of any such plans on the part of its key customers.

Dependence on Key Suppliers

There are a limited number of satellite manufacturers worldwide that can design and construct satellites that meet the technical and quality specifications of the ASTRA Satellite System. Any consolidation of satellite manufacturers may further reduce the number of suppliers of satellites that meet the Company's specifications. The Company has contracted with Hughes for the construction of ASTRA 2A and ASTRA 1H and has contracted with Aerospatiale and Matra Marconi Space for the construction of ASTRA 1K and ASTRA 2B, respectively. The average construction period of the four satellites currently under contract is 28 months. Any delay or failure by such manufacturers to deliver the satellites on schedule would have a material adverse effect on the Company's ability to provide services on the ASTRA Satellite System as currently contemplated due to the limited number of alternative suppliers, the time that would be required to design and construct a replacement satellite and the significant additional costs that could be incurred.

The Company has contracted with Arianespace and ILS for the launch of its next four satellites. There are other satellite launch providers worldwide that the Company would consider using to provide launch services. If Arianespace and ILS were each unable to satisfy its commitments under its contract with SES, the Company would experience significant delays and incur additional costs in order to launch its satellites in a timely manner. See "The ASTRA Satellite System — Satellite Launch Arrangements".

Risks Relating to Legal and Regulatory Proceedings

The Company is or has been a party to three lawsuits, one in the United States and two in Luxembourg, brought by Mr. Clay Whitehead. All of these lawsuits relate to an agreement dated 23 September, 1985 between the Company and Whitehead and certain other parties, under which 50 founder shares, with no par value (the "Founder Shares"), in the Company were issued to Whitehead subject to certain conditions. The Founder Shares and rights thereunder are discussed under "Dividends and Dividend Policy — Founder Shares". Payments to Whitehead under the Founder Shares have been withheld by the Company since the 1992 financial year on the ground that Whitehead breached a non-competition clause contained in the agreement.

In April 1994, Whitehead sought recovery of dividend payments for the 1992 financial year in an urgency proceeding in the District Court of Luxembourg. The matter was ruled not suitable for urgency proceedings by the District Court, and the Luxembourg Court of Appeal affirmed in July 1995.

In April 1997, Whitehead filed suit in the U.S. District Court for the Eastern District of Virginia against the Company, Board member Ms. Candace Johnson and the Government. The suit alleged five claims for relief relating in varying ways to the agreement between Whitehead and the Company, and sought compensatory damages totalling U.S.$200 million as the alleged value of the Founder Shares, as well as statutory and punitive damages in an amount of three to five times Whitehead's actual damages. On 5 December, 1997, the U.S. District Court entered a final order of dismissal in favour of all three defendants on jurisdictional grounds. Whitehead has filed an appeal, and a decision is expected in the second half of 1998.

In addition, Whitehead served a writ on the Company in Luxembourg on 31 March, 1998 seeking outstanding dividend payments relating to the Founder Shares for the financial years 1992 to 1995 (approximately LUF 357 million) plus interest and damages (LUF 15 million), reserving his rights to dividend payments relating to 1996 and subsequent financial years, rights which he claims will continue until 2008, and seeking an order prohibiting cancellation or alteration of the Founder Shares. No date has been set to adjudicate the matter in Luxembourg.

The Company believes that it has acted appropriately and will defend itself vigorously against the claims. However, there can be no assurance that the jurisdictional appeal in the United States will not be determined in Whitehead's favour or that his claim will not prevail in the court that ultimately decides the case on the merits. If Whitehead's claims ultimately are successful, the Company could be subject to significant financial liability. See "Business — Legal and Regulatory Proceedings".

The Company has initiated a lawsuit in Germany and is currently involved in a dispute in Spain contending in each case that it was not required to pay withholding tax in respect of revenues received from its customers in those countries. Although the Company prevailed in the original German court decision, the German tax authorities are appealing the judgment. There can be no assurance that the decision will be upheld on appeal or that the Company will prevail in the Spanish dispute. See "Business — Legal and Regulatory Proceedings".

Risks Relating to the Year 2000

The Company has budgeted additional expenditures of LUF 140 million to redesign its information systems to ensure that they will function effectively beyond 1999. Since starting work on this issue in early 1997, the Company's Millennium Task Force has identified critical administration and engineering systems to be modified. The Company's financial reporting system is not Year 2000 compliant, although the Company is in the process of upgrading the system. The Company is also reviewing its other software, including satellite operating systems, for compliance.

Risks Relating to the Combined Offering

Voting Power of Luxembourg Public Institutions

The Selling Shareholders include two Luxembourg public institutions, BCEE and SNCI, which together own all of the B Shares. Upon completion of the Combined Offering, BCEE and SNCI will beneficially own 16.67 per cent. of the total Share Capital, although they will continue to hold voting rights in respect of 33.33 per cent. of the total Share Capital. Consequently, BCEE and SNCI will have the ability to block any vote requiring more than a two-thirds majority of shareholders, including votes in relation to the distribution of more than 75 per cent. of the annual profit, the election of Directors and auditors, the development of new activities within the framework of the Company's purpose and amendments to the Articles. See "Description of Share Capital — Voting Rights" and " — General Meetings of Shareholders". The voting rights held and the ability to exercise a blocking vote by BCEE and SNCI also may discourage certain types of transactions, including those involving an actual or potential change of control of the Company, as well as limit the ability of the Company to raise additional equity capital in the future. See "Selling Shareholders".

Absence of a Previous Market for the FDRs; Possible Price Volatility

Prior to the Combined Offering, there has been no public market for either the FDRs or the A Shares and there can be no assurance that an active public market for the FDRs will develop or be sustained after the Combined Offering or that the initial public offering price will correspond to the price at which the FDRs will trade in the public market subsequent to the Combined Offering. The Company has applied to have the FDRs listed on the LuxSE and to have the FDRs quoted on SEAQ International.

Following completion of the Combined Offering, 13.77 per cent. of the total economic interest in the Share Capital of the Company, and 11.02 per cent. of the voting rights in respect thereof, will be held, in the form of FDRs, by persons other than the Selling Shareholders (15.86 per cent. and 12.64 per cent., respectively, if the Over-allotment Option is exercised in full). The absence of a public market for the A Shares may impair the ability of FDR holders to sell in the Luxembourg market any A Shares obtained upon withdrawal from the FDR deposit facility in the amount and at the price and time such holder may wish to do so, and may increase the volatility of the price of the FDRs.

A Shares Available for Future Sale

Because there has been no public market for the FDRs or the A Shares, no prediction can be made as to the effect, if any, that future sales of FDRs (by conversion of outstanding A Shares into FDRs or otherwise) or A Shares or the availability of such FDRs or A Shares for future sale, will have on the market price of the FDRs prevailing from time to time or on the Company's ability to raise capital in the future. Sales of substantial amounts of FDRs or A Shares in the public market, or the perception that such sales could occur, could adversely affect the prevailing market price of the FDRs and the ability of the Company to raise capital through a public offering of its equity securities. In connection with the Combined Offering, the Company and the Selling Shareholders have agreed, subject to certain exceptions, not to effect certain securities transactions in the A Shares, or securities that are convertible into, or exercisable or exchangeable for, A Shares, for a period of 180 days after the date of this Offering Circular without the prior written consent of the Joint Global Coordinators, after prior consultation with the Lead Manager of the Luxembourg Offering. See "Subscription and Sale". There can be no assurance that such parties will not effect transactions after such date which could adversely affect the prevailing market price of the FDRs.

DIVIDENDS AND DIVIDEND POLICY

The Company has distributed annual cash dividends to its shareholders in respect of each financial year since it commenced operations in February 1989 and anticipates that it will continue to do so in the future. The Board has adopted a dividend policy, which the Company expects to maintain following the completion of Combined Offering, to distribute approximately 50 per cent. of net income as dividends, including dividends paid in respect of the A Shares and B Shares and amounts retained in respect of the Founder Shares. Any future dividend payments, however, are dependent on future earnings, the financial position of the Company, cash flow and levels of investments in the satellite network and ground station equipment.

In accordance with applicable Luxembourg law and the Articles, the payment of annual dividends is recommended by the Board for approval by the shareholders at the annual general meeting of shareholders (the "Annual General Meeting"), which occurs on or about the 15th of April of each year. Holders of the FDRs will be entitled to receive dividends paid, if any, on the A Shares underlying the FDRs for all dividend accrual periods ending after the completion of the Combined Offering. See "Description of Share Capital".

The following table sets forth the total amount of annual dividends and the gross dividends paid by the Company per A Share and B Share on a pro forma basis to give effect to the revised capital structure following the Extraordinary General Meeting on 20 May, 1998, together with certain additional information, with respect to each of the years ended 31 December, 1995, 1996 and 1997.

	For the year ended 31 December,		
	1995	1996	1997
Net income (LUF millions)	2,878	4,796	6,406
Aggregate dividends paid (LUF millions)	1,896	2,278	3,043
Dividends per A Share (LUF)	50.9	61.2	81.7
Dividends per A Share/earnings per A Share (per cent.)	65.9	47.5	47.5
Dividends per B Share (LUF)(1)	20.4	24.5	32.7

(1) For the years up to and including the year ended 31 December, 1997, the holder of each B Share was entitled to 50 per cent. of the dividends payable per A Share. Following the Extraordinary General Meeting on 20 May, 1998, the holder of each B Share is entitled to 40 per cent. of dividends payable per A Share.

Special Dividend

At the Extraordinary General Meeting of shareholders held on 20 May, 1998, the shareholders approved the payment of a special dividend in the amount of LUF 1,862 million to shareholders on record on 30 April, 1998. The special dividend was paid on 30 June, 1998. Holders of FDRs purchased in the Combined Offering are not entitled to the special dividend.

Founder Shares

In connection with the formation of the Company, 50 Founder Shares, without voting rights, were issued to Whitehead, subject to certain conditions. The Articles provide that for a period of 20 years from 1 March, 1985, the date of formation of the Company, the holder of the Founder Shares is entitled to a 5 per cent. participation in the net profits of the Company, after tax, resulting from television activities (except accessory provision of services), provided that the profits have been achieved exclusively within the Company's purpose as defined in Article 2 of the Articles at the time of its incorporation in 1985, excluding all benefits resulting from an enlargement or extension of the initial purpose. Article 2 of the Articles, in turn, established the original purpose of the Company as the exploitation, by way of a concession, of communication satellites, using for television purposes frequency bands attributed currently or subsequently for fixed satellite service on one of the orbital positions obtained or to be obtained by the Government of the Grand-Duchy of Luxembourg in conformity with the procedures provided by the International Telecommunication Union. Article 30 of the Articles provides that, at the expiration of the 20 year period, the Company shall repurchase the Founder Shares at a price equal to the difference, if any, between the 5 per cent. participation in net profits described above and the aggregate amount of dividend distributions received by the holder of the Founder Shares during the 20-year period. The Company has ceased making payments in respect of the Founder Shares since the 1992 financial year, and is currently a party to legal proceedings in the United States and Luxembourg initiated by Whitehead. See "Investment Considerations — Business Risks — Risks Relating to Legal and Regulatory Proceedings" and "Business — Legal and Regulatory Proceedings".

CAPITALISATION

The following table sets forth the short-term debt and capitalisation of the Company as of 31 March, 1998, as adjusted to reflect the special additional dividend payment of LUF 1,862 million on 30 June, 1998 and the annual dividend payment of LUF 3,043 million paid in respect of financial year 1997 on 30 April, 1998. See "Dividends and Dividend Policy — Special Dividend".

	As of 31 March, 1998	
	(In LUF millions)	(In ECU millions)(1)
Short-term debt (including current portion of long-term debt)	4,250	104
Deferred income	2,803	68
Long-term debt (excluding current portion)	23,093	563
Amounts payable in more than one year	25,896	631
Capital and reserves:		
Share capital	4,469	109
Share premium account	220	5
Legal reserve	447	11
Retained earnings and reserves	18,683	456
Minority interests	86	2
Total capital and reserves	23,905	583
Capitalisation	49,801	1,214

(1) Luxembourg franc amounts are translated, solely for the convenience of the reader, into ECU at the LUF/ECU exchange rate on 31 March, 1998 of LUF 41.02 = ECU 1.00.

There has been no material change in the capitalisation of the Company as set forth above since 31 March, 1998.

BUSINESS

General

SES is Europe's leading provider of high quality satellite transponder capacity and broadcasting services through which television, radio and data broadcasters make available free and pay programming and services to the general public. SES's satellites are principally used by its customers to broadcast programming to (i) households via a single residence satellite dish (direct-to-home or DTH), (ii) communal residences via a satellite dish for redistribution to residents (SMATV) and (iii) cable operators for distribution to cable subscribers. SES's customer base includes many of the leading public and private broadcasters in Europe and internationally, including the German public broadcasters ARD and ZDF, Canal+ (France), CLT–Ufa (Luxembourg), BSkyB (U.K.), Kirch Gruppe (Germany), Turner Broadcasting (USA) and Viacom (USA). All of SES's services are marketed and sold under the ASTRA brand name.

The Company, established in 1985, owns and operates the ASTRA Satellite System, which began service in February 1989. The Company's history has been characterised by market driven innovation. SES was the first satellite operator worldwide to successfully apply the concept of co-locating satellites at the same orbital location (19.2° East) to exploit the entire Ku-band frequency spectrum at such orbital location. Further, SES expects to be the first European satellite operator to exploit commercially the Ka-band frequencies for interactive and multimedia services in Europe, including Internet-related satellite services. Today, the Company is the third largest commercial satellite operator by revenues worldwide. The ASTRA Satellite System currently consists of seven geostationary satellites operating in the Ku-band, six of which are located at the 19.2° East orbital position and one of which is temporarily located at the 28.2° East orbital position. In addition to its seven operational satellites, the Company has also contracted for the construction and delivery of four additional satellites, which it expects to deploy between August 1998 and the end of 2000. These new satellites will provide additional transponder capacity in the Ku-band for expanded broadcast services to existing and new markets in Europe, as well as Ka-band capacity to permit SES to offer two-way asymmetric, high-speed transmission of multimedia content. See "The ASTRA Satellite System".

Through its ASTRA Satellite System, the Company currently transmits 99 analogue and 201 digital television channels and more than 190 analogue and digital radio channels over 138 transponders. As of 31 December, 1997, of all European households receiving television by either satellite or cable, approximately 70.5 million, or 93 per cent., received one or more channels via the ASTRA Satellite System. The ASTRA Satellite System reached approximately 43 per cent. of all European TV households. The volume of digital broadcasts transmitted by the ASTRA Satellite System increased significantly in 1997 and management expects to expand these services further with the provision of transponder capacity for digital broadcasts to the United Kingdom and the Republic of Ireland via the temporary relocation of ASTRA 1D at 28.2° East and subsequently via ASTRA 2A, currently scheduled to be launched in August 1998.

The Company, through ESM, also operates ASTRA-NET, a data and multimedia platform that allows service and content providers to transmit data directly to high-end servers and PCs in businesses and homes across the 22 European countries served by the ASTRA Satellite System. Following the launch of ASTRA 1H, currently scheduled for the fourth quarter of 1998, the Company expects to commence operations of ARCS, a direct satellite return channel system via the Ka-band. ARCS is designed to serve the growing market in Western and Central Europe for two-way asymmetric, high-speed broadband collection and delivery of multimedia services. See "Business — Interactive and Multimedia Services".

Strategy

The Company believes that it benefits from a number of competitive advantages in the provision of satellite transmission capacity and associated services to broadcasters in Europe. First, the Company was the first satellite operator worldwide to utilise the entire Ku-band frequency range at one orbital position, 19.2° East. With six co-located satellites, the Company is able to provide sufficient transponder capacity at one location to allow its customers to broadcast a wide array of programming and services which can be accessed by a single-feed, fixed parabolic satellite dish pointed at 19.2° East. In addition, in the event of a system or satellite fault, all of the Company's satellites have spare equipment on-board to provide service continuity, and the ASTRA Satellite System has a unique intersatellite protection system which permits transponders on one satellite to be replaced by transponders operating in the same frequency on other co-located satellites. The ASTRA Satellite System also transmits the broadest array of broadcast programming in Europe over a pan-European footprint, and is the leading provider of satellite broadcast services to the European DTH/SMATV and cable markets.

The Company's principal goal is to build on its position as the leading provider of high quality satellite transponder capacity and associated services in Europe and establish the ASTRA Satellite System's innovative broadband open infrastructure as the basis for a global network for entertainment and business communications. The Company's strategy to attain this goal, and to achieve continued revenue growth and enhance its market position, consists of three key components: the Company intends to (i) consolidate and enhance its position as the leading provider of broadband satellite infrastructure for television, radio and multimedia in Western Europe by launching the Ka-band ASTRA Return Channel System and by using existing satellites to seed new markets; (ii) expand geographically by launching ASTRA 1K to extend the ASTRA Satellite System footprint further into Eastern Europe and Russia as well as the Mediterranean and by pursuing investment and partnership opportunities with satellite operators in adjacent regions; and (iii) become the leading provider of broadband communications infrastructure in Europe via next generation satellites featuring on-board processing and establish a global broadband communication system. To support its growth strategy, the Company is currently investing in four additional satellites to be launched during the next two years and plans to procure NGS satellites in 2002 and 2003.

Consolidate and Enhance its Leading Market Position. The Company intends to consolidate and build upon its leading market position in Western Europe by enhancing existing services such as television and radio broadcasting and by expanding into new service markets such as multicasting. In addition to leading the market transition from analogue to digital transmission, the Company plans to develop asymmetric satellite-based services through ESM (using a telephone return path) and ARCS (using an ASTRA Satellite System Ka-band return path). In addition, the Company will seek to exploit its end-of-life satellites by relocating them to a new orbital position, where they can be used to provide low cost capacity to support ESM and ARCS growth, high-speed Internet access to emerging markets and television and radio back-haul services from Central and Eastern Europe.

Geographic Expansion. The second component of the Company's growth strategy is to penetrate new markets by expanding the geographic coverage of its satellite system. The Company intends to launch new satellites which will expand its geographic footprint, such as ASTRA 1K, which will expand the Company's coverage to include such markets as the western part of the Commonwealth of Independent States ("CIS") and the Mediterranean region. Further, the Company is actively exploring acquisition and partnership opportunities with regional satellite operators to expand coverage to neighbouring regions.

Providing New Broadband Satellite Services. The third component is to establish a satellite system capability that will permit the Company to offer global point-to-point multimedia services to corporate, small business and retail customers. The launch of NGS, a high capacity, bandwidth-on-demand satellite system more fully utilising Ka-band frequencies, possibly with on-board processing capabilities, will enable the Company to provide the greater European region with new high speed symmetric and asymmetric communications services, and will permit the Company to integrate its regional Ka-band satellites with a global Ka-band satellite system to provide seamless global high speed, symmetric and asymmetric communication services. The Company is actively reviewing the optimal structure to implement the establishment of a global Ka-band system.

The Satellite Broadcasting Market in Europe

As of 31 December, 1997, there were 163.9 million TV households in Europe, of which approximately 76 million (46 per cent.) received either satellite or cable television broadcasts. Approximately 29 million European TV households received broadcasts by DTH and SMATV, of which approximately 71 per cent. was DTH and approximately 29 per cent. was SMATV. Cable served approximately 47 million of European TV households.

As of 31 December, 1997, of the 76 million European households receiving television by either satellite or cable, approximately 70.5 million, or 93 per cent., received one or more channels via the ASTRA Satellite System, and the ASTRA Satellite System reached approximately 43 per cent. of all European TV households.

The following table sets forth the coverage of the ASTRA Satellite System by region in terms of total DTH/SMATV and cable market segments as of 31 December, 1997.

	Market (in millions of households)				ASTRA Coverage (per cent. of households)[2]		
Regions[1]	Total TV	DTH/SMATV & Cable	DTH/ SMATV	Cable	DTH/SMATV & Cable	DTH/ SMATV	Cable
Ger./Aus./Swi.	39.1	33.5	12.6	20.9	85.3%	31.7%	53.6%
U.K./Ire. (Rep.)	24.9	7.2	4.4	2.7	28.3%	17.4%	11.0%
Central Europe[3]	22.5	10.9	4.5	6.4	43.1%	16.7%	26.3%
The Nordic Countries[4]	10.1	6.1	2.1	4.0	48.6%	9.2%	39.4%
Spain/Port.	14.8	2.1	1.5	0.6	12.5%	8.5%	4.0%
France	21.3	4.5	2.5	2.1	12.3%	6.0%	6.3%
BeNeLux	11.0	10.7	0.4	10.3	96.2%	2.9%	93.3%
Italy	20.2	0.8	0.8	0.0	2.4%	2.4%	0.0%
Total	163.9	75.8	28.8	47.0			

Source: SES, ASTRA Satellite Monitor for year end 1997.

(1) The Company's European TV household market is comprised of all of the countries listed in the table.

(2) Figures indicate percentage of homes receiving one or more television channels via ASTRA.

(3) Includes Croatia, Hungary, Poland, Slovakia, Slovenia and The Czech Republic.

(4) Includes Denmark, Finland, Norway and Sweden.

Broadcasters utilising the ASTRA Satellite System broadcast programmes in all of the principal languages spoken in Europe. As of 31 December, 1997, the ASTRA Satellite System was Europe's leading provider of DTH/SMATV satellite services. The total satellite broadcasting market in Europe increased by approximately 4 million households in 1997, and approximately 3.5 million of such households became part of the ASTRA audience.

Particularly strong demand growth for DTH/SMATV services was experienced in four of the regions covered by the ASTRA Satellite System: Germany, Austria and Switzerland; the United Kingdom and the Republic of Ireland; France; and Spain and Portugal.

The Company is the largest provider of analogue television channels (31) in the German language market and has recently begun providing digital broadcasting packages. In 1997, audience figures continued to rise in Germany by approximately 3 per cent., and at year end the Company's satellites served approximately 87 per cent. of all German TV households (approximately 33 million). The Company's DTH/SMATV audience in Germany increased by approximately 7 per cent. to approximately 11 million households. The principal German broadcasters using the ASTRA Satellite System include the German public service broadcasters ARD and ZDF, and nearly all German private broadcasters, including RTL, SAT1 and PRO Sieben.

In the United Kingdom and the Republic of Ireland, the number of DTH/SMATV and cable households receiving broadcasts via the ASTRA Satellite System in 1997 increased by approximately 16 per cent. The United Kingdom was one of the earliest markets into which satellite television was introduced, with BSkyB (then Sky Television) launching four analogue channels in 1989. As of year end 1997, the Company provided the largest number of analogue television channels (48) for the English language market in Europe. The Company also provides transponder capacity for digital broadcasters, including BSkyB and the BBC, and continues to provide analogue capacity. Other broadcasters that utilise the ASTRA Satellite System in this region include Bloomberg, Channel 5, Discovery, Flextech, Turner Broadcasting, UKTV and Viacom.

In France, the number of DTH/SMATV and cable households receiving broadcasts via the ASTRA Satellite System increased by approximately 19 per cent. in 1997. As of 31 December, 1997, the Company was the leading provider of DTH/SMATV services to the French market, reaching more than 1.3 million out of 2.5 million French DTH/SMATV households, reflecting a one year increase of approximately 620,000 households. The principal French broadcaster that utilises the ASTRA Satellite System is Canal+, which launched the first digital bouquet in Europe for the French market, Canal Satellite Numérique, transmitted via the ASTRA Satellite System. Following its merger with Nethold in September 1996, Canal+ is now the largest digital broadcaster in Europe, covering primarily France, Spain, The Netherlands and Poland.

Like certain other European countries, the Spanish market has low cable densities and, accordingly, the Company believes it is a particularly promising DTH/SMATV market for its digital services. One year after the start-up of a Spanish language package of digital television channels, the ASTRA Satellite System reached 1.4 million households at year end 1997, one million of which were receiving channels via DTH/SMATV. The principal Spanish broadcaster using the ASTRA Satellite System is Sogecable, which is primarily owned by Groupo Prisa and Canal+. Having commenced analogue broadcasting on the ASTRA Satellite System in 1993, Sogecable launched its digital satellite Spanish bouquet, Canal Satellite Digital CSD, in January 1997.

The Company believes that the satellite broadcasting market in Europe is growing and will continue to grow as a result of a number of developments, including (i) increased distribution of television programming to domestic and regional audiences, (ii) technological advances such as digital satellite broadcasting and a decline in reception equipment costs and (iii) growth in the information services market. See "Investment Considerations — Business Risks — Market Demand and Competition".

Increased Distribution of Television Programming to Domestic and Regional Audiences

Since the launch of the Company's services, the television market in Europe has experienced and is expected to continue to experience significant growth, both in terms of the number of broadcasters creating programming and the number of channels available to viewers. Europe also has the largest DTH/SMATV market in the world. The trend in a number of countries in Europe, including Germany, the United Kingdom, France and Spain, has been toward the increased use of satellites to distribute television programming. The Company believes that domestic and international broadcasters will continue to expand their use of satellites to broadcast a growing amount of programming to domestic and regional audiences. Broadcasting television programming has historically been one of the largest markets for satellite capacity in Europe because satellites are ideally suited for broadcasting directly to individual households, for broadcasting to international, regional and national markets and for delivering television programming to cable operators or terrestial television transmission stations for local redistribution. In addition, as the broadcasting infrastructures in Central and Eastern Europe develop further, SES believes that demand for satellite-based broadcasting will increase.

The television market in Europe is not uniform and there are numerous regional differences in language, culture and ideology as well as in income levels and income distribution. Broadcasting companies that wish to take full advantage of the entire European television market must tailor their services to be responsive to these regional differences. Digital transmission technology in particular allows the Company's clients to achieve this objective through the provision of services targeted at specific regional and national markets. This in turn has resulted in increased demand for additional transponder capacity.

Technological Advances and Declines in Equipment Costs

The Company believes that technological advances will increase information carrying capacity and reduce transmission and equipment costs which in turn should stimulate demand for broadcast and communications services.

High-powered Satellites

Current satellite technology, such as that incorporated in the ASTRA Satellite System and in the satellites which the Company currently has under construction or contract, generally results in more powerful satellites than those launched in the 1980s. These newer satellites can provide a larger number of transponders to deliver high quality signals to smaller dishes and can cover a larger footprint than earlier satellites. The increasing use of small, inexpensive dishes is expanding the DTH market for satellite services. See "The ASTRA Satellite System" and "Business — Interactive and Multimedia Services".

Digital Video Compression Technology

Digital video compression technology permits the compression of six to eight video channels into the same transponder capacity that previously carried one analogue channel (depending on the programme content). This technology facilitates a significant increase in the number of available video channels with improved transmission quality, allows satellite operators to provide satellite transmission services using less bandwidth and can, as with analogue transmission, be used to scramble and encrypt transmissions. Current digital video compression technology is reducing the cost of delivering programming via satellite and cable televisions systems, thereby permitting more programming options to be provided and niche markets to be addressed. By lowering per channel costs, digital video compression technology may also permit broadcasters to offer quasi-local broadcasting platforms, including programming designed for particular domestic audiences and particular cultures and languages. While advances in digital video compression technology could also increase the effective overall supply of broadcasting capacity in the satellite industry, since fewer transponders are required to transmit the same amount of programming, the Company believes that digital video compression technology may also facilitate the efforts of broadcasters to distribute their programming to multiple audiences. See "Investment Considerations — Business Risks — Market Demand and Competition".

Growth of Information Services Markets

The market in Europe for information services is expected to continue to grow, both in terms of the number of providers and users of such services and the types of services available, including those related to the Internet. The Company expects that bandwidth-on-demand applications, such as the downloading of audio-video and data files to local area networks and personal computers using satellite technology, will become increasingly prevalent. In response, the Company, through ESM, has developed ASTRA-NET and is developing ARCS. As users become more sophisticated and demand data transmissions at greater speeds and volumes, the Company expects that demand for these satellite-based systems will continue to grow. See "Business — Interactive and Multimedia Services".

Broadcasting Services

The Company is the leading provider of satellite transponder capacity and associated services used to broadcast television and radio programmes to households throughout Western and Central Europe via DTH/SMATV and cable networks. The ASTRA Satellite System is the exclusive satellite system for approximately 18 million DTH/SMATV homes in Europe, and approximately 86 per cent. of all DTH/SMATV households in Europe receive one or more channels via the ASTRA Satellite System. DTH/SMATV permits the reception of analogue and digital television and radio programming directly in homes or communal residences through the use by consumers of small, affordable satellite dishes. The Company provides transponder capacity and services for both analogue and digital transmissions.

As of 15 June, 1998, 64 of the ASTRA Satellite System's transponders provided analogue services. These services consisted of 99 analogue television channels, of which 47 were for the English language market, 30 were for the German language market and 22 were for the pan-European market. Fifty-five analogue radio channels and 78 digital radio channels were also included in the analogue service provided by ASTRA. In addition, 74 transponders provided 219 digital television channels and 159 digital radio channels. Of these, 78 television and 41 radio channels were for the German language market, 66 television and 67 radio channels were for the French language market, 41 television and 41 radio channels were for the Spanish language market and 11 television and nine radio channels were for the Dutch language market. Twelve television channels were for the Polish language market, where a complete pay-TV package is currently being launched, and 11 television and one radio channel were for the pan-European market. In the United Kingdom, broadcasters launched digital video services in June 1998 on a test basis, with a full commercial roll-out expected by early third-quarter 1998.

Transponder Agreements

As of 15 June, 1998, the ASTRA Satellite System's total transponder capacity consisted of 120 transponders co-located at 19.2° East, of which 64 were used for analogue transmission and 56 were used for digital transmission. In addition, 18 transponders were available from the Company's second orbital slot at 28.2° East on ASTRA 1D. As of 31 March, 1998, approximately 93 per cent. of the transponder capacity of the ASTRA Satellite System at 19.2° East was committed under transponder agreements with over 60 customers from various countries, including France, Germany, The Netherlands, Spain and the United Kingdom. With respect to the orbital position at 28.2° East, 24 out of 28 transponders have already been contracted on ASTRA 2A, including to BSkyB (14), the BBC (2), Flextech (2), Discovery (1), UKTV

(1) and Viacom (1). On ASTRA 2B, 16 transponders in the G-band out of a total of 28 have been committed to Deutsche Telekom. See "The ASTRA Satellite System — Satellites Under Construction".

Generally, the initial term of the Company's transponder agreements in effect as of 15 June, 1998 is approximately ten years. SES usually seeks to commit as many of a satellite's transponders as possible prior to its launch.

The initial ten-year terms of the transponder agreements in respect of ASTRA 1A and ASTRA 1B expire in early 1999 and 2001, respectively, and negotiations are underway to provide follow-on capacity on ASTRA 1A using the same frequency on the ASTRA Satellite System at 19.2° East. The Company expects all customers on ASTRA 1A and ASTRA 1B to renew their contracts prior to their expiration.

Commercial and Marketing

Due to the strategic importance of the Company's relationships with its customers, senior management of the Company participate directly in the negotiation of transponder agreements with the Company's main customers and marketing personnel provide on-going market support functions. The typical duration of the Company's transponder agreements is approximately ten years and SES's commercial and marketing staff maintain regular contact with customers during the entire contractual period to ensure continuing customer satisfaction.

The Company's Commercial and Marketing Department consists of 60 people based in Betzdorf, with affiliate companies in Germany, the United Kingdom, France and Spain. The Company also plans to establish a marketing affiliate in Poland. The Commercial and Marketing Department is engaged in a continuing strategy to ensure the smooth transition from analogue to digital DTH transmission and to support the emergence of multimedia services. It is responsible for five aspects of the Company's operation: commercial relations; technical marketing services; market communications and public relations; market information; and the marketing affiliates, which are in charge of regional marketing activities.

The Commercial and Marketing Department works in active partnership with broadcasters, service providers, manufacturers and retailers to ensure the effective promotion of the ASTRA brand at the local and regional level. This effort has recently included the sponsorship of events such as the Tour de France and participation in industry events, such as the International Fair in Berlin (IFA) and the Cable and Satellite Fair in London. SES is a founding member of the Digital Video Broadcasting Group. The Company believes that active cooperation with all industry sectors is essential, especially in connection with the introduction of uniform reception equipment standards and the promotion of user-friendly and economical reception equipment.

Key Customers

The Company's transponder revenues have historically been, and in the medium term are expected to continue to be, derived primarily from broadcasting businesses. Domestic, regional and international broadcasters use satellite transponder capacity for (i) television programming distribution, (ii) contribution or "backhaul" operations (the transmission of video feeds from one location to another) and (iii) ad hoc or "spot" services such as the transmission of special events and live news reports from the scene of an event. The largest market for broadcasting services, and the most important segment of ASTRA's business, is the supply of full-time transponder capacity to domestic, regional and international broadcasters that wish to transmit television and radio channels to satellite-receiving households (DTH/SMATV) within the ASTRA Satellite System footprints. The Company is a leading provider of services to cable networks. Nearly all cable networks under the ASTRA Satellite System footprint receive broadcasting services transmitted by the Company. The Company believes that its established audience and comprehensive coverage of cable networks provides a strong incentive for new broadcasters to contract for transponder capacity on the ASTRA Satellite System.

The Company enjoys a large and growing client base which is made up of established customers with high market shares in their respective markets. The following table sets forth certain details relating to transponder utilisation by some of the Company's largest customers:

	Number of Transponders		
Customer	**Analogue**	**Digital**	**Total**
ARD/ZDF (Germany)	14	3	17
BBC (UK)	0	2	2
BSkyB (UK)	19	14	33
Canal+ (France)	0	23	23
CLT-Ufa (Luxembourg)	4	3	7
Flextech (UK)	6	2	8
Kirch Gruppe (Germany)	3	10	13
PRO Sieben (Germany)	2	1	3
@ Entertainment (Poland)	0	3	3

Revenues from the Company's five largest customers for the years ended 31 December, 1995, 1996 and 1997 represented approximately 63 per cent., 71 per cent. and 74 per cent. of total revenues in each period. Although the loss of key customers to alternative satellite operators could have a material adverse effect on the Company's results of operations, SES believes such losses would be unlikely. This is due to the unique nature of the Company's services (including the co-location, back-up capability and intersatellite protection scheme of its satellites) and the inconvenience and uncertainty its broadcast customers would experience moving services from the ASTRA Satellite System, including repositioning all of their DTH/SMATV users' satellite receiver dishes to point to the new orbital slot from which they would be broadcasting. This would make it commercially impracticable for a broadcaster to switch to another operator or for new broadcasters to opt for a competing satellite operator. However, this has not prevented certain customers from choosing competing satellite systems.

Interactive and Multimedia Services

The Company believes that Internet growth and increased demand for interactive services will result in an expansion of demand for satellite services from one-way broadcasting to two-way asymmetric multicasting applications. Markets for asymmetric broadcast and multicast content to the general public and to closed-user groups are developing in a variety of areas, including consumer services (on-line services, tele-education and broadcast or multimedia entertainment), personal communications (entertainment and home banking), corporate communications and information distribution.

The ASTRA Satellite System began operating in 1989 as a provider of DTH analogue television and radio broadcasts. Since then, and in furtherance of its strategy of creating a broadband infrastructure for a global communications network, the Company has begun its transition from analogue to digital transmission by focusing on the provision of DTH/SMATV digital television/radio broadcast services (1996) and DTH/DTO PC/TV one-way multicast services (1998). In 1999, the Company expects to provide DTH/DTO two-way asymmetric broadcast and multicast services, adding Internet Service Providers (ISPs) to its client base. The Company will seek to address and service these high-growth markets through its majority owned subsidiary, ESM, which provides multimedia one-way broadcast and multicast (DTH/DTO) services via its ASTRA-NET platform, and through the implementation of ARCS, which will allow for two-way asymmetric, high-speed broadband data collection and delivery via a hub station located in Betzdorf.

European Satellite Multimedia Services (ESM)

ESM operates ASTRA-NET, a data and multimedia platform using broadband digital satellite transmissions. ESM was founded in December 1996 as a wholly owned subsidiary of European Satellite Multimedia Services Finance S.A. ("ESMF") (less one qualifying share owned by the Company). ESMF, also founded in December 1996, serves as the finance company of ESM, and is owned by the Company (53 per cent.). The remaining 47 per cent. is owned by Intel Corporation, Deutsche Telekom, Hughes Network Systems and Entreprise des Postes & Télécommunications (Luxembourg). ESM began commercial operations in February 1998 with the launch of ASTRA-NET.

ASTRA-NET enables service and content providers to transmit data directly to high-end servers and PCs in businesses and homes across Western and Central Europe via a conventional satellite dish and a plug-in PC card at substantially increased speeds and more cost effectively than standard transmission via telephone lines. The use of digital transmission means that service and content providers can instantly deliver to their audiences custom-tailored information in any medium or combination of media, including video, audio, graphics, text and computer software, in one-to-multiple transmission mode. Examples of potential ASTRA-NET applications include transmitting presentation videos for display on in-store televisions in retail outlets; broadcasting training material to employees' PCs in the office or the home; delivering product and pricing information to sales forces and customers; and downloading computer software programs to company-wide networks. In each case, the information transmitted can be viewed in real time, such as stock prices, or stored in the receiving PCs for later retrieval, such as training programmes.

Service and content providers that have already chosen ASTRA-NET for the distribution of their data and multimedia services include: Deuromedia, a software and service provider specialising in the distribution of information to dealer and retail networks within the information technology sector; Satway, a business communication and television production company focusing on the distribution of information to retail outlets and restaurants; Fainex, a specialised provider of financial data services; Elsacom, a large Italian satellite service provider; Axédia, which focuses on the distribution of data services for retail companies; and Deutsche Telekom, Europe's largest telecommunications company.

The ASTRA Return Channel System (ARCS)

Following the launch of ASTRA 1H, scheduled in the fourth quarter of 1998, SES expects to commence operation of ARCS, its direct return channel system via satellite, in the second half of 1999. ARCS will serve the growing market in Western and Central Europe for two-way asymmetric, high-speed broadband collection and delivery of multimedia data via a hub situated at the Company's headquarters in Betzdorf or via secondary hubs located within approximately 400 kilometres of Luxembourg. The system is designed to meet the needs of businesses, the public sector and individual consumers through an open technology platform offering ASTRA Ka-band bandwidth on-demand for service and content providers. With the introduction of ARCS, the ASTRA Satellite System will be able to establish three broadband communication applications via ASTRA 1H and, from the end of 2000, via ASTRA 1K for (i) collection of data from various sites across Europe into a central hub at Betzdorf (multipoint-to-point collection), after which the data may be uplinked to the ASTRA Satellite System for Ku-band retransmission to other users or transmitted to such users via terrestrial landlines or other satellite systems, (ii) storage and hosting of multimedia data at the Company's central hub in Betzdorf (value added processing) and (iii) broadcasting or multicasting of multimedia data via ASTRA Ku-band (point-to-multipoint distribution). In addition, the ASTRA Satellite System will be able to offer an end-to-end service providing a combination of these applications. ARCS will extend the scope of the Company's business from a one-way satellite delivery system (featuring a terrestrial return path if required) to a two-way satellite-based asymmetric communications system.

The launch of ASTRA 1K, scheduled for the end of 2000, will enable SES to extend the coverage area for satellite-based interactive services to Eastern Europe and the western part of the CIS. ASTRA 1K will also provide flexible bandwidth allocation, either concentrating up to half of the entire bandwidth in Ka-band in one up-link beam or splitting the bandwidth among several or all up-link beams. See "The ASTRA Satellite System — Satellites Under Construction — Orbital Slot at 19.2° East".

Competition

The Company competes with a number of leading providers of satellite capacity, including publicly and privately owned international, regional and domestic satellite companies, as well as companies providing competing communications technologies (in particular, digital terrestrial and digital cable service providers). Some of these competitors have long-standing customer relationships, substantially larger operations and greater financial resources than those of the Company. Due to the likely privatisation of certain ISOs, realignments and competition may increase in the future. The Company believes that the technical advantages of its satellite system, its reputation as a reliable operator of satellites and its existing customer relationships will permit it to compete successfully with these organisations, although these satellite operators and others not currently active in Europe may expand operations into the Company's markets. See "Investment Considerations — Market Demand and Competition".

At present, three principal competing international satellite systems operate in Europe: Eutelsat, Intelsat and Panamsat. Eutelsat is active in all European markets, while Intelsat historically has been most active in the Nordic market, although it also provides feeds for RAI and Mediaset in Italy. Panamsat operates satellites orbiting over the Atlantic and Indian Oceans that also serve European markets. In addition, there are six regional satellite systems operating in Europe: Telenor and Sirius in the Nordic markets; Kopernikus in the German speaking markets; Hispasat in Spain; France Télécom in France; and AMOS in Central and Eastern Europe. Several regional systems have plans to launch satellites with broader regional and pan-European footprints. Lastly, Turksat provides pan-European coverage specifically for expatriate Turkish communities. In addition to audiovisual services, all these systems provide business and data services.

In providing the infrastructure for interactive and multimedia services, the Company faces competition from several current and emerging companies and technologies. In the area of ASTRA-NET's multimedia broadcasting, these competitors include HOT (a Hughes Network Systems-Olivetti joint venture utilising a non-DVB-compliant platform with the Eutelsat system), several start-up platforms (usually supported by a PC card manufacturer) and several SES broadcast customers (who are generally targeting the consumer market rather than professional services markets). In the area of ARCS's return channel services, competition comes from an emerging class of low-cost Ku-band Very Small Aperture Terminal ("VSAT") systems (which are expected in 1999, and are in general limited to lower data transmission rates than those possible with ARCS), conventional VSAT systems (which usually cost several times more per terminal than ARCS) and emerging terrestrial technologies.

Key Suppliers

The Company has historically procured its satellites from one of four satellite manufacturers: Hughes; Aérospatiale; Matra Marconi Space and RCA/GE Astro. Hughes is currently constructing two satellites for SES and Aérospatiale and Matra Marconi Space are under contract to construct one satellite each. In addition to these manufacturers, there are a limited number of other satellite manufacturers worldwide that can design and construct satellites that meet the technical and quality specifications of the ASTRA Satellite System. See "Investment Considerations — Business Risks — Dependence on Key Suppliers" and "The ASTRA Satellite System — Satellites Under Construction". The Company has also contracted with Hughes to supply components with a long-lead time, allowing for a rapid satellite replacement in case of a launch failure. In general, the average construction period of the four satellites currently under contract is 28 months. However, delays often occur at the manufacturing stage and can impact the launch date. The payment profiles for the purchase of satellites vary significantly depending on the supplier and on contract negotiations. On average, 80 per cent. of the Company's capital expenditures relating to a new satellite are incurred during the two years prior to launch, with the remaining 20 per cent. incurred in the year of launch. Ground capital expenditures relating to an additional satellite are incurred more than a year prior to the launch (25 per cent.), with the remaining expenditures incurred in the 12 months prior to launch (75 per cent.).

The Company follows a "dual launch policy" with respect to the launch of its satellites, as a result of which it is under contract with both Arianespace and Lockheed/Khrunichev-Energia ("LKE") for the launch of its next four satellites. The contract with Arianespace is for two firm launches and two further launch options and the contract with LKE is for three launches. There are other satellite launch providers worldwide that the Company would consider using. See "Investment Considerations — Business Risks — Dependence on Key Suppliers" and "The ASTRA Satellite System — Satellite Launch Arrangements".

Employees

As of 31 December, 1995, 1996 and 1997, the Group had 181, 210 and 261 full-time employees, respectively, and as of 31 March, 1998, the Group had 271 full-time employees. The SES work force is drawn from 20 different countries, with 94 per cent. of its employees being European Union nationals and 28 per cent. being Luxembourg citizens. As of 31 March, 1998, 61 per cent. of the Company's personnel were employed in the Technical Department, 16 per cent. in Corporate and Finance and 23 per cent. in Commercial and Marketing. The Company's employees are stationed at the Betzdorf headquarters (211), the satellite procurement field offices in El Segundo, Portsmouth/Stevenage and Toulouse (6), and the Company's marketing subsidiaries in Germany, the United Kingdom, France and Spain (29). As of 31 March, 1998, ESM employed 25 full-time employees. In order for SES to continue to grow in accordance with its strategy and to meet future business development needs, the Company expects its work force to increase to more than 300 by 2000. See "Business — Strategy".

The Company's recruitment strategy places emphasis on the hiring of young graduates with strong professional and academic backgrounds. As a result, the average age of all employees is approximately 35 years and the majority of the Company's employees possess highly specialised skills (with 77 holding a master's degree (or equivalent) and 16 holding the highest degree in their field (PhD or equivalent)).

The Company is not party to any collective bargaining agreement and considers its relations with its employees to be good.

Property

The Company's principal property and headquarters are located in Betzdorf, Luxembourg. The Betzdorf headquarters houses the Satellite Control Facility, which is equipped with communications hardware for in-orbit tracking, telemetry and uplink facilities as well as TVRO (TV Receive Only) equipment. The site is subject to municipal, environmental and planning regulations. The Company is in the process of constructing a new office building at its headquarters in Betzdorf to house the ASTRA Business Centre, which will be used for commercial, marketing, business development and administrative functions. The Business Centre is scheduled to be completed by the first half of 2000 at an approximate cost of LUF 1,250 million. In addition, the Company recently leased property south of the city of Luxembourg for the construction of a back-up satellite control facility. See "The ASTRA Satellite System — The ASTRA Master Control Facility".

The Company maintains a marketing office in France, Germany, Spain and the United Kingdom. The monthly lease payments on all of the Company's leased properties is approximately LUF 1.2 million.

Legal and Regulatory Proceedings

Whitehead Litigation

The Company is or has been a party to three lawsuits, one in the United States and two in Luxembourg, brought by Mr. Clay Whitehead. All of these lawsuits relate to an agreement dated 23 September, 1985 between the Company and Whitehead and certain other parties, under which Founder Shares in the Company were issued to Whitehead subject to certain conditions. The Founder Shares and rights thereunder are discussed under "Dividends and Dividend Policy — Founder Shares". Payments to Whitehead under the Founder Shares have been withheld by the Company since the 1992 financial year on the ground that Whitehead breached a non-competition clause contained in the agreement.

In April 1994, Whitehead sought recovery of dividend payments for the 1992 financial year in an urgency proceeding in the District Court of Luxembourg. The matter was ruled not suitable for urgency proceedings by the District Court, and the Luxembourg Court of Appeal affirmed in July 1995.

In April 1997, Whitehead filed suit in the U.S. District Court for the Eastern District of Virginia against the Company, Board member Ms. Candace Johnson and the Government. The suit alleged five claims for relief relating in varying ways to the agreement between Whitehead and the Company. One count alleged that SES had breached the agreement by withholding dividend payments on the Founder Shares; a second alleged that the Government and SES had expropriated the Founder Shares; a third alleged that the Government, SES and Johnson had converted the Founder Shares (and conspired to that end); a fourth alleged that the Government, SES and Johnson had defamed Whitehead's business reputation and interfered with his business prospects (and conspired to that end); and a fifth alleged that the Government and Johnson interfered with Whitehead's contract with SES (and conspired to that end). The complaint sought compensatory damages totalling U.S.$200 million as the alleged value of the Founder Shares, as well as statutory and punitive damages in an amount of three to five times Whitehead's actual damages. On 5 December, 1997, the U.S. District Court entered a final order of dismissal in favour of all three defendants on jurisdictional grounds. Whitehead has filed an appeal, and a decision is expected in the second half of 1998.

In addition, Whitehead served a writ on the Company in Luxembourg on 31 March, 1998 seeking outstanding dividend payments relating to the Founder Shares for the financial years 1992 to 1995 (approximately LUF 357 million) plus interest and damages (LUF 15 million), reserving his rights to dividend payments relating to 1996 and subsequent financial years, rights which he claims will continue until 2008, and seeking an order prohibiting cancellation or alteration of the Founder Shares. No date has been set to adjudicate the matter in Luxembourg.

The Company believes that it has acted appropriately and will defend itself vigorously against the claims. However, there can be no assurance that the jurisdictional appeal in the United States will not be determined in favour of Whitehead or that his claim will not prevail in the court that ultimately decides the case on the merits. If Whitehead's claims ultimately are successful, the Company could be subject to significant financial liability. See "Investment Considerations — Business Risks — Risks Relating to Legal and Regulatory Proceedings".

Tax Disputes

The Company has initiated a lawsuit against the German tax authorities arising out of its belief that certain payments made to SES by its German customers from 1991 to 1994 were not subject to a 5 per cent. withholding tax. Although the Company prevailed in the lawsuit, the German tax authorities have appealed the judgment. The Company has made a provision for LUF 492 million, the amount of the potential liability, but it expects to be successful on appeal and to release the provision. The Company is involved in a similar dispute in Spain. At year end 1997, the Company had made a provision for LUF 76 million. The Company expects to be successful in the resolution of these disputes.

Dispute Relating to Orbital Slots

The Company's orbital slot at 28.2° East may be affected by a claim brought by France on behalf of Eutelsat to use the same frequencies at the neighbouring orbital slot at 29° East. Any satellite Eutelsat might operate from an adjacent orbital slot using the same band of frequencies used by the Company would interfere with the transmissions made by the Company's satellites at 28.2° East and, conversely, the Company's use of such frequencies at 28.2° East would interfere with transmissions from any satellites Eutelsat might operate at 29° East.

In 1989, France filed with the ITU to establish the Europesat satellite network at 29° East. Pursuant to the ITU's rules, France had to enter the Europesat network into use by 23 May, 1997 or its frequency allocation would expire and Luxembourg's filing, dated 23 December, 1994, to establish ASTRA at 28.2° East would form the basis for the ITU's frequency coordination process. In June 1996, the Company announced its intention to bring into use the 28.2° East orbital position. In December 1996, Eutelsat tested its Hotbird 2 satellite at 29° East before moving the satellite to its final position at 13° East. By doing so, Eutelsat claimed that it had brought the Europesat network into use.

At the November 1997 WRC meeting, a decision was taken to include the Europesat network in the international frequency plan for broadcasting satellite services, subject to clarification as to whether the network had been "brought into use" prior to the expiry date of 23 May, 1997. Luxembourg lodged a reservation to the inclusion of the Europesat network in the frequency plan, arguing that the satellite system had not, in fact, been brought into use prior to the expiry date. The basis of the dispute is whether the testing of a satellite at an orbital slot for a short period constitutes "bringing the satellite into use prior to the expiry date" for purposes of the ITU frequency coordination process.

Upon application by Luxembourg, the ITU is investigating France's claim to use 29° East. France supplied the ITU with documentation supporting Eutelsat's position, and a meeting of the Board of the ITU to consider the dispute is scheduled to take place during the first week of July 1998. At that meeting, the Board of the ITU could decide in favour of Luxembourg, in which case the Company would be entitled to operate its satellites from 28.2° East without harmful interference from Eutelsat at 29° East. However, it is possible that the Board of the ITU could refer the dispute back to the parties for further discussion or could decide in favour of France. In the event of a decision in favour of France, it is likely that Luxembourg would appeal such decision. Nonetheless, there can be no assurance that a satisfactory accommodation with France would be achieved. The ITU Board has no binding dispute resolution mechanism, and if France and Luxembourg were unable to agree to a resolution, neither side would be entitled to invoke the protections of international law against interference. Accordingly, the impact of an unfavourable decision, and in particular the impact of harmful interference to the Company's transmissions from 28.2° East caused by any service introduced by Eutelsat from 29° East, would be significant. However, the Company intends to continue the transmission of digital TV services from 28.2° East.

SELECTED FINANCIAL AND OTHER INFORMATION

The selected financial and other data for the years ended and as of 31 December, 1995, 1996 and 1997 set forth below have been derived from, and should be read in conjunction with, and are qualified in their entirety by reference to, the audited consolidated financial statements of the Company, included elsewhere in this Offering Circular. See "Index to Financial Statements". The audited financial statements of the Company have been audited by Ernst & Young Société Anonyme. See "Auditors".

	Year Ended 31 December,			
	1995	1996	1997	1997[1]
	(In LUF millions)			(In ECU millions)
Selected Profit and Loss Account Data:				
Total revenues[2]	10,336	14,160	18,074	443
Depreciation and amortisation	(3,090)	(4,287)	(4,629)	(113)
Personnel costs	(515)	(592)	(760)	(19)
Other operating expenses[3]	(1,976)	(1,819)	(2,826)	(69)
Operating profit	4,755	7,462	9,859	242
Net interest	(777)	(606)	(850)	(21)
Franchise fee	(601)	(1,376)	(1,867)	(46)
Taxation	(499)	(684)	(829)	(20)
Minority interests	—	—	93	2
Net income	2,878	4,796	6,406	157

	As of 31 December,			
	1995	1996	1997	1997[1]
	(In LUF millions)			(In ECU millions)
Selected Balance Sheet Data:				
Fixed assets in use	20,500	30,899	33,748	828
Fixed assets under construction	17,143	15,766	19,300	473
Total fixed assets	37,643	46,665	53,048	1,301
Cash	1,843	3,180	5,595	137
Other current assets	3,530	3,843	5,266	129
Total assets	43,016	53,688	63,909	1,567
Bank loans	(14,715)	(20,064)	(21,076)	(517)
Shareholder loans	—	(1,500)	(3,750)	(92)
Other liabilities	(8,499)	(9,398)	(12,129)	(297)
Shareholders' funds (including minority interest)	19,802	22,726	26,954	661

	Year Ended 31 December,			
	1995	1996	1997	1997[1]
	(In LUF millions, except ratios, per A Share data and satellite data)			(In ECU millions)
Other Data:				
EBITDA margin (%)[4]	75.9	83.0	80.2	80.2
Net income margin (%)[5]	27.8	33.9	35.4	35.4
Return on average equity (%)[6]	14.9	22.6	25.8	25.8
EBITDA	7,845	11,749	14,488	355
Operating cash flow[7]	6,998	11,811	15,372	377
Capital expenditures	9,501	13,297	11,013	270
Earnings per A Share (LUF)[8]	77.3	128.8	172.0	4.2
Number of satellites at year end[9]	5	6	7	—
Weighted average number of transponders available[9]	64	95	104	—
Weighted average number of transponders in commercial use[9]	55	78	101	—

(1) Luxembourg franc amounts are translated, solely for the convenience of the reader, into ECU at the exchange rate on 31 December, 1997 of LUF 40.78 = ECU 1.00.
(2) Transponder revenues plus other operating income.
(3) External charges, other operating charges and results of associated companies.
(4) Earnings before interest, taxes, franchise fee and depreciation and amortisation divided by total revenues.
(5) Net income divided by total revenues.
(6) Net income divided by average of opening and closing shareholders' funds.
(7) Cash generated from operations after working capital movements.
(8) Earnings per A Share are restated to account for the new capital structure following the Extraordinary General Meeting on 20 May, 1998. See "Description of Share Capital — General".
(9) See "The ASTRA Satellite System" for a description of the ASTRA Satellite System.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Company's audited consolidated financial statements as of and for the years ended 31 December, 1995, 1996 and 1997, including the notes thereto, which appear elsewhere in this Offering Circular. The consolidated financial statements have been prepared in accordance with accounting principles that conform in all material respects with IASC recommendations.

General

Revenues

Substantially all of the Company's revenues are generated by providing transponder capacity on the ASTRA Satellite System. For the three years ended 31 December, 1997, transponder revenues accounted for 99.4 per cent., 99.3 per cent. and 98.9 per cent. of total revenues, respectively. Virtually all transponder revenues have resulted from the transmission of video and supporting audio channels; transponder revenues from the transmission of radio channels have not been significant.

The Company seeks to contract the transponder capacity available on a satellite prior to its launch. Actual revenue generation begins on the customer service date, which is typically three to six months following a satellite's operational service date. The majority of the Company's transponder agreements require payment in advance, although the precise schedule of payments varies by contract. In any case, revenue for transponder utilisation is recognised on a straight line basis over the period of the relevant agreement once the satellite to which such contract relates has been brought into operation. Generally, the initial term of the Company's transponder agreements is approximately ten years.

The Company's revenues in a given period are dependent on the number of transponders in operation and the period over which they are available, as well as the contracted revenue received in respect of each transponder in operation. Because growth in the number of available transponders is largely dependent on the Company's launch of new satellites, revenue growth generally occurs unevenly. Revenue growth is generally rapid when satellites are brought into operation, and, if satellite launches are delayed or are unsuccessful, revenue growth may slow due to the lack of additional transponder capacity.

The Company's top five customers represented approximately 74 per cent. of total revenue in 1997, with no one customer representing more than 20 per cent. SES's largest customers use a larger number of transponders and typically pay lower per transponder rates than other customers. Average revenue per transponder has fallen recently following the launch of digital bouquets and the Company's introduction of capacity and services into new markets.

Operating Costs

The key driver behind changes in operating costs is the launch of new satellites, which directly affects the two largest components of operating costs: depreciation and insurance. Depreciation is the Company's principal expense, representing 55 per cent., 64 per cent. and 56 per cent. of its operating expenses for the years ended 31 December, 1995, 1996 and 1997, respectively. As with the development of the Company's revenues, the Company's depreciation charge is characterised by uneven increases based on the introduction into service of new satellites and their related capital cost. Historically, approximately 85 per cent. of the Company's depreciation charges have been in respect of the space segment, with the remainder relating to the ground segment (including earth station communications and control equipment), certain initial operating expenses, land and buildings, fixtures and fittings and SES's formation expenses. Space segment costs that are depreciated over 10 years, the minimum design life of the satellites to which they relate, include the procurement cost of the satellite, launch costs, premiums relating to launch insurance and the first-year premiums paid in respect of in-orbit insurance. Insurance costs reflect the premiums paid in respect of in-orbit and third-party insurance. See "The ASTRA Satellite System — Insurance".

Franchise Fee and Taxes

SES pays a yearly franchise fee to use the orbital positions and the related frequency bandwidths which have been granted by the Government pursuant to the terms of an agreement between the Company and the Government which runs until 2015. See "Regulation — The Company's Contrat de Concession".

The fee is payable quarterly in arrears and is based upon SES's taxable income. It is calculated in accordance with the following formula:

Taxable Income (LUF)	Percentage
0 — 1.3 billion	0%
1.3 — 2.6 billion	20%
> 2.6 billion	25%

Pursuant to the terms of the franchise agreement with the Government (adapted on 12 March, 1998), the total charge in any one year for the Luxembourg taxes described below and the franchise fee will not exceed 44 per cent. of taxable income for the years 1998 through 2000. Pursuant to the franchise agreement, any increase in Luxembourg taxes after the year 2000 cannot result in total Luxembourg taxes and franchise fees in excess of 46 per cent of the Company's taxable income.

The Company is subject to three separate Luxembourg taxes, corporate income tax ("CIT"), municipal business tax ("MBT") and a net worth tax ("NWT"). In the last three years, the Company's tax expense has principally consisted of MBT and NWT charges because investment tax credits were available to offset CIT. Both the CIT and the MBT are based on profits for the year, although in calculating CIT, taxable profits are reduced by MBT already paid. The NWT, which amounts to 0.5 per cent. of the Company's net assets after certain adjustments, may as from 1 January, 1998 be credited against CIT under certain conditions. For tax years prior to 1997, the Company was also subject to a MBT on capital which was computed in the same manner as the NWT.

Historically, the Company has had a low effective tax charge because of the availability of investment tax credits for expenditures on certain assets (including satellites). The Company is currently seeking clarification from the Luxembourg tax administration as to the appropriate method to calculate these credits. For the years ended 31 December, 1995, 1996 and 1997, the Company was subject to a combined CIT/MBT rate of 40.29 per cent., 40.29 per cent. and 39.35 per cent., respectively. However, because of the availability of investment tax credits, the tax charge represented 15 per cent., 13 per cent. and 12 per cent. of profits before tax but after the franchise fee, respectively. For the year ending 31 December, 1998, the combined CIT/MBT rate will be 37.45 per cent. without regard to any available tax credits.

Recent Developments

The Company's total revenues for the three months ended 31 March, 1998 increased by approximately 14 per cent., compared to the same period in the previous year, from LUF 4,391 million to LUF 5,006 million, principally due to the bringing into service of ASTRA 1G with effect from 1 January, 1998. The bringing into service of ASTRA 1G also resulted in a substantial increase in depreciation charges and an increase in other operating expenses. ESM commenced operations during the first quarter of 1998, resulting in an increase in other operating expenses without an offsetting increase in revenue during the period. Higher bank borrowings during the first quarter of 1998 to finance the construction of four additional satellites resulted in an increase in net interest expense compared to the same period in the previous year. In addition, the Company's franchise fee and taxes increased due to increased operating profits. Net income after taxes for the three months ended 31 March, 1998 increased approximately 7 per cent. compared to the same period of the previous year, from LUF 1,763 million to LUF 1,894 million.

Based on current operating results and on the assumption that ASTRA 2A and ASTRA 1H are launched successfully during 1998, the Company expects results of operations for the year ending 31 December, 1998 to be consistent with the results for the first quarter of 1998, even though the Company expects to record an exceptional charge of LUF 220 million, net of taxes, in respect of employee benefits and costs incurred in relation to the Combined Offering. In addition, to the extent that the launch of ASTRA 2A and/or ASTRA 1H are delayed until 1999, the Company may incur an additional tax liability in 1998 to the extent that investment tax credits in respect of such satellites are not available until future periods.

Results of Operations

Years ended 31 December, 1995, 1996 and 1997

For use in the discussions below, the following table sets out certain items and their respective percentage of revenues for each of the past three fiscal years:

	Year ended 31 December,					
	1995	per cent.	1996	per cent.	1997	per cent.
	(In LUF millions, except percentages)					
Profit and Loss Account Data:						
Total revenues[1]	10,336	100.0%	14,160	100.0%	18,074	100.00%
Depreciation	(3,090)	(29.9)	(4,287)	(30.3)	(4,629)	(25.6)
Personnel costs	(515)	(5.0)	(592)	(4.2)	(760)	(4.2)
Other operating expenses[2]	(1,976)	(19.1)	(1,819)	(12.8)	(2,826)	(15.6)
Operating profit	4,755	46.0	7,462	52.7	9,859	54.6
Net interest expense	(777)	(7.5)	(606)	(4.3)	(850)	(4.7)
Franchise fee	(601)	(5.8)	(1,376)	(9.7)	(1,867)	(10.3)
Taxes	(499)	(4.8)	(684)	(4.8)	(829)	(4.6)
Minority interests	—	—	—	—	93	0.5
Net income	2,878	27.9%	4,796	33.9%	6,406	35.5%

(1) Transponder revenues plus other operating income.

(2) External charges and other operating charges.

Total revenues

The Company's total revenues for the year ended 31 December, 1997 were LUF 18,074 million, compared to LUF 14,160 million for 1996 and LUF 10,336 million for 1995. The increase of LUF 3,914 million, or 27.6 per cent., in total revenues in 1997 compared to 1996 was due almost entirely to transponder revenues generated by ASTRA 1E and ASTRA 1F in connection with the introduction of digital services in France and Spain. Neither satellite was fully subscribed until 1997. See "The ASTRA Satellite System — The Existing Satellites — Orbital Slot at 19.2° East — ASTRA 1E and 1F". Analogue transponder revenues generated by ASTRA 1A, ASTRA 1B and ASTRA 1C remained stable over the period. The increase of LUF 3,824 million, or 37.0 per cent., in revenues in 1996 compared to 1995 reflected the introduction of digital services via ASTRA 1E and ASTRA 1F and a significant increase in analogue transponder revenues attributable to ASTRA 1D. Although ASTRA 1D was operational as of January 1995, it did not generate significant revenue until 1996 when full utilisation of its transponders was achieved. See "The ASTRA Satellite System — The Existing Satellites — Orbital Slot at 19.2° East — ASTRA 1A - 1D".

Other revenues, which were not material over the period, are comprised of income generated from the provision of speciality services, including uplink services by SES to customers who do not own their own uplink stations.

Depreciation

Depreciation charges increased to LUF 4,629 million, or by 8.0 per cent., for the year ended 31 December, 1997, from LUF 4,287 million in 1996, which in turn represented a 38.7 per cent. increase over depreciation charges of LUF 3,090 million in 1995. The increases in both periods were almost entirely due to the introduction into service of new satellites, specifically ASTRA 1E and ASTRA 1F in 1996 and ASTRA 1G in 1997. Depreciation charges represented 29.9 per cent., 30.3 per cent. and 25.6 per cent. of total revenues in 1995, 1996 and 1997, respectively.

Personnel costs

Personnel costs for the year ended 31 December, 1997 totalled LUF 760 million, compared to LUF 592 million for the same period in 1996. The increase of LUF 168 million was primarily due to a 21 per cent. increase in staff. The increase of LUF 77 million in 1996 over salaries of LUF 515 million in 1995 was principally due to a 14 per cent. increase in staff over the period.

Other operating expenses

Other operating expenses are primarily composed of in-orbit insurance premiums, marketing and promotional expenses, and include consultants fees, travel expenses, and maintenance and repair expenses. Marketing costs, which have historically been the largest component of the Company's operating expenses after depreciation and third-party insurance premiums, are primarily driven by the introduction of new technological developments in the markets in which the Company operates. In 1995, other operating expenses included a LUF 700 million exceptional charge taken by SES in 1995 in respect of its subsidisation of the manufacture of Universal Low Noise Block ("ULNB") converters used to receive transmissions from ASTRA 1D through ASTRA 1G. See "The ASTRA Satellite System — The Existing Satellites — Orbital Slot at 19.2° East — ASTRA 1A - 1D".

Other operating expenses for the year ended 31 December, 1997 were LUF 2,826 million, compared to other operating expenses of LUF 1,819 million in 1996 and LUF 1,976 million in 1995. The increase in other operating expenses of LUF 1,007 million, or 55.4 per cent., in 1997 was due primarily to an increase in marketing and promotional expenses, particularly in respect of the branding campaign for the launch of digital services in 1997, additional in-orbit insurance premiums paid in respect of ASTRA 1E and ASTRA 1F and fees incurred in connection with the Whitehead litigation, the development of ARCS and an accrual established to address Year 2000 compliance. Excluding the exceptional charge noted above, other operating expenses increased by 42.6 per cent. from LUF 1,276 million in 1995 to LUF 1,819 million in 1996. The increase resulted from additional in-orbit insurance premiums paid in respect of ASTRA 1D and ASTRA 1E, an increase in marketing and promotional expenses and increased consultants' fees relating to strategic and technical consultancy and assessment of political risks associated with Russian launches.

Net interest

Set out below is a breakdown of the components of net interest for the three-year period ended 31 December, 1997:

	Year ended 31 December,		
	1995	1996	1997
	(In LUF millions)		
Interest income	172	142	229
Interest expense on loans	(803)	(907)	(1,137)
Loan fee	(67)	(100)	(35)
Foreign exchange gains/(losses)	(79)	259	93
Net interest expense	(777)	(606)	(850)

For the year ended 31 December, 1997, the Company had net interest expense of LUF 850 million, compared to LUF 606 million in 1996 and LUF 777 million in 1995. The LUF 244 million, or 40.3 per cent., increase in net interest expense in 1997 was due largely to a LUF 230 million increase in interest expense on outstanding loans used to finance continued investment in satellites and lower foreign exchange gains. The increase was offset in part by a decrease in loan fees payable by SES and an increase in interest income on short-term cash deposits and foreign exchange gains resulting from fluctuations between the Luxembourg franc and both the Pound Sterling and the ECU. The LUF 171 million, or 22.0 per cent. decrease, in net interest expense for the year ended 31 December, 1996 compared to 1995 was due largely to foreign exchange gains resulting from fluctuations between the Luxembourg franc and both the Pound Sterling and the ECU. These were partially offset by a LUF 104 million increase in interest expense on loans used to finance satellite development, increased loan fees and decreased interest income on short-term cash deposits. See "— Liquidity and Capital Resources — Indebtedness of the Company" and "— Currency Fluctuations" and "Selling Shareholders — Certain Relationships and Related Party Transactions". As a percentage of total revenues, net interest expense was 7.5 per cent. in 1995, 4.3 per cent. in 1996 and 4.7 per cent. in 1997.

Franchise fee

For the year ended 31 December, 1997, the franchise fee was LUF 1,867 million, compared to LUF 1,376 million in 1996 and LUF 601 million in 1995. The increase in franchise fee payable over the three-year period was due to the higher profits before tax earned by the Company over the period. As a percentage of taxable income before the franchise fee, the franchise fee increased from 15.1 per cent. in 1995 to 20.0 per cent. in 1996 and 20.7 per cent. in 1997, reflecting the higher proportion of income subject to the franchise fee at the 25 per cent. rate. See "— General — Franchise Fee and Taxes".

Taxes

For the year ended 31 December, 1997, taxes payable were LUF 829 million compared to LUF 684 million in 1996 and LUF 499 million in 1995. The LUF 145 million increase in taxes in 1997 compared to 1996 reflected an increase in MBT payable and a provision for CIT, offset in part by a decrease in NWT payable. The LUF 185 million increase in taxes payable in 1996 compared to 1995 was almost entirely due to a LUF 164 million increase in MBT payable.

Net income

The result of the items described above was a 33.6 per cent. increase in net income from LUF 4,796 million in 1996 to LUF 6,406 million for the year ended 31 December, 1997. The 1996 figure was LUF 1,918 million, or 66.7 per cent., higher than net income for the year ended 31 December, 1995 of LUF 2,878 million.

Liquidity and Capital Resources

SES has generally financed its short-term working capital requirements from cash provided by operations and medium-term borrowings. The Company had cash at banks and on deposit of LUF 1,843 million, LUF 3,180 million and LUF 5,595 million as of 31 December, 1995, 1996 and 1997, respectively. Cash generated from operating activities was LUF 6,998 million, LUF 11,811 million and LUF 15,372 million in 1995, 1996 and 1997, respectively. Operating cash flows have grown as revenues have increased because the Company does not have a significant working capital funding requirement.

Cash outflow relating to investing activities was LUF 9,502 million, LUF 13,339 million and LUF 11,020 million as of 31 December, 1995, 1996 and 1997, respectively. This primarily reflected the Company's capital expenditure in additional satellites, which totalled LUF 8,476 million, LUF 12,727 million and LUF 10,193 million in 1995, 1996 and 1997, respectively. As a general matter and assuming no construction delay, cash outflows in respect of satellites tend to be relatively predictable, as contractual payments are made pursuant to construction milestones which are spread over the two to three year construction period. However, launch insurance payments are typically made in two instalments, 5 per cent. at signing and 95 per cent. 30 days prior to launch. Accordingly, cash outflows in respect of satellites tend to increase significantly one month before launch.

Cash inflow from financing activities was LUF 4,014 million, LUF 4,978 million and LUF 1,177 million in 1995, 1996 and 1997, respectively. In 1995, cash inflows resulted primarily from LUF 7,048 million in new borrowings under two syndicated bank facilities, offset in part by a LUF 827 million repayment of outstanding loans and a LUF 2,207 million dividend payment. In 1996, cash inflows resulted primarily from LUF 10,077 million in additional borrowings under the existing syndicated loans plus a new syndicated bank facility and a subordinated loan facility which the Company arranged in July 1996, partly offset by a LUF 3,228 million repayment of outstanding loans and a LUF 1,896 million dividend payment. In 1997, cash inflows resulted from LUF 7,755 million in additional drawdowns on the Company's existing syndicated loan facilities and a final drawdown on the Company's subordinated loan facility, offset in part by a LUF 4,493 million repayment on loans outstanding and a LUF 2,278 million dividend payment with respect to the fiscal year ended 31 December, 1996.

The management of the Company believes that cash from operating activities and funds available from other sources are adequate to fund its working capital and the capital expenditure requirements necessary to complete the ASTRA Satellite System and to maintain the Company's present level of operations.

Indebtedness of the Company

SES currently has three bank loans outstanding with syndicates of Luxembourg and foreign banks and one subordinated loan facility from certain of the Company's shareholders. The terms of each loan provide a set facility against which sums may be drawn during scheduled draw down periods. Drawdown periods under the loans reflect anticipated capital expenditure schedules under the Company's satellite construction contracts. Accordingly, construction delays can result in excess cash balances which the Company then deposits on a short-term basis in interest-bearing bank accounts. Once the drawdown period expires, no additional sums may be advanced under the loans. The drawdown periods under all of the Company's loans had expired as of 31 March, 1998. On such date, the following loans remained outstanding: (i) two syndicated loans with Deutsche Bank Luxembourg, as agent, in the amounts of LUF 5,257 million (due 2000) and LUF 11,750 million (due 2001), (ii) a syndicated loan with Dresdner Bank Luxembourg, as agent, in the amount of LUF 6,764 million (due 2000) and (iii) a subordinated loan made by certain of the Company's shareholders in the amount of LUF 3,750 million (due 1999). As of 31 March, 1998, the average interest rate on the loans ranged between 4.75 per cent. and 5.56 per cent. on the bank loans and 6.84 per cent. on the subordinated loan. All of the loans except the subordinated loan are secured by insurance policies covering certain of SES's satellites and the LUF 5,257 million and the LUF 6,764 million loans described above are secured by the assignment of specific customer contracts.

The Company has established a revolving facility in the amount of LUF 2 billion with BCEE, on behalf of a syndicate of Luxembourg shareholder banks. In addition, SES has arranged a LUF 11,500 million syndicated loan facility with Dresdner Bank Luxembourg, as arranger, which has been fully underwritten by certain shareholder banks. See "Selling Shareholders".

Capital Expenditure

The Company's principal need for capital has been and is expected to continue to be substantial in order to fund the construction and launch of satellites. Investments in satellite construction and launch consist principally of the costs of constructing the satellite, the costs of launch and the costs of insuring the launch of the satellite. Of total capital costs, approximately 40 to 50 per cent. generally consists of construction costs, 30 to 35 per cent. consists of launch costs and 15 to 20 per cent. consists of launch and first-year in-orbit satellite insurance costs. For the three years ended 31 December, 1997, the Company's capital expenditure was LUF 9,501 million, LUF 13,297 million and LUF 11,013 million, respectively. The following table sets forth the Company's planned major capital expenditures for the periods indicated, based upon the Company's current construction schedule. Actual capital expenditure may differ from the amounts set forth below. In particular, although the Company has entered into construction contracts for all four satellites, it could incur additional expenses due to changes in contract specifications or delays. See "Investment Considerations — Technical Risks — Risk of Launch Failure or Delay".

	Cumulative to 31 December, 1997	Year ending 31 December,			
		1998	1999	2000	Total[1]
		(In LUF millions)			
19.2° East					
ASTRA 1H	4,655	3,022	288	—	7,965
ASTRA 1K	207	2,483	4,822	4,519	12,031
28.2° East					
ASTRA 2A	4,648	2,403	251	—	7,302
ASTRA 2B	4,351	3,263	336	—	7,950
Total	13,861	11,171	5,697	4,519	35,248

(1) Comprised of satellite costs (spacecraft, launch, insurance and applicable consulting) but not ground equipment.

Currency Fluctuations

A substantial portion of the Company's capital expenditure is denominated in currencies other than the Luxembourg franc, principally U.S. dollars and ECUs. Revenues are denominated principally in ECUs and Deutschemarks. Accordingly, fluctuations in the value of these currencies, particularly in relation to the Luxembourg franc, can have a significant effect on the translation into Luxembourg francs of foreign currency revenues and expenses. As the Luxembourg franc has recently tracked the Deutschemark, the Company has not been exposed to foreign exchange fluctuations between these currencies. However, there have been fluctuations between the Luxembourg franc and the ECU which resulted in significant gains in 1996 and 1997.

It is the Company's practice to hedge most significant U.S. dollar — denominated capital expenditure transactions to cover foreign exchange risk. As of 31 December, 1997, the Company had purchased forward exchange contracts totalling U.S.$100 million and sold forward exchange contracts totalling DM 145 million.

OVERVIEW OF THE SATELLITE BROADCASTING INDUSTRY

Local, regional and international broadcasters can use one or a combination of three principal methods to make programming and services available to the general public: terrestrial, cable, and satellite. In Europe, terrestrial transmission is used to provide a limited number of television and radio services to the public via over-the-air transmission. Most analogue cable systems distribute a maximum of 30 channels. The introduction of fibre optic and coaxial cables generally increased transmission capacity, allowing additional services to be made available to the public. Satellite transmission further increases capacity and reaches numerous locations over vast distances simultaneously. Satellite can also be used for the distribution and redistribution of services by cable operators and terrestrial television stations. By converting from analogue to digital transmissions, satellites, terrestrial and cable systems are able to increase the number of channels they offer. See "Business — The Satellite Broadcasting Market in Europe — Technological Advances and Declines in Equipment Costs — Digital Video Compression Technology".

Satellite systems currently operate in three types of orbit, low-Earth orbit ("LEO"), medium-Earth orbit ("MEO") and geostationary orbit ("GEO"). As LEO and MEO systems are not geostationary, they are not able to continuously cover the same area on Earth and, accordingly, are impractical for broadcasting and traditional telecommunications usage. In contrast, GEO satellites, such as those comprising the ASTRA Satellite System, are located in a fixed geostationary orbit approximately 36,000 kilometres above the equator. GEO satellites are capable of covering a large portion of the Earth's surface at one time and are thus well suited for point-to-multipoint transmission. GEO satellites are also well suited for connecting a number of locations that cannot be connected efficiently or cost-effectively by terrestrial transmission systems, as the cost of satellite services does not increase with distance and there are no additional costs for connecting domestic, regional and international networks. With broad coverage capability, GEO satellites have commonly been used for distribution of (i) television and radio signals to cable operators and local television and radio stations for redistribution, DTH/SMATV transmissions of video and audio programming which allows video and audio transmissions to be received directly from the satellite to homes and communal residences using receiver dishes as small as 18 inches and supplementary terrestrial transmission networks for the distribution of television and radio programming in remote areas, (ii) international and domestic trunk telephony complementing fibre optic and coaxial cable and microwave backbone networks and (iii) business services, principally for voice, data and video transmissions to private networks, such as VSAT networks, and program exchanges between television broadcasters, including satellite news gathering.

Satellite operators typically provide either satellite infrastructure or the services necessary to establish a satellite communications network. For television programming distribution, these services may consist of providing satellite capacity and providing teleport transmission facilities and other value-added services. Services for business communications networks are generally more extensive and may include providing satellite capacity, procurement and installation of on-site antennae and network design, integration, management, operation and maintenance.

THE ASTRA SATELLITE SYSTEM

General

The ASTRA Satellite System is currently comprised of seven satellites, six of which (ASTRA 1A, ASTRA 1B, ASTRA 1C, ASTRA 1E, ASTRA 1F and ASTRA 1G) are co-located in geostationary orbit at 19.2° East and one of which (ASTRA 1D) is temporarily located in geostationary orbit at 28.2° East. In addition, four satellites are under construction, two of which will be co-located in geostationary orbit at 19.2° East and two of which will be co-located in geostationary orbit at 28.2° East. The ASTRA Satellite System presently has capacity dedicated to the transmission of analogue and digital television and radio channels, as well as multimedia services.

Broadcast satellites are evaluated on their coverage area, the quality of the signal transmitted to the coverage area and the availability of the transponders. Footprint is a measurement of the breadth of a satellite's coverage. A key measurement of signal quality in services like DTH television broadcasting is the intensity of transmission power in the coverage area. A stronger signal enables a customer to use a smaller, lower-cost reception dish on the ground. Availability is determined by considering a satellite's operational "lifetime" as well as the number of transponders capable of providing service. The Company considers all three factors in determining whether a particular satellite is appropriate for its needs.

Broadcast satellites typically transmit signals using either C-band (4 GHz) or Ku-band (11GHz). C-band is used worldwide for satellite communications to transmit signals with minimum interference from atmospheric conditions. C-band frequencies are also used by ground-based microwave systems. In certain parts of the world, C-band satellite transmission dishes must be located far from centres of population to avoid interference with ground-based systems. Since the ITU has allocated portions of the Ku-band spectrum to the exclusive use of satellite communications (called Fixed Satellite Service (FSS) and Broadcast Satellite Service (BSS) bands), Ku-band transponders can be used in urban areas without similar interference concerns. Because of higher available transmission power, Ku-band frequencies can be used in conjunction with dishes that are smaller than dishes that are used in conjunction with C-band frequencies. Ku-band is generally used for the same purposes as C-band as well as for satellite news-gathering (transportable dishes) and in some VSAT applications. The combination of high-power transmitters and small dishes also makes Ku-band suitable for direct-to-home television. Ka-band frequencies constitute a portion of the radio frequency spectrum, approximately 20 to 30 GHz, which is higher than the Ku-band frequencies. Ka-band frequencies have only recently started to be exploited for commercial services.

The footprint of the ASTRA Satellite System provides pan-European coverage. The size of the antenna required to receive programmes from ASTRA satellites is dependent on the footprint, type of transmission (analogue or digital) and the geographical location of the receiving dish within the footprint. Within the main coverage area, 60 cm dishes are generally required for DTH analogue reception and 50 cm dishes are generally required for DTH digital reception. For SMATV, slightly larger dishes are recommended to provide additional margin and to compensate for noise and signal deterioration in redistribution.

Signals from the ASTRA satellites co-located at 19.2° East can be received on a single-feed, fixed parabolic satellite dish fitted with a single, twin or quatro Universal LNB, now the de facto standard across Europe. Reception of the digitally transmitted programmes from ASTRA 1E to ASTRA 1G is possible in the majority of Western Europe and much of Eastern Europe with a 50 cm dish. It is expected that the footprint of ASTRA 1K will cover two distinct areas with two separate beams, one of which may be received in the United Kingdom and the Republic of Ireland with a 60 cm dish for DTH/SMATV analogue reception, and the other of which may be received in Central and Eastern Europe as well as the European part of the CIS with a 50 cm dish for digital reception. Transmissions of digital programmes from the Company's satellites located at 28.2° East, currently ASTRA 1D (and ASTRA 2A when it replaces ASTRA 1D at 28.2° East) and, subsequently, ASTRA 2B, can be received in the United Kingdom and the Republic of Ireland with a 50 cm dish. For an illustration of the footprints of each satellite in the ASTRA Satellite System, the expected footprints of ASTRA 1H, ASTRA 1K, ASTRA 2A and ASTRA 2B, and an indication of the minimum antenna diameter required for satellite dishes in DTH installations, see "Annex B — The Satellite System Footprints".

The following table sets forth certain data concerning the current and future ASTRA satellite fleet.

	In Orbit							To be Launched			
	ASTRA 1A(1)	ASTRA 1B	ASTRA 1C	ASTRA 1D	ASTRA 1E	ASTRA 1F	ASTRA 1G	ASTRA 1H	ASTRA 1K	ASTRA 2A	ASTRA 2B
Launch date	Dec 1988	Mar 1991	May 1993	Nov 1994	Oct 1995	April 1996	Dec 1997	Q4 1998(2)	Q4 2000(2)	Aug 1998(2)	Q2 1999(2)
Orbital position	19.2°E	19.2°E	19.2°E	19.2°E	19.2°E	19.2°E	19.2°E	19.2°E	19.2°E	28.2°E	28.2°E
Expected lifetime at launch (years)(3)	12	12+	15	12	14	15	15	15	13	15	14
Current expected lifetime (years)(3)	13.5	15+	16+	13	14	24	17	—	—	—	—
Transponder capacity—End of Life (Ku-band)	12	14	18	18	18	20	28	28(4)	46 + 2 Ka	28	28
Transponder bandwidth (MHz)	26	26	26	26(FSS) 33(BSS)	26(FSS) 33(BSS)	26(FSS) 33(BSS)	26(1G) 33(1E/1F)	33(BSS) 500(Ka)	26(Ku) 500(Ka)	26(1G) 33(1E/1F)	26(1G) 33(1E/1F)

(1) ASTRA 1A and ASTRA 1B were manufactured by GE Astro Space (now Lockheed-Martin Telecommunications Corp.) and ASTRA 1C, ASTRA 1D, ASTRA 1E, ASTRA 1F, ASTRA 1G and ASTRA 2A were manufactured by Hughes. ASTRA 1H is under construction by Hughes, ASTRA 2B is under construction by Matra-Marconi Space and ASTRA 1K is under construction by Aérospatiale.

(2) Expected.

(3) Anticipated available fuel lifetime.

(4) Can be reconfigured to provide two Ka-band transponders and a minimum of 16 Ku-band transponders.

The Existing Satellites

The Company's satellite transponder capacity can be used for the transmission of either analogue and digital services. If used for analogue transmission, the capacity on each transponder enables the Company to transmit one analogue video channel and several audio channels. Generally, a customer will use the video channel plus two audio channels to provide stereo sound, leaving the remaining audio channels, known as sub-carriers, available for radio transmissions. Digital compression technology enables the transponders to broadcast between six to eight video services per transponder, depending on programming.

The Company's satellites are relatively new, with five of the seven satellites having been operational for less than five years. One common characteristic of all existing SES satellites is that each transponder operates at a unique frequency range in each of two polarisations (horizontal and vertical) so as not to interfere with the other transponders on the satellite. Another feature common to SES satellites is the provision of additional on-board equipment to provide service continuity in the event of an equipment fault. In addition, because of the co-location of the Company's satellites, transponders on one satellite can be replaced by similar transponders on another satellite operating in the same frequency. To date, the intersatellite protection system has been used as a means of balancing transponder load between satellites and to allow the timely start of new services at 28.2° East by freeing up the entire capacity of ASTRA 1D at 19.2° East. See "— Orbital Slot at 28.2° East".

The initial design life of the Company's satellites ranges from 10 to 15 years from deployment. At a satellite's "end of life", traffic is switched to a replacement satellite using standard procedures and the satellite is placed in a higher altitude circular orbit. End of life is reached when the quantity of on-board fuel is just sufficient to "de-orbit" the satellite.

Orbital Slot at 19.2° East

The Company commenced operations of the ASTRA Satellite System at the orbital slot at 19.2° East in 1988. By locating six of its satellites at the same orbital slot, the Company is able to provide 120 active transponders that can be accessed by a single-feed, fixed parabolic satellite dish. This allows customers to receive a full range of channels and other services with a single fixed dish.

ASTRA 1A - 1D

Operating at 19.2° East, the first four satellites in the ASTRA Satellite System, ASTRA 1A-1D, carry analogue TV and radio services, the majority of which are intended for viewers in Germany, the United Kingdom and the Republic of Ireland. These satellites operate in the frequency range 10.70-11.70GHz, which is known as the ASTRA Low Band, and each transponder can broadcast one analogue TV channel, with the associated stereo soundtracks, and up to four additional soundtracks or radio stations and a number of ASTRA Digital Radio services.

Launched in 1988, ASTRA 1A is currently capable of operating up to 14 transponders simultaneously. Launched in 1991, ASTRA 1B is currently capable of operating up to 16 transponders simultaneously. Each of ASTRA 1A and ASTRA 1B's transponders has a bandwidth of 26 MHz and a nominal signal power of 51 dBW. ASTRA 1A provides 16 channel capacity in the 11.20-11.45GHz frequency range (A-Band), while ASTRA 1B provides 16 channel capacity in the 11.45-11.70GHz frequency range (B-Band). Both satellites were designed to operate continuously for 10 years in space from initial deployment and have sufficient propellant to operate in excess of 12 years. The Company expects to take ASTRA 1A and ASTRA 1B out of regular service at the 19.2° East orbital position at the end of their respective ten-year lifetimes.

ASTRA 1C and ASTRA 1D were launched in 1993 and 1994, respectively. Each satellite has 20 Ku-band transponders having a bandwidth of 26 Mhz each in FSS (ASTRA 1D has additional selectable channels with 33Mhz of bandwidth in BSS). ASTRA 1C provides 34 channel capacity (providing full back-up for ASTRA 1A) and ASTRA 1D provides 66 channel capacity, in the 10.70GHz-12.10GHz frequency range (providing full back-up for ASTRA 1C, ASTRA 1B and ASTRA 1E). ASTRA 1C and ASTRA 1D were designed to operate continuously for 15 years in space from initial deployment and have sufficient propellant on-board to operate for 15 years and 12 years, respectively. ASTRA 1D has been temporarily relocated to the Company's orbital slot at 28.2° East.

In 1993, SES introduced the ULNB to the reception equipment manufacturing industry. The ULNB covers the whole Ku-band spectrum of frequencies from 10.70 to 12.75 GHz. As the industry was not willing to invest in the production of ULNBs before ASTRA 1E and ASTRA 1F were operational, SES decided in 1994 to introduce a scheme to subsidise the manufacturers for each ULNB produced and sold into the ASTRA market. Between 1995 and 1996, the Company paid manufacturers of such equipment LUF 798 million, the maximum agreed amount of the subsidy. As a result, approximately 5 million ULNBs were sold into the ASTRA market, creating the equivalent number of digital ready households. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Years Ended 31 December, 1995, 1996 and 1997 — Other Operating Expenses".

ASTRA 1E and 1F

ASTRA 1E and ASTRA 1F are currently being used to deliver digital TV and radio programming packages for France, Germany, Spain, Poland, Switzerland, Austria and the Benelux countries. These satellites transmit on frequencies in a segment of the ASTRA High Band (11.70-12.75GHz) and, together with ASTRA 1G, occupy all the available broadcast frequency in the ASTRA High Band at 19.2° East.

Launched in 1995, ASTRA 1E can operate up to 20 Ku-band transponders for the first five years and 18 thereafter, having a bandwidth of 26 Mhz each in FSS and 33Mhz in BSS. Serving as full back-up for either ASTRA 1B, ASTRA 1C or ASTRA 1D, ASTRA 1E provides 66 channel capacity. In its primary role, ASTRA 1F will provide digital television services in the BSS band and in its secondary role, will provide back-up to ASTRA 1A. ASTRA 1F, which was launched in 1996, can operate up to 22 Ku-band transponders for the first five years and 20 thereafter, having a bandwidth of 26 Mhz each in FSS and 33Mhz in BSS. Its primary function will be to provide digital television channels in the BSS band. ASTRA 1E and ASTRA 1F each have a design life of 15 years.

ASTRA 1G

The launch of ASTRA 1G on 3 December, 1997 completed the Company's objective of establishing itself as the first provider of transponder services in the entire Ku-frequency range (10.70-12.75GHz) at one orbital position, 19.2° East. ASTRA 1G is currently being used to deliver digital programming packages across Europe. ASTRA 1G has also served to enhance the overall flexibility of the ASTRA Satellite System due to its added transponder capacity, which has permitted the temporary relocation of ASTRA 1D to 28.2° East in March 1998. See "The ASTRA Satellite System — The Relocation of ASTRA 1D".

ASTRA 1G can operate up to 28 Ku-band transponders simultaneously for the first five years having a bandwidth of 26 Mhz each in FSS and 33Mhz in BSS. ASTRA 1G has a design life of 15 years.

Satellites Under Construction

In addition to its seven operational satellites, the Company also has four satellites under construction with three of the world's leading satellite manufacturers, Hughes (ASTRA 2A and ASTRA 1H), Matra Marconi Space (ASTRA 2B) and Aérospatiale. (ASTRA 1K). See "Business — Key Suppliers". With the launch of these four satellites, the Company intends to consolidate its leading market position in Europe, expand the ASTRA footprint to neighbouring markets in the CIS and Russia, further develop the provision of digital services in the European market and initiate return path capability.

Orbital Slot at 19.2° East

ASTRA 1H

Currently scheduled to be launched during the fourth quarter of 1998, ASTRA 1H is expected to provide additional in-orbit security for the ASTRA Satellite System at 19.2° East, providing full digital back-up capability for either ASTRA 1E, ASTRA 1F or ASTRA 1G as well as full replacement capacity for ASTRA 1A. In addition, ASTRA 1H will be the first ASTRA satellite carrying two transponders in the Ka-band frequency spectrum (29.50-30.00GHz) capable of providing a direct satellite path that will permit any user to have a terminal permanently connected to a fully integrated two-way multimedia/data/video/audio communication network via satellite. See "— ASTRA 1K" and "Business — Services — Interactive and Multimedia Services — The ASTRA Return Channel System". This frequency spectrum, which is higher than the Ku-band frequency spectrum (10.70-12.75GHz) used by the ASTRA Satellite System for broadcasting, will enhance the ASTRA Satellite System's ability to transmit large quantities of data at high speed and will allow thousands of users to access services concurrently at faster speeds than is possible along current hardwired systems.

ASTRA 1H will have the capability to operate up to 32 Ku-band transponders simultaneously for the first five years and 28 thereafter (assuming no Ka-band transponders are operating) having a bandwidth of 26 Mhz each in FSS and 33Mhz in BSS (the Ka-band transponder has 500 MHz bandwidth). ASTRA 1H is expected to provide 56 channel capacity, in frequency bands ranging from 11.70GHz to 12.75GHz, assuming no Ka-band transponders are operating. If the two Ka-band transponders are operating, ASTRA 1H will have the capacity to operate a minimum of 16 Ku-band transponders. ASTRA 1H has a design life of 15 years.

ASTRA 1K

ASTRA 1K will be the largest and most versatile satellite in the ASTRA Satellite System. It will be located at 19.2° East following its scheduled launch at the end of 2000.

ASTRA 1K will have the capability to operate up to 52 Ku-band transponders simultaneously and two Ka-band transponders simultaneously for the first five years of operation and 46 Ku-band transponders and two Ka-band transponders at the end of its life. Its transponder bandwidth will be 26 MHz in the Ku-band and 500MHz in the Ka-band. ASTRA 1K has a design life of 13 years.

The Company has commissioned the construction of ASTRA 1K by Aérospatiale to serve three distinct missions. First, ASTRA 1K will provide full replacement capacity for ASTRA 1B, plus partial back-up capacity for ASTRA 1C and ASTRA 1D. The satellite will also provide full switching capability for at least 46 of 64 FSS frequency bands (10.70-11.70GHz) on a pan-European coverage which will allow ASTRA 1K to, for instance, replace up to three ASTRA satellites in the low Ku-band. This mission will permit ASTRA customers to continue to broadcast analogue services well into the next millennium.

Second, ASTRA 1K will create additional transmission capacity at 19.2° East and extend the geographic coverage area of the ASTRA Satellite System to Central and Eastern Europe through the re-use of Ku-band frequencies on two beams. One beam will cover primarily the United Kingdom and Ireland while the other beam will cover Central and Eastern Europe and the European portion of the CIS. Each beam will be able to support up to 24 transponders simultaneously, and transmission capacity may be customised for individual broadcasters targeting specific markets. When operated in full frequency re-use mode, ASTRA 1K will increase the overall transmission capacity at 19.2° East from 120 transponders to 144.

Third, ASTRA 1K will feature the Company's second Ka-band payload for two-way asymmetric satellite communications. As well as providing full back-up capacity for ASTRA 1H's return path Ka-band payload, ASTRA 1K will also provide for a geographical extension of ARCS to the same regions covered by the satellite in the Ku-band (Central and Eastern European and the European portion of the CIS). Furthermore, to meet changing communications traffic demand, SES will be able to distribute variable portions of the overall 500 MHz Ka-band frequency spectrum within 16 regions in the covered area.

ASTRA 1H and ASTRA 1K will provide a technically advanced hybrid Ku/Ka-band satellite system well in advance of the next generation systems being developed in the industry which are not expected to be operational until 2003 for geostationary satellites and 2005 for low-orbit satellites.

Orbital Slot at 28.2° East

To meet the growing demand from broadcasters for additional transmission capacity, and particularly the demand for digital satellite services, and as the entire range of Ku-band frequencies at 19.2° East was being utilised, the Company recently opened a second orbital slot at 28.2° East. Although the Company is authorised to utilise only a portion of the frequencies available at 28.2° East, the new capacity at the second orbital slot will enable broadcasters to use the ASTRA Satellite System to deliver hundreds of digitally compressed services direct to customers in Europe. The Company originally intended to open the second orbital slot at 28.2° East with the launch of ASTRA 2A during the third quarter of 1997. However, due to satellite construction delays and delays caused by the investigation of the launch failure of AsiaSat3 in December 1997 on a Proton launch vehicle, the Company opened the second orbital slot by temporarily relocating ASTRA 1D to 28.2° East to transmit digital television services to the United Kingdom and the Republic of Ireland pending the launch of ASTRA 2A. The ability to relocate ASTRA 1D was made possible by the spare capacity (21 transponders) which became available after the launch of ASTRA 1G. ASTRA 1D was selected because it can operate 18 transponders in the E-Band (11.70-12.10GHz) downlink. It is expected that ASTRA 1D will be relocated back to its original orbital slot at 19.2° East in August 1998 following the launch and deployment of ASTRA 2A. The relocation has had no effect on the ASTRA Satellite System at 19.2° East, and the effect on the lifetime of ASTRA 1D is expected to be minimal.

On 19 June, 1998, the Company agreed with the Nordiska Satellitaktiebolaget ("NSAB") to lease transmission capacity on NSAB's Sirius 3 satellite, scheduled to be launched in the third quarter of 1998, for a period of up to 12 months. The satellite will be used by the Company to provide back-up capacity for ASTRA 2A. In addition, Sirius 3 will make available additional transponder capacity to meet demand for transmission capacity from broadcasting customers targeting the U.K. and Irish markets.

ASTRA 2A

ASTRA 2A is currently expected to be launched in August 1998 and will provide digital television and radio programming to the United Kingdom and the Republic of Ireland, and will transmit on frequencies in the ASTRA High Band. ASTRA 2A is expected to have the capacity to operate up to 32 Ku-band transponders simultaneously for the first five years and 28 thereafter having a bandwidth of 26 Mhz each in FSS and 33Mhz in BSS. ASTRA 2A has a design life of 15 years.

ASTRA 2B

ASTRA 2B, which is under contract with Matra-Marconi Space, is currently expected to be launched in the second quarter of 1999. ASTRA 2B is expected to provide digital television and radio programming to the United Kingdom and the Republic of Ireland and provide services other than DTH/SMATV to Deutsche Telekom. Like ASTRA 2A, ASTRA 2B will transmit on frequencies in the ASTRA High Band and thus provide back-up capacity for ASTRA 2A. ASTRA 2B will have the capability to operate up to 30 Ku-band transponders simultaneously for the first five years and 28 thereafter having a bandwidth of 26 Mhz each in FSS and 33Mhz in BSS. ASTRA 2B has a design life of 15 years.

Satellite Launch Arrangements

The Company operates a dual launch policy pursuant to which it contracts with both Arianespace and LKE for the Company's planned satellite launches. This enables the Company to maintain flexibility in the event of technical difficulties or a request from a launch provider for a significant postponement.

Prior to the launch of ASTRA 1F and ASTRA 1G by LKE on Proton launch vehicles, all of the Company's satellites had been launched by Arianespace on Ariane launch vehicles. In December 1995, the Company signed a long-term agreement with Arianespace (the "Arianespace Launch Contract"). The Arianespace Launch Contract, as amended, covers three ASTRA launches on Ariane 4 or Ariane 5 launch vehicles with an option for one additional launch, all of which must take place between 1 January, 1999 and 30 June, 2001 and all of which are defined as shared launches. The Arianespace Launch Contract provides that, with the exception of the launch reservation for ASTRA 2B in 1999, the Company may reschedule any launch reservation, provided that a corresponding written request is received by Arianespace no later than 24 months prior to the first day of the relevant launch period. The Arianespace Launch Contract provides for a replacement launch in case of a launch failure, the cost of which must be paid by the Company.

In September 1993, the Company signed a long-term agreement with LKE (the "LKE Launch Contract"). The LKE Launch Contract, as amended, covers five launches between the first quarter of 1996 and the third quarter of 1999. ASTRA 1F and ASTRA 1G were successfully launched by LKE on 9 April, 1996 and 3 December, 1997, respectively. Following the launch of ASTRA 2A, two launch periods will remain under the LKE Launch Contract. The launches on Proton are single launches. The LKE Launch Contract provides for a replacement launch in case of a launch failure, the cost of which must be paid by the Company. For any Proton launch, both the Company and LKE have the right to postpone either the launch period or the launch slot, provided that liquidated damages are paid by the postponing party if the postponement exceeds six months.

The Company expects to launch ASTRA 2A on a Proton launch vehicle from LKE's launch base in Kazakhstan in August 1998 and expects to launch ASTRA 2B on an Ariane launch vehicle from Arianespace's launch base in French Guyana in 1999. The design of ASTRA 1H and ASTRA 1K will permit their launch on either a Proton or Ariane launch vehicle.

The ASTRA Master Control Facility

The Company operates a Master Control Facility, which includes the Digital Transmission Facility, the Satellite Control Facility, the powerplant, the Back-up Satellite Control Facility and the Central Delivery Point, at its headquarters in Betzdorf. Equipped with the latest satellite communications hardware and dishes for in-orbit tracking, telemetry and uplink facilities as well as television-receive-only equipment, the facility monitors the ASTRA satellites 24 hours a day, 365 days a year. SES was the first company in the world to operate as many as six co-located satellites, which places additional demands on the Company's ground facilities. SES employs approximately 40 experienced satellite and communications specialists and engineers to control and monitor continuously ASTRA's satellites in a geostationary orbit. Telemetry, tracking and command ("TT&C") operations with the ASTRA satellites are carried out at the Master Control Facility.

Once a satellite is placed at its orbital location, it is controlled and maintained until the end of its in-orbit life. The Company's engineers periodically make necessary minor adjustments to each satellite's attitude and conduct east-west and north-south stationkeeping manoeuvres, thus ensuring that the Company's satellites maintain their proper orientation and orbital position. In addition, commands transmitted from the Master Control Facility can switch transponders in and out of service, control the charging and discharging of the batteries, activate back-up equipment and engage other control functions.

The Master Control Facility currently operates 10 antennae and transmission facilities as well as equipment and facilities, such as radio frequency equipment, baseband units, ground monitoring systems, data processing systems and communication traffic monitoring systems. Each antenna is capable of controlling any of the Company's satellites. The Master Control Facility maintains its own co-generator systems to provide a continuous supply of electricity in the case of a power outage, and its air conditioning and ventilation systems back up each other.

The Master Control Facility currently is designed to control and monitor up to eight satellites. As additional satellites are brought into the ASTRA Satellite System, the Company intends to expand its TT&C operations and will obtain additional adjacent property for that purpose. See "Business — Properties".

The Master Control Facility operates with several back-up systems in place. In the event of an operational failure of the facility's main computer, a stand-by computer will come into operation to operate the ASTRA Satellite System. Additionally, a separate building in Betzdorf houses development equipment which can also be brought into use should the main and stand-by computer equipment in the facility become inoperable. The Company is currently constructing a back-up control facility in Cloche-d'Or, which is approximately 25 kilometres from Betzdorf. The Company expects this facility to be operational by the end of 1998.

Customer Technical Qualifications and Support

Before uplink communication with its satellites is permitted, the Company's customers are required to meet the Company's performance and operations specifications. The purpose of these requirements is to confirm that the customer's equipment operates within the Company's specifications in order to minimise interference with other customers on the same satellite or users on neighbouring satellites. The Company's engineers will meet with the customers to advise on the adjustments required to be made to the customer's equipment in order to minimise interference. Since the launch of ASTRA 1A in 1988, SES has qualified for uplink to the ASTRA Satellite System 89 main television uplinks and five transportable earth stations. This required performing 133 acceptance tests on uplink facilities and 41 on transportables.

One of the Company's main functions is to provide technical support to customers. The Company helps customers determine and evaluate their equipment configuration, carrier modulation, bandwidth and power requirements, design their networks and calculate link budgets.

The NOC and DINO were designed and implemented by the Company to monitor and measure communications parameters at the Company's headquarters in Betzdorf. The NOC and DINO are also used to assist in customer earth station qualification and analysis of anomalies. The NOC and DINO measure power, frequency, bandwidth, carrier-to-noise ratio and other communications performance characteristics.

Insurance

The Company maintains launch, in-orbit and third-party insurance for all of its satellites currently in orbit as well as for ASTRA 2A, ASTRA 1H and ASTRA 2B, which are currently expected to be launched in August 1998, the fourth quarter of 1998 and the second quarter of 1999, respectively. The Company is not aware of any reason why it would not be able to renew existing insurance for its satellites on normal commercial terms. The Company's insurance policies have standard provisions and customary exclusions.

Launch and In-orbit Insurance

The Company maintains launch and in-orbit insurance with leading international insurance companies and a number of Lloyds' syndicates. The launch and initial in-orbit insurance policy, in the amount of ECU 200 million for each of ASTRA 1G and ASTRA 1H and ECU 225 million for each of ASTRA 2A and ASTRA 2B, provides coverage for the partial loss of the satellite's communications capacity and the total loss, destruction or failure of the satellite. Constructive total loss is defined as loss of more than 50 per cent. of the satellite's communications capacity. The launch and initial in-orbit insurance policy provides coverage for claims arising from occurrences up to five years after the launch of the satellite. The launch and initial in-orbit policy currently in effect is effective for the later of 36 months from 1 September, 1996 or five years from the time of the launching of the satellite (provided that the launch occurs prior to the expiry date of the policy on 1 September, 1999). The Company pays premiums which vary by satellite in three instalments. The first payment is paid upon execution of the insurance policy, the second instalment is paid 30 days prior to the launch of the satellite and the final instalment is paid on the second anniversary of the launch of the satellite. The insurance premiums for the first year in orbit are capitalised and included in the value of the satellite which is depreciated.

The following table sets forth details regarding the launch and initial in-orbit insurance cover and the launch dates for ASTRA 1G, ASTRA 1H, ASTRA 2A and ASTRA 2B.

Satellite	Launch Date	Launch Vehicle	Sum Insured[1][2]
ASTRA 1G	3 December, 1997	Proton	ECU 200 million (LUF 8,156 million)
ASTRA 1H	4th Quarter 1998	Ariane or Proton[3]	ECU 200 million (LUF 8,156 million)
ASTRA 2A[4]	August 1998	Ariane or Proton[3]	ECU 225 million (LUF 9,176 million)
ASTRA 2B	2nd Quarter 1999	Ariane or Proton[3]	ECU 225 million (LUF 9,176 million)
ASTRA 1K	4th Quarter 2000	Ariane or Proton	Under negotiation

(1) Agreed sums, although may be renegotiated by the Company.

(2) ECU amounts are translated, solely for the convenience of the reader, into Luxembourg francs at the exchange rate on 31 December, 1997 of LUF 40.78 = ECU 1.00.

(3) Subject to not being launched on Ariane 502 or 503.

(4) Subject to full technical briefing and acceptance by all insurance underwriters.

In-orbit Insurance

The Company maintains in-orbit insurance with respect to periods subsequent to a satellite's first year of operation with leading international insurance companies and a number of Lloyds' syndicates. The Company has purchased satellite in-orbit insurance, which covers all satellites in orbit (except ASTRA 1G, for which in-orbit insurance will come into effect in 1999) for three years beginning 1 September, 1997 (subject to valuation and earnings potential). Such insurance provides protection only against the total loss, destruction, damage to or failure of the satellite to operate in accordance with design specifications. Constructive total loss is defined as the loss of more than 50 per cent. of the satellite's communications capacity. The first year of in-orbit insurance is included in the amount of the satellite to be capitalised.

The following table sets forth the amount of in-orbit insurance cover for ASTRA 1A, ASTRA 1B, ASTRA 1C, ASTRA 1D, ASTRA 1E and ASTRA 1F. As the table illustrates, the Company maintains in-orbit insurance cover significantly in excess of the book value of its satellites.

Satellite	Insured Value as of 31 December, 1997[1]	Net Book Value as of 31 December, 1997[1]
ASTRA 1A ..	ECU 75 million (LUF 3,059 million)	ECU 14 million (LUF 562 million)
ASTRA 1B ..	ECU 125 million (LUF 5,098 million)	ECU 51 million (LUF 2,082 million)
ASTRA 1C ..	ECU 180 million (LUF 7,340 million)	ECU 94 million (LUF 3,844 million)
ASTRA 1D ..	ECU 195 million (LUF 7,952 million)	ECU 130 million (LUF 5,282 million)
ASTRA 1E ..	ECU 210 million (LUF 8,564 million)	ECU 150 million (LUF 6,100 million)
ASTRA 1F ..	ECU 200 million (LUF 8,156 million)	ECU 131 million (LUF 5,345 million)

(1) ECU amounts are translated, solely for the convenience of the reader, into Luxembourg francs at the exchange rate on 31 December, 1997 of LUF 40.78 = ECU 1.00.

Third-party Insurance

The Company maintains separate third-party insurance in the amount of ECU 400 million for damages for physical injury and/or property damage arising from an occurrence with a satellite.

REGULATION

Luxembourg has jurisdiction over the satellites comprising the ASTRA Satellite System. Luxembourg is a member of the ITU, the body responsible for establishing the regulatory framework for international telecommunications. As a member of the ITU, Luxembourg has the same rights as other ITU members to use frequency spectrum and corresponding orbital positions.

The Company was first granted rights by the Government in September 1988 under a concession agreement, or "Contrat de Concession", and an associated term sheet, or "Cahier des Charges", enabling the Company to operate satellites at the orbital slot at 19.2° East. The Company entered into a new Contrat de Concession with the Government on 27 July, 1993, at which time the Government issued a new Cahier des Charges. Both were adapted on 12 March, 1998 to include use of the Ka-band and the orbital slot at 28.2° East.

International Regulation

The ITU, a specialised agency of the United Nations of which most countries in the world are members, establishes rules and regulations relating, among other things, to the co-ordination of the international use of the radio frequency spectrum and corresponding orbital positions. See "Regulation — Allocation of Frequency". The Company is required to comply with all provisions of the ITU Convention and other applicable international treaties to which Luxembourg is a party.

Allocation of Frequency

General

The ITU's Radio Regulations are designed to coordinate the use of frequencies and associated orbital positions and to prevent harmful interference. The assignment process for the use of frequencies and orbital slots consists of four stages: advance publication, coordination, notification and registration. The Government is responsible for undertaking all of these steps on behalf of the Company. See "— The Company's Contrat de Concession".

Once an orbital slot has been requested and the Radiocommunication Bureau is notified, other countries may inform the Radiocommunication Bureau of any conflicts with their present or planned use of the orbital slot. When a conflict or potential conflict is noted, countries must negotiate in an effort to co-ordinate the proposed uses and resolve any interference concerns. The Radiocommunication Bureau may be asked to assist in resolving any dispute arising in connection with proposed uses of frequencies and orbital locations. However, no binding dispute resolution mechanism exists, and if there is no agreement, a satellite system will not be entitled to protection from interference under international law. Any country may place a satellite or earth station in operation without co-ordination and notification. However, if it does so the satellite or earth station is not entitled to registration in the ITU's Master International Register and to agreed freedom from interference. In addition, within the European Union, the Radio Regulations and any changes thereto are subject to reservation if such changes conflict, or might conflict, with the Treaty of Rome (as amended) (the "EU Treaty") or community law.

The Company's orbital slot at 19.2° East is registered in the Master International Register of the ITU with freedom from interference. However, the Company's slot at 28.2° East is subject to a frequency claim from France at the neighbouring orbital position at 29° East for the use of the same frequencies as SES.

Orbital Position at 28.2° East

Based on market developments, the Company identified the need for additional orbital positions as no further broadcasting frequencies were available at 19.2° East. In 1994, eight filings were made by the Government on behalf of the Company for frequency spectrum and corresponding orbital positions, including for the orbital position at 28.2° East. Two prior filings existed that were close to 28.2° East. The first was for the Kepler project filed in January 1988 on behalf of Deutsche Telekom at 28.5° East. The second was for the Europesat project filed in May 1989 on behalf of Eutelsat at 29° East, which had been based around the D2 MAC broadcasting standard which failed to achieve commercial acceptability and was abandoned by the broadcasting industry in 1992. On the basis that the projects had not been brought into use within the relevant period of eight years, the corresponding filings for these projects were expected to expire in January 1997 and May 1997, respectively. As a result, the Company concluded that it would not encounter interference at 28.2° East and decided to pursue this slot as its second orbital position.

However, Luxembourg and France, acting as the notifying authorities for SES and Eutelsat, respectively, are involved in conflicting claims over the use of frequencies at the orbital arc at 28.2°/29° East. See "Business — Legal and Regulatory Proceedings".

The Company's Contrat de Concession

Consistent with the Média Electroniques law of 30 July, 1991 (the "Média Electroniques Law"), the Company is currently operating under a Contrat de Concession and a Cahier des Charges, both of which were adapted on 12 March, 1998. Under the Contrat de Concession and the Cahier des Charges, the Company has, subject to the Government having secured or securing such frequencies from the ITU for the Company, the exclusive right to set up and operate a Luxembourg satellite system including a system operating at the orbital positions at 19.0°-19.2° East and 28.0°-28.2° East using the Ku frequency bands (FSS and BSS) and Ka frequency bands. The concession may be extended to orbital positions at other orbital arcs. The concession comprises the right to make transponder capacity available to users for the transmission of programmes and services. The Company's concession also includes the right to establish, on Luxembourg territory, one or more earth stations to assist in the operation of its satellites, to perform TT&C operations and to provide communication links with its satellites. Apart from its concession, the Company is not required under the Média Electroniques Law to obtain any other licences or regulatory authorisations in order to provide space segment capacity for broadcasting activities.

The concession granted to the Company is non-transferable and expires on 31 December, 2015 but may be renewed. The concession provides that good faith negotiations on the renewal of the concession shall commence at the request of either party starting 2012. If no agreement is reached by 1 January, 2014, the concession will automatically be extended on a non-exclusive basis for the operational life of any of the then existing satellites. The Company is aware of no reason why its concession would not be renewed.

The Company's Cahier des Charges

Exploitation of concession

Under the Contrat de Concession and the Cahier des Charges, the Company is required to make due effort to ensure continuous and regular exploitation of its concession at an optimum level to obtain long-term maximum financial profitability. SES is required to constantly improve its services to users through the implementation of economically justifiable new techniques, endeavour to obtain the maximum benefit from the exploitation of its concession and collaborate with the Government to develop new activities related to its concession. The Company may not abandon or interrupt the exploitation of its concession other than in exceptional circumstances or as a result of force majeure. The Company shall not be considered to have abandoned or interrupted the exploitation of its concession as long as it operates at least one satellite.

The Company pays an annual concession fee to the Luxembourg treasury. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — General — Franchise Fee and Taxes".

Users

The Company is authorised to enter into agreements for the use of transponder capacity with users on such commercial and other terms as the Company may agree, subject to such users undertaking to be bound by and comply with the relevant conditions of the Cahier des Charges and to the Government not having objected to the user after notification by the Company. To date, the Government has not exercised this right of refusal. In addition, users are required to comply with their relevant national legislation and any applicable international conventions. See "Regulation — Broadcasting Regulation". Any total or partial transfer of its transponder capacity by a user is subject to the Company's approval.

If a user seriously breaches either its transponder agreement or the provisions of the Cahier des Charges and continues to do so notwithstanding notice given by the Company, the Government can require the Company to suspend transmission of the user's broadcasts. In the event the transponder contract is suspended for such a breach, no compensation will be payable to the user by either the

Company or the Government. To date, the Government has not required the Company to suspend a user's broadcasts.

Government Supervision

The Government is entitled to appoint up to three commissioners to supervise the Company's compliance with the Contrat de Concession and the Cahier des Charges. Currently, the Government has appointed one commissioner, who may participate in general meetings of shareholders and meetings of the Board or any Board committees of the Company or its subsidiaries. The commissioner may oppose any measure taken or envisaged by the Company that would be contrary to national law or international conventions applicable to Luxembourg, the Contrat de Concession, the Cahier des Charges or the vital interests of Luxembourg. The commissioner may suspend any measure which he opposes and the Company would have five days to appeal against such suspension, failing which the suspension becomes a permanent veto. The Company's right of appeal is to the Government which is required to decide any appeal within 21 days.

The Articles may not be modified without the Government's prior written approval. In addition, certain allocations or transfers of shares in the Company require the Government's written approval. See "Description of Share Capital".

Modification of the Cahier des Charges

If the Cahier des Charges is modified in a manner which affects the financial and commercial balance of the Contrat de Concession unfavourably to the Company, the Government must compensate the Company for any losses and any shortfall in earnings, failing which the Company can terminate its concession on 12 months' notice without liability for compensation. Any modification of the Cahier des Charges which permanently disrupts the financial and commercial balance between the Government and the Company will be treated as a withdrawal of the concession and the Government will be liable to compensate the Company for losses incurred and other damages, together with any loss in future earnings.

The Government is not responsible for any loss the Company suffers if the conditions within which the Company operates change dramatically in a manner which could not have been reasonably foreseen at the time the concession was granted. However, if such a change occurs, the Company has the right to require that the Cahier des Charges be revised to reflect the new circumstances. If the Government refuses to amend the Cahier des Charges or the proposed amendment is considered insufficient by the Company on reasonable grounds, the Company may terminate its concession on 12 months' notice without liability for compensation.

Withdrawal or Suspension of Concession

The Company's concession may be withdrawn in whole or in part if it or one of its subsidiaries remains in serious breach of the Contrat de Concession or Cahier des Charges, having failed to comply with a first notice to remedy the specified breach within a reasonable time set by the Government and having then continued to fail to remedy such breach after a further notice within the time specified in such further notice. Any such withdrawal is subject to the Government having requested SES and the commissioners to present their views in writing. Subject to the same procedure, the Government may deprive the Company of all or part of its exclusivity if the Company fails to continuously and regularly exploit its concession at an optimum level to obtain long-term maximum financial profitability.

Upon the withdrawal of the concession by reason of a serious breach by the Company or one of its subsidiaries of the Contrat de Concession or the Cahier des Charges, the Company will forfeit all rights associated with its concession and the Government shall be entitled to become the owner of the Company's satellites, control facilities and other equipment and to be substituted as a party to any agreements necessary for the exploitation of the withdrawn concession. The Company will be entitled to fair and equitable compensation before any property rights are so transferred. If the Government decides to withdraw the Company's concession in whole or in part for any other reason, the Government must give 12 months' notice and the Company is entitled to compensation for all damages suffered by it, including any loss in future earnings.

The Company believes that the Government has no present intention to withdraw the Company's concession.

Insurance

The Company is required to purchase third-party liability insurance at reasonable premiums to cover any damage that may be caused by an ASTRA satellite and to designate the Government as a co-insured. See "The ASTRA Satellite System — Insurance".

Compliance with Laws

The Company is also required to comply with Luxembourg laws and international conventions in force in Luxembourg which are applicable to its activities, including the provisions of the ITU Convention and the Radio Regulations as well as the Final Acts of relevant ITU conferences, as soon as such final acts come into force in Luxembourg.

Broadcasting Regulation

The European Union's Television Without Frontiers Directive is particularly important to the business of the Company (Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities). The purpose of the Television Without Frontiers Directive is to establish minimum standards regarding programme content which member states are required to impose on broadcasters whose transmissions originate from the member state's territory. These standards do not apply in respect of broadcasts intended for reception only in the state of transmission. The applicable law of a broadcast is that of the member state in which the broadcaster is established. The Directive provides, among other things, that television programmes properly licensed in one member state of the European Union may be permitted to be freely retransmitted in other member states. To the extent the broadcasters whose programmes the Company transmits are appropriately licensed in a member state, there are no additional broadcasting licensing requirements on the Company. This adds significantly to the ease with which the Company can undertake its business. The Company undertakes contractual due diligence to ensure that broadcasters are properly licensed and requests a copy of the relevant licence in each case. The original Directive has been implemented in Luxembourg by the Média Electroniques Law of 30 July, 1991. The revisions to the Television Without Frontiers Directive (Directive 97/36/EC), which have not yet been implemented into Luxembourg law, do not have any significant effect on the Company's business.

The EU's Advanced Television Directive (Directive 95/47/EC) regulates conditional access systems used for pay television services and standards for the transmission of digital television signals. It provides for, among other things, non discriminatory access to conditional access services and the licensing of intellectual property rights in such systems.

The Company itself requires no licences in relation to the encryption of programmes broadcast from the ASTRA Satellite System and the encryption method used, if any, is left to the discretion of the Company's customers.

Telecommunications Regulation

The Company will require a telecommunications licence from the Government in the future in respect of the provision of its direct return channel system, ARCS. See "Business — Services — The ASTRA Return Channel System". The Company envisages no particular problems or delays in obtaining an appropriate licence in Luxembourg at the relevant time. However, the Company or its customers will also need telecommunications licences in other countries in relation to the use of ARCS and other new services.

Competition Law

In addition to domestic competition law in Luxembourg, Articles 85 and 86 of the EC Treaty are applicable to the Company. These provisions prohibit anti-competitive agreements and abuse of a dominant position. Competition guidelines on the application of the EEC competition rules in the telecommunications sector (91/C233/02) (OJ 6.9.91 C233) illustrate the European Commission's scrutiny of the development of competition in space services.

The Company is not involved in any current domestic or European Union competition investigations or cases.

Historically, the Company has been involved in two cases. The first of these was the ASTRA case (Commission decision of 23 December, 1992, IV/32, 745-ASTRA) (93/50/EEC OJ 28.1.93 L20/23), in which the Commission decided that an agreement between the Company and British Telecommunications plc ("BT") (the "BT Agreement"), pursuant to which the two companies agreed to cooperate in the joint provision of satellite distribution services to television companies, was in breach of Article 85(1) and did not qualify for an exemption from Article 85(1) under Article 85(3). The main concern under Article 85(1) related to the bundling of services. Customers wishing to transmit their programmes via ASTRA 1A would have been unable to conclude separate contracts for up-link services and the lease of transponder capacity. The BT Agreement was terminated by the parties.

The second case, the Kinnevik case, related to four analogue transponders contracted by the Company to Industriförvaltnings AB Kinnevik ("Kinnevik"). Kinnevik wanted to sub-license the transponder capacity, which had been contracted to it for use in Scandinavia, for use in Germany. The Company refused to permit Kinnevik to do so. Kinnevik filed a complaint with the Commission which was settled. The Commission wrote on 6 July, 1996 that it had closed the file.

The Company notified its standard form of contracts for the use of transponder capacity for analogue and digital transmission and principles for change of use of transponders to the European Commission on 14 May, 1996. The notification sought either assurance that the contracts were not within Article 85 of the EC Treaty or, alternatively, that they were exempted from that provision under Article 85(3). A notice was published in the Official Journal on 21 January, 1997 inviting third party comments. As yet, no decision has been made on the notification.

BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors

The Board meets regularly and is responsible for the management of the Company. Each Director is required to be a natural person but does not need to be a holder of A Shares or B Shares. Directors are elected at general meetings of shareholders by a majority of more than two-thirds of the votes. The number of Directors, their remuneration and their term of office (which shall not exceed six years) may be modified by more than two-thirds of the votes of shareholders at a general meeting. A Director may be removed from office at any general meeting. Under the Articles, the Board is to be composed of (i) a number of Directors, based on a list of candidates nominated by holders of B Shares, equal to one-third of the total number of Directors, (ii) a number of Directors representing the employees of the Company, as required by Luxembourg law, and (iii) a number of Directors, based on a list of candidates nominated by holders of A Shares, equal to the difference between the total number of Directors and the sum of the Directors under (i) and (ii) above. The Board is currently comprised of 22 Directors, of which 11 were elected by the shareholders based on a proposal by Class A shareholders, eight were appointed based on a proposal by Class B shareholders and three are employee representatives. None of the Directors representing the employees hold senior management positions. Currently, there are two vacancies on the Board. Vacancies may be filled by the remaining members of the Board until the next general meeting of the shareholders at which such appointment must be approved.

The resolutions of the Board are adopted by a simple majority vote, except that more than two-thirds majority of the votes is required for (i) the issue of Shares within the authorised capital, (ii) the conclusion of a concession agreement and the acceptance of the Cahier des Charges, (iii) the appointment and dismissal of members of the Management Committee of the Company (the "Management Committee"), (iv) the approval of interim dividends and (v) the development of new activities within the framework of the Company's corporate purpose.

The following table provides certain information about the Board as of 5 July, 1998:

Name	Position
René Steichen(1)	Chairman
Roland de Kergorlay(2)	Vice Chairman
Joachim Kröske(2)	Vice Chairman
Georges Schmit(1)	Vice Chairman
Georges Bollig(1)	Director
Paul-Henri Denuit(2)	Director
Henri Germeaux(1)	Director
Richard Goblet d'Alviella(2)	Director
Marco Goeler(1)	Director
Joseph Gonner(3)	Director
James Hallett(3)	Director
Candace Johnson(2)	Director
Raymond Kirsch(1)	Director
Martina Maas(3)	Director
Paul Meyers(2)	Director
Erik Quistgaard(2)	Director
Gaston Reinesch(1)	Director
Victor Rod(1)	Director
Philippe Sahut d'Izarn(2)	Director
Gaston Schwertzer(2)	Director
Ekkehard Storck(2)	Director
F. Otto Wendt(2)	Director

(1) Appointed or elected by the shareholders based on a proposal by Class B Shareholders.
(2) Elected by the shareholders based on a proposal by Class A Shareholders.
(3) Employee representative.

The present principal occupation and employment and educational histories of the members of the Board are as follows:

René Steichen, born 27 November, 1942. Mr. Steichen became a Director on 1 June, 1995. He was elected Chairman on 15 April, 1996. Prior to that time he was a member of the Luxembourg government (1984-1993) and member of the European Commission (1993-1995). He is currently a senior partner of the law firm Arendt & Medernach, and member of the bars of Luxembourg and Brussels. He is also a member of the Board of Directors of Banque Internationale à Luxembourg, CLT-Ufa and Luxempart S.A. Mr. Steichen studied law and political science in Aix-en-Provence and Paris. He graduated with a degree in law and also earned the final degree in economics and finance from the Institut d'Etudes Politiques of Paris.

Roland de Kergorlay, born 5 October, 1926. Mr. de Kergorlay became a Director on 1 March, 1985. He was re-elected Vice-Chairman on 17 April, 1989. Mr. de Kergorlay is also a member of the Board of YA-TV (Young Asia Television) (Sri Lanka). Mr. de Kergorlay graduated with a degree in economics from McGill University (Canada) and also received an MPA from Harvard University (U.S.).

Joachim Kröske, born 19 January, 1944. Dr. Kröske became a Director on 7 July, 1994. He was elected Vice Chairman on 15 April, 1996. Dr. Kröske is a member of the Board of Management and Chief Financial Officer of Deutsche Telekom. Dr. Kröske graduated with a degree in business administration and a doctorate in political science from the University of Frankfurt (Germany).

Georges Schmit, born 19 April, 1953. Mr. Schmit became a Director on 12 November, 1992 and was elected Vice Chairman on 29 May, 1997. Mr. Schmit is Secretary General of the Ministry of Economy, Luxembourg, Chairman of SNCI, Director of BCEE, Vice Chairman of the Board of Arbed S.A. and a Director of Paul Würth S.A. Luxembourg. Mr. Schmit graduated with a degree in economics from the Catholic University of Louvain (Belgium) and an M.A. in Economics from the University of Michigan (U.S.).

Georges Bollig, born 2 November, 1947. Mr. Bollig became a Director on 17 April, 1989. Mr. Bollig is the Executive Director of SNCI-Luxembourg and a member of the Board of Directors of Cargolux Airlines International S.A. and Paul Würth S.A. Luxembourg. Mr. Bollig graduated with a degree in economics from University of Nancy (France).

Paul-Henri Denuit, born 14 July, 1934. Mr. Denuit became a Director on 12 December, 1991. He is a member of the Board of Directors and the General Management Committee of Tractebel (Belgium), Managing Director of Coditel S.A. (Belgium), Chairman of the Board of Directors of Worldcom S.A. (Belgium), Director of Codenet S.A. (Belgium), Chairman of the Board of Directors of Datatrak S.A. (Belgium), Director of United States Cellular Corporation (U.S.) and Director of Prime Cable Group (U.S.). Mr. Denuit graduated with degrees in law from Université Libre de Bruxelles (Belgium).

Henri Germeaux, born 21 November, 1940. Mr. Germeaux became a Director on 15 April, 1996. Mr.Germeaux is the Deputy Chief Executive Officer and Director of Banque et Caisse d'Epargne de l'Etat, Luxembourg. Mr. Germeaux graduated with a degree in economics from H.E.C. (France).

Richard Goblet d'Alviella, born 6 July, 1948. Mr. Goblet d'Alviella became a Director on 15 April, 1998. Mr. Goblet d'Alviella is the Administrateur délégué of Sofina S.A., a Director of ADSB Telecommunication and a Director of Tractebel S.A. Mr. Goblet d'Alviella graduated with a degree in economics (Commercial Engineer) from the Université Libre de Bruxelles (Belgium) and also holds an MBA from Harvard University (U.S.).

Marco Goeler, born 17 July, 1963. Mr. Goeler had initially served as Director from 7 July, 1994 to 26 October 1995 and was reappointed to the Board on 30 October, 1997. Mr. Goeler is an inspector at SNCI-Luxembourg. Mr. Goeler graduated with a degree in economics from the Ecole de Commerce et de Gestion (Luxembourg).

Joseph Gonner, born 10 October, 1954. Mr. Gonner became a Director on 15 April, 1989. Mr. Gonner has been an engineer at SES since 1985. Mr. Gonner graduated with a degree in engineering from the Federal Institute of Technology (ETH) in Zurich (Switzerland).

James Hallett, born 9 March, 1944. Mr. Hallett became a Director on 15 April, 1996. Mr. Hallett has been a senior satellite controller at SES since 1988. Mr. Hallett holds a Higher Technical Certificate in electronics (HTC) from Highbury College (U.K.).

Candace Johnson, born 20 December, 1952. Ms. Johnson became a Director on 15 April, 1988. Ms. Johnson is president and founder of Europe Online A.s.b.l., founder and Director of Loral-Orion Europe GmbH, Director of FMN, founder and speaker of the Board of Directors of the Global Telecommunications Network (London/Cologne) and a member of the Supervisory Board of Starburst Communications Inc. (U.S.). Ms. Johnson was also Vice President of Government Affairs and Telecommunications Policy of Iridium L.L.C. (U.S.) from 1994 to 1996 and the founding President of VATM. Ms. Johnson graduated with a B.A. from Vassar College (U.S.), an M.A. from Stanford University (U.S.) and the University of Sorbonne (France).

Raymond Kirsch, born 18 January, 1942. Mr. Kirsch became a Director on 1 March, 1985. Mr. Kirsch is President and Chief Executive of Banque et Caisse d'Epargne de l'Etat, Luxembourg, Vice Chairman of the Conseil d'Etat and a member of the Board of Directors of Bourse de Luxembourg, La Luxembourgeoise, CLT-Ufa, Cargolux Airlines International S.A., Paul Würth S.A. Luxembourg and SIDMAR. Mr. Kirsch graduated with a degree in law and in economics from Université Libre de Bruxelles (Belgium) and Institut d'Etudes Politiques (France).

Martina Maas, born 24 May, 1964. Ms. Maas became a Director on 15 April, 1996. Ms. Maas has been Senior Accountant of SES since 1992. Ms. Maas graduated with a degree in tax law and accounting (Gehilfin in steuer-und wirtschaftsberatenden Berufen) from the Steuerberaterkammer (Germany).

Paul Meyers, born 12 March, 1937. Mr. Meyers became a Director on 1 March, 1985. Mr. Meyers is Managing Director at Banque Générale du Luxembourg S.A., Chairman of the Luxembourg Bankers' Association and Vice Chairman of the Luxembourg Chamber of Commerce. Mr. Meyers graduated with a degree in law and political science in Nancy (France) and Paris (France).

Erik Quistgaard, born 3 June, 1921. Mr. Quistgaard became a Director on 1 March, 1985. Retired since 1985, Mr. Quistgaard was previously General Director of the European Space Agency and a member of the Board of Directors of LEGO (1974-1991). Mr. Quistgaard graduated with a degree in Mechanical Engineering (M.Sci) from the Technical University of Denmark and participated in an AMP at Harvard University (U.S.).

Gaston Reinesch, born 17 May, 1958. Mr. Reinesch was appointed Director on 11 June, 1998, effective 1 July, 1998. Mr. Reinesch is General Administrator of the Ministry of Finance, Luxembourg, Professor of Economics at the legal and economics department of the Centre Universitaire de Luxembourg and a member of the Board of Directors of SNCI, Arbed, P&T and European Investment Bank. Mr. Reinesch was economic advisor at the Chamber of Commerce of Luxembourg from 1984 to 1989 and Government Commissioner with the Banque Internationale à Luxembourg from 1989 to 1995. Mr. Reinesch graduated with a degree in economics from the London School of Economics (U.K.).

Victor Rod, born 26 April, 1950. Mr. Rod became a Director on 23 November, 1995. He is President of Commissariat aux Assurances, Chairman of the Board of Directors of Banque et Caisse d'Epargne de l'Etat, Luxembourg and a member of the Conseil d'Etat. Mr. Rod graduated with a degree in law from the University of Nancy (France).

Philippe Sahut d'Izarn, born 26 July, 1935, Mr. Sahut d'Izarn became a Director on 15 April, 1993. Mr. Sahut d'Izarn was President of Bancxi Communication until 1994, Directeur Général Adjoint of Havas until 1997 and is currently Associé gérant of PSI-Conseil. Mr. Sahut d'Izarn graduated with an engineering degree from Ecole Polytechnique (France).

Gaston Schwertzer, born 18 July, 1932. Mr. Schwertzer became a Director on 12 September, 1992. Mr. Schwertzer is currently Administrateur délégué of Luxempart and Audiolux, member of the Board of Directors of Audiofina, Banque International de Luxembourg, Cegedel, SEO, and Paul Würth S.A. Luxembourg. Mr. Schwertzer graduated with a degree in law from the University of Grenoble (France).

Ekkehard Storck, born 20 June, 1933. Dr. Storck became a Director on 1 March, 1985. Dr. Storck was the Managing Director of Deutsche Bank Luxembourg S.A. until 1 July, 1998. Dr. Storck graduated with a degree in law from the University of Hamburg (Germany).

F. Otto Wendt, born 25 February, 1937. Mr. Wendt became a Director on 17 April, 1990. Mr. Wendt is the Managing Director of Dresdner Bank Luxembourg S.A.

In addition to the members set out above, Mr. Pierre Werner, former Luxembourg Prime Minister, was appointed Honorary Chairman of the Board on 15 April, 1996 after serving for seven years as Chairman (1989-1996).

Mr. Jean-Paul Zens is the Luxembourg Government Commissioner who is entitled to participate in the meetings of the shareholders, the Board and the Board committees.

No member of the Board directly owns any securities of the Company or is engaged in any unusual transactions (within the meaning of the LuxSE Listing Regulations) with the Company. In addition, the Company has not made any loans or guarantees to any member of the Board. All members of the Board can be contacted at the registered office of the Company.

Committees of the Board of Directors

The Board has created three committees, the Bureau of the Board, the Advisory Finance Committee and the Advisory Technical Committee. All committees are chaired by the Chairman of the Board.

The Bureau of the Board is in charge of approving the following transactions or decisions made by the Management Committee: (i) transponder agreements; (ii) determination of remuneration policies to be applied within the Company; (iii) approval of non-budgeted specified capital investment projects above LUF 5 million and up to LUF 50 million in case of urgency; and (iv) other urgent matters, if the Board cannot be convened within a reasonable time frame. Such matters have to be reported to be the Board. The Bureau of the Board is comprised of René Steichen, Paul-Henri Denuit, Roland de Kergorlay, Raymond Kirsch, Joachim Kröske, Georges Schmit and Ekkehard Storck.

The Board may call upon the Advisory Finance Committee to deal with special financial matters. The Advisory Finance Committee advises on the placement of Company funds, on the creation of provisions and on the conclusion of foreign exchange spot and forward transactions and positions, among other matters. The Advisory Finance Committee is comprised of René Steichen, Georges Bollig, Raymond Kirsch, Paul Meyers and F. Otto Wendt, all of whom (except Mr. Steichen and Dr. Storck) are Luxembourg-based bankers.

The Advisory Technical Committee deals with special technical matters. The Advisory Technical Committee advises on development of orbital positions and on new technical activities and services, as well as on procurement of spacecraft and of launch services, among other matters. The Advisory Technical Committee is comprised of René Steichen, Paul-Henri Denuit, Henri Germeaux, Joseph Gonner, Candace Johnson, Erik Quistgaard and Philippe Sahut d'Izarn.

The Management Committee

The Management Committee was established by the Board in 1992 and is comprised of the Director General, who serves as Chairman, and the Directors of the functional departments of the Company. The Board delegates to the Management Committee the daily management of the Company as well as the representation towards third parties in relation to such function. Furthermore, the Board mandates the Management Committee with the preparation and planning of overall policies and strategies of the Company as well as decisions reaching beyond the daily management for discussion and decision by the Board.

The following table provides certain information about the Management Committee as of 5 July, 1998.

Name	Current Position	Year Appointed to Management Committee	Age
Romain Bausch	Director General	1995	44
Yves Elsen	Commercial and Marketing Director	1992	40
Aldis Grinbergs	Technical Director	1996	52
Dean Olmstead	Director of Business Development	1998	42
Jürgen Schulte	Director of Finance	1992	55

The Management Committee officially meets once a week, although it typically meets on a daily basis to discuss ongoing daily management issues. The present principal occupation and employment and educational histories of the members of the Management Committee are as follows:

Romain Bausch, born 1953. Mr. Bausch became the Director General and the Chairman of the Management Committee in 1995, following a career in the Luxembourg civil service. Mr. Bausch occupied key positions in the banking and media sectors and spent a five year term as a Director and Vice Chairman of SES. Mr. Bausch graduated with a degree in economics (specialisation in business administration) from University of Nancy (France).

Yves Elsen, born 1958. Mr. Elsen became the Director of Commercial and Marketing in 1998. Mr. Elsen joined the Company in 1986 from ICI plc where he worked in marketing positions. In 1989, Mr. Elsen became the Company Secretary. Mr. Elsen graduated with an MSc. in engineering from the Federal Institute of Technology, Zurich (Switzerland) and an MBA from INSEAD (France).

Aldis Grinbergs, born 1946. Mr. Grinbergs became the Technical Director in 1996, having previously worked for Motorola Inc. and Telesat Canada in various operational and technical positions. Mr. Grinbergs had previously worked with SES as Technical Director from 1985 to 1988. Mr. Grinbergs graduated with a degree in electrical technology-electronics from the Ryerson Polytechnical Institute (Canada).

Dean Olmstead, born 1955. Mr. Olmstead became Director of Business Development in 1998, having previously worked for Hughes and NASA in various new business development positions. Mr. Olmstead holds a degree in economics-mathematics from Western Washington University (U.S.), an MS in engineering-economic systems from Stanford University, School of Engineering (U.S.) and a PhD in economics at the American University (U.S.).

Jürgen Schulte, born 1943. Mr. Schulte became the Director of Finance in 1991. Prior to that time he worked for General Electric in various financial management positions in both the United States and Europe. Mr. Schulte graduated with a degree in Business Administration from the University of Münster (Germany).

No member of the Management Committee is engaged in any unusual transactions (within the meaning of the LuxSE Listing Regulations) with the Company. All members of the Management Committee can be contacted at the registered office of the Company.

Directors and the Management Committee's Compensation

The aggregate remuneration, including salary, bonuses and benefits in kind, paid by the Company to the members of the Board and the Management Committee was LUF 89 million for the year ended 31 December, 1997.

Other Employees

Roland Jaeger, born 1952. Mr. Jaeger became Secretary General in 1997. Prior to joining the Company in September 1995, Mr. Jaeger held the position of legal counsellor to the Directorate General of CLT (1986-1995) and legal counsellor to the Directorate General of Entreprise des Postes & Télécommunications (Luxembourg) (1980-1986). Mr. Jaeger holds a degree in law and a PhD in political science from the University of Sorbonne (France).

Ken Saunders, born 1936. Mr. Saunders joined the Company in 1987 as Acounting Manager and became the Treasurer of the Company in 1995. Prior to that time, he was Director of Manpower Control of ITT Corp. (European headquarters). Mr. Saunders is an English chartered accountant and is expected to retire at the beginning of 1999.

Employee Share Option Scheme

In connection with the Combined Offering, the Company has established an employee share option scheme (the "Warrant Scheme") pursuant to which eligible employees and members of the Board will be granted warrants that are convertible into FDRs beginning three years following the Closing Date of the Combined Offering. The number of warrants to which each employee will be entitled will depend, in the case of all non-Directors of the Company, on seniority and salary level and, in the case of Board members, on their seniority and position on the Board. The Company will notify eligible participants of the number of warrants to which they are entitled prior to 17 July, 1998 and options to purchase warrants must be taken up by participants by 31 July, 1998. Options that are not taken up by such date will expire. The cost to the Company for the Warrant Scheme will not exceed LUF 150 million, which represents a conversion price per warrant that will be approximately 15 per cent. below the Offer Price per FDR in the Combined Offering.

The Company may also consider establishing an additional employee share option plan in the future.

SELLING SHAREHOLDERS

The FDRs being sold in the Combined Offering are being offered by all of the Company's shareholders named below except Romain Bausch, Yves Elsen and Jürgen Schulte (collectively, the "Selling Shareholders"). The Company will not receive any of the proceeds of the Combined Offering. In addition, certain Selling Shareholders have granted the Joint Global Coordinators an option for 30 days to purchase up to an additional 755,183 FDRs at the initial public offering price per FDR, less the selling concession, solely to cover over-allotments, if any. The table below sets forth certain information regarding the ownership of the Share Capital of the Company before and after the Combined Offering, and assumes that the Over-allotment Option is not exercised.

	Effective Share Ownership prior to the Combined Offering				Effective Share Ownership after Completion of the Combined Offering		
Name	Number of Shares Held	Economic Interest Represented by Shares Held(1)	Voting Interest Represented by Shares Held(2)	Number of Shares Transferred to the Fiduciary Against Issuance of FDRs	Number of FDRs/ Shares Held	Economic Interest Represented by FDRs/ Shares Held(1)	Voting Interest Represented by FDRs/ Shares Held(2)
A Shares							
Deutsche Telekom AG(3)	7,448,000	20.00%	16.00%	1,241,000	7,758,500	20.83%	16.67%
Dresdner Bank Luxembourg S.A.(4)(5)	3,528,000	9.47%	7.58%	588,000	2,466,000	6.62%	5.30%
SITA	3,235,000	8.69%	6.95%	539,000	2,696,000	7.24%	5.79%
C.E.F. (Tractebel) S.A. and Telfin S.A.(6)	3,091,000	8.30%	6.64%	516,000	2,575,000	6.91%	5.53%
Moon Lake S.A.	1,900,000	5.10%	4.08%	317,000	1,583,000	4.25%	3.40%
Deutsche Bank Luxembourg S.A.(7)	1,896,000	5.09%	4.07%	316,000	1,580,000	4.24%	3.39%
Luxempart S.A.	1,606,000	4.31%	3.45%	268,000	1,338,000	3.59%	2.87%
Sofina S.A. and Trufidee S.A.(6)	1,215,000	3.26%	2.61%	202,000	1,013,000	2.72%	2.18%
Banque Générale du Luxembourg S.A.(5)(8)	1,164,000	3.13%	2.50%	194,000	970,000	2.60%	2.08%
Benson Holding S.A.	1,031,000	2.77%	2.21%	172,000	859,000	2.31%	1.85%
Audiolux S.A.	950,000	2.55%	2.04%	159,000	791,000	2.12%	1.70%
Aachener Munchener (AMB)	948,000	2.55%	2.04%	158,000	790,000	2.12%	1.70%
Space Equipment S.A.	521,000	1.40%	1.12%	86,000	435,000	1.17%	0.93%
Natinvest S.A.H	356,000	0.96%	0.76%	59,000	297,000	0.80%	0.64%
Sofinim S.A.	338,000	0.91%	0.73%	56,000	282,000	0.76%	0.61%
SG Capital Developpement(5)	269,000	0.72%	0.58%	45,000	224,000	0.60%	0.48%
Ulster Television plc	167,000	0.45%	0.36%	28,000	139,000	0.37%	0.30%
A de Liedekerke Beaufort	55,000	0.15%	0.12%	9,000	46,000	0.12%	0.10%
Eurodistribution (UAP)	26,000	0.07%	0.06%	5,000	21,000	0.06%	0.05%
Eurodeveloppement (UAP)	26,000	0.07%	0.06%	5,000	21,000	0.06%	0.05%
H de Liedekerke Beaufort	7,000	0.02%	0.02%	1,000	6,000	0.02%	0.01%
RITA	6,000	0.02%	0.01%	1,000	5,000	0.01%	0.01%
Yves Elsen	4,000	0.01%	0.01%	—	4,000	0.01%	0.01%
Romain Bausch	3,000	0.01%	0.01%	—	3,000	0.01%	0.01%
Jürgen Schulte	3,000	0.01%	0.01%	—	3,000	0.01%	0.01%
BCEE(9)(10)	620,500	1.67%	1.33%	620,500	—	0.00%	0.00%
SNCI(9)	620,500	1.67%	1.33%	620,500	—	0.00%	0.00%
BCEE, as Fiduciary	—	—	—	—	5,128,500	13.77%	11.02%
Total A Shares	31,034,000	83.33%	66.67%	6,206,000	31,034,000	83.33%	66.67%
B Shares							
BCEE	7,759,000	8.33%	16.67%	—	7,759,000	8.33%	16.67%
SNCI	7,758,000	8.33%	16.67%	—	7,758,000	8.33%	16.67%
Total B Shares	15,517,000	16.67%	33.33%	—	15,517,000	16.67%	33.33%
Total Shares	46,551,000	100.00%	100.00%	—	46,551,000	100.00%	100.00%

(1) Each B Share is entitled to 40 per cent. of the dividends or liquidation proceeds payable per A Share.

(2) Each A Share and B Share is entitled to one vote.

(3) In the Combined Offering, Deutsche Telekom will sell 1,241,000 FDRs in respect of 1,241,000 of its 7,448,000 A Shares. In order to restore its 16.67 per cent. interest in the Shares, Deutsche Telekom will simultaneously (i) purchase 1,077,500 FDRs offered by the Joint Global Coordinators and the Lead Manager of the Luxembourg Offering in the Designated Offering and (ii) exercise an option to purchase an additional 474,000 A Shares from Dresdner Bank Luxembourg S.A. Deutsche Telekom will own 7,758,500 FDRs and/or A Shares after completion of the Combined Offering and the exercise of its option to purchase A Shares from Dresdner Bank Luxembourg S.A. See "Summary — The Combined Offering" and "Subscription and Sale".

(4) Affiliate of Kleinwort Benson Limited, one of the Joint Global Coordinators. Dresdner Bank Luxembourg will sell 588,000 of its 3,528,000 FDRs in the Combined Offering and, upon the exercise of Deutsche Telekom's option to purchase 474,000 Shares, will own 2,466,000 FDRs and/or A Shares after completion of the Combined Offering.
(5) Following the completion of the Combined Offering and the exercise of the Over-allotment Option, Dresdner Bank Luxembourg S.A., Banque Générale du Luxembourg S.A. and SG Capital Developpement will own 1,813,000 A Shares, 884,591 A Shares and 207,226 A Shares, respectively.
(6) Affiliated companies.
(7) Affiliate of Deutsche Bank AG London, one of the Joint Global Coordinators.
(8) Lead Manager of the Luxembourg Offering.
(9) Luxembourg public institutions.
(10) In its capacity as a Selling Shareholder. BCEE is the Senior Co-Lead Manager of the Luxembourg Offering.

Certain Relationships and Related Party Transactions

As of 31 March, 1998, the Company had outstanding two syndicated bank loans with Deutsche Bank Luxembourg, as agent, and one syndicated bank loan with Dresdner Bank Luxembourg, as agent. In addition, certain of the Company's shareholders have provided a subordinated loan to the Company. The Company has established a revolving facility with BCEE as well as a syndicated loan facility with Dresdner Bank Luxembourg, which has been fully underwritten by certain shareholder banks. All of the Company's loans from its shareholders were negotiated on an arms-length basis. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness of the Company" and "Subscription and Sale".

DESCRIPTION OF SHARE CAPITAL

The following description summarises several aspects of the Company's Share Capital, which is comprised of A Shares and B Shares (together, the "Shares"). This description must be read in conjunction with the Articles and the relevant Luxembourg legislation and especially the law of 10 August, 1915, as amended, on commercial companies ("Luxembourg Company Law").

Corporate Purpose

The main purpose of the Company as defined in Article 2 of the Articles is:

(i) to establish, use and operate a satellite system within the framework of one or several Luxembourg concessions;

(ii) to establish one or several fixed or mobile ground stations which contribute to the operation of satellites and ensure the tracing, telemetering and remote control of these satellites as well as the communication links with them; and

(iii) to conduct any other services relating thereto.

General

The authorised Share Capital of the Company is LUF 5,250,000,000. The subscribed capital of the Company is set at four billion four hundred and sixty-nine million Luxembourg francs (LUF 4,469,000,000) consisting of forty-six million five hundred and fifty one thousand (46,551,000) Shares with no par value, all of which have been fully paid up and are divided into two categories of Shares, 31,034,000 A Shares and 15,517,000 B Shares.

On 15 April, 1996, the shareholders' meeting increased the authorised Share Capital from LUF 4,500,000,000 to LUF 5,250,000,000. See "— Increase and Reduction of Capital".

On 20 May, 1998, the par value of the Shares was abolished, 2,482 B Shares were converted into 1,241 A Shares, the then remaining 12,415 B Shares were divided into 15,517 B Shares and each Share then in issue was divided into 1,000 Shares, resulting in 31,034,000 A Shares and 15,517,000 B Shares.

Subsequent to these amendments, the economic right of one B Share compared to one A Share has been reduced from 50 per cent. to 40 per cent. See "— Payment of Dividends" and "— Liquidation of the Company".

Founder Shares

Fifty Founder Shares without voting rights have been issued to Whitehead. These are discussed under "Dividends and Dividend Policy — Founder Shares". See "Business — Legal and Regulatory Proceedings".

Form

The Shares are exclusively held in registered form. Pursuant to Article 39 of Luxembourg Company Law, the Company holds a register of shareholders in which all holders of registered shares are registered.

Transfer and Restrictions on Ownership of Shares

A Shares are freely transferable. B Shares may only be issued to or held by Luxembourg public institutions or by entities or organisations which are controlled directly or indirectly, by such institutions, whether by way of voting rights or otherwise. Transfers of Shares are made by inscription thereof in the Company's register of shareholders.

Ownership of Shares is subject to the following restrictions:

(i) without the prior written consent of the Government, no one may hold, directly or indirectly, more than 10 per cent. of the Shares;

(ii) without the prior written consent of the Government, shareholders who are directly or indirectly users of the transmission capacities of the Company may not together hold more than 30 per cent. of the Shares; and

(iii) without the prior written consent of the Government, shareholders who are directly or indirectly manufacturers of satellites or satellite launch vehicles or satellite operators may not together hold more than 30 per cent. of the Shares.

In the event of a breach of one of the thresholds by a person or by persons acting in concert or under the common control of one person, the ownership of the Shares exceeding the threshold will not be valid against the Company and no right with respect to such Shares, including voting rights or entitlements to dividends and other distributions, will be recognised.

The Fiduciary benefits from an authorisation of the Government in respect of its holding of A Shares in respect of which it issues the FDRs. Pursuant to the Articles, the holding of FDRs will not be considered an indirect holding of Shares as described in the restrictions set out above unless a holder of FDRs requires the Fiduciary to withdraw A Shares against the surrender of its FDRs or resolves to cause the exercise of the voting rights attaching to the A Shares underlying its FDRs.

If there is a breach of a threshold or of a provision concerning ownership and notwithstanding any other right, the Company shall notify the shareholder of record or, if applicable, the person having requested the registration into the shareholders' register by registered mail. The relevant person shall benefit from a period of one month from the mailing date of the notification to reduce or transfer his ownership. Failing that, the Company may either redeem or sell the relevant Shares to one or several buyers or transfer the relevant Shares to the Fiduciary against the issuance of FDRs and redeem or sell the FDRs.

The net proceeds attributable to the person whose Shares have so been redeemed or sold shall be equal to 75 per cent. of the LuxSE mid-market price on the date of the redemption or of the LuxSE price obtained for the sale of the FDRs or of the mathematical value of the Shares sold by private agreement as of the date of sale, in each case less costs and expenses of the Company.

Disclosure of Interests

Pursuant to applicable Luxembourg law, a holder of Shares is required to disclose the percentage of voting rights held by it to the Company and the Commissariat aux Bourses in Luxembourg within seven calendar days of when the holders knows or should have known that such percentage, as a result of an acquisition, sale or other transfer of Shares, equals, exceeds or falls below 10 per cent., 20 per cent., 33⅓ per cent., 50 per cent. or 66⅔ per cent., of the total voting rights of the Company existing at the time thereof, subject to certain exceptions. The percentage of voting rights held is calculated by including voting rights directly and indirectly controlled by any such holder. Failure to comply with such disclosure obligations is subject to criminal sanction and suspension of voting rights until such disclosure is duly made. Holders or beneficial owners of the Shares and holders or beneficial owners of FDRs are subject to this disclosure obligation with respect to the Shares and to Shares underlying the FDRs so held directly or beneficially by such holders or beneficial owners.

Indivisibility

Each Share is indivisible, and the Company will recognise only one holder per Share. In case the ownership of a Share is divided between two or more persons or is disputed, the persons claiming ownership of the Share will have to name one single proxy to represent such share in the relations with the Company. Failure to appoint such proxy triggers the suspension of the exercise of all rights attached to such Share.

Voting Rights

Each A Share and each B Share is entitled to one vote. A shareholder may appear at any meeting by appointing a proxy who need not be a shareholder.

In order to be authorised to attend and vote at any meeting, shareholders must be recorded in the shareholders' register at least eight Luxembourg business days prior to any such meeting. All transfers of Shares shall be suspended during that period.

General Meetings of Shareholders

The Annual General Meeting of shareholders is held on the 15th day of April of each year, or if such day is a legal holiday, on the next following business day. A meeting may be called by the Board at any time. Upon request of shareholders holding an aggregate of one-fifth of all Shares, the meeting shall, within 30 days, be called by the Chairman or, in case of impediment, by one of the vice-chairmen.

The shareholders will be given notice of the meeting at least 20 days prior to the holding of the meeting by registered mail. The meeting is called at the registered office or at any other place in Luxembourg, as indicated in the notice.

The meeting may validly deliberate only if one-half of each of the A Shares and B Shares are present or represented. In the event that the required quorum has not been reached, the meeting will be reconvened in accordance with the terms set out in the Articles and may validly deliberate without consideration of the number of Shares present or represented.

The resolutions of the meeting are adopted by a simple majority vote, except that a majority of more than two-thirds of the votes is required for: (i) the approval of the balance sheet and the profit and loss account; (ii) the distribution of more than 75 per cent. of the annual profit; (iii) the election of the directors and auditors; (iv) the determination of their term of office, number and remuneration; and (v) the approval or ratification of the following resolutions passed by the Board:

(i) the issue of Shares within the authorised capital;

(ii) the conclusion of a concession agreement and the acceptance of the Cahier des Charges;

(iii) appointment and dismissal of members of the Management Committee;

(iv) the approval of interim dividends; and

(v) the development of new activities within the framework of the Company's purpose.

Amendments to the Articles are subject to a more than two-thirds majority of the Shares present or represented at an extraordinary general meeting of shareholders. Any such amendment requires in addition the approval of the Government.

Payment of Dividends

Annual Dividends are decided upon by the Annual General Meeting of shareholders. Payments of dividends shall be made so that payment on one B Share equals 40 per cent. of the payment on one A Share. For so long as there shall be Founder Shares, the total payments in favour of the A Shares and B Shares shall represent 95 per cent. of the total dividends, with the remaining 5 per cent. being retained in respect of the Founder Shares. See "Dividends and Dividend Policy".

Interim dividends may be decided and paid out by the Board in accordance with the provisions of Luxembourg law and the Articles, subject to the ratification by a more than two-thirds majority vote at a shareholders meeting.

Purchase by the Company of its Shares

The Company may repurchase Shares and purchase FDRs within the limits and in accordance with the conditions set forth in article 49-2 of the Luxembourg Company Law, which requires in part, Board approval. Currently, the Company does not own any of its Shares, but the Company will own 177,167 FDRs as a result of the Employee Offering for the purpose of the Warrant Scheme. See "Board of Directors and Management — Employee Share Option Scheme".

Liquidation of the Company

In case of liquidation of the Company, the assets available will first be used for payment or discharge of all liabilities, including the payments to which the holders of Founder Shares may be entitled (if any).

The net proceeds will then be distributed to the holders of the A Shares and the B Shares so that the payment on one B Share equals 40 per cent. of the payment on one A Share.

Increase and Reduction of Capital

The authorised and issued capital of the Company may be increased or reduced by a resolution of the meeting of shareholders in accordance with the procedure set forth for the amendment of the Articles which requires a majority of more than two-thirds of the votes, subject to the approval of the Government. Pursuant to Luxembourg Company Law, the Board may be authorised by an extraordinary general meeting to increase the share capital within the limit of the authorised share capital on one or several occasions within a maximum period of five years from the date of the corresponding publication in the Mémorial C. Recueil des Sociétés et Associations.

In the case of an issue of A Shares, holders of A Shares have the following preferential subscription rights: subject to the threshold restrictions on shareholdings described above, holders of A Shares may, within a period of thirty days following the opening of the subscription announced by a notice determining the duration of the subscription, subscribe in proportion to their rights to the A Shares or propose one or several candidates who fulfil the shareholding threshold restrictions to exercise the subscription rights. If the subscription rights are not exercised or if the proposed candidates do not fulfil the shareholding threshold restrictions, the Board may limit or cancel the subscription rights of these shareholders.

In the case of a capital increase, the holders of B Shares have a preferential subscription right for such number of new B Shares, resulting in the ratio of issued A Shares to issued B Shares being maintained at 2:1 at all times. B Shares are issued at an issuing price equal to 40 per cent. of the issue price of the A Shares.

Under the current authorisation of the shareholders meeting, the issued share capital may be increased by the Board to the amount of the authorised share capital within a period of five years from 15 April, 1996. This period may be extended by the shareholders meeting for those Shares which the Board has not issued during the five-year period in progress. The Board is further authorised to determine the terms of all subscriptions and to submit the issue of Shares to the payment of their accounting par value and of an issuing premium related to the market value of the Shares at the moment of the issue. Before issuing authorised shares, the Board shall inform all shareholders by notice published in the *Financial Times* and the *Luxemburger Wort*.

TERMS AND CONDITIONS OF THE FIDUCIARY DEPOSITARY RECEIPTS

The following terms and conditions which will apply to the Fiduciary Depositary Receipts, together with the Fiduciary Deposit Agreement (subject to completion and amendment and excepting sentences in italics), constitute a contract between the Holders (as defined below) and the Fiduciary, and such terms and conditions will be endorsed on each Fiduciary Depositary Receipt certificate:

The Fiduciary Depositary Receipt(s) (the "FDR(s)") evidenced by this certificate (the "Certificate") is (are) issued in respect of one (or more) category A share(s) with no par value (the "A Share(s)") in Société Européenne des Satellites (the "Company") deposited on a fiduciary basis with Banque et Caisse d'Epargne de l'Etat, Luxembourg (the "Fiduciary") pursuant and subject to a fiduciary deposit agreement dated 5 July, 1998 as amended from time to time (the "Deposit Agreement"). The Fiduciary has received and may receive from time to time, as fiduciary assets, A Shares (the "Deposited A Shares") from the holders of A Shares, from the Company or upon request of Holders and has, or as the case may be, will, upon registration of its name in the share register of the Company in respect of Deposited A Shares, issue a number of FDRs equivalent to the number of A Shares so deposited in fiduciary deposit.

The FDRs will be represented by a permanent global certificate (the "Global Certificate") in bearer form, which will be deposited with a common depositary (the "Common Depositary") for Cedel Bank, société anonyme ("Cedel Bank"), and Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear"), and any other clearing system which may be selected from time to time by the Fiduciary in agreement with the Company (together with Cedel Bank and Euroclear, the "Clearing Systems"). Except as set forth below, beneficial interests in the FDRs will be shown on, and transfers thereof will be effected only through, records maintained by the relevant Clearing System.

The Global Certificate will only be exchanged for certificates in definitive bearer form evidencing FDRs in the circumstances described below in whole but not in part. Subject to the terms and conditions hereof, the Fiduciary hereby irrevocably undertakes to deliver certificates evidencing FDRs in definitive bearer form in exchange for this Global Certificate to persons entitled to interests in this Global Certificate within 60 days in the event that:

(i) either Cedel Bank or Euroclear, as the case may be, announces an intention to cease to make their respective book-entry systems available for the FDRs and no alternative clearing system satisfactory to the Fiduciary is available within 60 days; or

(ii) the Holder of the Global Certificate is unwilling or unable to continue as the Common Depositary and a successor Common Depositary is not appointed by the Fiduciary within 90 calendar days; or

(iii) the Fiduciary has determined that, on the occasion of the next payment in respect of the FDRs the Company, the Fiduciary or its Agent would be required to make any deduction or withholding from any payment in respect of all the FDRs which would not be required were the FDRs in definitive form.

References in these terms and conditions (the "Conditions") to the "Holder" of any FDR shall mean a person holding a Certificate and while in global form, the holder of the Global Certificate or, depending on the context, the owner of an interest in the Global Certificate. References in these Conditions to an "owner of an interest" in the Global Certificate shall mean any person who has an account with a Clearing System (collectively, "participants") and whose account is credited by the relevant Clearing System with an interest in such Global Certificate, or any person on whose behalf a participant so holds an interest. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement. Copies of the Deposit Agreement are available for inspection at the specified office of the Fiduciary and each Agent (as defined in Condition 17). Holders are deemed to have notice of and be bound by all of the provisions of the Deposit Agreement. Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement.

1. Fiduciary Contract

The Deposit Agreement and each FDR together constitute a fiduciary contract (*contrat fiduciaire*) (the "Fiduciary Contract") between the Holders and the Fiduciary governed by the Luxembourg Grand Ducal Regulation of July 19, 1983 regarding fiduciary contracts of credit institutions (the "Grand Ducal Regulation") under which the Fiduciary holds the Deposited A Shares and its rights and benefits thereunder on a fiduciary basis for the Holders of FDRs, and the Fiduciary accordingly undertakes to comply with the fiduciary obligations set out in the Fiduciary Contract.

2. Deposit of A Shares

(A) After the initial fiduciary deposit of A Shares, unless otherwise agreed by the Fiduciary and the Company and subject to applicable law and the Deposit Agreement, only the following A Shares may be deposited on a fiduciary basis under the Deposit Agreement:

(i) any other A Shares in issue (including A Shares held in treasury by or on behalf of the Company);

(ii) A Shares issued as a dividend, free distribution or bonus issue on Deposited A Shares or otherwise as contemplated in Condition 5;

(iii) A Shares subscribed or acquired by the Fiduciary for the benefit of Holders through the exercise of rights granted by law or distributed in respect of Deposited A Shares as contemplated in Condition 7; and

(iv) any A Shares issued by the Company to the Fiduciary for the benefit of the Holders in respect of Deposited A Shares as a result of the introduction of a par value of the A Shares, any change in the par value or the sub-division, consolidation or other reclassification of Deposited A Shares or otherwise as contemplated in Condition 9.

(B) The Fiduciary will issue one FDR in respect of each A Share accepted for fiduciary deposit under this Condition. Under the Deposit Agreement the Company must inform the Fiduciary if any A Shares issued by it do not, by reason of the date of issue or otherwise, rank *pari passu* in all respects with the other Deposited A Shares in which case such shares may not be deposited hereunder until such time as they do rank *pari passu* with Deposited A Shares.

Subject to the terms and conditions of the FDRs and of the Fiduciary Deposit Agreement, and to the extent permitted by applicable law, the Articles and the Contrat de Concession, upon delivery to the Fiduciary of, among other things, (i) the A Shares, (ii) the Accession Letter substantially in the form of Schedule 4 to the Fiduciary Deposit Agreement, (iii) payment of necessary stock transfer or other taxes or other Governmental charges or charges imposed by the LuxSE or any other stock exchange and any other fees, expenses and charges set forth in Condition 16 of the FDRs and Clause 10 of the Fiduciary Deposit Agreement and (iv) all necessary approvals from the Government, the Fiduciary will accept the fiduciary transfer of A Shares to it and will issue further FDRs in definitive bearer form or, as long as the FDRs are held in the form of the Global Certificate, cause the Global Certificate to be increased by the relevant amount of new FDRs.

(C) The Fiduciary will refuse to accept A Shares for fiduciary deposit whenever it is notified in writing that the Company has restricted the transfer of such A Shares to comply with shareholding restrictions under applicable Luxembourg law (supported by an opinion of counsel) or that such deposit would result in any violation of applicable governmental or stock exchange regulations or the Articles of Association of the Company or the *contrat de concession* between the Company and the Luxembourg Government and/or the *cahier des charges* attached thereto (the "Concession Agreement"). The Fiduciary may also refuse to accept A Shares for fiduciary deposit if such action is determined in good faith by the Fiduciary to be required because of any requirement of law or of any government or governmental authority, body or commission or stock exchange or under any provision of the Deposit Agreement.

3. Transfer of Ownership

FDRs are in bearer form, each issued in respect of one Deposited A Share. Title to the FDRs will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any FDR will be treated as its absolute owner for all purposes and shall not be required to deliver any proof thereof and notwithstanding any notice of ownership, trust or any interest thereon, theft or loss thereof or any writing thereon and no person will be liable for so treating the Holder.

For so long as the FDRs are held in global form, ownership of interests in the Global Certificate will be limited to participants in the Clearing Systems or to persons holding an interest indirectly through participants. Ownership of interests in the Global Certificate will be shown only on, and the transfer of those interests will be effected only through, records maintained by the relevant Clearing Systems (with respect to interests of participants) and the records of participants (with respect to interests of persons held by such participants on their behalf). Payments, transfers, withdrawals and other matters relating to interests in such Global Certificate may be subject to various policies and procedures adopted by the relevant Clearing System from time to time. None of the Company, the Fiduciary, the Common Depositary or any of their agents will have any responsibility or liability for any aspect of the Clearing System or any participant's records relating to, or for payments or other distributions made by any Clearing System or participant on account of, interests in the Global Certificate, or for maintaining, supervising or reviewing any records relating to such interests.

4. Cash Distributions

Whenever the Fiduciary shall receive from the Company any cash dividend or other cash distribution on or in respect of the Deposited A Shares (including any liquidation surplus or other amounts received in the liquidation of the Company) or otherwise in connection with the Deposited A Shares, the Fiduciary shall as soon as practicable and in any event not later than the Luxembourg Business Day following the day of receipt thereof by the Fiduciary distribute any such amounts, in the currency received from the Company, to each Holder in proportion to the FDRs held by such Holder, subject to and in accordance with the provisions of Conditions 8 and 10.

5. Distributions of A Shares

Whenever the Fiduciary shall receive from the Company any distribution in respect of Deposited A Shares which consists of a dividend in, or a free distribution or bonus issue of A Shares or shall subscribe or acquire A Shares by way of rights or otherwise where the subscription price of the A Shares is to be settled by application of amounts standing to the credit of the profit and loss account, any carried forward profit account or any reserve or premium account of the Company at that time, the Fiduciary shall issue to the Holders entitled thereto, in proportion to their FDRs, additional FDRs in an amount equal to the number of A Shares received (and thereafter held on a fiduciary basis for the Holders) pursuant to such dividend, distribution, issue, subscription or acquisition. In such case the Fiduciary shall increase the number of FDRs evidenced by the Global Certificate and cause the new FDRs to be credited to the relevant Holders or issue Certificates in definitive bearer form in respect of FDRs, according to the manner in which the Holders hold their FDRs. Notwithstanding the foregoing, if and in so far as the Fiduciary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, owing to fractions) or to be unlawful (supported by opinion of financial advisers or counsel, as the case may be) the Fiduciary shall sell such A Shares so received (either by public or private sale and otherwise at its discretion, subject to Luxembourg laws and regulations) and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

6. Distributions other than in Cash or A Shares

Whenever the Fiduciary shall receive from the Company any dividend or distribution in securities (other than A Shares) or in other property (other than cash) on or in respect of the Deposited A Shares, the Fiduciary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of their FDRs, in any manner that the Fiduciary may reasonably deem practicable for effecting such distribution. If the holding of any such securities or other rights issued by the Company is subject to restrictions under applicable law, the Concession Agreement or the Articles of Association or may fall within the scope of any such restrictions upon exchange, conversion or otherwise into such a security or right pursuant to their terms, the Fiduciary shall hold such securities or other rights as fiduciary assets under a fiduciary contract on terms substantially similar to these Conditions (to be agreed between the Fiduciary and the Company) for the benefit of the Holders entitled thereto in proportion to their number of FDRs. Provided that if the Fiduciary deems any such arrangement and distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to fractions) or to be unlawful (supported by opinion of financial advisers or counsel, as the case may be), the Fiduciary shall sell the securities or property so received, or any part thereof (either by public or private sale and otherwise at its discretion, subject to Luxembourg laws and regulations) and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

7. Rights Issues

Subject to Condition 5 above, if and whenever the Company announces its intention to make any offer or invitation to the holders of A Shares to subscribe for or to acquire A Shares, securities or other assets by way of rights (the "Rights Assets"), the Fiduciary shall as soon as practicable give notice to the Holders in accordance with Condition 22 of such offer or invitation, specifying, if applicable, the earliest date established for acceptance thereof, the last date established for acceptance thereof (which shall be the same date as the corresponding date set by the Company for A shareholders or, if not reasonably practicable, as near as possible to such date), the manner and date by which payment for value has to be made to the Fiduciary (which shall be the same date as the corresponding date set by the Company for A shareholders) and the manner by which Holders may request the Fiduciary to exercise such rights on a fiduciary basis as provided below or, if such be the case, give details of how the Fiduciary proposes to distribute the rights or the proceeds of sale. The Fiduciary will deal with such rights in the manner described below:

(i) unless otherwise set out herein, the Fiduciary shall make arrangements whereby the Holders may, upon payment of the subscription price to the Fiduciary in the relevant currency together with such taxes and duties as may be due under applicable law and completion and remittance of such undertakings, declarations, certifications, coupons and other documents as the Fiduciary may reasonably require (to the extent (a) the same or substantially the same undertakings, declarations, certifications and other documents are required by the Company of holders of A Shares exercising such rights or (b) are required in order to comply with any applicable securities or other laws and regulations), cause the Fiduciary to exercise such rights on a fiduciary basis in its name (but for the benefit of the relevant Holders).

In case the Rights Assets consist in A Shares which rank *pari passu* with the Deposited A Shares, the Fiduciary shall increase the number of FDRs evidenced by the Global Certificate by a number of FDRs equal to the number of A Shares so subscribed or acquired on a fiduciary basis and cause the rights in such Global Certificate to be credited to the relevant Holders or issue Certificates in definitive form in respect of such FDRs, according to the manner in which the Holders hold their FDRs.

In case the Rights Assets do not consist in A Shares which rank *pari passu* with the Deposited A Shares, then:

a) if the Rights Assets consist in securities or other rights issued by the Company the holding of which is subject to restrictions under applicable law, the Concession Agreement or the Articles of Association or may fall within the scope of any such restrictions upon exchange, conversion or otherwise into such a security or right pursuant to their terms, the Fiduciary shall hold such Rights Assets as fiduciary assets under a fiduciary contract on terms substantially similar to these Conditions (to be agreed between the Fiduciary and the Company) for the benefit of the Holders entitled thereto in proportion to their number of FDRs;

b) for Rights Assets other than those referred to in a) above, the Fiduciary shall distribute such Rights Assets to the Holders entitled thereto, in proportion to the number of their FDRs, in any manner that the Fiduciary may reasonably deem practicable for effecting such distribution; or

(ii) if and in so far as the Fiduciary is of the reasonable opinion that any such arrangement and distribution to all or any Holders is not reasonably practicable (including, without limitation, owing to fractions) or is unlawful (supported by opinion of financial advisers or counsel, as the case may be), the Fiduciary will sell such rights (either by public or private sale or otherwise at its discretion, subject to Luxembourg laws and regulations) and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

If however, the Fiduciary shall be of the reasonable opinion that it is unlawful or unpracticable (supported by opinion of counsel or financial advisers, as the case may be) (for reasons outside its control) to sell rights in the manner provided above the Fiduciary shall, as soon as it becomes aware of such unlawfulness or impracticability, give notice to the Holders and permit the rights to lapse. In the absence of its own wilful default, negligence or bad faith, the Fiduciary will not be responsible for any failure to determine that it may be lawful or practicable to make rights available to Holders in general or to any Holder in particular.

The Company has agreed in the Deposit Agreement that it will, unless prohibited by applicable law, give its consent to, and use all reasonable endeavours to allow for and facilitate any such distribution, sale or subscription by the Fiduciary or the Holders, as the case may be, contemplated in Conditions 4, 5, 6, 7, 8 and 9.

If the Company certifies to the Fiduciary that registration is required in any jurisdiction under any applicable law of the rights, securities or other property to be distributed under Conditions 4, 5, 6, 7 or 9 or the securities to which such rights relate, in order for the Fiduciary to offer such rights or distribute such securities or other property to Holders, the Fiduciary will not offer such rights or distribute such securities or other property to Holders to which it is not so authorised to make such offer or distribution unless and until the Company notifies the Fiduciary that the necessary registration has been effected. Neither the Company nor the Fiduciary shall be liable to register such rights, securities or other property or the securities to which such rights relate (otherwise than in those jurisdictions in which the FDRs are admitted to official stock exchange listing or have, with the consent of the Company, been authorised for public offer where the laws of such jurisdictions require such registration prior to the distribution or offer of such rights, securities or other property or securities to which such rights relate) and they shall not be liable for any losses, damages or expenses resulting from any failure to do so.

8. Distributions by the Fiduciary

(A) Any distribution under Conditions 4, 5, 6, 7 or 9 will be made by the Fiduciary to the Holders of Certificates in definitive form upon presentation and surrender of the specified coupon or, in case of the final liquidation distribution, of the Certificate. In the case of the Global Certificate, the Fiduciary will make the distributions to the relevant Clearing Systems and Holders will be credited in accordance with the operating rules and procedures of the relevant Clearing System. In case the assets to be distributed cannot under the operating rules and procedures of a Clearing System be distributed through such Clearing System, the Fiduciary shall, subject to Conditions 5, 6, 7 or 9, make the necessary arrangements to ensure distribution of such assets to the relevant Holders. The Fiduciary may deduct and retain from all moneys in respect of any FDR all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Conditions, the Deposit Agreement or under applicable law in respect of such FDR or the relative Deposited A Shares.

(B) Delivery of any securities or other property or rights other than cash shall be made as soon as practicable to the entitled Holder, subject to any laws or regulations applicable thereto. If any distribution made by the Company with respect to the Deposited A Shares and received by the Fiduciary shall remain unclaimed at the end of 10 years from the first date upon which such distribution is made available to Holders in accordance with the Conditions and subject to any applicable laws, all rights of the Holders to such distribution or the proceeds of the sale thereof shall be extinguished and the Fiduciary shall (except for any distribution upon the liquidation of the Company when the Fiduciary shall pay such amount to such charitable organisation(s) as it may select) return the same to the Company for its own use and benefit and the Fiduciary shall have no obligation therefor or liability with respect thereto.

9. Capital Reorganization

Upon the introduction of a par value or any change in the par value, sub-division, consolidation or other classification of Deposited A Shares or upon any reduction or amortization of capital, or upon any reorganization, merger or consolidation of the Company or to which it is a party (except where the Company is the continuing corporation), the Fiduciary shall, as soon as practicable, give notice of such event to the Holders in accordance with Condition 22 and, in its discretion, may treat such event as a distribution and comply with the relevant provisions of Conditions 4, 5, 6 and 8 with respect thereto, or may execute and deliver additional FDRs in respect of Deposited A Shares or may call for the surrender of outstanding FDRs to be exchanged for new FDRs which reflect the effect of such change or to be stamped in the appropriate manner so as to indicate the new number of A Shares and/or the new securities underlying such outstanding FDRs or may adopt more than one of these courses of action.

10. Withholding Taxes and Applicable Laws

Dividends paid by the Company on the A Shares currently are subject to withholding tax at the rate of 25 per cent. See "Taxation — Dividends".

(A) Payments to Holders of dividends or other distributions made to Holders in respect of the Deposited A Shares will be subject to deduction of Luxembourg and other withholding taxes, if any, at the applicable rates. If under Luxembourg tax law, any applicable EU Directive or Regulation and/or any tax treaty or other arrangement between the Grand Duchy of Luxembourg and the country within which the Holder or beneficial owner of FDRs is resident, a Holder or beneficial owner of a FDR is entitled to and wishes to receive the benefit of the application of an exemption from, or a reduced rate of, withholding tax in relation to the payment of dividends or other distributions by the Company, the Holder or, as appropriate the beneficial owner, entitled to receive such dividend or other distribution must submit to the Fiduciary a duly completed form of certification with respect to the tax residence of such Holder or beneficial owner and other evidence required. The Fiduciary will forward any such certification or any such evidence received by it prior to the specified time to the Company in order for the Company to establish the applicability, if any, of any exemption from or reduced rate of withholding tax under Luxembourg tax law, any applicable EU Directive or Regulation and/or any tax treaty existing between the Grand Duchy of Luxembourg and the country of tax residence of each Holder or beneficial owner of a FDR. For the purposes of such certification, the Company has agreed in the Deposit Agreement in such circumstances, from time to time, to apply, in each case with the approval of the relevant Luxembourg tax authorities, such exemptions from or rates of withholding as are prescribed by the relevant Luxembourg tax law, applicable EU Directive or Regulation or tax treaty. The Fiduciary and the Company shall have no liability whatsoever in respect of any determination made hereunder by any tax authority in relation to the appropriate rate of withholding applicable to any Holder or beneficial owner of a FDR. In so relying on the evidence provided by such Holder or beneficial owner in respect of his identity and residency, the Company and the Fiduciary shall be indemnified by such Holder or beneficial owner from any and all losses, damages or expenses it incurs as a consequence of such reliance. In particular, if the Company is required by the tax authorities of the Grand Duchy of Luxembourg in respect of such Holder or beneficial owner to deduct or withhold tax at the normal rate, such Holder or beneficial owner shall indemnify the Company and the Fiduciary against such difference in the relevant tax rates and expenses incurred.

(B) If any governmental or administrative authorisation, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in the Grand Duchy of Luxembourg in order for the Fiduciary to receive from the Company A Shares to be held under the Conditions or in order for A Shares, other securities or other property to be distributed under Condition 4, 5, 6 or 9, or to be subscribed under Condition 7, the Company shall apply for such authorisation, consent, registration or permit or shall file such report within the time period required under such law. In this connection, the Company has undertaken in the Deposit Agreement, to the extent reasonably practicable, to take such action as may be required in obtaining or filing the same provided that the Company shall always apply for such authorisation, consent, registration or permit or make such report if it applies for any of the above or makes any such report in respect of the A Shares.

In case the Fiduciary determines that it will not obtain any necessary authorisation, consent or permit or that it will not seek such authorisation, consent or permit or file any such report where filing by the Fiduciary is required, the Fiduciary shall use its best endeavours to give timely notice thereof to the Holders in order to enable them to exchange their FDRs against A Shares in order to be able to participate as a shareholder in the distribution contemplated by the Company. The Fiduciary shall not distribute FDRs, A Shares, other securities or other property with respect to which such authorisation, consent or permit or such report has not been obtained or filed, as the case may be, and shall have no duties to obtain any such authorisation, consent or permit, or to file any such report except in circumstances where the same may only be obtained or filed by the Fiduciary without, in the sole opinion of the Fiduciary, unreasonable burden or expense.

11. Voting Rights

(A) Voting rights with respect to the Deposited A Shares shall be solely as set out in Conditions 11 (B) and 11 (C) below and in the Deposit Agreement. The Company will ensure that the Fiduciary receives notices of the meetings of shareholders of the Company and the agendas therefor in good time for the Fiduciary to be able to give notice to the Holders at least within the time limits set out under Luxembourg law and the Articles of Association of the Company. The Fiduciary shall, as soon as practicable after receipt of notice from the Company, to the extent required by Condition 22, give notice to the Holders thereof which shall contain (a) the agenda, date and time of the meeting and the place(s) and time where documents made available by the Company may be inspected or copies received, and (b) a statement that the Holders as at the close of business on a specified date after the issuance of the convening notice by the Fiduciary will be entitled, subject to any applicable provisions of Luxembourg law and the Articles of Association of the Company and in particular the shareholding thresholds set out therein and the Concession Agreement, to instruct the Fiduciary as to the exercise of the voting rights, if any, pertaining to the number of A Shares underlying their respective FDRs and (c) a statement as to the manner in which such instructions may be given. Upon the written request of a Holder, received on or before the date established by the Fiduciary for such purpose in the form of a block voting instruction with such certifications and evidence as the Fiduciary shall reasonably deem appropriate or the Company may, from time to time, reasonably require, the Fiduciary shall remit to the Company the relevant certifications and supporting evidence and the Company shall verify (as the case may be, in consultation and cooperation with the Luxembourg Government) whether the relevant Holders of FDRs or the beneficial owners thereof would qualify as A shareholders of the Company if in lieu of FDRs they would hold the corresponding number of A Shares. If, within 8 (eight) Luxembourg business days from the receipt of such certification and supporting evidence, the Company has not notified the Fiduciary of its rejection of the request of a Holder to exercise its voting rights pertaining to the A Shares underlying its FDRs, the Company shall be deemed to have accepted the relevant voting request. After receipt of the written approval of the Company, the Fiduciary shall vote or cause to be voted the amount of A Shares relating to the FDRs on which voting has been approved in accordance with the instructions set forth in such request. Notice of such approval shall be given to Holders only upon request.

(B) In order for each voting instruction to be valid, the block voting instruction form must be complete and duly signed by the respective Holder and, if different, by its beneficial owner, and returned with the appropriate certifications and evidence referred to in Condition 11 (A) to the Fiduciary by such date as the Fiduciary may specify. Subject to Condition 11 (C), the Fiduciary shall designate and appoint an authorised representative to attend the meeting and vote at the meeting on behalf of the Fiduciary in accordance with the provisions of this Condition 11.

(C) If, for whatever reason, the Fiduciary has not by the date specified by it received instructions from Holders to vote in respect of any resolution the Fiduciary shall be deemed to have been instructed to vote in respect of Deposited A Shares for which it has not timely received voting instructions at the relevant meeting in the manner proposed by the board of directors of the Company. If the Fiduciary is informed by the Company that it is not permitted to vote the Deposited A Share or on Deposited A Shares underlying the FDR or FDRs of the respective Holder at the relevant shareholders' meeting in the manner provided for in this Condition, the Fiduciary shall promptly advise the relevant Holder(s) of the same and shall not participate for such Deposited A Shares in the relevant meeting of shareholders.

(D) The Fiduciary shall not vote or attempt to exercise the right to vote that attaches to the Deposited A Shares, other than in accordance with instructions validly given in accordance with this Condition.

(E) The Company has undertaken in the Deposit Agreement to use its best endeavours to process swiftly all Voting Certificates. All determinations made by the Luxembourg Government shall be binding on the Company. All determinations made by the Company shall be binding on the Fiduciary.

A Shares which have been withdrawn under the terms of the Fiduciary Deposit Agreement and transferred on the Company's register of shareholders to a person other than the Fiduciary or its nominee may be voted by the Holders thereof. However, Holders may not receive sufficient advance notice of meetings of shareholders to enable them to withdraw the A Shares and vote at such meetings.

12. Withdrawal of Deposited A Shares

(A) Subject to Condition 12(B) below and the Deposit Agreement, any Holder may request withdrawal of and the Fiduciary shall, after receipt of the consent of the Company, relinquish the Deposited A Share attributable to each FDR upon production of such evidence that such person is the Holder, legal owner or beneficial owner of and entitled to the relative FDR at the specified office of the Fiduciary accompanied by:

(i) a duly executed order and certificate (in the form of Schedule 5 to the Deposit Agreement) supported by the evidence required therein and requesting the Fiduciary to cause the Deposited A Shares being withdrawn to be registered in the name of the Holder in the share register of the Company and the relevant registered share certificate being delivered at the request, risk and expense of the Holder at the specified office from time to time of the Fiduciary;

(ii) any other evidence that the Fiduciary reasonably deems appropriate and that the Company may from time to time reasonably require;

(iii) the payment of such fees, duties, charges and expenses as may be required under these Conditions or the Deposit Agreement; and

(iv) the surrender (if appropriate) of the Certificates in definitive bearer form or the transfer of the relevant rights in the Global Certificate to the account of the Fiduciary with any relevant Clearing System or the receipt by the Fiduciary of appropriate certifications from the Common Depositary. The Fiduciary shall not deliver in any manner Deposited A Shares hereunder, except upon the receipt and cancellation of corresponding FDRs and except as otherwise provided in the Conditions and in the Deposit Agreement.

(B) Certificates for withdrawn Deposited A Shares will contain such legends, and withdrawals of Deposited A Shares will be subject to the grant of such approvals as may be required by applicable laws, the Articles of Association of the Company or the Concession Agreement and to such transfer restrictions or certifications, as the Company, the Luxembourg Government or the Fiduciary may from time to time determine to be necessary for compliance with applicable laws, the Articles of Association of the Company and the Concession Agreement. Forthwith upon receipt of the elements set out in Condition 12(A) the Fiduciary shall remit to the Company the relevant certifications and supporting evidence and the Company shall verify (as the case may be, in consultation and cooperation with the Luxembourg Government) whether the relevant Holder of the FDRs or the beneficial owner thereof could qualify as A shareholders of the Company if in lieu of the FDRs with respect to which they have applied for the withdrawal of the underlying Deposited A Shares they would hold a corresponding number of A Shares. All determinations made by the Luxembourg Government shall be binding on the Company. All determinations made by the Company shall be binding on the Fiduciary.

(C) Upon approval of the withdrawal of Deposited A Shares by the Company, the applying Holder shall be recorded in the share register of the Company and the relevant registered share certificates be delivered to it by the Fiduciary for collection by such Holder. In case not all the Deposited A Shares underlying FDRs represented by a single Certificate in definitive form are withdrawn, the Fiduciary shall issue, at the cost of the Holder, a new Certificate for the balance of FDRs.

13. Recovery of Taxes, Duties and Other Charges

The Fiduciary shall not be liable for any taxes, duties, charges, costs or expenses which may become payable in respect of the Deposited A Shares or the FDRs, whether under any present or future fiscal or other laws or regulations, and such part thereof as is proportionate or referable to an FDR shall be payable by the Holder thereof (i) directly or (ii), if a call in respect thereof is made or has been made on the Fiduciary, at any time on request of the Fiduciary or may be deducted from any amount due or becoming due on such FDR in respect of any dividend or other distribution. In default thereof the Fiduciary may for the account of the Holder, upon giving no less than 30 days' notice to the relevant Holder, discharge the same out of the proceeds of sale on the over-the-counter market in Luxembourg, and subject to Luxembourg law and regulations, of an appropriate number of Deposited A Shares underlying FDRs of such Holder and subsequently pay any surplus to the Holder. Upon such sale a number of FDRs held by the relevant Holder equivalent to the number of Deposited A Shares sold shall be cancelled. Any such request shall be made by giving notice pursuant to Condition 22.

14. Rights and Duties

(A) In acting under the Fiduciary Contract, the Fiduciary is acting as fiduciary. Accordingly, the Fiduciary shall, in accordance with Luxembourg law and subject to the provisions of the Deposit Agreement and the Conditions, at all times act in good faith and exercise its rights, powers and discretions under the Deposited A Shares and perform its obligations under the FDRs in the best interests of the Holders. In acting as fiduciary under the Fiduciary Contract, the Fiduciary shall only have the obligations specifically provided for in the Fiduciary Contract.

Holders shall have no recourse against the Fiduciary in respect of amounts and distributions owing but not paid or distributed to the Fiduciary in respect of the Deposited A Shares.

Consistent with the Grand Ducal Regulation, Holders shall have no direct right of action against the Company to enforce their rights under the Fiduciary Contract or to compel the Company to comply with its obligations under the Deposited A Shares even in the case of the Fiduciary's failure to act.

(B) The rights and benefits of the Fiduciary in and towards the Deposited A Shares and any payment or distribution in respect thereof (the "Fiduciary Assets") do not form part of the general assets of the Fiduciary and are not available for the satisfaction of the general creditors of the Fiduciary but are reserved solely for the benefit of the Holders. The Fiduciary shall at all times segregate the Fiduciary Assets from its own general assets and record all Fiduciary Assets in its accounts separate from its other assets.

(C) The Fiduciary makes no representation or warranty and assumes no responsibility for, or liability or obligation in respect of, the business, financial condition, prospects, creditworthiness, status and affairs of the Company and any representations made in that respect by the Company.

(D) For the sole benefit of the Fiduciary, each Holder by its acquisition of a FDR will be deemed to have declared that it has made its own assessment and has relied on its own judgment and on the advice of its own financial and other advisers regarding the matters referred to in Condition 14(C). Between the Fiduciary and the Holders, each Holder has itself been, and will at all times continue to be, solely responsible for making its own independent appraisal and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of the Company.

Except as otherwise provided for herein, none of the Holders will be entitled to rely on the Fiduciary to provide it with any information relating to, or to keep under review on its behalf, the business, financial condition, prospects, creditworthiness or status of affairs of the Company.

(E) The Fiduciary or any of its affiliates may accept deposits from, make loans or otherwise extend credit to, and generally be engaged in any kind of commercial or investment banking business with, the Company or its affiliates (including the right for one or more of its officers to act as members of the board of directors or of any committee of the Company) and may act with respect to such business freely and without accountability to the Holders in the same manner as if the FDRs did not exist.

(F) The Fiduciary may consult on any legal matter any legal counsel selected by it and it shall incur no liability for actions taken, permitted to be taken or omitted, with respect to such matter, in good faith and in accordance with the opinion of such legal counsel, unless the Fiduciary has been negligent or has engaged in wilful misconduct.

(G) The Fiduciary shall be protected and shall incur no liability for or in respect of any action taken or permitted by it in reliance upon any document reasonably believed by it to be genuine and to have been signed by the proper parties.

(H) The Fiduciary shall be under no obligation, and shall have no authority, to exercise any rights of set-off, banker's lien, combination or counterclaim that arise or may arise out of any other transactions between the Fiduciary and the Company shall apply the proceeds thereof in payment of any amount due from the Company under the Deposited A Shares.

(I) Neither the Fiduciary, nor the Company nor any of their respective agents, officers, directors or employees shall incur any liability to any other of them or to any Holder if by reason of any provision of any future law or regulation of Luxembourg, of the European Union or any other country or of any relevant governmental authority, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or by reason of any other circumstances beyond their control, or in the case of the Fiduciary and any of its agents, officers, directors or employees by reason of any provision, present or future, of the Articles of Association of the Company or the Concession Agreement, any of them shall be prevented, delayed or forbidden from doing or performing any act or thing which the terms of the Deposit Agreement or these Conditions provide shall or may be done or performed; nor shall any of them incur any liability to any Holder by reason of any non-performance or delay, caused as aforesaid, in performance of any act or thing which the terms of the Deposit Agreement or these Conditions provide shall or may be done or performed, or by reason of any exercise of or failure to exercise, caused as aforesaid, any voting rights attached to the Deposited A Shares or any of them or any other discretion or power provided for in the Deposit Agreement. Any such party may rely on, and shall be protected in acting upon, any written notice, request, direction or other document reasonably believed by it to be genuine and to have been duly signed or presented (including a translation which is made by a translator reasonably believed by it to be competent or which appears to be authentic).

(J) The Fiduciary shall endeavour to effect any such sale as is referred to or contemplated in Condition 5, 6, 7, 9, 13 or 21 on the best terms reasonably available to it but shall have no liability (in the absence of its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) with respect to the terms of such sale or if such sale shall not be possible.

(K) Subject to Condition 14(O), the Fiduciary shall not be required to enforce the observance and performance by the Company of its obligations under or in connection with the Deposit Agreement.

(L) Notwithstanding anything else contained in the Deposit Agreement or these Conditions, the Fiduciary may refrain from doing anything which, in its reasonable opinion, supported by an opinion of counsel, could or might be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or would or might otherwise render it liable to any person (unless in the latter case it is fully indemnified) and the Fiduciary may do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulation. Upon the Fiduciary becoming aware that it will be prevented, delayed or forbidden from acting as aforesaid, it shall promptly give notice thereof to the Holders, such notice setting out in reasonable detail the reasons preventing the Fiduciary from taking any such action or being delayed from taking such action.

(M) Notwithstanding anything to the contrary contained in the Deposit Agreement or these Conditions, the Fiduciary shall not be liable in respect of any loss or damage which arises out of or in connection with the exercise or attempted exercise of, or the failure to exercise any of, its powers or discretions under the Deposit Agreement or these Conditions in the absence of its own wilful default, negligence or bad faith or that of its agents, officers, directors and employees.

(N) No provision of the Deposit Agreement or the Conditions shall require the Fiduciary to expend or risk its own funds or otherwise incur any financial obligation in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and security against such risk of liability is not assured.

(O) In case a Holder wishes to take action against the Company, such Holder shall, unless any of sub-paragraphs (i) to (vii) of the proviso to the next sentence applies, withdraw the Deposited A Shares underlying his FDRs and take action against the Company directly. The Fiduciary shall be under no obligation to prosecute or defend any action, suit or other proceeding in respect of any Deposited A Shares provided that if:

(i) the relevant Holder having complied with the relevant Conditions is unable for any reason to withdraw the relevant Deposited A Shares within 30 (thirty) calendar days after having submitted a duly completed request therefor;

(ii) the expected period of time to obtain a withdrawal of Deposited A Shares will jeopardise or adversely affect the contemplated action or the rights to be protected or upheld thereby, such position being supported by an opinion of counsel furnished by the Holder, if required by the Fiduciary;

(iii) the withdrawal of Deposited A Shares would not allow the Holder to proceed with the action whilst the Fiduciary would be so allowed;

(iv) the action would be based in whole or in part on the Deposit Agreement;

(v) the relevant Holder is under any applicable law, regulation, order, judgment or injunction or under its constitutive documents or any contract, indenture or agreement (not entered into for the purpose of this provision) prevented or restricted to hold the Deposited A Shares or other unquoted instruments;

(vi) the relevant Holder would become subject to the payment of any taxes or duties by reason of the withdrawal or Deposited A Shares, such position being supported by an opinion of counsel furnished by the Holder, if required by the Fiduciary, or such withdrawal would be unduly onerous or expensive; or

(vii) the withdrawal of Deposited A Shares may in any way be detrimental to the relevant Holder or to the proposed action,

in such case the Fiduciary will, upon the request, and at the expense and risk, of the relevant Holder, take action to preserve the rights of such Holder in respect of the Deposited A Shares underlying the FDRs held by such Holder so long as such action is consistent with these Conditions.

The Fiduciary will not be obliged to take such action or defend in any action in respect of Deposited A Shares unless it shall have been directed to do so by the relevant Holder and arrangements for its indemnification have been made to its reasonable satisfaction.

In the event of any enforcement by the Fiduciary of rights under the Deposit Agreement and/or in respect of the Deposited A Shares, the Fiduciary will be entitled to be paid, out of the proceeds of such enforcement, its costs and expenses of such enforcement in priority to any claims of the Holder(s) having requested the Fiduciary to take such action or which directly benefit from such action to the extent it had not been previously indemnified.

In case the Fiduciary becomes obliged to take action hereunder, the Fiduciary will have fulfilled its obligation if it has furnished to the relevant Holders a valid mandate to take the action proposed to be taken by the Holder (*a mandat ad litem*) which it can make subject to being covered and indemnified to its reasonable satisfaction and subject to such other conditions and restrictions as the Fiduciary may reasonably require (which may however not prevent the action to proceed).

Notwithstanding anything to the contrary herein, the Fiduciary shall not be obliged to take action in respect of any Deposited A Share in case the FDRs of the applying Holder are the subject of a criminal attachment.

(P) The Fiduciary and its affiliates may, whether by virtue of the types of relationship described above or otherwise, at any time hereafter be in possession of information in relation to the Company which is or may be material in the context of the FDRs and which may or may not be known to the general public or the Holders. Neither the Deposit Agreement nor the Conditions creates any obligation on the part of the Fiduciary or any of its affiliates to disclose to the Holders any such relationship or information (whether or not confidential), and neither the Fiduciary nor any of its affiliates shall be liable to the Holders by reason of such non-disclosure.

(Q) The Fiduciary may, in the performance of its obligations hereunder, instead of acting personally, employ and pay an agent, whether an attorney-at-law or other person, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money.

References in these Conditions to the "Fiduciary" shall be to the Fiduciary acting in its capacity as fiduciary and not in any other capacity.

15. Issue and Delivery of Replacement FDRs and Exchange of FDRs

Subject to applicable laws and to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Fiduciary may require, replacement Certificates will be issued by the Fiduciary and will be delivered in exchange for or replacement of outstanding lost, stolen, mutilated, defaced or destroyed Certificates upon surrender thereof (except in the case of destruction, loss or theft) at the specified offices of the Fiduciary.

16. Fiduciary's Fees, Costs and Expenses

(A) The Fiduciary shall be entitled to receive the following remuneration and reimbursement from the Holders in respect of its services under the Deposit Agreement:

(i) for the issue of FDRs (other than upon the issue of FDRs pursuant to the initial offering of FDRs the subject of the Deposit Agreement) or the cancellation of FDRs upon the withdrawal of Deposited A Shares: LUF 1800 per 1000 FDRs (or portion thereof) to be issued or per 1000 A Shares (or portion thereof) to be withdrawn subject, in each case up to a maximum of LUF 100,000 per application, together with all expenses, transfer and registration fees, taxes, duties and charges payable by the Fiduciary in connection with such issue or withdrawal;

(ii) as provided in Condition 15 for issuing Certificates in definitive bearer form in replacement for mutilated, defaced, lost, stolen or destroyed Certificates: a sum per FDR certificate which is determined by the Fiduciary to be a reasonable charge to reflect the work, costs and expenses involved; and

(iii) reasonably documented out-of-pocket expenses for services required by individual Holders;

The fee set out in (i) above may be adjusted, from time to time, by the Fiduciary and the Company to account for the evolution of the Fiduciary's costs in respect of the considered service. Any such adjustment shall be in line with prevailing market practice in Luxembourg for similar services.

(B) The Fiduciary is entitled to receive from the Company the fees, taxes, duties, charges, costs and expenses separately agreed by them.

In the Fiduciary Deposit Agreement, the Company has agreed to indemnify the Fiduciary against any liability that may arise as a result of or in connection with its appointment or the exercise of its powers and duties under the Fiduciary Deposit Agreement, except such as may result from its own wilful default, negligence or bad faith.

17. Agents

(A) The Fiduciary shall be entitled, with the approval of the Company, to appoint one or more agents (the "Agents") for the purpose, *inter alia*, of making distributions to the Holders.

(B) Notice of appointment or removal of any Agent or of any change in the specified office of the Fiduciary or any Agent will be duly given by the Fiduciary to the Holders in accordance with Condition 22.

18. Listing

The Company has undertaken in the Deposit Agreement to use all reasonable endeavours to maintain, so long as any FDR is outstanding, a listing for the FDRs on the Luxembourg Stock Exchange so long as the requirements for such listing are not unduly onerous or burdensome and the cost of such listing is not unreasonable in each case when compared to other official stock exchanges based in Europe. For such purpose the Company will pay all fees and sign and deliver all undertakings required by the Luxembourg Stock Exchange in connection therewith. In the event that such listing is not maintained, the Company has undertaken in the Deposit Agreement to use its best endeavours with the assistance of the Fiduciary, to obtain and maintain a listing of the FDRs on another internationally recognised stock exchange in Europe. If the Company determines that it shall not maintain a listing, the rules of the relevant stock exchange in respect of a de-listing of equity securities shall be applied.

19. Amendment of Deposit Agreement and Conditions

(A) All and any of the provisions of the Deposit Agreement and these Conditions (other than this Condition 19) may at any time and from time to time be amended by agreement between the Company and the Fiduciary in any respect which they may deem necessary, supported by opinion of counsel, to amend the Deposit Agreement and/or these Conditions as required by changes in Luxembourg or EU law (or the interpretation thereof) and/or by changes in the Articles of Association of the Company or in the Concession Agreement. Notice of any such amendment (except to correct a manifest error) shall be duly given to the Holders by the Fiduciary, in accordance with Condition 22, and shall become effective on the day such notice shall have been given.

(B) Any other amendments to the Deposit Agreement and these Conditions are subject to the prior approval of the Fiduciary, the Company and of the meeting of Holders of FDRs convened and deliberating in accordance with the terms of Schedule 8 of the Deposit Agreement. Notice of any such amendment shall be duly given to the Holders by the Fiduciary, in accordance with Condition 22.

20. Substitution

Subject to the provisions of this Condition, the Holders by acquiring any FDR expressly consent to the Fiduciary at any time, with the prior consent of the Company and the Luxembourg Government, substituting for itself as fiduciary under the Deposit Agreement and these Conditions any company established in Luxembourg qualifying as fiduciary under the Grand Ducal Regulation (the "Substitute") provided that such substitution may not take place whilst a meeting of shareholders of the Company or of the Holders has been announced nor within one month after any such meeting or any postponed or reconvened meeting. Such substitution, effected in accordance with this Condition 20, will release the Fiduciary from its rights and obligations hereunder and the Holders expressly consent thereto. The substitution shall be made by a written undertaking (the "Undertaking") to be substantially in the form set out in the Deposit Agreement and may take place only if:

(i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Undertaking, the Deposit Agreement and the Conditions represent valid, legally binding and enforceable obligations of the Substitute;

(ii) the Substitute has become party to the Deposit Agreement and these Conditions with any appropriate consequential amendments, as if it had been an original party to it;

(iii) all consents (including of the Government and the Company) having been obtained;

(iv) the Substitute having been recorded in the share register of the Company as holder of the then Deposited A Shares and all property and rights held by the Fiduciary pursuant to the FDRs having been transferred to the Substitute; and

(v) the Fiduciary has given at least 30 days prior notice of such substitution to the Holders stating that the Undertaking and other relevant documents remitted to it by the Substitute in connection with the substitution, will be available for inspection at the specified office of the Fiduciary and any Agent.

21. Termination of the Deposit Agreement

(A) The Company may, with the prior consent of the Luxembourg Government, terminate the Deposit Agreement and consequently the Fiduciary Contracts by giving 100 days' notice to the Fiduciary, provided, however, that the Company shall not terminate the Deposit Agreement until such time as the A Shares have been listed on the Luxembourg Stock Exchange or any other recognised stock exchange. Within 10 days after the giving of such notice, notice of such termination shall be duly given by the Fiduciary to Holders of the FDRs then outstanding in accordance with the Condition 22.

(B) In addition, the Company may terminate the Deposit Agreement and consequently the Fiduciary Contracts by giving 100 days' notice to the Fiduciary if required (supported by opinion of counsel) by changes in Luxembourg or EU law (or the interpretation thereof) or by changes in the Concession Agreement. In such event, the Company shall list the A Shares on the Luxembourg Stock Exchange or other recognised stock exchange unless the Company is prohibited from or unable to effect such listing due to applicable law or regulation or the Concession Agreement.

(C) During the period beginning on the date of the giving of such notice by the Fiduciary to the Holders and ending on the date on which such termination takes effect, each Holder shall be entitled to obtain delivery of the Deposited A Share relating to each FDR held by it, subject to the provisions of and upon compliance with Condition 12, free of the charge specified in Condition 16.

(D) If any FDRs remain outstanding after the date of termination, the Fiduciary shall forthwith sell the Deposited A Shares then held by it under the Deposit Agreement and as soon as reasonably practicable thereafter deliver the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, pro rata to Holders of FDRs which have not previously been so surrendered or could not be exchanged. After making such sale, the Fiduciary shall be discharged from all obligations under the Deposit Agreement and these Conditions, except its obligations to account to Holders for such net proceeds of sale and other cash.

(E) The Holders may not terminate the Fiduciary Contract but may withdraw therefrom either by transfer of their FDRs or in accordance with Condition 12.

(F) The Fiduciary may terminate its participation in the Fiduciary Contract only in accordance with Condition 20.

(G) The Fiduciary Contract shall remain unaffected and shall continue in full force and effect, notwithstanding the death, incapacity, insolvency, bankruptcy or similar event affecting either a Holder or the Fiduciary. In case any such event affects the Fiduciary, the receiver or similar official appointed in respect of the Fiduciary shall use its best endeavours to substitute a replacement fiduciary in accordance with Condition 20. Failure of such receiver to make such appointment within 30 days of the Fiduciary being declared insolvent or bankrupt or being made subject to a similar event, will authorise the Company to appoint a replacement fiduciary and transfer the Deposited A Shares registered in the name of the Fiduciary to such substituted fiduciary.

22. Notices

(A) For so long as the FDRs are held in the form of one or more Global Certificates, notices to the Holders of FDRs will be given by delivery of the relevant notice to the relevant Clearing Systems for communication by each of them to entitled participants. Notices shall be deemed to be given by the Fiduciary on the day of delivery of such notice to the relevant Clearing Systems.

(B) If the FDRs are held in the form of Certificates in definitive form notices shall be given by the Company, failing which by the Fiduciary, to the Holders by publication of the relevant notices in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) and a leading newspaper in the English language having an international circulation (which is expected to be the Financial Times).

(C) So long as the FDRs are listed on one or more stock exchanges and the rules of such stock exchange(s) so require, notices shall also be published by the Company, failing which by the Fiduciary, in such manner as the rules of such stock exchange(s) may require.

23. Reports and Information on the Company

(A) The Company has undertaken in the Deposit Agreement (so long as any FDR is outstanding) to furnish the Fiduciary with six copies (and to make available to the Fiduciary as many further copies as it may reasonably require to satisfy requests from Holders) of:

(i) in respect of the financial year ending on 31 December 1998 and, in respect of each financial year thereafter, the non-consolidated (and, if published for holders of shares, consolidated) balance sheets as at the end of such financial year and the non-consolidated (and, if published for holders of shares, consolidated) statements of income for such financial year in respect of the Company, prepared in conformity with Luxembourg Accounting Standards and reported upon by independent public auditors appointed by the shareholders, as soon as practicable after the same are published or made available to shareholders, if earlier, (and in any event within 180 days) after the end of such year; and

(ii) semi-annual non-consolidated and consolidated unaudited financial statements, as soon as practicable after the same are published or made available to shareholders, if earlier.

(B) The Fiduciary shall upon receipt thereof give due notice to the Holders in accordance with Condition 22 that such copies are available upon request at its specified office and the specified office of any Agent.

24. Copies of Company Notices

The Company has undertaken in the Deposit Agreement to transmit to the Fiduciary on or before the day on which the Company first gives notice by mail, publication or otherwise, to its Shareholders, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, such number of copies of such notice and any other material furnished to Holders by the Company in connection therewith as the Fiduciary may reasonably request. The Fiduciary shall, as soon as practicable after receiving notice of such transmission, give due notice to the Holders in accordance with Condition 22, if required thereby.

25. Moneys held by the Fiduciary

The Fiduciary shall be entitled to deal with moneys paid to it by the Company for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any Holder or any other person for any interest thereon, except as otherwise provided for herein.

26. Severability

If any one or more of the provisions contained in the Deposit Agreement or in these Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

27. Governing Law and Jurisdiction

(A) The Deposit Agreement and the FDRs are governed by and shall be construed in accordance with Luxembourg law, and in particular the Grand Ducal Regulation. The rights and obligations attaching to the Deposited A Shares will be governed by Luxembourg law. The Company has submitted in respect of the Deposit Agreement to the jurisdiction of the courts of Luxembourg, Grand Duchy of Luxembourg.

(B) The courts of Luxembourg, Grand Duchy of Luxembourg shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the FDRs and accordingly any legal action or proceedings arising out of or in connection with the FDRs ("Proceedings") may be brought only in such courts. The Fiduciary irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

TAXATION

The following discussion is a summary of certain Luxembourg tax consequences to holders of FDRs and A Shares. The discussion is based on current law and is for general information only. The discussion does not address all possible tax consequences relating to an investment in the FDRs or A Shares, and prospective investors in the FDRs or A Shares are urged to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of the FDRs and A Shares based on their particular circumstances.

General

Under current Luxembourg law, assets held by a fiduciary in that capacity and any revenue paid on such assets to the fiduciary are, for the purposes of taxation on income and net wealth, attributable to the persons for whom the fiduciary holds such assets. As a result:

(i) any A Shares held by the Fiduciary pursuant to the FDRs (the "Underlying Shares") and any dividend, liquidation proceeds or other distributions paid to the Fiduciary as holder of the Underlying Shares will, for taxation purposes, including for the purpose of any applicable double tax avoidance treaties, be attributable to the holders of the FDRs;

(ii) any payments received by the Fiduciary in respect of the Underlying Shares will not be included in the taxable income of the Fiduciary, but will, subject to applicability of Luxembourg Tax (as hereinafter defined), be included in the taxable income of the holders of the FDRs;

(iii) the Underlying Shares will not be included in the assets of the Fiduciary for the purpose of the net wealth tax payable by the Fiduciary; but will, subject to applicability of Luxembourg tax, have to be included in the taxable wealth of the holders of the FDRs; and

(iv) the exchange of FDRs into A Shares or the exchange of A Shares for FDRs will not give rise to Luxembourg Tax.

All payments made by the Fiduciary to the holders of FDRs in respect of the FDRs may be made by the Fiduciary without withholding or deduction for or on account of any taxes, duties, assessments or charges of whatever nature imposed or levied by or on behalf of Luxembourg or any political sub-division or authority thereof or therein ("Luxembourg Tax").

Dividends

Dividends paid on the A Shares (including on the Underlying Shares) are subject to a withholding tax of 25 per cent. which, subject to certain conditions, shall not apply to dividends distributed by the Company to a Corporate Entity, a Non-Resident Corporate Entity, a Permanent Establishment (all as hereinafter defined) or the Fiduciary on Underlying Shares in respect of FDRs held by a Corporate Entity, a Non-Resident Corporate Entity or a Permanent Establishment, where such Corporate Entity, Non-Resident Corporate Entity or Permanent Establishment (a) holds at least 10 per cent. of the Share Capital of the Company directly in the form of A Shares and/or indirectly in the form of FDRs or (b) holds A Shares and/or FDRs the aggregate acquisition price of which was at least LUF 50 million (each of (a) and (b), the "Substantial Participation Exemption") provided, in the case of a Non-Resident Corporate Entity and in the case of a Permanent Establishment, such Non-Resident Corporate Entity is, or such Permanent Establishment is the Permanent Establishment of a Non-Resident Corporate Entity which is, resident in a member state of the EU and qualifying under Article 2 of the European Community Directive 90/435 of 23 July, 1990. The Substantial Participation Exemption also applies to the Permanent Establishment of a Non-Resident Corporate Entity resident in a country which has entered into an applicable double taxation avoidance treaty with Luxembourg. In addition, the withholding tax on dividends may be waived, reduced or imputed by applicable double taxation avoidance treaties.

For the purposes hereof:

"Resident Holders" means holders resident in Luxembourg (except (i) holding companies governed by the law of 31 July, 1929 ("Holding Companies") and (ii) undertakings for collective investment ("UCIs") which are not subject to income tax and net wealth tax.

"Corporate Entity" means a corporate entity (*société de capitaux*) which is a Resident Holder.

"Non-Resident Corporate Entity" means a corporate entity (*société de capitaux*) which is not resident in Luxembourg.

"Permanent Establishment" means a Luxembourg permanent establishment of a non-resident.

Holders of A Shares (other than the Fiduciary in that capacity) and holders of FDRs who are Resident Holders or who have a Permanent Establishment with whom the holding of the A Shares and/or FDRs is effectively connected (i) must, for income tax purposes, include any dividend paid on the A Shares or the Underlying Shares in respect of the FDRs in their taxable income and (ii) must for net wealth tax purposes, include the A Shares held or the Underlying Shares in respect of the FDRs held in their net assets, unless in case of both (i) and (ii) and subject to similar conditions, the Substantial Participation Exemption applies. However (and where the Substantial Participation Exemption does not apply), 50 per cent. of any dividend paid on A Shares to Resident Holders or such a Permanent Establishment or to the Fiduciary on Underlying Shares in respect of the FDRs held by such Resident Holder or such Permanent Establishment will be exempt from income tax payable by such Resident Holder or Permanent Establishment.

Capital Gains

Individual Resident Holders of A Shares or FDRs are not subject to taxation on capital gains unless the disposal of the A Shares or FDRs precedes the acquisition thereof or the A Shares or FDRs are disposed of within six months of the date of the acquisition thereof; provided, however, that an individual Resident Holder who owns more than 25 per cent. of the Share Capital is liable to taxation on capital gains even after such six month period.

A Corporate Entity or Permanent Establishment holding A Shares or FDRs will, for income tax purposes, need to include any capital gain realised on the disposal of A Shares or FDRs in its taxable income, provided that, subject to certain conditions, capital gains realised or which might otherwise be realised on a disposal of A Shares or FDRs by (1) any such Corporate Entity holding at least 25 per cent. of the Share Capital directly in the form of A Shares and/or indirectly in the form of FDRs or holding A Shares and/or FDRs the aggregate acquisition price of which was at least LUF 250 million will be exempt from income tax or (2) by a Corporate Entity or a Permanent Establishment acquiring a new fixed asset with the proceeds from such disposal in connection with a contribution of a business (*entreprise*) or a business segment (*partie autonome d'entreprise*) to another Corporate Entity in return for shares of such Corporate Entity may be deferred for income tax purposes.

A holder of A Shares or of FDRs who is a non-resident of Luxembourg or a non-resident holder who was a Resident Holder during a period of more than 15 years, but has not been resident in Luxembourg at any time in the five year period prior to the sale of any A Shares or FDRs, is not liable for Luxembourg tax on capital gains on any A Shares or FDRs; provided however, (and subject to any applicable double tax avoidance treaty) that a non-resident holder who holds more than 25 per cent. of the Share Capital directly in the form of A Shares and/or indirectly in the form of FDRs is subject to tax on capital gains on the disposal of A Shares or FDRs held for not more than six months.

Other Luxembourg Tax Aspects

Individual holders subject to Luxembourg tax should be aware that the acquisition of FDRs (or of A Shares upon exchange against FDRs) will not entitle them to the benefits provided for by article 129 (c) L.I.R. (*loi Rau*) as this provision is not applicable to the acquisition of existing shares.

The FDRs qualify for investment by Luxembourg undertakings for collective investment which are approved pursuant to article 129 (c) L.I.R. (*loi Rau* funds).

No stamp, value added, issue, registration, transfer or similar taxes or duties will, under present Luxembourg law, be payable in Luxembourg by the holders of FDRs or A Shares in connection with the establishment of the FDR programme, the issue of the FDRs or the transfer of A Shares to a FDR holder upon his exchange of FDRs into A Shares.

SUBSCRIPTION AND SALE

Under the terms and subject to the conditions of the subscription agreement (the "Subscription Agreement") dated 5 July, 1998 among the Company, the Selling Shareholders, the Fiduciary and the Managers named below, for whom Deutsche Bank, Dresdner Kleinwort Benson and Morgan Stanley Dean Witter are acting as Joint Global Coordinators and Joint Lead Managers of the International Offering, and for whom Banque Générale du Luxembourg S.A. is acting as the Lead Manager of the Luxembourg Offering, the Managers have severally agreed to procure purchasers for or to purchase from the Selling Shareholders the following respective numbers of FDRs:

International Offering	Number of FDRs
Deutsche Bank AG London	990,267
Kleinwort Benson Limited	990,267
Morgan Stanley & Co. International Limited	990,267
Banque Générale du Luxembourg S.A.	198,053
Argentaria Bolsa, S.V.B., S.A.	198,053
HSBC Investment Bank Plc	198,053
Baring Brothers Limited (as agent for ING Bank N.V.)	198,053
Paribas	198,053
Total — International Offering	3,961,066
Luxembourg Offering	
Banque Générale du Luxembourg S.A.	495,134
Banque et Caisse d'Epargne de l'Etat, Luxembourg	247,567
Deutsche Bank Luxembourg S.A.	82,522
Dresdner Bank Luxembourg S.A.	82,522
Morgan Stanley Bank Luxembourg S.A.	82,522
Total — Luxembourg Offering	990,267
Employee Offering	
Deutsche Bank AG London	47,245
Kleinwort Benson Limited	47,244
Morgan Stanley & Co. International Limited	47,245
Banque Générale du Luxembourg S.A.	35,433
Total — Employee Offering	177,167
Designated Offering	
Deutsche Bank AG London	305,292
Kleinwort Benson Limited	305,292
Morgan Stanley & Co. International Limited	305,291
Banque Générale du Luxembourg S.A.	161,625
Total — Designated Offering	1,077,500
Total	6,206,000

Pursuant to the Subscription Agreement, the Managers will, subject to certain conditions, procure purchasers for or purchase the FDRs at the Offer Price of LUF 6,000 per FDR, less a commission of LUF 255 per FDR (with the exception of the 1,077,500 FDRs to be purchased by Deutsche Telekom in the Designated Offering, which will be subject to a reduced commission per FDR). The Managers are severally obliged to procure purchasers for or to purchase all the FDRs offered in the Combined Offering if any are taken. The obligations of the Managers under the Subscription Agreement to procure purchasers for or purchase the FDRs are subject to certain conditions, which may be waived by the Managers.

Certain of the Selling Shareholders have granted to the Managers an option, exercisable by the Joint Global Coordinators, after prior consultation with the Lead Manager of the Luxembourg Offering, until 30 days after the Closing Date, to purchase up to 755,183 additional FDRs, each with respect to one A Share, solely to cover over-allotments, if any.

Each of the Company and the Selling Shareholders has agreed that, without the prior written consent of the Joint Global Coordinators, after prior consultation with the Lead Manager of the Luxembourg Offering. (such consent not to be unreasonably withheld), it will not, for a period of 180 days after the date of this Offering Circular, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer and dispose of, directly or indirectly, any FDRs, Shares or any securities convertible into or exercisable or exchangeable for FDRs or Shares or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the FDRs or Shares, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of FDRs, Shares or such other securities, in cash or otherwise, provided, however, that, with the consent of the Joint Global Coordinators and the Lead Manager of the Luxembourg Offering, a Selling Shareholder may sell FDRs or A Shares to a strategic purchaser if such purchaser agrees to be bound by the foregoing restrictions.

Each of the Company and the Selling Shareholders has agreed to indemnify the several Managers against certain liabilities in connection with the offer and sale of the FDRs. In addition, the Company has agreed to reimburse the Joint Global Coordinators and the Lead Manager of the Luxembourg Offering for certain of their expenses.

Except for applying to have the FDRs listed on the LuxSE and to make a public offering in Luxembourg, no action has been or will be taken in any jurisdiction that would permit a public offering of the FDRs, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Company, the Selling Shareholders, or such securities, in any jurisdiction where action for such purpose is required. Accordingly, the FDRs may not be offered or sold, directly, or indirectly, nor may this Offering Circular nor any other offering material or advertisement in connection with such securities be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The FDRs and the underlying A Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. In addition, until 40 days after the commencement of the Combined Offering, an offer or sale of FDRs within the United States by any dealer (whether or not participating in the Combined Offering) may violate the registration requirements of the Securities Act.

The Managers have represented and agreed that (i) they have not offered or sold and prior to the expiry of the period of six months from the payment date will not offer or sell any FDRs to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (ii) they have complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by them in relation to the FDRs in, from or otherwise involving the United Kingdom, and (iii) they have only issued or passed on and will only issue or pass on in the United Kingdom any document received by them in connection with the issue of the FDRs to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom the document may otherwise lawfully be issued or passed on.

No sales prospectus *(Verkaufsprospekt)* under the German Securities Sales Prospectus Act *(Wertpapierverkaufsprospektgesetz)* has been, or will be, prepared in connection with the offering of the FDRs, and the Managers have offered and sold, and agree to offer or sell the FDRs in the Federal Republic of Germany only in full accordance with the German Securities Sales Prospectus Act.

Each of the Managers has severally represented and agreed that it has not offered or sold, and will not offer or sell FDRs to any individual or legal entity in The Netherlands other than to individuals or legal entities who or which trade or invest in securities in the conduct of their profession or trade, which includes banks, brokers, dealers, insurance companies, pension funds, other institutional investors and commercial enterprises who regularly, as an ancillary activity, invest in securities.

Each of the Managers understands that the FDRs have not been and will not be registered under the Securities and Exchange Law of Japan, and severally represents that it has not offered or sold, and has agreed not to offer or sell, directly or indirectly, in Japan or to or for the account of any resident thereof, any of the FDRs, except pursuant to any exemption from the registration requirements of the Securities and Exchange Law of Japan and otherwise in compliance with applicable provisions of Japanese law. Each Manager has agreed to send to any dealer who purchased from it any of the FDRs a notice stating in substance that, by purchasing such FDRs, such dealer represents and agrees that it has not offered or sold, and will not offer or sell, any of such FDRs, directly or indirectly, in Japan or to or for the account of any resident thereof except pursuant to any exemption from the registration requirements of the Securities and Exchange Law of Japan, and that such dealer will send to any other dealer to whom it sells any of such FDRs a notice containing substantially the same statement as is contained in this sentence.

In order to facilitate the offering of the FDRs, the Joint Global Coordinators, on behalf of the Managers, may, to the extent permitted by applicable law, over-allot or effect transactions which stabilise or maintain the market price of the FDRs at levels which might not otherwise prevail on the open market. The Joint Global Coordinators, on behalf of the Managers, are not required to engage in these activities and, if commenced, such activities may be discontinued at any time.

The initial offering price for the FDRs was determined by negotiation among the Company, the Selling Shareholders and Joint Global Coordinators together with the Lead Manager of the Luxembourg Offering. Among the factors considered in determining the Offer Price, in addition to prevailing market conditions, were the future prospects of the Company and the satellite industry in general, sales, earnings and certain other financial and operating information of the Company in recent periods, and the price-earnings ratios and market prices of securities of companies engaged in activities similar to those of the Company.

Dresdner Bank Luxembourg S.A., an affiliate of Kleinwort Benson Limited, held 3,528,000 A Shares, or 9.47 per cent. of the economic interest, of the Company represented by Shares prior to the Combined Offering. In addition, Dresdner Bank Luxembourg S.A. is a lender to the Company under its existing syndicated bank loans and is the arranger of a new syndicated loan facility with the Company. F. Otto Wendt, Managing Director of Dresdner Bank Luxembourg S.A., is a Director of the Company. Deutsche Bank Luxembourg S.A., a Manager in the Luxembourg Offering and an affiliate of Deutsche Bank London AG, held 1,896,000 A Shares, or 5.09 per cent. of the economic interest, of the Company represented by Shares prior to the Combined Offering. In addition, Deutsche Bank Luxembourg S.A. is a lender to the Company under its existing syndicated bank loans to the Company and a lender to the Company under its new syndicated loan facility. Dr. Ekkehard Storck, who was the Managing Director of Deutsche Bank Luxembourg S.A. until 1 July, 1998, is a Director of the Company. Banque Générale du Luxembourg S.A. held 1,164,000 A Shares, or 3.13 per cent., of the economic interest of the Company represented by Shares prior to the Combined Offering. Banque Générale du Luxembourg S.A. is a lender to the Company under its existing syndicated bank loans. Paul Meyers, Managing Director of Banque Générale du Luxembourg, S.A., is a Director of the Company. Raymond Kirsch, President and Chief Executive Officer of BCEE, a Manager in the Luxembourg Offering and the Fiduciary, and Henri Germeaux, Deputy Chief Executive Officer and a Director of BCEE, are Directors of the Company. Dresdner Kleinwort Benson, Deutsche Bank, Morgan Stanley Dean Witter, Banque Générale du Luxembourg S.A. and certain of the other Managers have engaged, and may in the future engage, either directly or through affiliates, in normal banking or investment banking activities with the Company in the ordinary course of their business. See "Selling Shareholders — Certain Relationships and Related Party Transactions", "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness of the Company" and "Management".

The FDRs are being offered to the public in Luxembourg on the basis of the Public Offering Circular dated 17 June, 1998.

LEGAL MATTERS

The validity of the FDRs and the underlying A Shares will be passed upon for the Company and the Selling Shareholders by Arendt & Medernach, members of the Luxembourg Bar, and for the Managers by Elvinger, Hoss & Prussen, members of the Luxembourg Bar. The validity of the FDRs will be passed upon for the Fiduciary by Schaeffer, Hengel, Dennewald & Hellenbrand, members of the Luxembourg Bar. Certain legal matters will be passed upon for the Company and the Selling Shareholders by Linklaters & Paines, counsel for the Company and the Selling Shareholders, and for the Managers by Sullivan & Cromwell, counsel for the Managers.

AUDITORS

The Company's independent auditors are Ernst & Young, S.A., Luxembourg ("Ernst & Young"). The consolidated financial statements of the Company included in this Offering Circular as of and for the years ended 31 December, 1995, 1996 and 1997 were audited by Ernst & Young, as stated in their report appearing herein.

LISTING AND GENERAL INFORMATION

The following information is furnished for purposes of the application to list the FDRs on the LuxSE.

(1) In connection with the Luxembourg Offering and the application to list the FDRs on the LuxSE, a legal notice of the Company relating to the issue of the FDRs and a copy of the Articles has been deposited with the Chief Registrar of the District Court in Luxembourg (*"Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg"*) where such documents may be examined and copies obtained. The Company is registered in the *Registre du Commerce et des Sociétés*, Luxembourg under No. B22589.

(2) The Company and the Selling Shareholders have obtained all necessary consents, approvals and authorisations in Luxembourg in connection with the Combined Offering. The Combined Offering was authorised by a resolution of the Board passed on 11 June, 1998.

(3) Except as disclosed in this document, neither the Company nor any of its subsidiaries are involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the FDRs nor, so far as the Company is aware, is any such litigation or arbitration pending or threatened.

(4) Except as disclosed in this document, there has been no significant change in the financial or trading position or prospects of the Company since 31 December, 1997.

(5) Copies in English of the latest annual report and the financial statements of the Company and the Fiduciary may be obtained, the official English translation of (i) the Articles, (ii) the Fiduciary Deposit Agreement, (iii) the Contrat de Concession and (iv) the Cahier des Charges may be inspected, and copies of the unaudited semi-annual financial statements of the Company will be available, at the specified offices of the Listing Agent and the Fiduciary during usual business hours, so long as any of the FDRs remain outstanding.

(6) The FDRs have been accepted for clearance through Cedel Bank and Euroclear. The ISIN for the FDRs is LU 0088087324 and the Common Code is 008808732. The official listing name for the Company is SES.

(7) The Company has five wholly owned subsidiaries, Astra Marketing Limited, Astra Marketing Iberica S.A., Astra Marketing France S.A., Astra Marketing GmbH and SES Ré, and one majority-owned subsidiary, ESM (which it holds through a 53 per cent. interest in ESMF). Astra Marketing Limited, Astra Marketing Iberica, Astra Marketing France S.A. and Astra Marketing GmbH have been established to provide advertising, marketing, consultancy and general advisory services to or for the benefit of or in relation to any company, undertaking, individual or body in relation to any business activity or other activity whatsoever and to enter into any agreement or arrangement for such purposes with any such company, undertaking, individual or body except marketing or marketing services of satellites or space segment capacity or services and all rights and interest therein. SES Ré has been established to carry both in Luxembourg and abroad all and any reinsurance operations in all branches of the insurance business to the exclusion of direct insurance operations; the taking of direct or indirect participations in any companies or enterprises whose object is identical or similar to its own or which are of a nature to promote the development of its activities, and more generally all and any financial, commercial, private, real estate or personal transactions which are directly linked with its purpose.

The registered office of SES Ré, ESM and ESMF is Château de Betzdorf, L-6815 Betzdorf, Luxembourg. The registered office of Astra Marketing Limited is The Progression Centre, Mark Road 42, Hemel Hempstead, Hertfordshire HP2 7DW, U.K. The registered office of Astra Marketing Iberica S.A. is Paseo de la Castellana 52, 7A, 28046 Madrid, Spain. The registered office of Astra Marketing France S.A. is Avenue Charles de Gaulle 83, 92200 Neuilly Sur Seine, France. The registered office of Astra Marketing GmbH is Mergenthalerallee 79/81, 6236 Eschborn, Germany.

(8) Notices to FDR holders will be published in a leading newspaper having general circulation in Luxembourg (which is expected to the *Luxemburger Wort*) and a leading newspaper in the English language having an international circulation (which is expected to be the *Financial Times*).

(9) The Company was incorporated on 1 March, 1985, which incorporation was published in the *Mémorial C, Recueil des Sociétés et Associations ("Mémorial C")* No. 93 on 2 April, 1985. The Articles have been amended several times on the dates set forth below:

Date of notarial deed amending the Articles	Date of the publication of the amendments in the *Mémorial C*	*Mémorial C*
12 December, 1985	17 February, 1986	C-No 39 p. 1531
4 December, 1985	17 January, 1986	C-No 14 p. 619
16 June, 1986	2 September. 1986	C-No 249 p. 12012
27 August, 1986	12 November, 1986	C-No 316 p. 15502
28 April, 1987	22 August, 1987	C-No 231 p. 12094
25 June, 1987	9 October, 1987	C-No 278 p. 14710
30 March, 1988	14 June, 1988	C-No 162 p. 7724
15 April, 1988	7 July, 1988	C-No 184 p. 8759
31 August, 1988	12 October, 1988	C-No 272 p. 12802
27 September, 1988	28 December, 1988	C-No 340 p. 16080
29 November, 1988	2 March, 1989	C-No 54 p. 2544
7 December, 1988	2 March, 1989	C-No 54 p. 2546
7 April, 1989	13 September, 1989	C-No 255 p. 12182
15 April, 1991	8 October, 1991	C-No. 370 p. 17756
25 November, 1993	2 February, 1994	C-No. 44 p. 2102
10 June, 1994	25 October, 1994	C-No. 418 p. 20027
21 September, 1995	7 December, 1995	C-No. 622 p. 29824
15 April, 1996	23 July, 1996	C-No. 353 p. 16934
20 May, 1998	6 July, 1998	

(10) The Principal Paying Agent is BCEE and the sub-Paying Agent is Banque Générale du Luxembourg S.A.

(11) The Fiduciary, BCEE, is an autonomous public establishment with legal personality established in 1856. It is currently existing under a law of 24 March, 1989 and its entire capital is owned by the Luxembourg State. The Fiduciary is a universal bank covering the whole range of banking activities and playing an active part in the Euromarkets. As of 31 December, 1997, its capital and reserves amounted to approximately LUF 24.8 billion.

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INDEX TO FINANCIAL STATEMENTS

ERNST & YOUNG

• Ernst & Young
Société Anonyme

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Report of the Independent Auditor

To the Shareholders of Société Européenne des Satellites
Betzdorf
Luxembourg

We have audited the accompanying consolidated accounts of Société Européenne des Satellites for the years ended 31 December 1995, 1996 and 1997. These consolidated accounts are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated accounts based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the consolidated accounts. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall consolidated accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the attached consolidated accounts give a true and fair view of the consolidated financial position of Société Européenne des Satellites as of 31 December 1995, 1996 and 1997 and of the consolidated results of its operations for each year then ended in accordance with International Accounting Standards.

ERNST & YOUNG
Société Anonyme
Réviseur d'entreprises

Werner Weynand — Jean-Jacques Soisson

Luxembourg 17 June, 1998

Profit and Loss Accounts

The consolidated profit and loss accounts of the Group are set out below:

		Year ended 31 December		
	Note	1995 LUF million	1996 LUF million	1997 LUF million
Net turnover	2	10,269	14,062	17,874
Other operating income		67	98	200
		10,336	14,160	18,074
External charges before exceptional charges		(1,158)	(1,675)	(2,383)
Exceptional charges	3	(700)	—	—
External charges		(1,858)	(1,675)	(2,383)
Staff costs-Wages and salaries		(475)	(542)	(698)
Staff costs-Social security costs		(40)	(50)	(62)
Depreciation and amortisation of tangible and intangible assets	4	(3,090)	(4,287)	(4,629)
Other operating charges		(118)	(115)	(443)
Share in results of associated undertakings		—	(29)	—
Operating charges		(5,581)	(6,698)	(8,215)
Operating profit		4,755	7,462	9,859
Interest receivable and similar income		172	401	322
Interest payable and similar charges		(949)	(1,007)	(1,172)
Profit on ordinary activities before franchise fee and taxation		3,978	6,856	9,009
Franchise fee	5	(601)	(1,376)	(1,867)
Taxation	6	(499)	(684)	(829)
Result for the financial year after franchise fee and taxation		2,878	4,796	6,313
Share attributable to the minority interests		—	—	93
		2,878	4,796	6,406
Earnings per share (LUF)	7			
A shares		77.3	128.8	172.0
B shares		30.9	51.5	68.8

Balance Sheets

The consolidated balance sheets of the Group as at 31 December 1995, 1996 and 1997 are set out below:

	Note	As at 31 December 1995 LUF million	1996 LUF million	1997 LUF million
ASSETS				
Formation expenses				
Costs of formation and capital increases	10	29	19	10
Fixed assets				
Tangible assets in use	12	20,468	30,863	33,733
Tangible assets in course of construction	13	17,143	15,766	19,300
		37,611	46,629	53,033
Financial assets	14			
Associates		1	13	—
Other financial assets		2	4	5
		3	17	5
Current assets				
Debtors	15	3,530	3,843	5,266
Cash at bank and on deposit		1,843	3,180	5,595
		5,373	7,023	10,861
		43,016	53,688	63,909
CAPITAL AND LIABILITIES				
Capital and reserves				
Share capital	16	4,469	4,469	4,469
Share premium account	17	220	220	220
Legal reserve	17	447	447	447
Other reserves	17	11,706	12,684	15,195
Result brought forward	17	82	86	93
Result for the financial year	17	2,878	4,796	6,406
Shareholders' funds		19,802	22,702	26,830
Minority Interests				
In capital and reserves		—	24	217
In the profit (loss) for the year		—	—	(93)
		—	24	124
Provisions for liabilities and charges	18	1,285	1,526	1,798
Creditors				
Amounts payable after more than one year				
Subordinated loans	19	—	1,500	2,250
Amounts owed to credit institutions	20	11,410	15,567	18,326
Deferred income		2,154	3,377	2,706
		13,564	20,444	23,282
Amounts payable in less than one year				
Subordinated loans	19	—	—	1,500
Amounts owed to credit institutions	20	3,305	4,497	2,750
Trade creditors		1,239	964	2,409
Deferred income		2,080	1,845	2,960
Taxes and social security payable		634	1,206	1,561
Other accruals		1,107	480	695
		8,365	8,992	11,875
		43,016	53,688	63,909

Cash Flow Statements

The consolidated cash flow statements of the Group for the three years ended 31 December 1997 are as set below:

	Year ended 31 December		
	1995 LUF million	1996 LUF million	1997 LUF million
Cash flow from operating activities			
Operating profit	4,755	7,462	9,859
Result of companies consolidated by the equity method	—	29	—
Depreciation and amortisation	3,090	4,287	4,629
Amortisation of client upfront payments	(935)	(979)	(974)
Provision for pension	4	9	11
Other provisions	(20)	232	261
Loss on disposal of fixed assets	13	1	9
Cash operating profit before working capital changes	6,907	11,041	13,795
Changes in operating assets and liabilities			
(Increase) in trade debtors	(623)	(739)	(1,179)
(Increase) Decrease in other debtors	11	32	(157)
(Increase) Decrease in prepayments and deferred charges	(594)	394	(87)
Increase in payments received on account	—	—	428
Increase (Decrease) in trade creditors	345	(275)	1,445
Increase (Decrease) in other creditors	477	(609)	138
Increase in upfront payments	—	2,197	551
Increase (Decrease) in short term advance payments	475	(230)	438
Cash generated from working capital	91	770	1,577
Net cash provided by operating activities	6,998	11,811	15,372
Returns on investment and servicing of finance			
Interest paid	(755)	(984)	(1,085)
Interest received	172	401	322
	(583)	(583)	(763)
Investing activities			
Purchase of tangible assets	(9,501)	(13,297)	(11,013)
Investment in formation expenses	—	—	(11)
Investment in financial assets	(1)	(42)	(1)
Disposal of financial assets	—	—	5
Net cash used by investing activities	(9,502)	(13,339)	(11,020)
Taxation and franchise fee			
Tax paid	(429)	(523)	(473)
Franchise fee paid	(494)	(1,007)	(1,878)
Net cash used by taxation and franchise fee	(923)	(1,530)	(2,351)
Cash flow from financing activities			
New borrowings	7,048	10,077	7,755
Repayment of borrowings	(827)	(3,228)	(4,493)
Dividends paid	(2,207)	(1,896)	(2,278)
Minority interests	—	25	193
Net cash provided by financing activities	4,014	4,978	1,177
Increase in cash	4	1,337	2,415
Cash at beginning of the year	1,839	1,843	3,180
Cash at end of the year	1,843	3,180	5,595

Notes to the Accounts

1. Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable International Accounting Standards. For the purposes of these accounts certain presentation changes have been made from that adopted in the Company's annual financial accounts and as such these accounts do not meet all of the disclosure requirements under Luxembourg law.

1.2 Basis of consolidation

The accounts consolidate the results of the Company and its subsidiary undertakings. All transactions between group companies are eliminated.

Undertakings, other than subsidiary undertakings, in which the group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associates and are accounted for by the equity method.

1.3 Formation expenses

The costs of formation of the Company and the costs related to increases in issued share capital are capitalised in the balance sheet at cost and are amortised over five years from the date of expenditure on a straight line basis.

1.4 Depreciation on tangible assets

Land and buildings

Land is recorded at acquisition cost. Buildings are shown in the balance sheet at cost less depreciation. Buildings are depreciated over their estimated useful life on a straight line basis. The depreciation period is 25 years.

Plant and machinery — space segment

The cost of the space segment includes the procurement of the satellites together with launch expenses, insurance and other related costs. These are depreciated over each satellite's anticipated useful life of 10 years on a straight line basis commencing at the date on which each satellite commences commercial service.

Plant and machinery — ground segment

Machinery and equipment is depreciated evenly over its estimated useful life, which is either 10 or 15 years.

Plant and machinery — initial operating expenses

The costs incurred prior to the commissioning of the first satellite were capitalised and are being amortised over the 10 year design life of that satellite, on a straight line basis.

Other fixtures, fittings, tools and equipment

All such items are depreciated evenly over the estimated useful lives, which are less than 10 years.

Assets in course of construction

Amounts payable in respect of the purchase of future satellites, launch costs and other related expenses including ground segment expenditure are included in the balance sheet when billed. The expenditure is transferred to assets in use and depreciation of all assets commences when they are put into commercial service.

Borrowing costs

Borrowing costs in relation to the purchase of fixed assets are expensed as incurred.

1.5 Translation of foreign currencies

The Company maintains its accounting records in Luxembourg Francs (LUF) and the consolidated accounts are expressed in this currency. Subsidiary companies keep their accounts in their respective national currencies. Those subsidiary companies that do not maintain their accounts in LUF are all marketing companies which are dependant upon the Company for funding and represent an integral part of the Company's operations. Accordingly the temporal method of currency translation is applied to these companies' accounts for the purposes of presenting the consolidated accounts.

The cost of fixed assets is translated at the rate applicable on the date of payment, except when currencies are bought in advance under forward contracts specifically for the acquisition of such assets, in which case the cost of acquisition is translated at the forward rate.

Other assets and liabilities are translated at closing rates of exchange.

During the year expenses and income expressed in foreign currencies are recorded on the basis of exchange rates prevailing on the date they occur or accrue.

All exchange differences resulting from the application of these principles are included in the profit and loss account.

1.6 Debtors

Debtors are stated at anticipated realisable value.

1.7 Revenue recognition

All amounts received from customers under contracts for satellite capacity are recognised evenly over the duration of the respective contracts. Payments received in advance are deferred and included in the balance sheet as deferred income. Payments receivable in arrears are accrued and included in trade debtors. Where the amount of revenue receivable under a contract includes variable amounts that are determined by reference to the number of households able to receive the relevant service the variable elements are not recognised until they are billed.

1.8 Dividends

Dividends are declared after the accounts for the year have been approved. Accordingly dividends are recorded in the subsequent year's accounts.

1.9 Pensions

The Company operates an unfunded defined benefit pension plan to provide for the excess of the employees' pension entitlement over that covered by the state statutory pension scheme. Provision for this liability is made in the accounts by reference to an annual actuarial valuation and is made in accordance with Luxembourg law, which requires a provision to be made equivalent to the liability that would arise in the event of the termination of the employment of all employees at the balance sheet date.

The effect of this accounting treatment does not differ materially from that calculated in accordance with International Accounting Standards.

1.10 Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds.

2 Turnover

Turnover represents the revenue earned from a single activity, the provision of satellite capacity within Europe, stated net of taxes.

3 Exceptional charge

The exceptional charge relates to amounts paid to antenna suppliers to support the development of Low Noise Block Converters compliant with D-band and digital satellite reception technology.

4 Depreciation and amortisation

This comprises:

	1995 LUF million	1996 LUF million	1997 LUF million
Amortisation of formation expenses	10	10	21
Depreciation of tangible assets	3,080	4,277	4,608
	3,090	4,287	4,629

5 Franchise fee

The franchise fee, for which the Company obtains the right to use certain orbital positions, is payable to the Luxembourg Government and is calculated based on an agreed percentage of profits. Under the franchise agreement the aggregate amount of taxation payments and franchise fee payable by the Company in any one year up to and including 1997 cannot exceed 47.5 per cent of profits before taxation and franchise fee. Franchise fee and taxation have therefore been grouped together in the profit and loss account.

6 Taxation

Taxation comprises:

	1995 LUF million	1996 LUF million	1997 LUF million
Business tax	310	474	657
Net worth tax	187	196	114
Corporate income tax	2	11	57
Other tax	—	3	1
	499	684	829

Business tax is levied by the Luxembourg tax authorities at 9.09 per cent of profits. Net worth tax is levied by the Luxembourg tax authorities at 0.5 per cent of opening net assets.

No significant liability to corporate income tax in Luxembourg has arisen because the majority of trading expenses, including depreciation and amortisation, are deductible against profits for taxation purposes, and in addition the Company has qualified for investment tax credits under Luxembourg law which amounted to approximately 14 per cent of expenditure on plant and equipment. Accordingly there is no significant provision for Luxembourg corporate income tax, either current or deferred, for the three years ended 31 December 1995, 1996, and 1997, nor is there a potential deferred tax liability at any of the respective year ends.

7 Earnings per share

Earnings per share have been calculated on the following basis:

	1995 LUF million	1996 LUF million	1997 LUF million
Results for the year	2,878	4,796	6,406
Weighted average number of shares ranking for dividend:			
A shares	31,034,000	31,034,000	31,034,000
B shares	15,517,000	15,517,000	15,517,000

The weighted average number of shares is based on the revised capital structure of the Company as described in note 16. Because A shares will have two and a half times the dividend entitlement of B shares the earnings per share of A shares is also two and a half times that of B shares. During the three years ended 31 December 1997, A shares had twice the dividend entitlement of B shares. However, earnings per share have been calculated on the basis of the revised capital structure.

For the reasons set out in Note 21 no allowance has been made for potential dividends relating to founder shares.

8 Employees

The average number of employees for 1995, 1996 and 1997 was 173, 198 and 240 respectively.

The analysis of personnel as of 31 December 1995, 1996 and 1997 was:

	1995	1996	1997
Société Européenne des Satellites, Luxembourg	160	185	214
Astra Marketing GmbH, Germany	8	11	11
Astra Marketing Ltd, United Kingdom	5	5	9
Astra Marketing Iberica S.A., Spain	4	4	4
Astra Marketing France S.A., France	4	4	5
European Satellite Multimedia Services S.A., Luxembourg	—	—	18
	181	209	261

9 Directors' remuneration

Directors' remuneration combines fixed fees and payments based on attendance at board and board committee meetings.

The amounts of directors' remuneration for the past three years are as follows:

Year	Amount in LUF Million	Date of approval
1995	34	annual meeting held on April 15, 1996
1996	35	annual meeting held on April 15, 1997
1997	35	annual meeting held on April 15, 1998

10 Formation expenses

During the course of 1995, 1996 and 1997, the formation expenses and costs related to increases in issued share capital developed as follows:

	1995 LUF million	1996 LUF million	1997 LUF million
Cost at beginning of the year	105	105	105
Additions	—	—	12
Cost at the end of the year	105	105	117
Amortisation at beginning of the year	(66)	(76)	(86)
Amortisation during the year	(10)	(10)	(21)
Amortisation at the end of the year	(76)	(86)	(107)
Net book value at the end of the year	29	19	10

11 Investments

The Company has four wholly-owned subsidiaries, Astra Marketing GmbH in Eschborn, Germany, Astra Marketing Ltd in Hemel Hempstead, United Kingdom, Astra Marketing Iberica S.A. in Madrid, Spain and Astra Marketing France S.A. in Paris, France.

The purpose of these four wholly-owned subsidiaries is to promote satellite television under specific consideration of the Astra satellite system in German, English, Spanish and French speaking countries of Europe respectively.

Additionally, in 1996 the Company set up SES Ré S.A., a captive re-insurance company in Luxembourg, as well as European Satellite Multimedia Services Finance S.A. and European Satellite Multimedia Services S.A., its operating subsidiary.

The multimedia companies were formed with partners to provide a platform for satellite delivered multimedia services in Europe.

The consolidated accounts include the accounts of the subsidiaries listed below:

	Effective interest		
	1995 %	1996 %	1997 %
Astra Marketing GmbH, Germany	100	100	100
Astra Marketing Ltd, United Kingdom	100	100	100
Astra Marketing Iberica S.A., Spain	100	100	100
Astra Marketing France S.A., France	100	100	100
SES Ré S.A., Luxembourg	—	100	100
European Satellite Multimedia Services Finance S.A., Luxembourg	—	77	53
European Satellite Multimedia Services S.A., Luxembourg	—	77	53

All shares are held directly except those in respect of European Satellite Multimedia Services S.A., which are held directly by European Satellite Multimedia Finance S.A.

12 Tangible assets in use

	Land & buildings LUF million	Plant & Machinery: Space segment LUF million	Plant & Machinery: Ground segment LUF million	Initial operating expenses LUF million	Other fixtures and fittings, tools and equipment LUF million	Total LUF million
Cost at 1 Jan 1995	970	19,314	1,497	1,464	354	23,599
Accumulated depreciation at 1 Jan 1995	(147)	(7,257)	(675)	(872)	(203)	(9,154)
Net book value at 1 Jan 1995	823	12,057	822	592	151	14,445
Movements in 1995						
Additions	578	338	67	—	129	1,112
Disposals	—		(52)	—	(8)	(60)
Transfers from assets in course of construction	621	7,159	224	—	—	8,004
Depreciation	(98)	(2,569)	(193)	(146)	(74)	(3,080)
Depreciation on disposals	—	—	40	—	7	47
Cost at 31 Dec 1995	2,169	26,811	1,736	1,464	475	32,655
Accumulated depreciation at 31 Dec 1995	(245)	(9,826)	(828)	(1,018)	(270)	(12,187)
Net book value at 31 Dec 1995	1,924	16,985	908	446	205	20,468
Movements in 1996						
Additions	72	2,477	162	—	101	2,812
Disposals	—	—	(1)	—	(4)	(5)
Transfers from assets in course of construction	—	11,490	372	—	—	11,862
Depreciation	(107)	(3,739)	(206)	(146)	(79)	(4,277)
Depreciation on disposals	—	—	—	—	3	3
Cost at 31 Dec 1996	2,241	40,778	2,269	1,464	572	47,324
Accumulated depreciation at 31 Dec 1996	(352)	(13,565)	(1,034)	(1,164)	(346)	(16,461)
Net book value at 31 Dec 1996	1,889	27,213	1,235	300	226	30,863
Movements in 1997						
Additions	74	2,874	361	—	146	3,455
Disposals	—	—	—	—	(4)	(4)
Transfers from assets in course of construction	—	3,800	224	—	—	4,024
Depreciation	(110)	(4,017)	(236)	(146)	(99)	(4,608)
Depreciation on disposals	—	—	—	—	3	3
Cost at 31 Dec 1997	2,315	47,452	2,854	1,464	714	54,799
Accumulated depreciation at 31 Dec 1997	(462)	(17,582)	(1,270)	(1,310)	(442)	(21,066)
Net book value at 31 Dec 1997	1,853	29,870	1,584	154	272	33,733

13 Tangible assets in course of construction

	Satellites LUF million	Land & Buildings LUF million	Ground segment LUF million	Total LUF million
Cost and net book value at 1 Jan 1995	15,778	621	358	16,757
Movements in 1995				
Additions	8,138	—	252	8,390
Transfers to asset in use	(7,159)	(621)	(224)	(8,004)
Cost and net book value at 31 Dec 1995	16,757	—	386	17,143
Movements in 1996				
Additions	10,250	—	235	10,485
Transfers to assets in use	(11,490)	—	(372)	(11,862)
Cost and net book value at 31 Dec 1996	15,517	—	249	15,766
Movements in 1997				
Additions	7,319	58	181	7,558
Transfers to assets in use	(3,800)	—	(224)	(4,024)
Cost and net book value at 31 Dec 1997	19,036	58	206	19,300

14 Financial assets

	Associates LUF million	Other financial assets LUF million	Total LUF million
At 1 January 1996	1	2	3
Additions	41	2	43
Share of result of associates	(29)	—	(29)
At 31 December 1996	13	4	17
Additions	—	1	1
Disposals	(13)	—	(13)
At 31 December 1997	—	5	5

The Company's share of the results of the following associated is included in the accounts.

	Shareholding		
	1995	1996	1997
	%	%	%
BT Astra S.A.	50	50	—
Satellite Promotion Services	50	50	—
EU Multimedia Finance S.A., Luxembourg	—	50	—
EU Multimedia S.A., Luxembourg	—	50	—

In 1996 the Company took equity interests in EU Multimedia Finance S.A. and in EU Multimedia S.A., its operating subsidiary.

Investments in participating interests previously reported were either sold (EU Multimedia Finance S.A. and EU Multimedia S.A.) or the companies liquidated (BT Astra and Satellite Promotion Services S.A.) during 1997. Therefore, they are not included in the consolidated accounts as at 31 December 1997.

15 Debtors

	1995 LUF million	1996 LUF million	1997 LUF million
Trade debtors	2,558	3,297	4,476
Prepayments and deferred charges	857	463	550
Other debtors	115	83	240
	3,530	3,843	5,266

Trade debtors at 31 December 1995, 31 December 1996 and 31 December 1997 included LUF 2,205 million, LUF 2,749 million and LUF 3,968 million respectively, which represented the revenues recognised for the use of satellite capacity under long-term contracts but not yet billed in accordance with the terms of the contracts.

Trade debtors at 31 December 1995, 31 December 1996 and 31 December 1997 included LUF 355 million, LUF 336 million and LUF 152 million respectively of amounts becoming due and payable in more than one year.

16 Share Capital

The authorised capital of the Company amounted to LUF 5,250 million represented by 35,000 A shares and 17,500 B shares each having a nominal value of LUF 100,000. Since 31 December 1997, the share capital of the Company has been restructured such that there are now 31,034,000 shares of category A and 15,517,000 shares of category B. The shares have no par value.

At 31 December 1995, 31 December 1996 and 31 December 1997 the issued share capital was LUF 4,469 million represented by 44,690 shares, each with a nominal value of LUF 100,000 divided into two categories, 29,793 of category A and 14,897 of category B.

The B shares are reserved for Luxembourg Government institutions or organisations directly or indirectly controlled by such institutions. One third of the members of the board of directors are appointed by holders of the B shares. During the three years ended 31 December 1997, the issue price of the B shares was always half the level of A shares, and each B share was only entitled to half the dividend payable to an A share and also half the sum distributable to an A shareholder in the event of liquidation of the Company. Since the capital restructuring, each B share is only entitled to 40 per cent of the dividend payable to an A shareholder and also 40 per cent of the sum distributable to an A shareholder in the event of liquidation of the Company.

The acquisition and disposal of shares require, under certain conditions, the approval of the Luxembourg Government.

At 31 December 1995, 31 December 1996 and 31 December 1997 the share capital was as follows:

	1995 LUF million	1996 LUF million	1997 LUF million
Issued and fully paid			
Share capital			
A shares	2,979	2,979	2,979
B shares	1,490	1,490	1,490
Total share capital	4,469	4,469	4,469

17 Movement on Shareholders' funds and reserves

	Share capital LUF million	Capital surplus LUF million	Share premium LUF million	Legal reserve LUF million	Interest equalisation reserve LUF million	Founder share reserve LUF million	Free reserves LUF million	Results b/fwd LUF million	Profit for the year LUF million	Shareholders' funds LUF million
At 1 January 1995	4,469	686	3,580	303	492	33	5,900	52	3,355	18,870
Profit for year	—	—	—	—	—	—	—	—	2,878	2,878
Transfers	—	(686)	(3,360)	144	(15)	—	5,296	1,926	(3,355)	(50)
Dividend	—	—	—	—	—	—	—	(1,896)	—	(1,896)
At 31 December 1995	4,469	—	220	447	477	33	11,196	82	2,878	19,802
Profit for year	—	—	—	—	—	—	—	—	4,796	4,796
Transfers	—	—	—	—	(51)	—	1,029	1,900	(2,878)	—
Dividend	—	—	—	—	—	—	—	(1,896)	—	(1,896)
At 31 December 1996	4,469	—	220	447	426	33	12,225	86	4,796	22,702
Profit for year	—	—	—	—	—	—	—	—	6,406	6,406
Transfers	—	—	—	—	(89)	—	2,600	2,285	(4,796)	—
Dividend	—	—	—	—	—	—	—	(2,278)	—	(2,278)
At 31 December 1997	4,469	—	220	447	337	33	14,825	93	6,406	26,830

Net profits are allocated at the annual general meeting between the free reserve and dividends to be distributed. The dividend paid in respect of 1994 amounted to LUF 2,532 million which included an interim dividend of LUF 636 million which was reflected in the financial statements for the year ended 31 December 1994.

Between the years ended 31 December 1989 and 31 December 1993 6.7 per cent of annual net profits were transferred into the interest equalisation reserve in order to defer distributable profits. Annual transfers from the interest equalisation reserve to the free reserve are now being made so that the interest equalisation reserve will be eliminated by 31 December 2001.

Subsequent to the year ended 31 December 1997 a dividend of LUF 3,043 million has been declared in respect of the results for that year.

18 Provision for liabilities and charges

	1995 LUF million	1996 LUF million	1997 LUF million
Provision for pensions	36	45	56
Other provisions	1,249	1,481	1,742
	1,285	1,526	1,798

The movements on the provisions are set out below:

	Pension provision LUF million	Other provisions LUF million	Total LUF million
At 1 January 1995	32	1,269	1,301
Provision (release) for 1995	4	(20)	(16)
At 31 December 1995	36	1,249	1,285
Provision for 1996	9	232	241
At 31 December 1996	45	1,481	1,526
Provision for 1997	11	261	272
At 31 December 1997	56	1,742	1,798

Provision for pensions

The Company has set up a complementary pension plan under article 24 of the Luxembourg fiscal code. The charge in the profit and loss account and the resulting provision in the balance sheet are made by reference to the annual actuarial valuation.

Other provisions

In previous financial periods the Company made full provision for a potential liability in respect of matters raised by tax authorities in territories outside of Luxembourg. In the light of currently available information and legal advice the Company expects that this matter will be satisfactorily resolved at no significant cost to the Company. However, as this matter has not yet been finally concluded the directors consider that it is appropriate to retain the provision for the purpose of the consolidated accounts.

Also included within other provisions is a technical reserve set up in SES Ré (the Company's captive reinsurance subsidiary) in respect of potential insurance claims.

19 Subordinated loan

On 14 June 1996, the Company arranged with a group of its shareholders for the provision of a subordinated loan facility of LUF 3,750 million, with interest payable at base rate plus 3 per cent. This facility is unsecured and is repayable by 30 September 1999.

At the end of 1996, LUF 1,500 million had been drawn under this facility, and it was fully drawn at the end of 1997.

20 Amounts owed to credit institutions

On 30 September 1992 the Company raised a five year loan with a syndicate of Luxembourg banks amounting, in total, to LUF 5,500 million. During 1996 LUF 800 million was repaid and the full facility was repaid at the end of 1997.

On 4 February 1993 the Company also arranged a syndicated loan with a group of Luxembourg and foreign banks amounting, in total, to LUF 8,750 million. This loan facility is repayable by 30 June 2000. During 1996, repayments of LUF 500 million were made and during 1997 repayments of LUF 1,500 million were made.

On 15 September 1995, the Company arranged a further syndicated loan with a group of Luxembourg and foreign banks amounting, in total, to LUF 6,750 million. This facility is repayable by 30 September 2000.

These syndicated loans are secured by the assignment of specific customer contracts and insurance policies covering certain assets.

Additionally, on 15 July 1996 the Company arranged a syndicated loan with a group of Luxembourg and foreign banks amounting to LUF 14,000 million. Drawings on this facility can be made up to 31 March 1998. The repayments are to be completed by 31 December 2001. This facility is secured by the assignment of insurance policies covering certain assets.

The following loans were outstanding at 31 December 1997:

Date of facility	Facility LUF million	Amount drawn down LUF million	Amount outstanding at 31 Dec 97 LUF million	Interest rate at 31 Dec 1997(per cent.)
4 February 1993	8,750	7,425	5,527	between 4.75 and 5.56
15 September 1995 ...	6,750	6,750	6,764	between 4.75 and 5.3125
15 July 1996	14,000	8,785	8,785	between 4.75 and 5.2813

The maturity profile of these loans at 31 December 1995, 1996 and 1997 is:

	Amounts outstanding		
Payable	1995 LUF million	1996 LUF million	1997 LUF million
Within one year	3,305	4,497	2,750
Between one and two years	4,497	2,750	6,969
Between two and five years......................	6,913	12,817	11,357
More than one year	11,410	15,567	18,326

21 Commitments and contingent liabilities

Founder shares

In connection with the formation of the Company, 50 Founder Shares, without voting rights, were issued to the founder shareholder, subject to certain conditions. The Articles provide that for a period of 20 years from 1 March 1985, the date of formation of the Company, the holder of the Founder Shares is entitled to a 5 per cent. participation in the net profits of the Company, after tax, resulting from television activities (except accessory provision of services), provided that the profits have been achieved exclusively within the Company's purpose as defined in Article 2 of the Articles at the time of its incorporation in 1985, excluding all benefits resulting from an enlargement or extension of the initial purpose. Article 2 of the Articles, in turn, established the original purpose of the Company as the exploitation, by way of a concession, of communication satellites, using for television purposes frequency bands attributed currently or subsequently for fixed satellite service on one of the orbital positions obtained or to be obtained by the Government of the Grand-Duchy of Luxembourg in conformity with the procedures provided by the International Telecommunication Union. Article 30 of the Articles provides that, at the expiration of the 20 year period, the Company shall repurchase the Founder Shares at a price equal to the difference, if any, between the 5 per cent. participation in net profits described above and the aggregate amount of dividend distributions received by the holder of the Founder Shares during the 20-year period. The Company ceased making payments in respect of the Founder Shares since the 1992 financial year, and is currently a party to legal proceedings in the United States and Luxembourg initiated by the founder shareholder.

All of these lawsuits relate to an agreement dated 23 September 1985 between the Company and the founder shareholder and certain other parties, under which Founder Shares in the Company were issued to the founder shareholder subject to certain conditions. Payments to the founder shareholder under the Founder Shares have been withheld by the Company on the ground that the founder shareholder breached a non-competition clause contained in the agreement.

In April 1994, the founder shareholder sought recovery of dividend payments for the 1992 financial year in an urgency proceeding in the District Court of Luxembourg. The matter was ruled not suitable for urgency proceedings by the District Court, and the Luxembourg Court of Appeal affirmed in July 1995.

In April 1997, the founder shareholder filed suit in the U.S. District Court for the Eastern District of Virginia against the Company, Board member Ms. Candace Johnson and the Government. The suit alleged five claims for relief relating in varying ways to the agreement between the founder shareholder and the Company. One count alleged that the Company had breached the agreement by withholding dividend payments on the Founder Shares; a second alleged that the Government and the Company had expropriated the Founder Shares; a third alleged that the Government, the Company and Johnson had converted the Founder Shares (and conspired to that end); a fourth alleged that the Government, the Company and Johnson had defamed the founder shareholder's business reputation and interfered with his business prospects (and conspired to that end); and a fifth alleged that the Government and Johnson interfered with the founder shareholder's contract with SES (and conspired to that end). The complaint sought compensatory damages totalling U.S.$200 million as the alleged value of the Founder Shares, as well as statutory and punitive damages in an amount of three to five times the founder shareholder's actual damages. On 5 December 1997, the U.S. District Court entered a final order of dismissal in favour of all three defendants on jurisdictional grounds. Whitehead has filed an appeal, and a decision is expected in the second half of 1998.

In addition, the founder shareholder served a writ on the Company in Luxembourg on 31 March 1998 seeking outstanding dividend payments relating to the Founder Shares for the financial years 1992 to 1995 (approximately LUF 357 million) plus interest and damages (LUF 15 million), reserving his rights to dividend payments relating to 1996 and subsequent financial years, rights which he claims will continue until 2008, and seeking an order prohibiting cancellation or alteration of the Founder Shares. No date has been set to adjudicate the matter in Luxembourg.

The Company believes that it has acted appropriately and will defend itself vigorously against the claims. However, there can be no assurance that the jurisdictional appeal in the United States will not be determined in favour of the founder shareholder or that his claim will not prevail in the court that ultimately decides the case on the merits. If the founder shareholder's claims ultimately are successful, the Company could be subject to significant financial liability.

Capital expenditure

The Group had outstanding commitments in respect of contracted capital expenditure totalling LUF 17,542 million at 31 December 1995, LUF 18,008 million at 31 December 1996 and LUF 14,428 million at 31 December 1997. These commitments largely reflect the purchase and launch of future satellites for the expansion of the Astra satellite system, together with necessary expansion of the associated ground station and control facilities.

Customer contracts

The Company is liable to refund the unearned portion of advance payments received from customers in the event of technical failure of the satellite. This contingent liability is adequately covered by insurance.

Forward foreign exchange contracts

The Company has forward foreign exchange contracts outstanding as of 31 December 1995, 31 December 1996 and 31 December 1997 to cover part of its future liabilities in respect of the procurement of satellites and other equipment as follows:

		Currencies bought forward	Currencies sold forward	Average exchange rate
	1995	USD 174,045,000	DEM 247,769,424	1.4236
These contracts mature between January 1996 and May 1998.				
	1996	USD 188,788,000	DEM 276,866,225	1.4665
These contracts mature between January 1997 and August 1999.				
	1997	USD 100,313,000	DEM 145,265,764	1.448
		USD 300,000	LUF 9,703,500	32.345
These contracts mature between 12 January 1998 and 2 August 1999.				

In accordance with the Company's accounting policy any gain or loss realised on these contracts is treated as part of the cost of the item of expenditure to which the contract relates. Therefore no profit or loss on exchange in connection with such forward foreign exchange contracts has been recognised in the profit and loss account in 1995, 1996 or 1997.

22 Related parties

The Luxembourg Government holds an indirect interest in the Company through the state owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Credit et d'Investissement which own 16.67% and 16.66% respectively of the shares of the Company. These shares constitute the Company's B shares which are described in more detail in Note 16. The annual amounts of franchise fee and taxes, which are payable to the Luxembourg Government, are discussed in Notes 5 and 6 respectively.

23 Post balance sheet events

Subsequent to the year ended 31 December 1997, a dividend of LUF 3,043 million was declared in respect of the results for that year and paid on 15 April 1998. The Company declared a special dividend amounting to LUF 1,862 million which was approved by the shareholders subject to the initial public offering at an extraordinary meeting on 20 May 1998.

Revisions to the Company's share capital since the balance sheet date are detailed in note 16.

ANNEX A: GLOSSARY OF CERTAIN INDUSTRY TERMS

analogue	A method of storing, processing or transmitting information through a continuous varied (rather than pulsed) signal.
asymmetric transmission	Transmission with different required bit rates for the downstream and the upstream channel (e.g., high downstream and low upstream data rate).
bandwidth	A range of frequencies, expressed in Hertz (Hz) occupied by a modulated carrier or the range of frequencies which can be transmitted through a communications system. Bandwidth is one measure of the information carrying capacity of a transponder. The wider the bandwidth, the more information which can be transmitted.
beam	The directed electromagnetic rays emanating from a satellite or ground station. On satellites, typically refers to aggregates of these rays such as a China (coverage) beam or global (coverage) beam.
broadband	High capacity bandwidth.
BSS	Broadcast Satellite Service band that is used for high-powered direct broadcast satellite systems. The ASTRA Satellite System utilises the frequency band from 11.7 GHz to 12.5 GHz for digital satellite transmission.
C-band	In satellite communications (FSS) used to refer to downlink frequencies between 3.4 GHz and 4.2 GHz and uplink frequencies between 5.85 GHz and 7.075 GHz. Often referred to as 4/6 GHz.
cellular	Public mobile radio telecommunications service. Cellular systems are based on multiple base stations, or "cells", that permit efficient frequency reuse and on software that permits the system to band mobile calls from cell to cell as subscribers move through the cellular service area.
dB	Decibel. A unit for expressing the ratio of two amounts of electric or acoustic signal power equal to 10 times the common logarithm of this ratio, which is often used as a measure of a satellite's power.
DBS	Direct broadcast satellite. A satellite capable of transmitting direct-to-home television programming.
dBW	Decibel relative to one watt. A measure of a satellite's power (e.g., 50 dBW is 10 times more powerful than 40 dBW).
digital	Referring to a method of storing, processing, or transmitting information through a pulsed (rather than continuously varied) signal.
downlink	The receiving portion of a satellite circuit extending from the satellite to the earth.
DTH	Direct To Home. The reception of satellite programmes with a small fixed dish in an individual home.
DTO	Direct To Office. The reception of satellite programmes with an individual dish or shared dish in an office.
DVB	Digital video broadcasting.
earth station	The dishes, receivers, transmitters and other equipment needed on the ground to transmit and receive satellite communications signals.

EIRP .... Equivalent isotropic radiated power, the product of the power supplied to the antenna and the antenna gain in a given direction relative to an isotropic antenna (absolute or isotropic gain).

elevation angle .... The angle at which an antenna must be pointed to receive signals from a satellite.

encrypted broadcasts .... Programming signals which require a decoder for purposes of viewing.

fixed satellite service (FSS) .... A radiocommunication service between earth stations at specified fixed points when one or more satellites are used; in some cases this service includes satellite-to-satellite links or feeder links for other space radiocommunications services.

footprint .... The geographic area covered by a satellite, the outer edge of which is generally defined as that area where the quality of communication degrades below an acceptable commercial level due to the satellite's antenna pattern, power of the signal and curvature of the earth.

GEO .... Geostationary orbit: orbit at an altitude of 36,000 km, where satellites turn at the same angular speed as the earth and thus appear to be on a fixed spot, allowing for reception of transmissions on a fixed dish.

GHz .... Gigahertz, a measure of frequency. One billion cycles per second.

geostationary orbit .... The orbit of a geosynchronous satellite whose circular and direct orbit lies in the plane of the earth's equator.

geosynchronous orbit .... An orbit in which the satellite revolves about the earth in the same period of time as the earth revolves about its own axis.

hertz .... Unit of frequency equal to number of cycles per second.

ISDN .... Integrated Services Digital Network. Digital telephone line typically offering data rates of 128-plus Kbits/s.

ISOs .... International satellite organisations.

ITU .... ITU is the United Nation's specialized agency for telecommunications. The ITU holds periodic conferences at which telecommunications issues of global importance are discussed; the main conferences are the World Radio Conference (WRC) and the World Telephone and Telegraph Conference (WTTC).

Ka-band .... In satellite communications (FSS), used to refer to downlink frequencies between 18.6 GHz and 21.2 GHz and uplink frequencies between 27 GHz and 31 GHz. Often referred to as 20/30 GHz.

Ku-band .... In satellite communications (FSS), used to refer to downlink frequencies between 10.7 GHz and 12.74 GHz and uplink frequencies between 13.75 GHz and 14.8 GHz. Often referred to as 11/14 or 12/14 GHz.

LEO .... Low-earth orbit of up to 800 km above the earth.

MEO .... Mid-earth orbit of up to 12,000 km above the earth.

MHz .... Megahertz, a measure of frequency. One million cycles per second.

microwave .... Radio frequency carrier waves with wavelengths of less than one meter-frequencies above 300 MHz. Typically used to refer to frequencies above 1 GHz, but nominally includes all of UHF.

MPEG .... Moving Pictures Experts Group. An International Standards Organisation sub-group which developed standards (e.g., MPEG-2) for the digital compression and multiplexing of video, audio and data signals.

MPEG-2 .... The current DVB standard for compression technology.

multicast .... Broadcast transmission is the sending of information from one to all recipients. Multicast is the sending of information from one to many, but not all (i.e., a subset of broadcast).

multiplex .... A variety of individual signal sources assembled into one composite signal for onward transmission.

operational life .... The time for which a satellite is capable of operating in its allotted position. The expected end of a satellite's in-orbit operational life is mainly based on the period during which the satellite's on-board fuel permits proper station-keeping manoeuvres for the satellite.

output power .... The transmission power of a transponder and not a measure of the signal power received on earth.

PCs .... Personal computers.

radio frequency .... A frequency that is higher than the audio frequencies but below the infrared frequencies, usually above 20 KHz.

satellite .... Space-borne repeater usually capable of reception, on-board processing and transmission of communications signals permitting one signal source based on earth to contact one or many other destinations simultaneously.

signal .... A physical, time-dependent energy value used for the purpose of conveying information through a transmission line.

SMATV .... Satellite delivered Master Antenna TeleVision system. A communal distribution system for satellite and terrestrial TV and radios signals, usually installed in a block of flats for shared use.

SOHO .... Small Office/Home Office.

switch .... A device that opens or closes circuits or selects the paths or circuits to be used for transmission of information; switching is the process of interconnecting circuits to form a transmission path between users.

TT&C .... Telemetry, tracking and command station, a land-based facility that monitors and controls the positioning, attitude and status of a satellite in orbit.

telemetry .... Radio transmission of coded or analog data from a satellite to a ground station.

total output power .... Aggregate power of all transponders on a satellite. See "output power".

transponder .... A microwave repeater on a satellite which provides a discrete path to receive communications signals, translate and amplify such signals and retransmit them to earth or another satellite.

travelling-wave-tube amplifier ... The main transmitters (microwave repeaters) on a satellite used to amplify the signal before it is rebroadcast back to earth. One of these is associated with each transponder and determines the available radio frequency communications power.

TWT or TWTA .... See travelling-wave-tube amplifier.

ULNB . . . . Universal Low Noise Block converter which allows for the reception of the entire bandwidth from 10.70 GHz to 12.75 GHz covered by the ASTRA Satellite System for analogue and digital transmissions.

uplink . . . . In satellite communications, the signal from the earth station to the space station (satellite).

VSAT . . . . Very Small Aperture Terminal. System for the reception and transmission of satellite signals using a small dish diameter (e.g., very often used for satellite newsgathering).

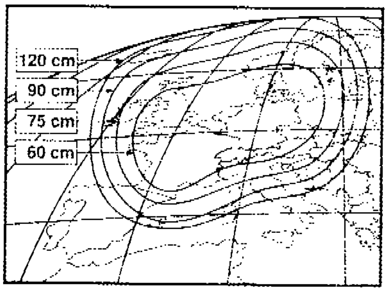
ANNEX B: FOOTPRINTS OF THE ASTRA SATELLITE SYSTEM

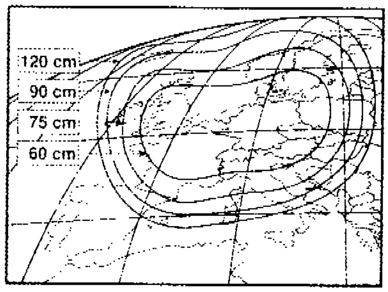
ASTRA 1A

(11,20 GHz - 11,45 GHz)

Horizontal Polarization
Mode 1

Channel 1	11214.25 MHz
Channel 5	11273.25 MHz
Channel 9	11332.25 MHz
Channel 13	11391.25 MHz





Horizontal Polarization
Mode 2

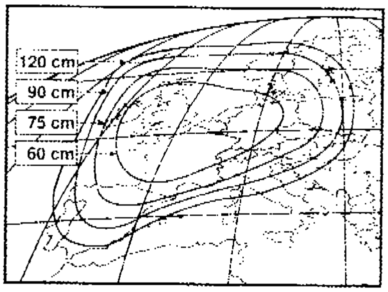
Channel 3	11243.75 MHz
Channel 7	11302.75 MHz
Channel 11	11361.75 MHz

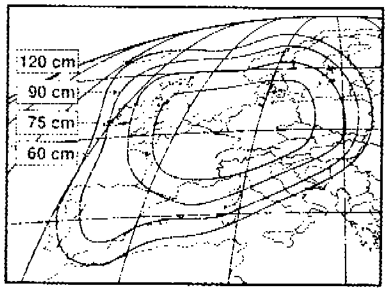
Channel 15
see ASTRA 1C

Vertical Polarization
Mode 1

Channel 8	11317.50 MHz
Channel 12	11376.50 MHz
Channel 16	11435.50 MHz

Channel 4
see ASTRA 1C





Vertical Polarization
Mode 2

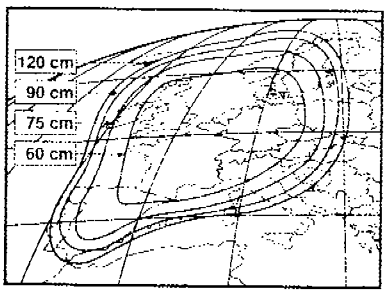
Channel 2	11229.00 MHz
Channel 6	11288.00 MHz
Channel 10	11347.00 MHz
Channel 14	11406.00 MHz

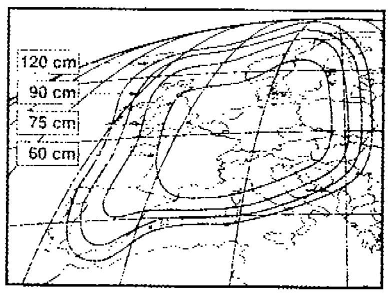
ASTRA 1B

(11,45 GHz - 11,70 GHz)

Horizontal Polarization
Mode 1

Channel 17	11464.25 MHz
Channel 21	11523.25 MHz
Channel 25	11582.25 MHz
Channel 29	11641.25 MHz



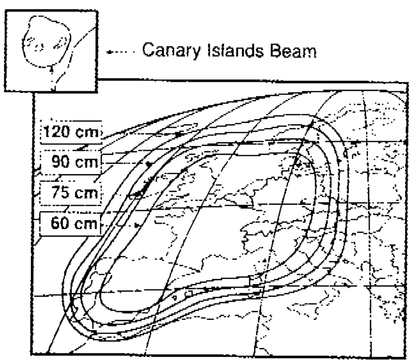


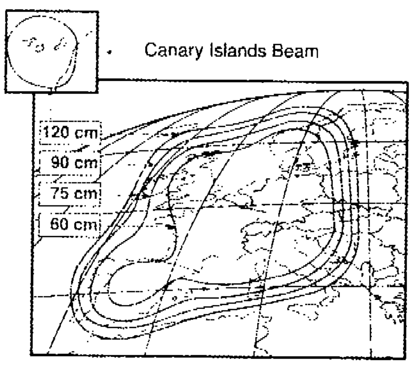
Horizontal Polarization
Mode 2

Channel 19	11493.75 MHz
Channel 23	11552.75 MHz
Channel 27	11611.75 MHz
Channel 31	11670.75 MHz

Vertical Polarization
Mode 1

Channel 20	11508.50 MHz
Channel 24	11567.50 MHz
Channel 28	11626.50 MHz
Channel 32	11685.50 MHz





Vertical Polarization
Mode 2

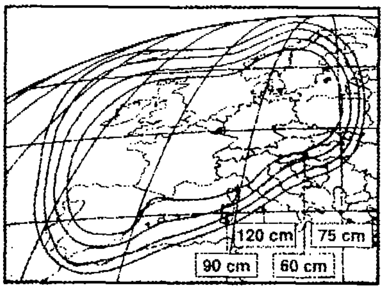
Channel 18	11479.00 MHz
Channel 22	11538.00 MHz
Channel 26	11597.00 MHz
Channel 30	11656.00 MHz

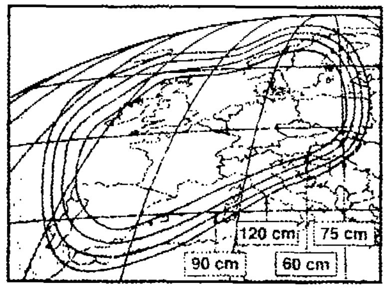
ASTRA 1C

(10,95 GHz - 11,20 GHz)

Horizontal Polarization
Mode negative

Channel 33	10964.25 MHz
Channel 37	11023.25 MHz
Channel 41	11082.25 MHz
Channel 45	11141.25 MHz



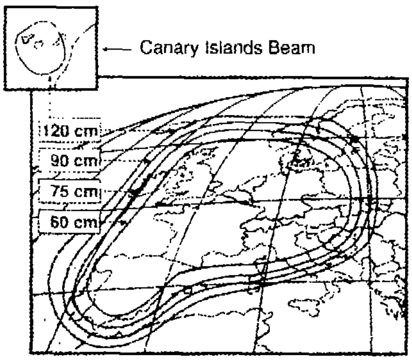


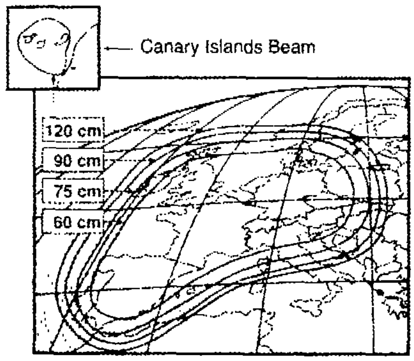
Horizontal Polarization
Mode positive

Channel 15	11420.75 MHz
Channel 35	10993.75 MHz
Channel 39	11052.75 MHz
Channel 43	11111.75 MHz
Channel 47	11170.75 MHz
Channel 63	10920.75 MHz

Vertical Polarization
Mode negative

Channel 34	10979.00 MHz
Channel 38	11038.00 MHz
Channel 42	11097.00 MHz
Channel 46	11156.00 MHz





Vertical Polarization
Mode positive

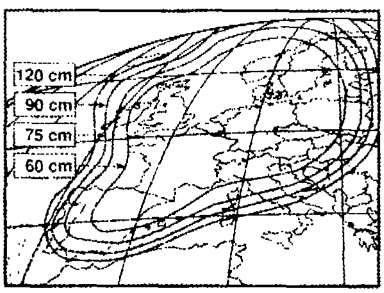
Channel 4	11258.50 MHz
Channel 36	11008.50 MHz
Channel 40	11067.50 MHz
Channel 44	11126.50 MHz
Channel 48	11185.50 MHz

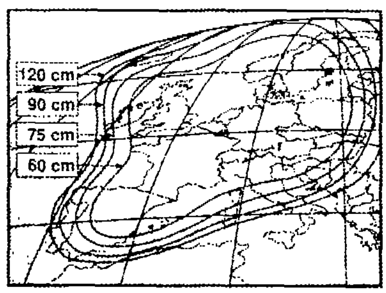
ASTRA 1D

(10,70 GHz - 10,95 GHz)

Horizontal Polarization
Mode positive

Channel 49	10714.25 MHz
Channel 53	10773.25 MHz
Channel 57	10832.25 MHz
Channel 61	10891.25 MHz





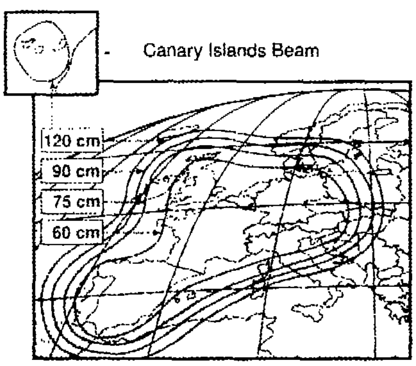
Horizontal Polarization
Mode negative

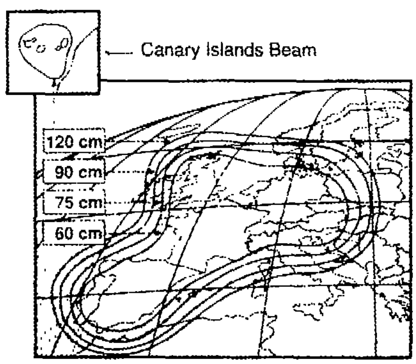
Channel 51	10743.75 MHz
Channel 55	10802.75 MHz
Channel 59	10861.75 MHz

Channel 63
see ASTRA 1C

Vertical Polarization
Mode positive

Channel 50	10729.00 MHz
Channel 54	10788.00 MHz
Channel 58	10847.00 MHz
Channel 62	10906.00 MHz





Vertical Polarization
Mode negative

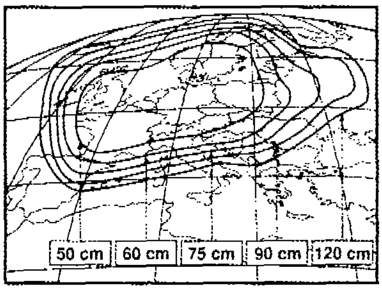
Channel 52	10758.50 MHz
Channel 56	10817.50 MHz
Channel 60	10876.50 MHz
Channel 64	10935.50 MHz

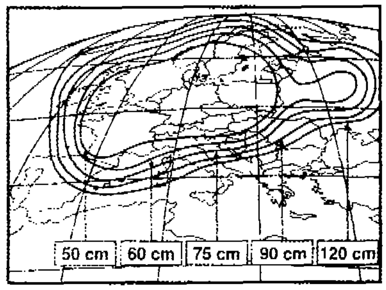
ASTRA 1E

(11,70 GHz - 12,10 GHz)

Horizontal Polarization
Mode positive

Channel 65	11719.50 MHz
Channel 69	11797.50 MHz
Channel 73	11875.50 MHz
Channel 77	11953.50 MHz
Channel 81	12031.50 MHz





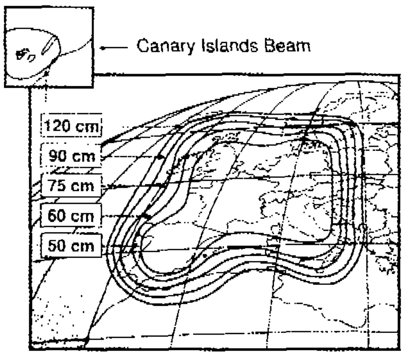
Horizontal Polarization
Mode Negative

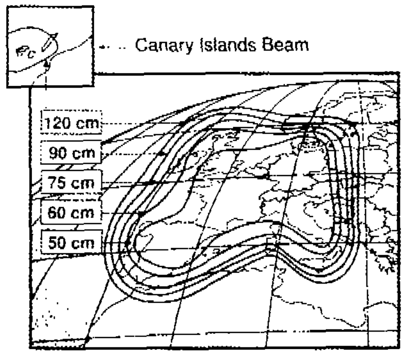
Channel 67	11758.50 MHz
Channel 71	11836.50 MHz
Channel 75	11914.50 MHz
Channel 79	11992.50 MHz

Channel 83
see ASTRA 1F

Vertical Polarization
Mode positive

Channel 66	11739.00 MHz
Channel 70	11817.00 MHz
Channel 74	11895.00 MHz
Channel 78	11973.00 MHz
Channel 82	12051.00 MHz





Vertical Polarization
Mode negative

Channel 68	11778.00 MHz
Channel 72	11856.00 MHz
Channel 76	11934.00 MHz
Channel 80	12012.00 MHz

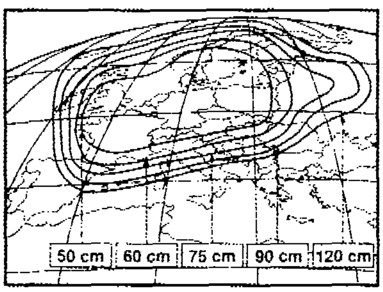
Channel 84
see ASTRA 1F

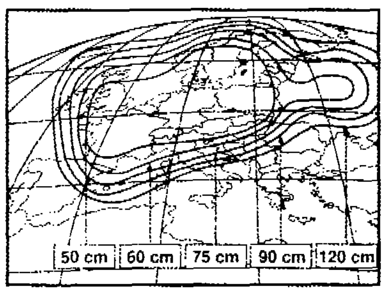
ASTRA 1F

(12,10 GHz - 12,50 GHz)

Horizontal Polarization
Mode positive

Channel 85	12019.50 MHz
Channel 89	12187.50 MHz
Channel 93	12265.50 MHz
Channel 97	12343.50 MHz
Channel 101	12421.50 MHz



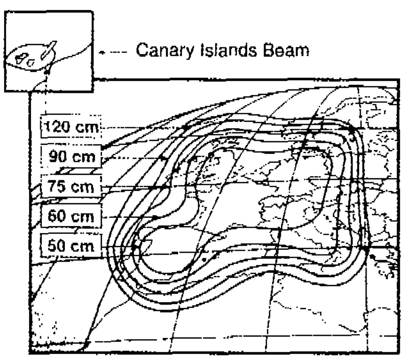


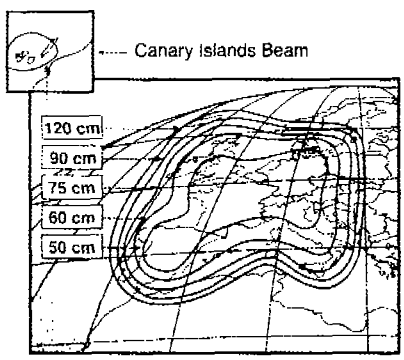
Horizontal Polarization
Mode negative

Channel 83	12070.50 MHz
Channel 87	12148.50 MHz
Channel 91	12226.50 MHz
Channel 95	12304.50 MHz
Channel 99	12382.50 MHz
Channel 103	12460.50 MHz

Vertical Polarization
Mode positive

Channel 86	12129.00 MHz
Channel 90	12207.00 MHz
Channel 94	12285.00 MHz
Channel 98	12363.00 MHz
Channel 102	12441.00 MHz





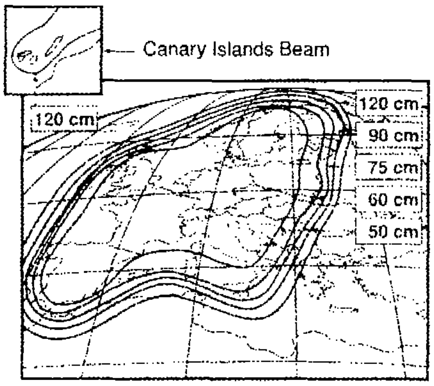
Vertical Polarization
Mode negative

Channel 84	12090.00 MHz
Channel 88	12168.00 MHz
Channel 92	12246.00 MHz
Channel 96	12324.00 MHz
Channel 100	12402.00 MHz
Channel 104	12480.00 MHz

ASTRA 1G
(12,50 GHz - 12,75 GHz)

Vertical Polarization

Channel 106	12522.00 MHz
Channel 108	12551.50 MHz
Channel 110	12581.00 MHz
Channel 112	12610.50 MHz
Channel 114	12640.00 MHz
Channel 116	12669.50 MHz
Channel 118	12699.00 MHz
Channel 120	12728.50 MHz



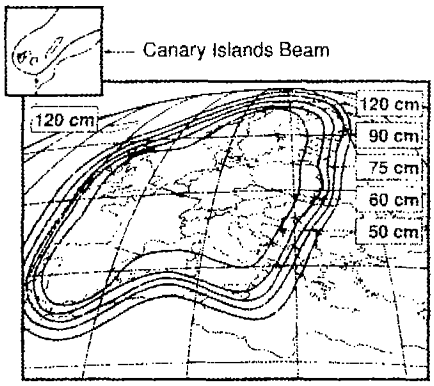
Horizontal Polarization

Channel 105	12515.25 MHz
Channel 107	12544.75 MHz
Channel 109	12574.25 MHz
Channel 111	12603.75 MHz
Channel 113	12633.25 MHz
Channel 115	12662.25 MHz
Channel 117	12692.25 MHz
Channel 119	12721.75 MHz

ASTRA 1H
(12,50 GHz - 12,75 GHz)

Vertical Polarization

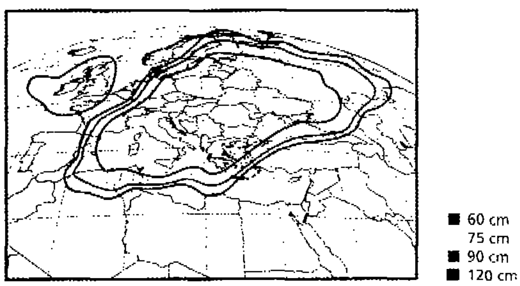
Channel 106	12522.00 MHz
Channel 108	12551.50 MHz
Channel 110	12581.00 MHz
Channel 112	12610.50 MHz
Channel 114	12640.00 MHz
Channel 116	12669.50 MHz
Channel 118	12699.00 MHz
Channel 120	12728.50 MHz



Horizontal Polarization

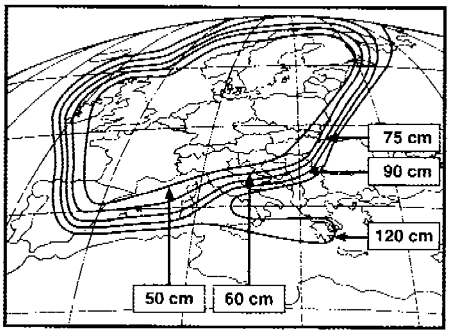
Channel 105	12515.25 MHz
Channel 107	12544.75 MHz
Channel 109	12574.25 MHz
Channel 111	12603.75 MHz
Channel 113	12633.25 MHz
Channel 115	12662.25 MHz
Channel 117	12692.25 MHz
Channel 119	12721.75 MHz

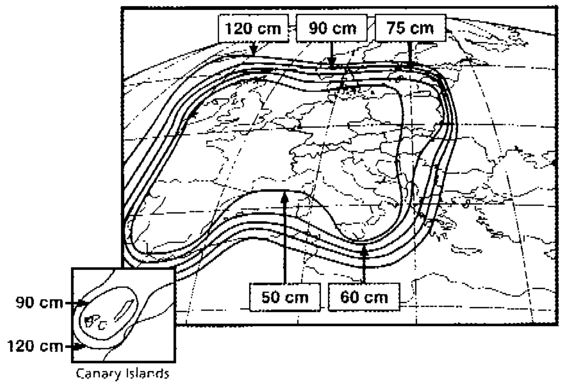
ASTRA 1K[1]



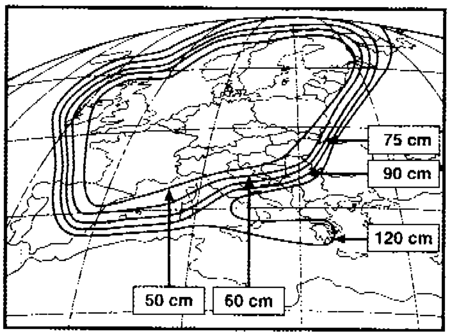
(1) provisional footprint.

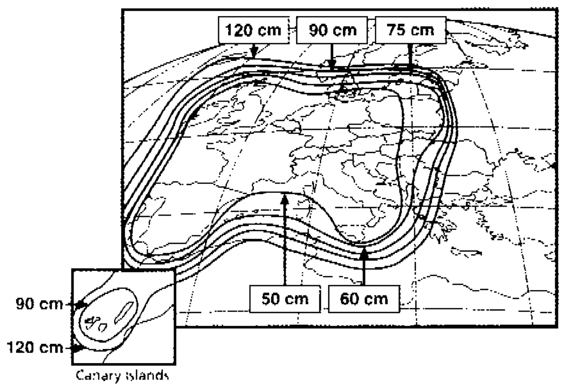
ASTRA 2A





ASTRA 2B





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Luxembourg

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rue Richard Coudenhove-Kalergi
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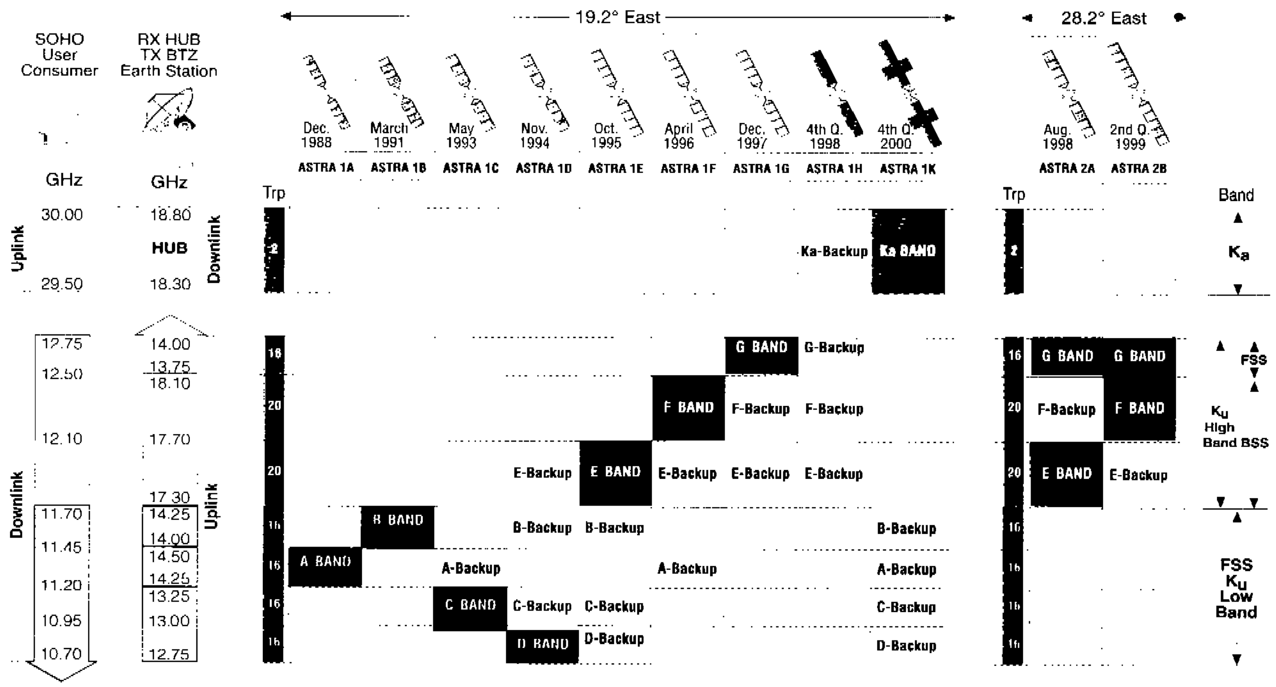
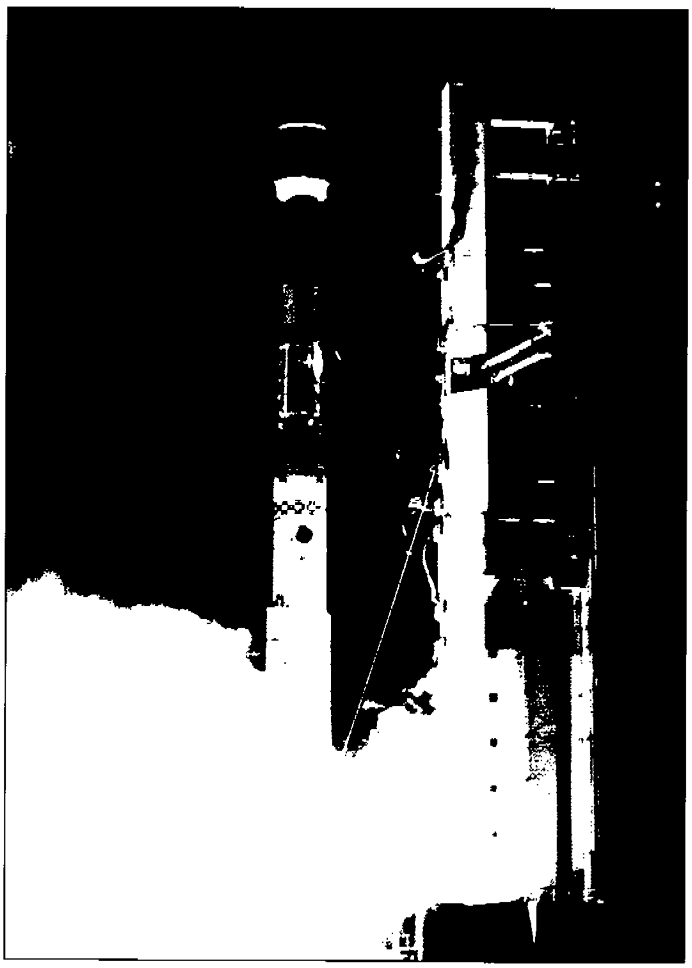
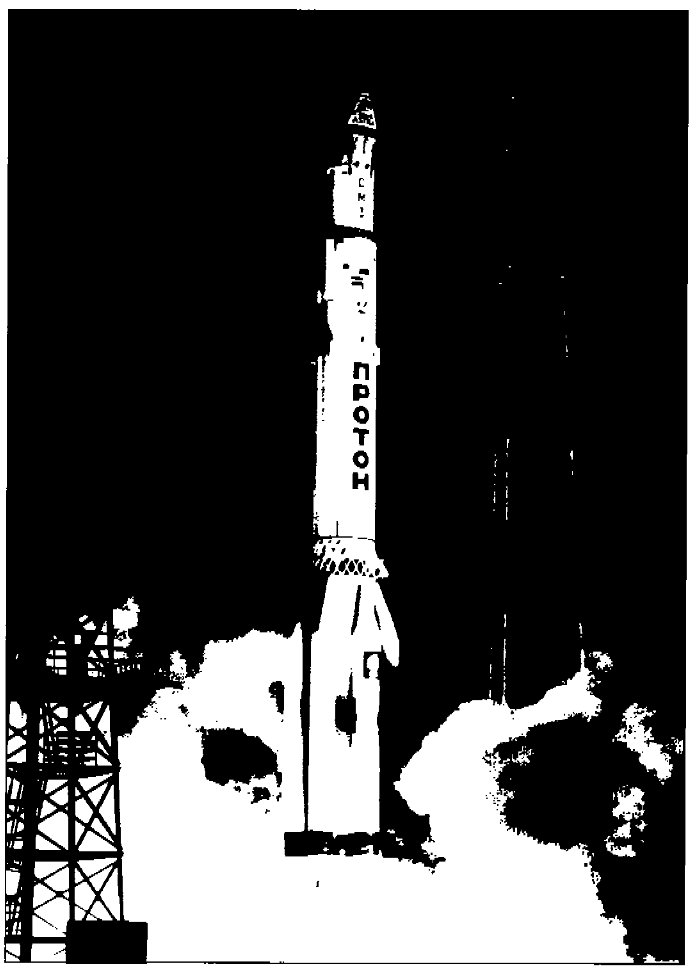
ASTRA at 19.2° and 28.2° East







[illegible] Merrill Burrups [illegible]
Frankfurt, [illegible] Washington [illegible]