SES

Your Satellite Connection to the World

# Annual Report 2009

# Highlights

## Financial highlights

**Revenue** (EUR million)

| | |
|---|---|
| 2009 | 1,701.6 |
| 2008 | 1,630.3 |
| 2007 | 1,610.7 |

**EBITDA** (EUR million)

| | |
|---|---|
| 2009 | 1,189.5 |
| 2008 | 1,100.0 |
| 2007 | 1,090.3 |

**Average weighted earnings per share** (EUR)

| | |
|---|---|
| 2009 | 1.22 |
| 2008 | 0.98 |
| 2007 | 0.91 |

**Net debt/EBITDA**

| | |
|---|---|
| 2009 | 2.99 |
| 2008 | 3.16 |
| 2007 | 2.95 |

**Reported revenue** +4.4%

**€1,701.6m**

2008: €1,630.3m

**Recurring[1] revenue** +1.7%

**€1,682.8m**

2008: €1,654.6m

**Reported EBITDA** +8.1%

**€1,189.5m**

2008: €1,100.0m

**Recurring EBITDA** +5.2%

**€1,220.2m**

2008: €1,160.4m

**Operating profit** +12.0%

**€700.4m**

2008: €625.1m

**Fully-protected contract backlog** +15.4%

**€6,748.2m**

2008: €5,850m

**Average weighted earnings per share** +24.5%

**€1.22**

2008: €0.98

**Proposed dividend[2]** +10.6%

**€0.73**

2008: €0.66

## Operational highlights

- **Four new satellites launched or brought into operation**
- **50 additional transponders contracted, increasing utilisation rate to 82.1%**
- **Five new satellite procurements signed**
- **Acquisition of Protostar-2, strengthening the coverage of India and Asia**
- **Investment in O3b Networks**

[1] 'Recurring' is a measure designed to represent underlying revenue/EBITDA performance by removing currency exchange effects, eliminating one-time items, considering changes in consolidation scope and excluding revenue/EBITDA from new business initiatives that are still in the start-up phase.
[2] Per Class A share proposed.

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# Chairman's statement

**Industry-leading profitability**
On behalf of the Board of Directors, I am proud to announce that SES continued on its growth path and achieved a robust performance during 2009.

Despite a challenging economic environment, SES recorded solid progress in particular in its core infrastructure area of providing satellite transmission capacity.

SES has so far been largely spared from the negative effects of the economic downturn. One of the reasons is that our infrastructure activity is built on long-term contracts, which greatly accounts for the resilience of our business model. Also, SES provides vital broadcasting and distribution services enabling our customers to effectively reach their audiences all over the world. Our strong market position in the industry, and the strategic added value that SES provides, has sheltered the company from the effects of the global economic crisis.

In 2009, continued strong demand for satellite capacity drove revenue growth. Our services activities contributed EUR 42.5 million or 3.5% of EBITDA.

SES confirmed its industry-leading profitability with strong operational and financial performance, and recorded progress in all key indicators.

**Net profit increased by 23%**
Revenue increased by 4.4% to EUR 1,701.6 million. On a recurring basis, revenue grew to EUR 1,682.8 million, up 1.7% over the previous year.

EBITDA increased by 8.1% to EUR 1,189.5 million, with the EBITDA margin reaching 69.9% (72.5% on a recurring basis). In its infrastructure business, SES achieved a recurring EBITDA margin of 82.9%, the highest in the industry.

SES recorded strong net operating cash flow of EUR 1,076.2 million, representing an EBITDA conversion rate of 90%.

Operating profit increased strongly by 12.0% to EUR 700.4 million, against EUR 625.1 million in 2008.

Net profit showed substantial growth and increased by 23.0% to EUR 476.5 million. Earnings per share increased even slightly faster, rising by 24.5% to EUR 1.22 per class A share.

During the year, the SES group's financing was significantly strengthened through a series of transactions. These were secured on attractive terms and maturities which smoothed and extended SES' financing profile. Average cost of debt of 4.5% reflects the strength of the SES group's commercial visibility and stability.

Despite executing a sustained investment programme, SES reduced its financial leverage to a net debt/EBITDA ratio of 2.99 times at the end of 2009, down from 3.16 times in the prior year.

Reflecting our progressive dividend policy, the Board of Directors proposed a dividend increase of 10.6% to EUR 0.73 per Class A share with respect to the 2009 financial results (2008: EUR 0.66).

SES built significantly on its profitable base, through acquisition and investments, to further develop the foundation for future growth. During the year, SES contracted five additional satellites; at year-end, 12 satellites were under construction for the SES group.

SES also took a minority investment in O3b Networks, a Medium Earth Orbit satellite constellation that will bring high-speed, low-latency internet trunking to markets which have little or no broadband connectivity.

We have excellent growth prospects which are also reflected in the 15.4% increase of the contract backlog in 2009, and we look forward to continuing to deliver value to shareholders

**Outlook**
The financial outlook for the company continues to be positive. Demand for transponder capacity keeps growing in all business segments, especially in the emerging markets, which reinforces our confidence in our growth guidance.

Important additional demand for capacity is driven by video applications, especially the development of direct-to-home (DTH) television and the dynamic growth in the number of high definition TV channels. At year-end 2009, approximately 800 HD channels were delivered via SES spacecraft worldwide; these include HD programming at prime European DTH locations and at the HD-PRIME neighbourhood in the U.S. (190 in total), as well as those offered by DISH in North America and delivered via the Ciel-2 satellite. In Europe, the number of HD channels carried by SES satellites increased beyond 100 in 2009 and is expected to grow by a further 20% by the end of 2010.

The introduction of 3D television as an additional viewing feature is also gaining momentum. The additional bandwidth required for 3D broadcasts will drive incremental demand for satellite capacity, although initially at a modest rate.

SES has been consistently guiding for growth, and this remains unchanged. For 2010 we foresee recurring revenue growth of around 5%. Recurring EBITDA growth is expected to be in line with the recurring revenue growth, based on a favourable revenue mix and continued tight cost management. Our infrastructure activities are expected to deliver a recurring EBITDA margin above 82%, while our services activities are expected to deliver a recurring margin of between 11% and 15%.

For the period 2010-2012, SES expects a compound annual growth rate for recurring revenue of 5%, despite the expected switch-off of analogue DTH transmissions in Germany, the bulk of which is expected to occur by mid-2012. This top-line growth is expected to translate into a corresponding recurring EBITDA growth.

The additional capacity that is being brought into use in 2010, starting in January with NSS-12 (+39 transponders), to be followed in Q2 by the scheduled operation of Protostar-2 (+22 Ku-band transponders) and of ASTRA 3B (+15 transponders) underlies our growth guidance.

I would like to commend the SES management and employees for their strong achievements in a challenging environment during 2009. Looking ahead, I trust that their expertise, experience, and relentless dedication will ensure that we continue to provide the highest level of service to our customers, and the most outstanding value to our shareholders.

**René Steichen**
Chairman of the Board of Directors

# Corporate governance

SES shareholders[1]

| | Number of shares | % Voting shareholding | % Economic participation |
|---|---|---|---|
| **A shares** | | | |
| Sofina Group | 18,800,000 | 3.76% | 4.70% |
| Luxempart S.A. | 11,538,264 | 2.31% | 2.89% |
| Santander Telecommunications S.A. | 10,000,000 | 2.00% | 2.50% |
| Other shareholders | 9,406,113 | 1.88% | 2.35% |
| BCEE FDRs (free float) | 283,240,753 | 56.71% | 70.89% |
| **Total A shares** | **332,985,130** | **66.66%** | **83.33%** |
| **B shares** | | | |
| BCEE | 54,336,756 | 10.88% | 5.44% |
| SNCI | 54,329,979 | 10.88% | 5.44% |
| Etat du Grand-Duché de Luxembourg | 57,825,830 | 11.58% | 5.79% |
| **Total B shares(2)** | **166,492,565** | **33.33%(3)** | **16.67%** |
| **Total shares (actual)** | **499,477,695** | | |
| **Total shares (economic)** | **399,582,156** | | |

(1)Significant shareholdings as of 21 December, 2009.

(2)A share of Class B carries 40% of the economic rights of a Class A share.

(3)These figures have been rounded up to the second decimal, as a result of which the Class B shareholders appear to hold a total of 33.34 % of the voting interest in the company. The actual total voting interest of the Class B shareholders is, however, one-third.

# Chairman's report on corporate governance and internal control procedures

**Introduction**
SES is listed on both the Luxembourg Stock Exchange and on Euronext Paris. The company follows the 'Ten Principles of Corporate Governance' adopted by the Luxembourg Stock Exchange (its home market) and the governance rules applied by companies listed in Paris (where most of the trading in SES FDRs takes place). Where those rules conflict, e.g. with regard to the publication of the individual remuneration of the members of its Executive Committee, SES follows the rules of its home stock exchange by reporting the aggregate amount of the direct and indirect remuneration of the members of the Executive Committee, with the fixed and the variable components of the benefits being separately identified.

SES meets all the recommendations made by the 'Ten Principles' except two. With regard to Recommendation 3.9 stating that any of the committees created by the board should only have advisory powers, the SES board has delegated some decision-making power to the Remuneration Committee. For the full details of these powers, see the charter of the Remuneration Committee on the SES website (www.ses.com). SES does not follow Recommendation 10.6 either. Under this recommendation any shareholder who holds at least 5% of the company's shares should be allowed to put topics on the agenda of the annual general meeting and propose draft resolutions to be voted upon, whereas SES follows the Luxembourg law in this respect, granting such right to one or more shareholders holding at least 10% of its shares. As no registered shareholder currently holds more than 5% but less than 10% of the SES shares, this discrepancy between the SES articles of incorporation and Recommendation 10.6 is not considered material.

The company has also continued its policy to increase the flow of information towards its shareholders via its website.

In this context, the section on corporate governance contains a constantly updated stream of information such as the latest version of the company's main governance documents, be it the articles of incorporation, the corporate governance charter (including the charters of the various committees set up by the board) or the separate sections on the composition and the mission of the board, the board's committees and the Executive Committee. This section also contains the SES Code of Conduct and Ethics, the financial calendar and any other information which may be of interest to the company's shareholders.

**Organisation principles**
Created on March 16, 2001 under the name of SES GLOBAL, SES is incorporated in Luxembourg. Following the completion of the acquisition of GE Americom on November 9, 2001, SES became the parent company of SES ASTRA, originally created in 1985 and which will celebrate its 25th anniversary in early 2010. In 2001, the Board of Directors approved a set of internal regulations to complement the legal and regulatory obligations, as well as the articles of incorporation of SES. A copy of SES' articles of incorporation, in its latest version, is available in the corporate governance section of the company's website.

**The annual general meeting of shareholders**
Under Luxembourg company law, the company's annual or extraordinary general meetings represent the entire body of shareholders of the company. They have the widest powers, and resolutions passed by such meetings are binding upon all shareholders, whether absent, abstaining from voting or voting against the resolutions.

The meetings are presided by the Chairman or, in case of his absence, by one of the Vice Chairmen of the Board or, in their absence, by any other person hereto appointed by the meeting. Any shareholder who is recorded in the company's shareholder register at least eight business days before the meeting is authorised to attend and to vote at the meeting. A shareholder may act at any meeting by appointing a proxy who does not need to be a shareholder.

The company has issued two classes of shares: Class A and Class B shares.

Although they constitute separate classes of shares, Class A and Class B shares have the same rights except that the shares of Class B, held by the State of Luxembourg and by two entities wholly owned by the State of Luxembourg, entitle their holders only to 40% of the dividend, or in case the company would be dissolved, to 40% of the net liquidation proceeds, paid to shareholders of Class A. Class B shares are not freely traded. Each share, whether of Class A or B, is entitled to one vote. In accordance with the company's articles of incorporation, no shareholder of Class A may hold, directly or indirectly, more than 20%, 33% or 50% of the company's shares, unless it has obtained prior approval from the meeting of the shareholders. Such limit is calculated by taking into account the shares of all classes held by a shareholder of Class A.

A shareholder or a potential shareholder which envisages to acquire by whatever means, directly or indirectly, more than 20%, 33% or 50% of the shares of the company must inform the Chairman of the Board of such intention. The Chairman will then inform the government of Luxembourg of the envisaged acquisition which may only be opposed by the government within three months from such information, should the government determine that such acquisition is against the general public interest.

In case of no opposition from the government, the board shall convene an extraordinary meeting of shareholders which may decide at a majority provided for in article 67-1 of the law of August 10, 1915, as amended, regarding commercial companies, to authorise the demanding party to acquire more than 20%, 33% or 50% of the shares.

The annual general meeting is held on the first Thursday in April. Each registered shareholder will receive written notice of the annual general meeting, including the time of the meeting, the agenda, as well as the draft resolutions which will be proposed for approval to the meeting, by registered mail at least 20 days prior to the meeting. At the same time, he will receive a copy of the annual accounts and the consolidated accounts, including the balance sheets and the income statements of the company. Holders of the company's FDRs will be represented at the meeting by Banque et Caisse d'Epargne de l'Etat acting as Fiduciary. Each FDR will represent one Class A share. If a holder of FDRs wants to attend the annual general meeting of shareholders in person, he needs to convert at least one FDR into an A share. In order to facilitate the attendance of the meeting by FDR holders, the company will support the applicable charge for a conversion of up to 10,000 FDRs in the period prior to the annual general meeting.

Notice of the meeting and of the proposed agenda will also be given in the press. The Fiduciary will circulate the draft resolutions to both international clearing systems, allowing FDR holders to give their voting instructions to the Fiduciary in time for the meeting. At the same time, the draft resolutions will be made available on the company's website. Unless the Fiduciary has received specific instructions from the FDR holder, the Fiduciary will vote in favour of the proposals submitted by the board.

The meeting may deliberate validly only if at least half of the shares of Class A and at least half of the shares of Class B are represented. In the event that the required quorum is not reached, the meeting will be reconvened in accordance with the form prescribed by the articles of incorporation. It may then validly deliberate without consideration of the number of represented shares.

The proceedings are held in French, but an English translation is provided by the company. A French version of the AGM minutes and the results of the shareholders' votes can be found on the SES website.

All the resolutions of the meeting are adopted by a simple majority vote except if otherwise provided for by law. The annual general meeting held on April 2, 2009 was attended by 99.976 % of the company's shareholders. However, the 8,615,247 FDRs held by SES did not participate in the vote, reducing the participation in the vote to 98.251% of the company's shares.

Following the election of the board in 2008 for a period of three years, the shareholders were not asked to vote on any new board members. The same 17 directors remained in place throughout the year. A short biography on each of them is published on page 5.

During the 2009 annual general meeting, the shareholders further approved the 2008 financial results and the allocation of the 2008 profits, granted discharge to the external auditor and the directors, elected Ernst & Young as the company's external auditor for another year and granted an authorisation to SES to buy back its own shares. The shareholders also approved the directors' fees which remained unchanged in comparison to 2008. All of the board's proposals were carried by a majority of at least 99.65% of the votes expressed. In accordance with article 67-1 of the Luxembourg company law, abstentions are not considered when determining whether a resolution has been passed or not.

During 2009 no extraordinary meeting of shareholders was held.

## The Board of Directors and its committees

### Mission

The Board of Directors is responsible for defining the company's strategic objectives as well as its overall corporate plan. The board approves, upon proposal from the Executive Committee, the annual consolidated accounts of the company and the appropriation of results, the group's medium-term business plan, the consolidated annual budget of the company, and the management report to be submitted to the meeting of shareholders. It also approves major investments and is responsible vis-à-vis shareholders and third parties for the management of the company, which it delegates to the Executive Committee.

### Composition

Following its election by the shareholders in April 2008, the Board of SES was composed throughout the year of 17 directors, all of them non-executive directors. In accordance with the company's articles of association, 11 board members represent holders of Class A shares and six board members represent holders of Class B shares. The mandates of the current directors will expire at the annual general meeting of shareholders in April 2011.

René Steichen is the Chairman of the Board of Directors. He was elected by the members of the board in the meeting which followed the annual general meeting on April 3, 2008. René Steichen is currently assisted by two Vice Chairmen, François Tesch and Jean-Paul Zens, each one elected on the basis of proposals submitted by directors representing shareholders of Class A and of Class B, respectively.

In the event of a vacancy in the board, the remaining directors may, upon a proposal from the Nomination Committee and on a temporary basis, fill such a vacancy by a majority vote. In this case, the next annual general meeting of shareholders will definitively elect the new director who will complete the term of the director whose seat became vacant.

In accordance with internal regulations, at least one third of the board members must be independent directors. A board member is considered independent if he has no relationship of any kind with the company or management, which may impact his judgment. This is defined as:

– not having been a director for more than 12 years;

– not having been an employee or officer of the company over the last five years;

– not having had a material business relationship with the company in the last three years; and

– not representing a significant shareholder owning directly or indirectly more than 5% of the company's shares.

Ten of the current board members are considered independent:

Ms Bridget Cosgrave and Messrs Marcus Bicknell, Hadelin de Liedekerke Beaufort, Jacques Espinasse, Robert W. Ross, Christian Schaack, Terry Seddon, Marc Speeckaert, Gerd Tenzer and François Tesch.

### Rules of functioning

The Board of Directors meets when required by the company's business, and at least once in a quarter. It can only validly deliberate if a majority of the directors are present or represented. The resolutions of the board are passed by a simple majority of votes of the voting directors present or represented, not considering abstentions. Any material contract that is proposed to be signed by the company or any of its wholly controlled operating subsidiaries with a shareholder owning, directly or indirectly, at least 5% of the shares of the company is subject to a prior authorisation by the board.

### Activities of the Board of Directors in 2009

The Board of Directors held six meetings in 2009, with an average attendance rate of more than 92%. After endorsement by the Audit Committee, the board approved the 2008 audited accounts, including the proposed dividend as well as the results for the first half of 2009. During the year, the board approved an update to the strategic plan as well as a business plan for the period 2009–2016 which served as the basis for the 2010 budget discussed by the board in December.

During 2009, the board decided to launch a new share buyback programme, which was implemented on Euronext Paris through the filing of a 'notice d'information' on May 6. Contrary to previous share buyback programmes, the 2009 buyback was limited to the following two objectives:

- for the company's obligations under executive share ownership and stock option plans; as well as
- within the framework of a liquidity contract signed with Banque Rothschild & Cie.

During the year 2009, the board approved the procurement of several new satellites including ASTRA 2E, 2F, 2G and 5B. The board decided to complete the SES-3 satellite and to change the launch vehicle for the SES-1 satellite, to be launched in 2010. The board also approved the procurement of the Protostar-2 satellite as well as a modified HD+ business plan. In its December meeting, the board approved several real estate projects on the company's Betzdorf site. As one of those projects involved the sale of land to the Entreprise des Postes et Télécommunications (EPT), the two board members who sit on the board of both SES and the EPT did not participate in the discussion, nor in the vote on this particular topic.

The board further approved the proposal to become a strategic shareholder in O3b Networks Limited, a Jersey-based company which intends to provide a 'fibre in the sky'-like connectivity solution to telecommunication customers in emerging markets by using a Medium Earth Orbit (MEO) satellite constellation.

Finally during 2009, the SES board proceeded to evaluate its workings and the workings of its committees. The evaluation of the board committees was made by the members of the respective committees. The overall feedback was very positive, whether in relation to the organisation of the board meetings, the documents prepared by management or the board's discussions. No major areas were identified for improvement, but some additional requests for regular information were identified, whereas the feedback on the board's composition will be provided to the Nomination Committee when it will discuss the board renewal in 2011.

The board was regularly informed by the Executive Committee on the group's activities and financial situation. At each meeting, the Executive Committee briefs the board on ongoing matters as well as on possible upcoming investment or divestment decisions. At each board meeting, the chairmen of the three committees set up by the board present a report on the latest developments discussed in these respective committees. In addition, a business report is distributed to the members of the board on a monthly basis.

The current members of the Board of Directors are:

### René Steichen

Born November 27, 1942. Mr Steichen became a director on June 1, 1995. He was elected Chairman on April 15, 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 an attorney at law in Luxembourg. He is also a member of the Board of Directors of SES ASTRA, SES ASTRA Services Europe, the Special Shareholder Committee of SES WORLD SKIES, Dexia-Banque Internationale à Luxembourg, and CLT Group. Mr Steichen studied law and political science in Aix-en-Provence and Paris. He holds a doctorate in law and also earned the final degree in economics and finance from the Institut d'Etudes Politiques of Paris. Mr Steichen is the Chairman of the Board as well as of the company's Nomination and Remuneration Committees.

Mr Steichen is not an independent director because he represents an important shareholder.

### François Tesch

Born January 16, 1951. Mr Tesch became director on April 15, 1999. He is also Managing Director of Foyer S.A. and Luxempart S.A. He graduated in economics from the Faculté d'Aix-en-Provence and holds an MBA from INSEAD (Institut Européen d'Administration des Affaires). Mr Tesch sits on the Board of Directors of the non-listed corporation BNP Paribas Luxembourg. Mr Tesch is also a Board Member of Atenor Group S.A. Mr Tesch is Vice Chairman of the board of SES and a member of its Audit Committee.

Mr Tesch is an independent director.

### Jean-Paul Zens

Born January 8, 1953. Mr Zens became a director on May 7, 2002, and was elected Vice Chairman on the same date. Mr Zens is also a member of the Board of Directors of SES ASTRA, SES ASTRA Services Europe, the Special Shareholder Committee of SES WORLD SKIES, and Entreprise des Postes et Télécommunications, Luxembourg. He is currently Director of the Media and Communications department of the Ministry of State in Luxembourg. He holds a law degree as well as a degree in psychology and communications sciences from the University of Strasbourg. Mr Zens is a member of the Nomination Committee of SES.

Mr Zens is not an independent director because he represents an important shareholder.

# Corporate governance

continued

**Marcus Bicknell**
Born February 28, 1948. Mr Bicknell was appointed to the Board of Directors of SES on May 6, 2005. Mr Bicknell is a director of New Media Foundry Ltd, a non-listed company in the United Kingdom, and a Board Member of the U.K. chapter of the Society of Satellite Professionals International. From 1986 to 1990 he was Commercial Director of Société Européenne des Satellites. Mr Bicknell holds an MA Honours Degree in Physical Anthropology from Cambridge University. Mr Bicknell is a member of both the Remuneration and the Nomination Committees.

Mr Bicknell is an independent director.

**Bridget Cosgrave**
Born July 1, 1961. Ms Cosgrave became a director on April 3, 2008. She is Director General of DIGITALEUROPE, and an independent non-executive director of Essilor International S.A., which is listed on Euronext Paris. Ms Cosgrave is a member of the Board of Directors of SES ASTRA, SES ASTRA Services Europe and the Special Shareholder Committee of SES WORLD SKIES. Ms Cosgrave was with Belgacom S.A. from 2001-2007 as a member of the Executive Committee. Her roles there included Executive Vice President of the Enterprise division, Chairman of the International Carrier Services division, and Board Member of Belgacom Mobile (Proximus) and Telindus Group. Ms Cosgrave holds an MBA from London Business School and a BA (Hons) in Economics & History from Queen's University in Canada.

Ms Cosgrave is an independent director.

**Hadelin de Liedekerke Beaufort**
Born April 29, 1955. Mr de Liedekerke Beaufort became a director on April 17, 2000. He is currently a director of Santander Telecommunications, a privately held company, as well as a director of other private companies with interests in various fields such as financial, communication and real estate developments. Mr de Liedekerke Beaufort graduated from the Ecole Hôtelière de Lausanne. Mr de Liedekerke Beaufort is a member of both the Remuneration and the Nomination Committees of SES.

Mr de Liedekerke Beaufort is an independent director.

**Jacques Espinasse**
Born May 12, 1943. Mr Espinasse has been appointed a director of SES by the annual general meeting of May 6, 2005. In May 2007, after five years of duty, he retired as a member of the Management Board and Chief Financial Officer of Vivendi Universal. Mr Espinasse is the former Chief Operations Officer of TPS. He is a member of the Supervisory Boards of Maroc Telecom, LBPAM, Axa Belgium, Axa Holdings Belgium and Hammerson Plc and holds a BBA and an MBA from the University of Michigan. Mr Espinasse is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr Espinasse is an independent director.

**Jean-Claude Finck**
Born January 22, 1956. Mr Finck became a director on May 31, 2001. Mr Finck is Chief Executive Officer of Banque et Caisse d'Epargne de l'Etat, a member of the Boards of Directors of Bourse de Luxembourg, Luxair, Cargolux, insurance companies La Luxembourgeoise, La Luxembourgeoise Vie, Paul Wurth and of Compagnie de Banque Privée. Mr Finck graduated with a degree in economics from the University of Aix/Marseille. Mr Finck is a member of the Audit Committee of SES.

Mr Finck is not an independent director because he represents an important shareholder.

**Gaston Reinesch**
Born May 17, 1958. Mr Reinesch became a director on July 1, 1998. Mr Reinesch is invited Professor at the University of Luxembourg. He is Chairman of the Société Nationale de Crédit et d'Investissement, and of the Board of Directors of Entreprise des Postes et Télécommunications and of BGL BNP Paribas. He is also, among others, a member of the Board of Directors of Enovos and the European Investment Bank. Mr Reinesch is General Administrator of the Ministry of Finance, Luxembourg, and graduated with a Master of Science in economics from the London School of Economics. Mr Reinesch is a member of the Remuneration Committee and of the Audit Committee of SES.

Mr Reinesch is not an independent director because he represents an important shareholder.

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

Mr Rod is not an independent director because he represents an important shareholder.

**Robert W. Ross**
Born January 8, 1941, Mr Ross became a director of SES on June 28, 2007. He has had a long career in the field of media and telecommunications in which he has held senior executive and director positions. He retired as CEO of New Skies in January 2002 but continued to serve as advisor to the company until July 2004. He is a member of the Special Shareholder Committee of SES WORLD SKIES. Mr Ross graduated from Brown University and holds MA and JD degrees from Boston University in the United States.

Mr Ross is an independent director.

**Luis Sanchez-Merlo**
Born October 10, 1947. Mr Sanchez-Merlo became a director on April 17, 2000. Mr Sanchez-Merlo is the Chairman of the Board of ASTRA Iberica S.A. and Lantana Capital S.A., as well as a member of the Board of Abantia SA. Mr Sanchez-Merlo graduated with a degree in law and economics from the Universidad Comercial de Deusto. He also holds a Master's in law from the College of Europe and a Master's in economics from the University of Louvain.

Mr Sanchez-Merlo is not an independent director because he has a material relationship with the company.

**Christian Schaack**
Born March 21, 1958. Mr Schaack became a director on December 7, 2000. Mr Schaack is Managing Director of BGL BNP Paribas. He sits on the Board of Directors of Fortis Bank Turkey. Mr Schaack graduated from the Massachusetts Institute of Technology with a PhD in Operations Research and an SM in Management. He holds an Engineering degree from Ecole Polytechnique in Paris.

Mr Schaack is an independent director.

### Terry Seddon

Born February 14. 1941. Mr Seddon joined the Board of Directors of SES in 2005. He is a member of the Special Shareholder Committee of SES WORLD SKIES. He has had a long international career in the field of telecommunications, in which he held several senior executive and director positions. He was Chairman of New Skies Satellites Ltd and was the founding CEO of AsiaSat. He has also held several non-executive directorships of U.K. manufacturing and operating companies. Mr Seddon graduated from Blackburn Polytechnic and Leeds University of the U.K. Mr Seddon is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr Seddon is an independent director.

### Marc Speeckaert

Born May 23, 1951. Mr Speeckaert joined the Board of Directors of SES in 2005. He is the General Manager of Sofina S.A. and a director of several non-listed corporations as well as of Rapala which is listed on the Helsinki Stock Exchange and of Carbone Lorraine, listed on Euronext Paris. Mr Speeckaert graduated with a degree in Applied Economics and holds a Master in Business and Administration from the Université Catholique de Louvain (UCL). He also holds an Advanced Management Program from Wharton, University of Pennsylvania (USA). Mr Speeckaert is the Chairman of the Audit Committee.

Mr Speeckaert is an independent director.

### Gerd Tenzer

Born August 4, 1943. Mr Tenzer became a director on March 11, 1999, and was Vice Chairman from May 2002 until April 2006. From January 1990 to November 2002, Mr Tenzer was a member of the Board of Management of Deutsche Telekom AG where he was responsible for networks, purchasing, environmental protection, wholesale services for carriers, broadband cable and broadcasting services. He was special adviser to the CEO of Deutsche Telekom AG from December 2002 until December 2004. He also sits on the Board of SES ASTRA and of SES ASTRA Services Europe in Luxembourg. He is Chairman of the Advisory Board of Sutter Verzeichnisverlag GmbH&Co.KG in Essen and of the Advisory Board of Cryptsec GmbH in Cologne. He is member of the Board of Transmode Holding AB in Stockholm, of VascoDe Technologies Ltd. in Tel Aviv and of Combiphone GmbH in Cologne. Mr Tenzer graduated with a degree in Communications Engineering (Dipl. Ing.) from the Technical University in Aachen.

Mr Tenzer is an independent director.

Mr Georges Schmit, who had been a member of the Board of Directors since November 12, 1992, resigned effective December 31, 2009. The process for his replacement has started in time to allow the shareholders at their annual general meeting to elect a replacement for Mr Schmit until the complete renewal of the board in 2011. Following the endorsement by the Nomination Committee, the board will propose to the shareholders that Mr Serge Allegrezza be elected in replacement of Mr Georges Schmit. Mr Schmit was not an independent director because he represented an important shareholder

## Committees of the Board of Directors

### The Chairman's Office

The Chairman and the two Vice Chairmen are members of the Chairman's Office. The Chairman's Office prepares the agenda for the board meetings, allowing the Vice Chairmen to coordinate the preparation of the board meetings with the directors of their share class.

Current members are:

René Steichen
François Tesch
Jean-Paul Zens.

The Chairman's Office met seven times during 2009 with a members' attendance rate of more than 95%.

### The Remuneration Committee

In accordance with general corporate governance standards, the company's board established a Remuneration Committee which determines the remuneration of the members of the Executive Committee, and which advises on the overall remuneration policies applied throughout the company. It reports to the board at each meeting through its Chairman. The Remuneration Committee is composed of six members, a majority of whom are independent board members in line with the SES internal regulations:

René Steichen
Marcus Bicknell (independent)
Jacques Espinasse (independent)
Hadelin de Liedekerke Beaufort (independent)
Gaston Reinesch
Terry Seddon (independent).

The Remuneration Committee was chaired in 2009 by the Chairman of the Board.

The Remuneration Committee held four meetings with an attendance rate of 92%. Matters addressed related to the determination of the 2009 stock option grant and the 2008 bonus for members of the Executive Committee. The Remuneration Committee further determined the number of performance shares allocated to the members of the Executive Committee for their performance in 2008 and it adopted the 2009 business objectives which are used as one element in the determination of their bonus for 2009. The Remuneration Committee received a presentation regarding the SES benefits across the group, and recommended to simplify the former SES AMERICOM pension plans as well as to change the disability plan for the Betzdorf-based employees. The Remuneration Committee also oversees the implementation of the decision under which the members of the Executive Committee must within five years hold the equivalent of an annual salary's worth of registered shares in the company (with the President and CEO of SES having to hold shares worth two years of his salary).

### The Audit Committee

As part of its overall corporate governance, the board established an Audit Committee, which assists the board in carrying out its responsibilities in relation to corporate policies, internal control, and financial and regulatory reporting practices. The Committee has an oversight function and provides a link between the internal and external auditors and the board. The Audit Committee is composed of six members, four of whom are independent board members.

The current members of the Audit Committee are:

Marc Speeckaert, Chairman of the Audit Committee, (independent)
Jacques Espinasse (independent)
Jean-Claude Finck
Gaston Reinesch
Terry Seddon (independent)
François Tesch (independent).

The Audit Committee held four meetings with a members' attendance rate of 96%.

The meetings were dedicated in particular to the review of the 2008 financial results before their submission to the board and their subsequent approval by the shareholders at the statutory annual general meeting, and to the results of the first half of 2009. Members of the board also had the opportunity to channel any comments they had on the company's quarterly results through the Chairman of the Audit Committee prior to the publication of these results.

The Audit Committee reviewed the company's statement on internal control systems prior to its inclusion in the annual report, and endorsed the proposal to extend Ernst & Young's mandate for another year.

It approved the Internal Audit plan and received bi-annual updates on the Internal Audit activities and on the follow-up of the major recommendations. It reviewed the Ernst & Young Management letter.

The Audit Committee also received updates on the corporate database project and further encouraged management to continue to eliminate as many as possible non-operating legal entities. The Audit Committee received a presentation on counterparty risks and approved the foreign exchange hedging policy, the first step in the wider review of the group's treasury policy.

The Audit Committee further received a presentation on risk management with a particular focus on space segment risk management and insurance and approved a list of banks with whom SES can do business and noted their respective rating.

Finally, the Audit Committee approved the provision of certain tax advisory services by the group's External Auditors.

### The Nomination Committee

In line with best practice in corporate governance, the board established a Nomination Committee whose role is to identify and nominate suitable candidates for the Board of Directors, for election by the annual general meeting of shareholders. Such proposals are based on submissions from shareholders for a number of candidates at least equal to the number of posts to be filled for each class of shareholders. The Nomination Committee also proposes candidates for Executive Committee membership for election by the board.

The Nomination Committee is composed of six members, a majority of whom are independent board members in line with the SES internal regulations:

René Steichen
Marcus Bicknell (independent)
Jacques Espinasse (independent)
Hadelin de Liedekerke Beaufort (independent)
Terry Seddon (independent)
Jean-Paul Zens.

The Nomination Committee was chaired in 2009 by the Chairman of the Board. The Nomination Committee met once with an attendance rate of 100%. The sole purpose of the meeting was to discuss the Management Succession Plan 2009.

## The Executive Committee

### Mission

The Executive Committee is in charge of the daily management of the group. It functions as a collegial body. The Executive Committee is mandated to prepare and plan the overall policies and strategies of the company for approval by the board. It may approve intra-group transactions irrespective of the amount, provided that they are consistent with the consolidated annual budget of the company as well as specific transactions with third parties for an amount up to EUR 10 million per project. It informs the board at its next meeting on each such transaction, it being understood that the aggregate amount for such projects can at no time be higher than EUR 30 million.

The Executive Committee may approve any external credit facilities or external guarantees, pledges, mortgages and any other encumbrances of the company, or any wholly owned affiliate, for as long as the company will not lose its investment grade rating as a result of said facility or guarantee. It may approve increases of up to 5% in the capital expenditure budget for a satellite procurement already approved by the board, it being understood that the Internal Rate of Return will need to comply with certain specific thresholds defined by the board. The Executive Committee shall inform the board at its next meeting of each such increase.

The Executive Committee submits to the board those measures which it deems necessary to be taken in order to meet the purposes of the company. Prior to the beginning of each fiscal year, the Executive Committee submits to the board a consolidated budget for approval.

The Executive Committee is in charge of implementing all decisions taken by the board and by the committees specially mandated by the board. The Executive Committee may, in the interests of the company, sub-delegate part of its powers and duties to its members acting individually or jointly.

The Chairman of the Executive Committee organises the work of the Executive Committee and coordinates the activities of its members, who report directly to him. In order to facilitate the implementation by the board of its overall duty to supervise the affairs of the company, the Chairman of the Executive Committee informs the Chairman of the Board on a regular basis. The latter receives the agenda and the minutes of all meetings of the Executive Committee in due time. During 2009, the Executive Committee met 42 times with an attendance rate of more than 89%. Pierre Margue, Vice President Legal and Corporate Affairs, the secretary of the Board of Directors, also acted as secretary to the Executive Committee.

### Composition

The following persons are members of the Executive Committee:

the President and CEO of SES who assumes the chairmanship of the Executive Committee, the Chief Financial Officer of SES, the President and CEO of SES ASTRA, the President and CEO of SES WORLD SKIES as well as the President of SES ENGINEERING.

Members of the Executive Committee are nominated by the Board of Directors upon a proposal from the Nomination Committee. During 2009, the composition of the Executive Committee remained unchanged.

In 2009, the members of the Executive Committee were:

### Romain Bausch

Born July 3, 1953, and appointed President and Chief Executive Officer in July 2001. Mr Bausch is also Chairman of the Board of Directors of SES ASTRA, SES ASTRA Services Europe, and SES SIRIUS, as well as of the Special Shareholder Committee of SES WORLD SKIES. Mr Bausch became the Director General and the Chairman of the Management Committee of SES in 1995, following a career in the Luxembourg civil service (Ministry of Finance). Mr Bausch occupied key positions in the banking, media and telecommunications sectors and spent a five-year term as a Director and Vice Chairman of SES. Mr Bausch is also the Chairman of the European Satellites Operators Association, Vice Chairman of Fedil – Business Federation Luxembourg – as well as a member of the Boards of Directors of BIP Investment Partners, of Sal. Oppenheim S.A and of O3b Networks. He graduated with a degree in economics (specialisation in business administration) from the University of Nancy. He holds an honorary doctorate from the Sacred Heart University in Luxembourg.

### Robert Bednarek

Born October 6, 1957, and appointed President and Chief Executive Officer of SES WORLD SKIES, on July 10, 2009. He joined SES as Executive Vice President, Corporate Development in January 2002 and also was President and CEO of SES NEW SKIES. Mr Bednarek came to SES from PanAmSat, where he served as Executive Vice President and Chief Technology Officer since 1997 and as Senior Executive for Engineering and Operations since 1990. Prior to joining PanAmSat, Mr Bednarek co-founded a technology consulting firm based in Washington D.C. where he was a partner from 1984 to 1990, and served as the Deputy Chief Scientist for the U.S. Corporation for Public Broadcasting from 1979 to 1984. Mr Bednarek graduated with a degree in electrical engineering (with a speciality in communications theory and mathematical analysis) from the University of Florida and holds several U.S. patents related to GPS (Global Positioning Systems). Mr Bednarek is also a member of the Boards of SES ASTRA, SES ASTRA Services Europe and a member of the Special Shareholder Committee of SES WORLD SKIES. Mr Bednarek is also a member of the Board of the Space Foundation.

### Martin Halliwell

Born April 20, 1959, and appointed President of SES ENGINEERING as of January 01, 2008. Prior to this assignment, Martin Halliwell held the position of SVP and Chief Technology Officer at SES ASTRA where he was responsible for all engineering and operation activities. In the course of his career at SES ASTRA, Mr Halliwell held a number of positions, including General Manager Global Multimedia Networks, Technical Director of SES Multimedia and Deputy to the Technical Director of SES ASTRA. Prior to joining SES, Martin Halliwell worked for Cable & Wireless and for Mercury Communications. Mr Halliwell holds a BA in Mathematics and Mechanical Engineering and an MBA specialising in external environment and strategic management from the Open University. Martin Halliwell is a member of the Boards of SES ASTRA, SES ASTRA Services Europe and a member of the Special Shareholder Committee of SES WORLD SKIES.

### Ferdinand Kayser

Born July 4, 1958, and appointed President and Chief Executive Officer of SES ASTRA as of January 2002. Mr Kayser came to SES from Premiere World, the digital pay-TV bouquet of Germany's Kirch Group, where he was Managing Director between 1997 and 2001. Prior to joining the Kirch Group, Mr Kayser held a number of executive positions at CLT, Europe's largest commercial broadcaster, including Senior Vice President in charge of German TV and radio activities (1989–1992), Managing Director in charge of the launch of RTL2 (1993) and Executive Vice President and member of the Management Board responsible for all TV activities of CLT (1993–1996). Mr Kayser holds a Master of Economics from the University of Paris 1, Panthéon-Sorbonne, and has concluded specialised university studies in Media Law and Management of Electronic Media. Mr Kayser is a member of the Boards of SES ASTRA, SES ASTRA Services Europe and SES SIRIUS, and a member of the Special Shareholder Committee of SES WORLD SKIES.

### Mark Rigolle

Born April 11, 1965, and appointed Chief Financial Officer of SES in August 2004. Mr Rigolle joined SES from Belgacom, the Brussels-based Telecommunications company, where he held the positions of Chief Strategy and Business Development Officer, and of CFO. Prior to joining Belgacom, he worked for ABN AMRO and for Sanwa Bank. Mr Rigolle holds a degree in Economic Science from the University of Leuven, Belgium. He is a member of the Boards of SES ASTRA, SES ASTRA Services Europe and SES SIRIUS, and is a member of the Special Shareholder Committee of SES WORLD SKIES.

On February 22, 2010 Mr Mark Rigolle was appointed to the position of CEO of O3b Networks and resigned from the position of CFO of SES.

Effective April 1, 2010, Mr Andrew Browne was appointed Chief Financial Officer of SES. Born 4th June 1955, Mr Browne held CFO and board positions at a number of global companies and organisations, specialising in the telecommunications and high-technology sectors. Mr Browne was the CFO of Intelsat from 1995-98, and subsequently at New Skies Satellites following the company's spin-off from Intelsat in which Mr Browne played a significant role. Mr Browne was CFO at SES NEW SKIES until 2008. He also served as acting CEO for the completion of the integration process into the SES group. Since then, Mr Browne has held a number of Board and advisory positions with a number of companies, most recently as Chairman of Tom Tom, the Dutch satellite navigation company. Mr Browne's earlier career has included senior financial positions at Advanced Micro Devices (AMD) in California and the Development Bank of Ireland. He holds an MBA, International Business and Finance from Trinity College, Dublin, and is a member of the Institute of Certified Public Accountants of Ireland (CPA).

## Remuneration

### Remuneration of the members of the Board of Directors

The annual general meeting of shareholders determines the remuneration of the members of the Board of Directors for attending board and committee meetings. In 2009, the shareholders approved the board's proposal to maintain the fees paid to the directors at the previous year's level. Directors receive a fixed fee of EUR 40,000 per year, whereas the Vice Chairmen receive an annual fixed fee of EUR 48,000 and the Chairman receives EUR 100,000 per year. The Chairman of the Audit Committee receives an additional EUR 8,000 per year for chairing the Audit Committee.

The shareholders also maintained the fees per meeting at EUR 1,600 for each meeting of the board or a committee of the board attended. Half of that fee will be paid if the director participates via telephone or videoconference in the meeting.

All these fees are net of any Luxembourgish withholding taxes. The total net remuneration fees paid for the year 2009 to the members of the Board of Directors (net of the Luxembourgish withholding tax) amounted to EUR 1,023,200 of which EUR 259,200 were paid as variable fees, with the remaining EUR 764,000 representing the fixed part of the board fees. The gross overall figure for the year 2009 was EUR 1,279,000.

### Company stock owned by members of the Board of Directors

On December 31, 2009, the members of the Board of Directors owned a combined total of 641,205 shares and FDRs (representing 0.13% of the company's share capital), and 9,320 options. These options were granted at the time of the company's IPO in 1998. No additional options have been granted to directors since.

### Remuneration of the members of the Executive Committee

The remuneration of the members of the Executive Committee is determined by the Remuneration Committee. It is composed of a fixed and a variable part. The total gross remuneration paid to the five members of the Executive Committee relative to the year 2009 amounted to EUR 6,113,171.02, of which EUR 2,872,974.86 represented the fixed part and EUR 3,240,196.16 the variable part. The direct remuneration paid to the members of the Executive Committee amounted to EUR 4,047,947.70 whereas the indirect remuneration was EUR 2,065,223.32. The indirect remuneration also contains the benefits derived by the members of the Executive Committee from the company's executive stock option plan and the long-term incentive plan, as adopted by the Board of Directors. During 2009, the members of the Executive Committee were awarded a combined total of 217,814 options to acquire company FDRs at an exercise price of EUR 13.68, the price being based on the average of the closing price on Euronext Paris of the first 15 trading days following the Remuneration Committee meeting at which the options were authorised. A quarter of those options vested on January 1, 2010, the remaining quarters vesting on January 1, 2011, 2012 and 2013 respectively. In 2009, members of the Executive Committee were granted 98,866 restricted shares as part of the company's long-term incentive plan as well as 38,946 performance shares. These shares will vest after three years.

During 2009, Martin Halliwell and Mark Rigolle exercised some of their stock options, whereas all the members of the Executive Committee sold some or all of the restricted shares which vested on July 1. SES publishes the details of all transactions made by its board members, the members of its Executive Committee and the members of the Management Committees of its main operating companies on its website.

### Company stock owned by members of the Executive Committee

On December 31, 2009, the members of the Executive Committee owned a combined total of 139,421 shares and FDRs, 200,241 unvested restricted shares and 1,724,296 options. Transactions made by members of the Executive Committee or members of the Management Committees of SES ASTRA, SES WORLD SKIES and SES ENGINEERING are published on the company's website under Management Disclosures.

## External auditor

In accordance with the Luxembourg law on commercial companies, the company's annual and consolidated accounts are certified by an external auditor appointed by the annual general meeting of shareholders. On April 2, 2009, the shareholders retained Ernst & Young for another year and approved its remuneration, with a majority of more than 99.65%. The mandate of Ernst & Young will expire at the annual general meeting on April 1, 2010.

## Internal control procedures

### Objective

The Board of Directors has overall responsibility for ensuring that the SES group maintains a sound system of internal controls, including financial, operational and compliance controls. Such a system is an integral part of the corporate governance strategy of the group.

Internal control procedures help to ensure the proper management of risks and provide reasonable assurance that the business objectives of the company can be achieved.

The internal control procedures are defined and implemented by the company to ensure:

- the compliance of actions and decisions with applicable laws, regulations, standards, internal rules and contracts;
- the efficiency and effectiveness of operations and the optimal use of the group's resources;
- the correct implementation of the company's internal processes, notably those to ensure the safeguarding of assets;
- the integrity and reliability of financial and operational information, both for internal and external use; and
- that management's instructions and directions are properly applied.

Like all control systems, internal controls cannot provide an absolute guarantee that risks of misstatement, losses or human error have been totally mitigated or eliminated.

### Organisational principles

The Board of Directors has delegated the design, implementation and maintenance of a rigorous and effective system of internal controls to the Executive Committee of SES, which in turn works closely with the management of its subsidiaries and other controlled affiliates in establishing control policies and procedures.

Each operating company of the group applies two levels of internal control policies and procedures:

- common policies formalised by several coordination committees or cross-functional teams to apply to the employees, officers and directors of the group company, its subsidiaries and other controlled affiliates as the general framework for their own business process design; and
- the policies and procedures specific to each company and adapted to their activity, size and organisation, and to their relevant legal and regulatory environment.

The organisation, application and monitoring of these policies and procedures, and therefore, risk management, are the responsibility of each operating company's management.

## Internal control procedures

The group has adopted a robust internal control framework based on a set of guidelines prepared by a recognised body, the COSO (Committee of Sponsoring Organisations of the Treadway Commission). This framework provides reasonable assurance that the internal control objectives are being achieved; it is also consistent with the reference framework proposed by the French securities regulator, the 'Autorité des Marchés Financiers' (AMF).

The control environment is an essential element of the company's internal control framework as it sets the tone for the organisation. This is the foundation of the other components of internal control, providing discipline and structure.

A 'Code of Conduct and Ethics' has been established to reinforce the corporate governance principles and control environment. This code is applicable to all employees, officers and directors of the company, its subsidiaries or other controlled affiliates.

The policies outlined in this code are designed to ensure that all employees, officers and directors act at all times in accordance with the applicable laws, regulations and norms of conduct, and with the highest standards of integrity. The code was submitted to the Audit Committee and has been approved by the Board of Directors.

Employees and officers in all entities of the group have been informed of the content of the code of conduct and its applicable principles. For new hires, training on the code is integrated in the induction training. In June 2008, the Executive Committee of SES created a group-wide SES Compliance Committee which is chaired by the Compliance Officer of SES S.A. The main role of this committee, composed of designated Compliance Officers of each SES subsidiary, is to raise the staff's awareness of the code and to ensure a consistent roll-out and training programme for the code. In 2009, mandatory refresher training sessions have been initiated. These sessions are covering all the major locations where employees are based.

Regarding the internal controls in the area of accounting and financial reporting, the following should be noted:

- staff involved in the group's accounting and financial reporting are regularly updated concerning relevant changes in International Financial Reporting Standards (IFRS). This is augmented by specific training and written guidance on particular matters where needed and a group reporting handbook is available which summarises the group's accounting and financial reporting guidelines and policies;

- controls have been established in the processing of accounting transactions to ensure appropriate authorisations for transactions, effective segregation of duties, and the complete and accurate recording of financial information;

- activities with a significant potential risk, for instance financial derivative transactions, take place within a clearly defined framework set by the board, or are brought to the board for specific approval. SES adopted IFRS 7 – financial instruments disclosures – requiring detailed information on market, credit and foreign exchange risks which the group is exposed to as well as the company's strategy for managing those risks;

- any weaknesses in the system of internal controls identified by either internal or external auditors are promptly and fully addressed;

- the group relies on a comprehensive system of financial reporting. Strategic plans, business plans, budgets and the interim and full-year consolidated accounts of the company are drawn up and brought to the board for approval. The Board of Directors also approves major investments. The board receives monthly summary and quarterly detailed financial reporting comparing the group's financial performance to the approved budget and prior year figures; and

- the external auditors perform a limited review of the group's half-year financial statements and a full audit of the group's full-year financial statement.

Regarding the internal controls in the area of treasury management, the following should be noted:

- in order to ensure the efficiency of the operations of this function in the implementation of a strategy to hedge the group's risk associated with interest rate and foreign currency fluctuations, a specific treasury software package has been implemented. This package also aims to centralise the cash management of the SES operating subsidiaries. A clear segregation of duties between members of the treasury and accounting departments has been defined;

- a comprehensive treasury policy giving detailed guidance on derivative instruments used and the appropriate accounting treatment has been defined and approved by the Audit Committee; and

- the activities of the group Treasurer, and in particular the hedging activities engaged during the year, are authorised within the framework approved by the Board of Directors; and

- the group Treasurer reports on a formal basis every quarter to the Board of Directors as part of the financial reporting.

Regarding the internal controls in the area of tax management, the following should be noted:

- the tax management department aims to seek upfront tax clearance with relevant local tax authorities with regard to the tax ramifications of main business ventures, corporate reorganisations and financing structures of the group. Where this is not possible, the tax treatment is analysed based on best authoritative interpretations and laid down in tax opinions from external tax consultancy firms;

- in order to ensure full coordination with regard to developments of important financing and group structures after implementation, the SES internal 'tax programmes review platform', consisting of corporate and operating company support functions is instigated and met four times in 2009; and

- the transfer pricing team is responsible for continuously improving and fine-tuning the required contemporaneous transfer pricing documentation (in accordance with local regulations) underpinning all inter-company transactions of the group.

Regarding the internal controls in the area of satellite operations, the following should be noted:

– the procurement of the satellites, launch vehicles and satellite related ground infrastructure as well as the administration, control and operations of the satellite system are the responsibility of the group-wide SES ENGINEERING segment;

– a satellite operations risk management process is in place to monitor and assess sources of technical risks and to develop qualitative, quantitative and statistical methods which allow the mitigation of risk at the satellite fleet level;

– operational procedures for the satellite control and payload management exist and cover manoeuvres and configuration changes required in nominal situations as well as in case of technical emergencies. These procedures are periodically reviewed to ensure that they are up to date. A major enhancement of the satellite control software has been implemented in 2009;

– crisis management systems and supporting infrastructure and tools have been designed in order to address satellite in-orbit anomaly situations at the appropriate level of responsibility. In 2009, payload operations internal escalation procedures and customer access procedures have been updated to better reflect the management of the combined SES WORLD SKIES satellite fleet and optimise the use of SES ENGINEERING resources; and

– as a new responsibility SES ENGINEERING will provide engineering support to O3b Networks as part of SES' investment in this entity.

Regarding the internal controls in the area of information and communication technology, the following should be noted:

– management is committed to ensure that data, infrastructure and information technology systems are as secure as is reasonably practicable. Security controls, policies and procedures are in place to prevent unauthorised access to premises, computer systems, networks and data. In order to address the more rigorous regulations governing handling of personally identifiable data, an assessment and update of the security policies and controls have been initiated in 2009. A new change management policy was also drafted and approved. Roll-out for this new process is now being planned within the IT organisation;

– regular back-up of electronic information is ensured and copies are stored off-site; and

– for non-satellite related business applications, disaster recovery plans exist and are regularly tested.

### Evaluation of the internal control procedures

The SES group Internal Audit function was established in 2000. Internal Audit evaluates the relevance of, and compliance with internal control procedures.

The mission of the Internal Audit function is to provide independent and objective assistance and assurance regarding the effectiveness and efficiency of business operations, the reliability of financial and operational reporting, and the group's compliance with legal and regulatory requirements. In this context, Internal Audit is also tasked with identifying, preventing and minimising risks, as well as with the safeguarding of the group's assets.

Under its charter, which was revised and amended in 2008, the Internal Audit function reports to the President and CEO of SES, but may also report directly to the Audit Committee.

The activities of the Internal Audit function are executed in accordance with an annual audit plan which is reviewed and approved by the Audit Committee. This annual plan is derived from an annual risk assessment based on a risk mapping exercise. The introduction of an annual risk assessment responds to the need to dynamically link the audit plan to risk and exposures that may affect the organisation and its operations.

This exercise involves identifying the inherent risks relative to all business processes and then assessing the levels of residual risks after consideration of specific mitigating controls.

Internal Audit monitors the implementation of internal control recommendations and regularly reports on effective compliance to the President and CEO of SES and to the Audit Committee.

Internal Audit also regularly coordinates audit planning and exchanges relevant information with the group's external auditors.

As a result of an external quality assessment conducted in 2007, which confirmed that the Internal Audit function generally conforms to the international standards for the professional practice of internal auditing defined by the Institute of Internal Auditors (IIA), the Internal Audit function initiated and implemented an improvement action plan. In accordance with the same standards an internal quality assessment performed through self-assessment is programmed in 2010.

## Human resources

### Human resources strategy

SES aims to be the employer of choice in the industry. The company identifies, secures, engages, develops and retains the best talent to further expand its technological reach and business objectives.

SES respects and trusts its people, embraces diversity and lives by its values. SES senior managers have a responsibility as role models to all SES employees, and must therefore act in accordance with the guidelines laid down for SES senior management. SES employees are engaged, committed and proud to be associated with their company.

To leverage the employees' full potential, SES focuses on competency development, alignment of objectives and knowledge sharing. SES ensures that every employee has the necessary resources and support to be successful in his or her career within the context of its performance management system. Human Resources is the catalyst to drive organisational and cultural initiatives leading to sustainable stakeholders' value creation.

### SES employees
At year-end 2009, SES employed a total of 1,585 staff[1].

The detail is shown in the table below.

| | 2009 |
|---|---|
| SES S.A.[2] | 64 |
| SES ASTRA | 240 |
| SES WORLD SKIES | 342 |
| SES ENGINEERING | 379 |
| ASTRA Platform Services (APS) | 166 |
| SES SIRIUS | 41 |
| ND SatCom | 353 |
| **Total** | **1,585** |

### SES values and culture
The SES companies observe a common set of core values, which provide guidance for their activities. These values inspire a unique organisational culture and reflect our aspirations, which are geared towards achieving the highest performance at the service of customers, shareholders and society at large. SES' values are primarily focused on providing highest-quality customer service.

They are:

*Excellence*
Having the passion and commitment to be the best in our industry.

*Partnership*
Developing and maintaining cooperative relationships that build upon strengths and skills within the group to achieve common goals and benefits at the service of the customers.

*Leadership*
Articulating strategic vision, demonstrating values, and creating an environment in which we can meet the needs of the marketplace.

*Integrity*
Consistently applying the principles of honesty, accountability, responsibility, fairness and respect.

*Innovation*
Establishing a business culture that stimulates creativity across the organisation, develops employees' skills and improves processes, products and services.

### Remuneration
The SES companies apply a performance-based compensation philosophy. Remuneration includes: base salaries, performance bonuses, stock options, stock appreciation rights, long-term incentives and fringe benefits that are continuously reviewed in line with best market practices.

*Stock-related compensation schemes*
SES applies an equity incentive compensation plan. The purpose of the plan is to attract and retain highly qualified leadership level staff. This policy applies to executive-level employees of SES. 1,392,726 options were granted in 2009 to 178 executive participants.

*Long-term incentive scheme for executives*
Our long-term incentive scheme for executives is based on restricted shares (restricted for a vesting period of three years) and on performance shares (shares which are only granted in case the company and the executive meet or exceed a certain performance threshold over a three-year period). 321,122 restricted shares and 261,202 performance shares were granted in 2009.

*Stock appreciation rights plan*
SES operates a stock appreciation rights (STAR) plan, which applies to the non-executive-level staff. Through the grant of stock appreciation rights, the company aims to encourage the long-term commitment of the staff towards the company, and to provide the possibility to share in the value-creation of the company. 1,067,962 STARs were granted in 2009.

A variety of awards are being used to acknowledge and reinforce the contributions of our employees. In 2009, these mechanisms included management awards, spot awards and deal attainment bonuses.

### The Human Resources (HR) function
SES was supported at year end by a team of HR professionals based across all SES companies. A Human Resources Coordination Committee ensures that the HR strategy and objectives are aligned within the group and with the business objectives, decisions and guidance of SES' Executive Committee. Employee satisfaction is being periodically monitored by an employee survey, internally called 'Voice of the Employee' (VoE). A strong focus is placed on employee communications through a variety of instruments, such as employee meetings, breakfast talks, and forums pertaining to specific topics. Development across the group of the company's intranet has been ongoing, ensuring employees receive the most up-to-date and relevant information according to location and entity. The intranet continues to be the main vehicle for employee communications. Additionally, the company's vision and business strategy are conveyed successfully to all employees to strengthen awareness and engagement.

### A learning organisation
Employee satisfaction is consistently monitored and measured and we strive to make improvements based on employee feedback. In line with its vision of being a continuous learning organisation, SES continued, in 2009, to offer its employees a wide range of training courses within the SES University.

### Building outstanding leadership talent
SES focuses on identifying and developing high-potential leadership talent by means of succession planning. This includes participation in executive assessments, executive development programmes, coaching and stretch assignments.

SES continued its successful global 'Developing Tomorrow's Leaders' programme in 2009. The programme covers 34 top-level executives identified as high performers with high potential. The third and final module of the programme will take place in March, 2010. SES has a 'Global Development Programme' (GDP) which is used for cross-functional and cross-continent talent and knowledge exchange. The global 'SES Associate Programme', targeted at graduates, was continued in 2009. The two-year programme currently covers five associates participating in four six-month assignments.

[1]Full-time equivalents.
[2]Includes SES Finance S.à r.l.

### Social dialogue within SES
In its dealings with their employees and associates, SES and its operating entities rely upon best practices of social dialogue and openness. These principles are applied at all levels of the organisation and are rooted both in legal requirements and in management culture.

At SES ASTRA and SES ENGINEERING, the legal framework provides for a personnel delegation and a mixed committee, whereas SES ASTRA TechCom also has a personnel delegation.

The personnel delegations of SES ASTRA and SES ENGINEERING consist of five members each whereas SES ASTRA TechCom has a personnel delegation composed of two delegates. All delegates have been elected for a five-year term. Their mandate consists in protecting the interests of the workforce with regard to working conditions, job security and social matters. The personnel delegation is informed on the developments affecting the company and advises on amendments to work rules.

The mixed committee consists of three employer representatives and three employee representatives. The mixed committee has co-decision powers in matters covering performance assessment, health and safety and in the general criteria applied in the recruitment, promotion and dismissal policies. The mixed committee is consulted on all important decisions regarding investments in plant or equipment, work processes and working conditions. The committee is informed about the general development of the company and employment trends. In other SES companies, the social dialogue is conducted according to the rules laid out in the local legal frameworks, for instance by means of works councils in SES WORLD SKIES, ASTRA Platform Services (APS) and ND SatCom.

## Investor Relations
SES has a dedicated Investor Relations function reporting to the Chief Financial Officer and working closely with the President and CEO. Its purpose is to develop and coordinate the group's external financial communications and interactions with equity and debt investors, investment analysts, credit rating agencies, financial journalists and other external audiences, to monitor stock market developments and to provide feedback and recommendations to the SES Executive Committee.

Investor Relations is responsible for the definition and execution of SES' active Investor Relations programme and participation in investor conferences and similar events. Investor Relations also works closely with the group's General Counsel to ensure that the group's external communications comply with applicable legal and regulatory requirements.

## Corporate social responsibility policy
In 2009, SES implemented a range of corporate social responsibility projects and activities in geographic areas where the SES group has commercial activities, provides communication services or otherwise interacts with local communities.

### The policy
For the last few years, SES' CSR policy was aimed at supporting educational projects, with a focus on reflecting the group's position as a leading provider of global communications infrastructure and services. This core approach remained unchanged in 2009.

SES believes it has a responsibility to support projects that contribute to the development of a communications-based society and a knowledge-based economy. We believe that progress in this area should help develop more resilient and flexible economic structures, contribute to enhance social mobility development, and should also contribute to the emergence of more sustainable economic development models.

### Projects supported by SES
In 2009, SES continued its scholarship programme with the International Space University (ISU) in Strasbourg, France, supporting students of advanced space applications.

SES also supported an executive MBA programme at the International Institute of Space Commerce (IISC) based in the Isle of Man. The IISC is an off-shoot of the ISU, and the programme benefits students from the Isle of Man.

SES supported the scholarship programme of the 'Society of Satellite Professionals International' (SSPI), a U.S.-based non-profit organisation focusing on the skills and career development of satellite industry professionals worldwide.

SES supported the 2009 edition of the St. Gallen Symposium, an academic and networking event for representatives of business, politics, and students at the University of St. Gallen, Switzerland.

SES is a member of the IDATE Foundation, based in Montpellier, France, which provides assistance in strategic decision-making to the telecommunications, internet and media industries.

SES is a member of the International Astronautical Federation, a global organisation that promotes awareness of space activities worldwide.

In Luxembourg, SES was a main sponsor of the activities organised in the context of the International Year of Astronomy 2009, a global celebration of astronomy and its contributions to society and culture, aimed at stimulating worldwide interest, especially among young people, in astronomy and science.

SES made a financial contribution to the project 'Business Initiative 123 – GO' aiming to advance and support the development of innovative business projects.

In 2009, SES was a member of Luxembourg's 'Groupement d'intérêt économique Shanghai 2010' whose mission is to implement Luxembourg's representation at the World Exhibition in Shanghai in 2010.

SES made a donation to the Institut St. Joseph in Betzdorf, Luxembourg, a home for mentally handicapped persons.

SES continued its financial support to 'Musek am Syrdal', a local music festival in Luxembourg, and also supported a Luxembourg-based theatre production.

In 2009, SES made a financial contribution to the Steichen Foundation, named after the photographer Edward Steichen. SES' support goes toward a scholarship which is awarded every second year and which enables an artist from the 'Greater Luxembourg' region (including Luxembourg and the neighbouring areas of Belgium, France and Germany) to temporarily live and work in the city of New York.

Through its SES WORLD SKIES division, SES made corporate donations to the Juliana Children's Hospital in The Hague, to the World Wildlife Fund and to Doctors Without Borders.

The U.S. offices of SES sponsored science and engineering programmes in four public schools in the U.S.A. These grants funded a variety of activities, such as the 'Project Lead the Way' which prepares students for a successful curriculum in post-secondary engineering studies. In the U.S., SES also supported social initiatives such as the Trenton Soup Kitchen.

In 2009, SES supported the development of Belgium's new scientific research station in Antarctica. SES is contributing satellite bandwidth and technical support, in order to help keep the facility connected. The mission of the 'Princess Elisabeth Antarctica Station' located in Dronning Maud Land in East Antarctica, is to conduct research on climate change issues. The facility is designed with the aim of generating zero emissions and operates on renewable energy sources.

### Environmental initiatives

The SES companies are committed to respecting the world's natural environment, and to aligning, as much as feasible, the companies' and the staff's conduct to the principles of sustainable development. We apply the principle that all activities and services which we provide to third parties, or which are provided to us by third-party vendors, should comply with the highest standards of environmental protection.

Compliance is benchmarked against the legal rules and regulations applied in the countries in which the SES companies operate, as well as against industry-wide best practices. Our objective is to continuously improve our environmental performance and to further reduce the environmental impact of our activities.

The activities of SES and its companies are mainly office and technology-based. In our operations, we promote the most efficient use of energy and natural resources. We have successfully implemented a programme to rely on cogeneration power. We apply a waste recycling programme which aims to avoid, reduce and recycle waste material as efficiently as possible; this programme is subject to independent third-party audits and quality control. We also conduct environmental training on a regular basis and encourage our staff to adopt environmentally correct attitudes in their professional activities.

In 2009, SES with the support of a third-party auditor, conducted a group-wide carbon footprint assessment, based on 2008 data. According to this study, which covered SES' operations only (i.e. all activities related to operating and commercialising the company's satellite fleet, including functions such as administration, marketing, finance etc), the SES group emitted approximately 43,700 tonnes of $CO_2e$ (carbon dioxide equivalent emissions) in 2008. Emissions from Scope 2 electricity consumption represented the largest component of SES's total emissions (approximately 60%) with Scope 1 gas emissions (approximately 28%) and Scope 3 business travel by air (6%) providing the remaining contribution. Teleports represented approximately 72% of the emissions from Scope 1 and 2 sources.

Based on these findings, SES is implementing a carbon reduction plan at its headquarter site in Betzdorf, Luxembourg. Modified heating burners operated on natural gas are replacing fuel oil as the main energy source, and the cold water chillers are replaced by more efficient installations. These initiatives are expected to be completed in May 2010. In addition, starting in January 2010, the Betzdorf campus uses electricity sourced from hydropower, which can be considered $CO_2$-free.

These initiatives are expected to reduce the carbon emissions of the Betzdorf site by approximately 50%, and to reduce the SES group's total $CO_2$ emissions by approximately 17%.

In 2009, SES ran a group-wide campaign to incentivise its staff to efficient energy use. This campaign covered topics such as office heating, cooling and lighting, the adequate use of office machines, printers, projectors, as well as waste generation and business travel.

The operating entities of SES apply best practices in minimizing the environmental impact of the outsourced activities, such as the manufacturing and launching of spacecraft. The companies also ensure that the amount of radiation emitted from their earth stations respects or remains below the maximum levels defined by the countries of operation; compliance is checked through yearly internal and third-party audits by accredited organisations, which are specialised in the field of industrial safety.

**Responsibility statement**

The Board of Directors and the executive management of the company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the group with reasonable accuracy at any time, and ensuring that an appropriate system of internal controls is in place to ensure the group's business operations are carried on efficiently and transparently. In accordance with Article 3 of the law of January 11, 2008 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the consolidated financial statements for the year ended December 31, 2009, prepared in accordance with IFRS as adopted for use in the E.U. give a true and fair view of the assets, liabilities, financial position and profit of the year. In addition, the management report includes a fair review of the development and performance of the group's operations during the year and of business risks, where appropriate, facing the group.

**René Steichen**
Chairman of the
Board of Directors

**Romain Bausch**
President and CEO

# Financial review by management

All amounts are in millions of euro unless stated otherwise

### Quarterly development 2009

| | Q1 | Q2 | Q3 | Q4 | YTD |
|---|---|---|---|---|---|
| Revenue | 423.9 | 419.5 | 416.3 | 441.9 | 1,701.6 |
| Operating expenses | (115.0) | (121.0) | (122.2) | (153.5) | (511.7) |
| Net non-recurring items | – | (0.4) | – | – | (0.4) |
| EBITDA | 308.9 | 298.1 | 294.1 | 288.4 | 1,189.5 |
| | | | | | |
| Depreciation expenses | (109.0) | (113.5) | (106.0) | (111.3) | (439.8) |
| Amortisation expenses | (10.2) | (14.4) | (10.5) | (14.2) | (49.3) |
| Operating profit | 189.7 | 170.2 | 177.6 | 162.9 | 700.4 |

The decrease of revenue from Q1 to Q3 is principally due to the impact of the weakening of the U.S. dollar. In Q4 revenue rose on the back of a strong operational development driven by the services business and some one-time items, which together more than offset the impact of the further weakening of the U.S. dollar.

The increase in Q4 operating expenses reflects primarily a full impairment against the carrying value of launch prepayments made to Sea Launch before their filing for Chapter 11 bankruptcy protection in 2009, but also the higher cost of sales associated with the stronger services revenues in the quarter. While reported EBITDA reflects a decrease quarter-on-quarter, the underlying recurring EBITDA was stable between Q1 and Q3. Recurring EBITDA in Q4 increased versus Q3, excluding the impact of the weakening of the U.S. dollar and some one-time items.

### Transponder utilisation

| Physical transponders at end of quarter | Q4, 2008 | Q1, 2009 | Q2, 2009 | Q3, 2009 | Q4, 2009 |
|---|---|---|---|---|---|
| SES ASTRA utilised | 264 | 262 | 263 | 270 | 272 |
| SES ASTRA available | 317 | 310 | 318 | 318 | 318 |
| SES ASTRA % | 83.3% | 84.5% | 82.7% | 84.9% | 85.5% |
| | | | | | |
| SES AMERICOM utilised | 348 | 368 | 359 | 364 | 360 |
| SES AMERICOM available | 447 | 469 | 469 | 469 | 469 |
| SES AMERICOM % | 77.8% | 78.5% | 76.5% | 77.6% | 76.8% |
| | | | | | |
| SES NEW SKIES utilised | 243 | 250 | 264 | 272 | 273 |
| SES NEW SKIES available | 318 | 326 | 314 | 315 | 315 |
| SES NEW SKIES % | 76.4% | 76.7% | 84.1% | 86.3% | 86.7% |
| | | | | | |
| SES group utilised | 855 | 880 | 886 | 906 | 905 |
| SES group available | 1,082 | 1,105 | 1,101 | 1,102 | 1,102 |
| SES group % | 79.0% | 79.6% | 80.5% | 82.2% | 82.1% |

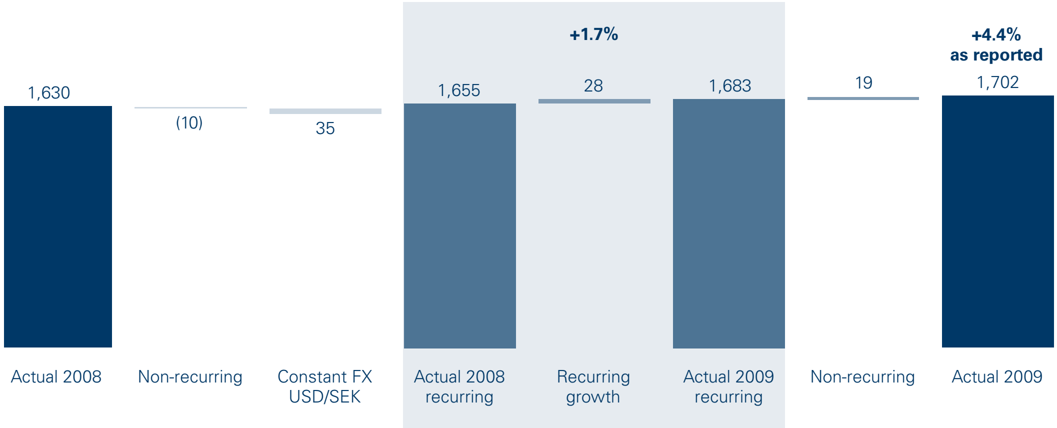
### U.S. dollar exchange rate

| EUR 1 = | Average rate 2009 | Closing rate 2009 | Average rate 2008 | Closing rate 2008 |
|---|---|---|---|---|
| United States dollar | 1.3922 | 1.4406 | 1.4793 | 1.3917 |

### Revenue

| | 2009 | 2008 | Variance | % |
|---|---|---|---|---|
| Revenue | 1,701.6 | 1,630.3 | +71.3 | +4.4% |

SES reported revenue showed continued growth compared to the prior year with the underlying recurring development, mainly in the higher margin infrastructure activities, being augmented by the favourable impact of a stronger U.S. dollar in 2009 than in 2008, on average over the year. The components of the revenue development from 2008 to 2009 are illustrated in the following table.




'Recurring' is a measure designed to represent underlying revenue / EBITDA performance by removing currency exchange effects, eliminating one-time items, considering changes in consolidation scope and excluding revenue / EBITDA from new business initiatives that are still in the start-up phase.

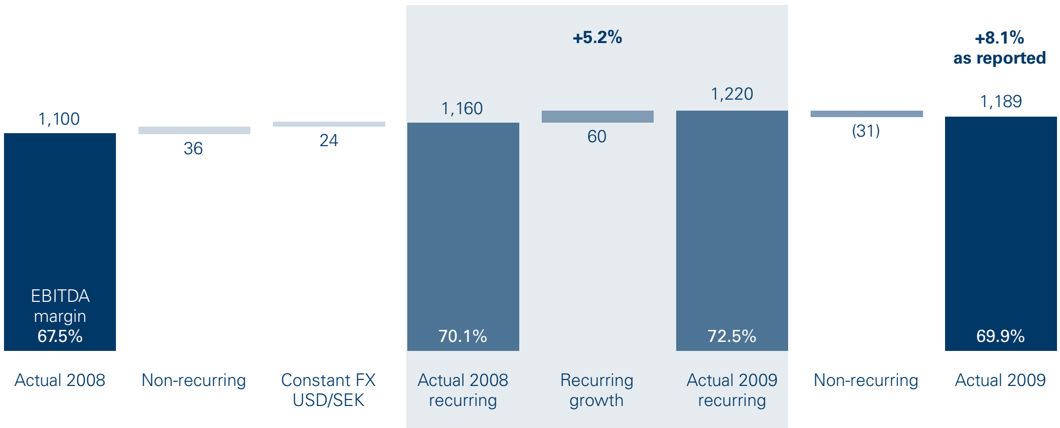
**Operating expenses and EBITDA**

| | **2009** | 2008 | Variance | % |
|---|---|---|---|---|
| Operating expenses | **(511.7)** | (531.1) | +19.4 | +3.7% |
| Net non-recurring items | **(0.4)** | 0.8 | -1.2 | – |
| | | | | |
| EBITDA | **1,189.5** | 1,100.0 | +89.5 | +8.1% |
| EBITDA % margin | **69.9%** | 67.5% | +2.4% | – |

Despite the higher revenues noted above, the adverse impact of a stronger U.S. dollar, and a charge of EUR 19 million to impair launch prepayments made to Sea Launch before its Chapter 11 filing, operating expenses in 2009 were nonetheless lower than in the previous year. As well as the lower cost of sales associated with the reduced revenue from certain services activities, savings generated by the integration of SES AMERICOM and SES NEW SKIES, which became effective on January 1, 2009, also contributed to this positive development.

The net non-recurring programme items noted above relate to the Solaris S-band payload anomaly reported in the first half of the year, where the full constructive total loss proceeds where received in the last quarter of 2009. In 2008 this refers to the net impact of the AMC-14 programme termination.

The components of the EBITDA development from 2008 to 2009 are illustrated in the following table.




The growth in recurring EBITDA of 5.2% reflects the increase in the infrastructure revenues noted above which pass through substantially to the EBITDA line. This recurring expansion was further enhanced by the favourable impact of the stronger U.S. dollar. The infrastructure business delivered a recurring EBITDA margin of 82.9%, which represents the highest level recorded to date by SES for a full-year period. Reduced revenue at ND SatCom had limited impact in terms of the group's EBITDA due to the lower volume and margins of these operations compared to the activities of the group as a whole, and actions taken by management to reduce costs during the second half of the year. Reflecting the above, the group's overall EBITDA margin rose 2.4% to 69.9% compared to the prior year, driven by the higher margins achieved in infrastructure operations.

# Financial review by management

All amounts are in millions of euro unless stated otherwise
continued

| | Infrastructure | Services | One-time items | Elimination / Unallocated | Total |
|---|---|---|---|---|---|
| Revenue | 1,445.5 | 360.3 | 18.8 | (123.0) | 1,701.6 |
| | | | | | |
| EBITDA | 1,198.5 | 42.4 | (18.6) | (32.7) | 1,189.5 |
| 2009 % margin | 82.9% | 11.8% | | | 69.9% |
| | | | | | |
| 2008 % margin | 80.8% | 11.6% | | | 67.5% |

### Operating profit

| | **2009** | 2008 | Variance | % |
|---|---|---|---|---|
| Depreciation expenses | **(439.8)** | (426.2) | -13.6 | -3.2% |
| Amortisation expenses | **(49.3)** | (48.7) | -0.6 | -1.2% |
| Operating profit | **700.4** | 625.1 | +75.3 | +12.0% |

The increase of EUR 13.6 million in depreciation charges in the period compared to 2008 is influenced by the following factors:

1. The change in the depreciable fleet between the two periods;
2. The impact of the stronger U.S. dollar on SES WORLD SKIES' depreciation charges;
3. The decision to bring forward the end of depreciation life of AMC-4 from December 2014 to December 2011.

The changes in the depreciable fleet between the two periods are listed below:

i) AMC-21 began depreciation cycle in October 2008;
ii) ASTRA 1M began depreciation cycle in January 2009;
iii) CIEL-2 began depreciation cycle in February 2009;
iv) NSS-9 began depreciation cycle in April 2009.

### Net financing charges

| | **2009** | 2008 | Variance | % |
|---|---|---|---|---|
| Net interest expense | **(212.2)** | (197.1) | -15.1 | -7.7% |
| Capitalised interest | **46.7** | 48.7 | -2.0 | -4.1% |
| Net foreign exchange gains | **30.8** | (0.2) | +31.0 | – |
| Net financing charges | **(134.7)** | (148.6) | +13.9 | +9.4% |

Overall net financing charges were lower year-on-year with an increase in net interest charges being more than offset by foreign exchange gains. The level of capitalisation of interest remains high, reflecting the ongoing satellite procurement programmes.

### Income tax expense

| | **2009** | 2008 | Variance | % |
|---|---|---|---|---|
| Profit before tax | **565.7** | 476.5 | +89.2 | +18.7% |
| Income tax expense | **(90.8)** | (87.4) | -3.4 | -3.9% |
| Effective tax rate | **16.1%** | 18.3% | -2.2% | – |

The tax charge in 2009 rose, reflecting the substantial growth in pre-tax earnings, although the overall effective tax rate fell to 16.1%.

## Net profit and earnings per share

| | 2009 | 2008 | Variance | % |
|---|---|---|---|---|
| Net profit of the group | **476.5** | 387.5 | + 89.0 | +23.0% |
| Earnings per share (Class A share) (in euro) | **1.22** | 0.98 | + 0.24 | +24.5% |

The net profit showed substantial growth over the previous year, and earnings per share rose reflecting this, as did a small drop in the weighted average number of shares between the two periods. The computation of earnings per share for both periods is set out below. The weighted average number of shares in issue set out below is calculated net of treasury shares held by the group.

| For the year ended December 31, 2009 | Class A | Class B | Total |
|---|---|---|---|
| Attributable net profit (in EUR million) | 395.4 | 81.2 | 476.5 |
| Weighted average shares in issue (millions of shares) | 324.5 | 166.5 | – |
| Weighted earnings per share (in euro) | 1.22 | 0.49 | – |

| For the year ended December 31, 2008 | Class A | Class B | Total |
|---|---|---|---|
| Attributable net profit (in EUR million) | 320.1 | 67.4 | 387.5 |
| Weighted average shares in issue (millions of shares) | 326.5 | 172.0 | – |
| Weighted earnings per share (in euro) | 0.98 | 0.39 | – |

## Cash flow

| | 2009 | 2008 | Variance | % |
|---|---|---|---|---|
| Net operating cash flow | **1,076.2** | 1,037.1 | +39.1 | +3.8% |
| Investing activities | **(753.7)** | (599.9) | -153.8 | -25.6% |
| Free cash flow | **322.5** | 437.2 | -114.7 | -26.2% |

Net operating cash flow in the year was ahead of prior year levels due to the expansion of net income and a higher level of non-cash charges, such as the Sea Launch impairment, in the period. The net operating cash flow achieved represents a conversion rate of over 90% in relation to the group's reported EBITDA for the year of EUR 1,189.5 million.

Free cash flow, after investing activities, is nonetheless lower than the corresponding 2008 level due to the rise of EUR 153.8 million in investing activities. The investment outflows for satellite procurement programmes were a little ahead of prior year levels, but the more significant impacts come from the negative, compared to positive, net impact of realised gains and losses on derivatives applied under net investment hedges and the settlement of the first instalment of the investment in O3b Networks. These more than offset the proceeds of EUR 66.5 million under the Solaris constructive total loss claim which was settled by the insurers in the 4th quarter.

## Net debt

| | 2009 | 2008 | Variance | % |
|---|---|---|---|---|
| Cash and cash equivalents | **(286.6)** | (435.5) | +148.9 | +34.2% |
| Loans and borrowings | **3,848.5** | 3,911.3 | -62.8 | -1.6% |
| Net debt | **3,561.9** | 3.475.8 | +86.1 | +2.5% |
| Net debt / EBITDA | **2.99** | 3.16 | -0.17 | -5.4% |

Net debt rose by 2.5% over the 12 month period, although with EBITDA rising 8.1% in the same period the net debt/EBITDA ratio dropped below 3.00 for the first time since the first quarter of 2008.

## Contract backlog

| | 2009 | 2008 | Variance | % |
|---|---|---|---|---|
| Fully protected contract backlog | **6,748.2** | 5,850.0 | +898.2 | +15.4% |

Fully-protected contract backlog rose strongly year-on-year reflecting growth across the infrastructure business – SES ASTRA being the main driver, signing additional capacity for HD broadcasting with Sky Deutschland and a long-term renewal of 24 transponders with BSkyB. SES WORLD SKIES also delivered new and renewal business to the total group backlog.

To the shareholders of
SES
Société Anonyme
Betzdorf

**Report on the consolidated financial statements**
Following our appointment by the annual general meeting of the shareholders dated April 2, 2009, we have audited the accompanying consolidated financial statements of SES, which comprise the consolidated balance sheet as at December 31, 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the consolidated financial statements
The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Responsibility of the 'réviseur d'entreprises'
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the 'Institut des Réviseurs d'Entreprises'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the 'réviseur d'entreprises', including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 'réviseur d'entreprises' considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of SES as at December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Report on other legal and regulatory requirements**
The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Ernst & Young
Société Anonyme
Réviseur d'entreprises
Thierry BERTRAND
February 11, 2010

## Consolidated income statement
For the year ended December 31, 2009

| | Note | 2009 EUR million | 2008 EUR million |
|---|---|---|---|
| **Revenue** | 4 | **1,701.6** | 1,630.3 |
| | | | |
| Cost of sales | 5 | **(166.3)** | (178.2) |
| Staff costs | 5 | **(191.5)** | (184.8) |
| Other operating expenses | 5 | **(153.9)** | (168.1) |
| | | | |
| Non-recurring satellite programme income[1] | 19 | **66.5** | 130.3 |
| Non-recurring satellite programme charge[1] | 19 | **(66.9)** | (129.5) |
| Non-recurring satellite programme, net[1] | 19 | **(0.4)** | 0.8 |
| | | | |
| Depreciation expense | 5,11 | **(439.8)** | (426.2) |
| Amortisation expense | 13 | **(49.3)** | (48.7) |
| **Operating profit** | 4 | **700.4** | 625.1 |
| | | | |
| Finance revenue | 6 | **53.3** | 45.6 |
| Finance costs | 6 | **(188.0)** | (194.2) |
| **Profit before tax** | | **565.7** | 476.5 |
| | | | |
| Income tax expense | 7 | **(90.8)** | (87.4) |
| **Profit after tax** | | **474.9** | 389.1 |
| | | | |
| Share of associates' result | | **2.5** | (0.6) |
| **Profit for the year** | | **477.4** | 388.5 |
| | | | |
| **Attributable to:** | | | |
| Equity holders of the parent | | **476.5** | 387.5 |
| Minority interest | | **0.9** | 1.0 |
| | | **477.4** | 388.5 |
| | | | |
| **Earnings per share (in euro)[2]** | | | |
| Class A shares | | **1.22** | 0.98 |
| Class B shares | | **0.49** | 0.39 |

[1] 2009: insurance proceeds and impairment charge concerning S-band payload anomaly; 2008: AMC-14 programme termination.
[2] Earnings per share are calculated by dividing the net profit attributable to ordinary shareholders for the period by the weighted average number of shares outstanding during the year as adjusted to reflect the economic rights of each class of share. Fully diluted earnings per share are insignificantly different from basic earnings per share.

The notes are an integral part of the consolidated financial statements.

# Consolidated financial statements

## Consolidated statement of comprehensive income
For the year ended December 31, 2009

| | Note | 2009 EUR million | 2008 EUR million |
|---|---|---|---|
| **Profit for the year** | | **477.4** | 388.5 |
| | | | |
| **Other comprehensive income** | | | |
| Impact of currency translation | | **(156.3)** | 176.8 |
| | | | |
| Net loss on hedge of net investment | | **(72.6)** | (26.8) |
| Income tax effect | | **12.2** | 24.0 |
| | | **(60.4)** | (2.8) |
| | | | |
| Net movements on cash flow hedges | 8 | **8.8** | (24.2) |
| Income tax effect | | **6.1** | (1.9) |
| | | **14.9** | (26.1) |
| | | | |
| **Total other comprehensive income for the year, net of tax** | | **(201.8)** | 147.9 |
| **Total comprehensive income for the year, net of tax** | | **275.6** | 536.4 |
| | | | |
| **Attributable to:** | | | |
| Equity holders of the parent | | **274.7** | 536.2 |
| Minority interest | | **0.9** | 0.2 |
| | | **275.6** | 536.4 |

The notes are an integral part of the consolidated financial statements.

## Consolidated balance sheet
As at December 31, 2009

| | Note | 2009 EUR million | 2008 EUR million |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | **2,801.0** | 2,552.8 |
| Assets in the course of construction | 12 | **1,020.6** | 1,243.2 |
| Total property, plant and equipment | | **3,821.6** | 3,796.0 |
| | | | |
| Intangible assets | 13 | **2,766.1** | 2,882.1 |
| Investments in associates | 14 | **57.3** | 3.2 |
| Other financial assets | 15 | **14.0** | 13.5 |
| Deferred income tax assets | 7 | **33.9** | 18.9 |
| Total non-current assets | | **6,692.9** | 6,713.7 |
| | | | |
| **Current assets** | | | |
| Inventories | | **20.5** | 17.6 |
| Trade and other receivables | 16 | **374.2** | 334.8 |
| Prepayments | | **34.2** | 25.9 |
| Cash and cash equivalents | 20 | **286.6** | 435.5 |
| Total current assets | | **715.5** | 813.8 |
| | | | |
| **Total assets** | | **7,408.4** | 7,527.5 |
| | | | |
| **Equity** | | | |
| Attributable to equity holders of the parent | 21 | **1,587.7** | 1,553.1 |
| Minority interest | | **7.9** | 8.2 |
| Total equity | | **1,595.6** | 1,561.3 |
| | | | |
| **Non-current liabilities** | | | |
| Interest-bearing loans and borrowings | 23 | **3,481.6** | 3,476.0 |
| Provisions and deferred income | 24 | **311.3** | 344.4 |
| Valuation of financial derivatives | 17 | **4.3** | 27.8 |
| Deferred tax liabilities | 7 | **756.2** | 755.2 |
| Total non-current liabilities | | **4,553.4** | 4,603.4 |
| | | | |
| **Current liabilities** | | | |
| Interest-bearing loans and borrowings | 23 | **366.9** | 435.3 |
| Trade and other payables | 25 | **345.6** | 460.5 |
| Valuation of financial derivatives | 17 | **53.3** | 39.8 |
| Income tax liabilities | 2 | **204.9** | 198.3 |
| Deferred income | | **288.7** | 228.9 |
| Total current liabilities | | **1,259.4** | 1,362.8 |
| | | | |
| **Total liabilities** | | **5,812.8** | 5,966.2 |
| **Total liabilities and equity** | | **7,408.4** | 7,527.5 |

The notes are an integral part of the consolidated financial statements.

# Consolidated financial statements

## Consolidated statement of cash flow
For the year ended December 31, 2009

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| **Profit before taxes** | **565.7** | 476.5 |
| Taxes paid during the year | **(58.2)** | (70.6) |
| Net financing charges paid on non-operating activities | **88.3** | 84.3 |
| Depreciation and amortisation | **489.0** | 474.9 |
| Amortisation of client upfront payments | **(29.0)** | (32.2) |
| Impairment of Sea Launch receivable | **19.6** | – |
| Other non-cash items in consolidated income statement | **19.4** | (9.5) |
| **Consolidated operating profit before working capital changes** | **1,094.8** | 923.4 |
| | | |
| **Changes in operating assets and liabilities** | | |
| (Increase) / decrease in inventories | **(5.4)** | (2.1) |
| (Increase) / decrease in trade and other debtors | **(39.7)** | (46.4) |
| (Increase) / decrease in prepayments and deferred charges | **(9.2)** | 5.2 |
| Increase / (decrease) in trade and other creditors | **8.6** | 58.4 |
| Increase / (decrease) in payments received on account | **(9.8)** | 28.9 |
| Increase / (decrease) in upfront payments and deferred income | **36.9** | 69.7 |
| **Net cash generated by operations** | **(18.6)** | 113.7 |
| | | |
| **Net operating cash flow** | **1,076.2** | 1,037.1 |
| | | |
| **Cash flow from investing activities** | | |
| Purchase (net) of intangible assets | **(12.2)** | (10.7) |
| Purchase of tangible assets | **(761.2)** | (741.0) |
| Disposal of tangible assets | **3.5** | 7.2 |
| Proceeds arising from Solaris anomaly | **66.5** | – |
| Proceeds arising on termination of AMC-14 programme | **–** | 97.6 |
| Acquisition of minority interest in consolidated investments | **–** | (22.4) |
| Acquisition of other consolidated investments | **(5.7)** | (1.8) |
| Investment in equity-accounted investments | **(28.5)** | – |
| Realised proceeds on settlement of swap transactions | **(15.9)** | 73.9 |
| Other investing activities | **(0.2)** | (2.7) |
| **Net cash absorbed by investing activities** | **(753.7)** | (599.9) |
| | | |
| **Cash flow from financing activities** | | |
| Net (decrease) / increase in borrowings | **(56.8)** | 449.4 |
| Dividends paid on ordinary shares, net of dividends received | **(258.5)** | (238.9) |
| Net financing charges paid on non-operating activities | **(88.3)** | (84.3) |
| Net investment in other treasury shares | **8.2** | (330.1) |
| Exercise of share-based payments | **–** | (1.4) |
| **Net cash absorbed by financing activities** | **(395.4)** | (205.3) |
| | | |
| **Net foreign exchange movements** | **(76.0)** | 6.5 |
| Net (decrease) / increase in cash | **(148.9)** | 238.4 |
| **Net cash at beginning of the year** | **435.5** | 197.1 |
| **Net cash at end of the year** | **286.6** | 435.5 |

The notes are an integral part of the consolidated financial statements.

## Consolidated statement of changes in shareholders' equity
For the year ended December 31, 2009

| | Issued capital EUR million | Share premium EUR million | Treasury shares EUR million | Other reserves EUR million | Retained earnings EUR million | Cash flow hedge reserve EUR million | Foreign currency translation reserve EUR million | Total EUR million | Minority interest EUR million | Total equity EUR million |
|---|---|---|---|---|---|---|---|---|---|---|
| **At January 1, 2008** | **666.8** | **865.5** | **(213.7)** | **749.8** | **404.0** | **(4.5)** | **(889.7)** | **1,578.2** | **33.6** | **1,611.8** |
| Result for the year | – | – | – | – | 387.5 | – | – | 387.5 | 1.0 | 388.5 |
| Other comprehensive income (loss) | – | – | – | – | – | (26.1) | 174.8 | 148.7 | (0.8) | 147.9 |
| **Total comprehensive income (loss) for the year** | **–** | **–** | **–** | **–** | **387.5** | **(26.1)** | **174.8** | **536.2** | **0.2** | **536.4** |
| Allocation of 2007 result | – | – | – | 165.1 | (165.1) | – | – | – | – | – |
| Dividends paid[1] | – | – | – | – | (238.9) | – | – | (238.9) | – | (238.9) |
| Movements on treasury shares | – | – | (330.1) | – | – | – | – | (330.1) | – | (330.1) |
| Cancellation of treasury shares | (42.4) | (394.4) | 436.8 | – | – | – | – | – | – | – |
| Share-based payment adjustment | – | 6.0 | (1.4) | – | – | – | – | 4.6 | – | 4.6 |
| Acquired from minority interest | – | – | – | 3.1 | – | – | – | 3.1 | (25.6) | (22.5) |
| **At December 31, 2008** | **624.4** | **477.1** | **(108.4)** | **918.0** | **387.5** | **(30.6)** | **(714.9)** | **1,553.1** | **8.2** | **1,561.3** |

| | Issued capital EUR million | Share premium EUR million | Treasury shares EUR million | Other reserves EUR million | Retained earnings EUR million | Cash flow hedge reserve EUR million | Foreign currency translation reserve EUR million | Total EUR million | Minority interest EUR million | Total equity EUR million |
|---|---|---|---|---|---|---|---|---|---|---|
| **At January 1, 2009** | **624.4** | **477.1** | **(108.4)** | **918.0** | **387.5** | **(30.6)** | **(714.9)** | **1,553.1** | **8.2** | **1,561.3** |
| Result for the year | – | – | – | – | 476.5 | – | – | 476.5 | 0.9 | 477.4 |
| Other comprehensive income (loss) | – | – | – | – | – | 14.9 | (216.7) | (201.8) | – | (201.8) |
| **Total comprehensive income (loss) for the year** | **–** | **–** | **–** | **–** | **476.5** | **14.9** | **(216.7)** | **274.7** | **0.9** | **275.6** |
| Allocation of 2008 result | – | – | – | 129.5 | (129.5) | – | – | – | – | – |
| Dividends paid[1] | – | – | – | – | (258.0) | – | – | (258.0) | – | (258.0) |
| Movements on treasury shares | – | – | 11.2 | – | – | – | – | 11.2 | – | 11.2 |
| Share-based payment adjustment | – | 7.3 | (1.3) | – | – | – | – | 6.0 | – | 6.0 |
| Acquired from minority interest | – | – | – | (1.3) | – | – | – | (1.3) | (1.2) | (2.5) |
| Other movements | – | – | – | 3.8 | – | – | (1.8) | 2.0 | – | 2.0 |
| **At December 31, 2009** | **624.4** | **484.4** | **(98.5)** | **1,050.0** | **476.5** | **(15.7)** | **(933.4)** | **1,587.7** | **7.9** | **1,595.6** |

[1] Dividends are shown net of dividends received on treasury shares.

The notes are an integral part of the consolidated financial statements.

**Note 1 – Corporate information**
SES ('the company') was incorporated on March 16, 2001 as a limited liability company (Société Anonyme) under Luxembourg law. References to the 'group' in the following notes are to the company and its subsidiaries, joint ventures and associates. SES trades under 'SESG' on the Luxembourg Stock Exchange and Euronext, Paris.

The consolidated financial statements of SES for the year ended December 31, 2009 were authorised for issue in accordance with a resolution of the Directors on February 11, 2010. Under Luxembourg law the financial statements are approved by the shareholders at the annual general meeting.

**Note 2 – Summary of significant accounting policies**
Basis of preparation
The consolidated financial statements have been prepared on a historical cost basis, except where fair value is required by IFRS as described below. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted by the International Accounting Standards Board, and endorsed by the European Union, as at the balance sheet date.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the company and its controlled subsidiaries, after the elimination of all material inter-company transactions. Subsidiaries are consolidated from the date the company obtains control until such time as control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The financial statements of subsidiaries and affiliates are prepared for the same reporting period as the company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. For details regarding the subsidiaries included see Note 29.

Application of IFRS 1
The group adopted IFRS on January 1, 2004 and applied the provisions of IFRS 1 for this transition. In particular, goodwill arising on business combinations (IFRS 3) that occurred before January 1, 2004 has not been restated. In accordance with IFRS 1, the group has elected not to apply IAS 21 (as revised in 2003) retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before January 1, 2004.

Changes in accounting policies
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended IFRS and IFRIC interpretations as of 1 January 2009:

– IFRS 8 – 'Operating Segments': this standard requires disclosure of information concerning the group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the group. The adoption of this standard did not have any effect on the financial position or performance of the group. The group has determined that the operating segments were the same as the geographical segments previously identified under IAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in Note 4, including revised comparative information.
– IAS 1 – 'Revised Presentation of Financial Statements': the standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income, presenting all items of recognised income and expense, either in one single statement, or in two linked statements. The group has adopted the two linked statements approach.

The following changes to standards relevant to the activity of the group were also adopted:

– IFRS 2 – 'Share-Based Payment (Revised)';
– IFRS 7 – 'Financial Instruments: Disclosures Amendments';
– IAS 23 – 'Borrowing Costs (Revised)';
– IFRIC 16 – 'Hedges of a Net Investment in a Foreign Operation';
– IFRIC 9 – 'Reassessment of Embedded Derivatives';
– Improvements to IFRS (May 2008).

Adoption of these standards and interpretations did not have any effect on the financial performance of the group.

Interests in joint ventures
The group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The group recognises its interest in the joint venture using proportional consolidation. The group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

When the group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the group purchases assets from the joint venture, the group does not recognise its share of the profits of the joint venture from the transaction until it resells the assets to an independent party. The joint venture is proportionately consolidated until the date on which the group ceases to have joint control over the joint venture.

Investments in associates
The group has investments in associates which are accounted for under the equity method. An associate is an entity in which the group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the group determines whether it is necessary to recognise any additional impairment loss with respect to the group's net investment in the associate. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

In general, the financial statements of associates are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring in line any dissimilar accounting policies that may exist. Where differences arise in the reporting dates the group adjusts the financial information of the associate for significant transactions in the intervening period.

### Significant accounting judgements and estimates

*1) Judgements*

In the process of applying the group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

*1.1) Treatment of orbital slot licence rights*

The group's operating companies have obtained rights to operate satellites at certain orbital locations and using certain frequency bands. These licences are obtained through application to the relevant national and international regulatory authorities, and are generally made available for a defined period. On the expiry of such agreements, the operating company will generally be in a position to re-apply for the usage of these positions and frequency rights. Where the group has obtained such rights through the acquisition of subsidiaries and associates, the rights have been identified as an asset acquired and recorded at the fair value attributed to the asset at the time of the acquisition as a result of purchase accounting procedure. Such assets are deemed to have an indefinite life where the group has a high probability that it will be able to successfully re-apply for these rights as and when they expire. Hence these assets are not amortised, but rather are subject to regular impairment reviews to confirm that the carrying value in the group's financial statements is still appropriate.

*1.2) Taxation*

The group operates in numerous tax jurisdictions and management is required to assess tax issues and exposures across its entire operations and to accrue for potential liabilities based on its interpretation of country-specific tax law and best estimates. In conducting this review management assesses the materiality of the issue and the likelihood, based on experience and specialist advice, as to whether it will result in a liability for the group. If this is deemed to be the case then a provision is made for the potential taxation charge arising. These provisions are recorded as current liabilities in the consolidated balance sheet. As at December 31, 2009 an amount of EUR 118.4 million (2008: EUR 107.1 million) is disclosed under 'Income tax liabilities'.

One significant area of management judgement is in the area of transfer pricing. Whilst the group employs dedicated members of staff to establish and maintain appropriate transfer pricing structures and documentation, judgement still needs to be applied and hence potential tax exposures can be identified. The group, as part of its overall assessment of liabilities for taxation, reviews in detail the transfer pricing structures in place and makes provisions where this seems appropriate on a case by case basis.

*2) Estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*2.1) Impairment of goodwill*

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in Note 13.

### Business combinations

In the event of a business combination, the group initially measures the identifiable assets, liabilities and contingent liabilities acquired at their fair value as at the acquisition date. Any minority interest in the acquiree is accordingly stated at their proportion of the net fair values of the acquired assets, liabilities and contingent liabilities. In the event of the acquisition of an additional interest in a subsidiary, any resultant goodwill arising on the increase in ownership is recognised directly in equity.

### Property, plant and equipment

Property, plant and equipment is initially recorded at acquisition or manufacturing cost and is depreciated over the expected useful economic life. The manufacturing cost of internally generated property, plant and equipment includes directly attributable costs as well as appropriate overheads. Costs for the repair and maintenance of these assets are recorded as expense. Relevant finance charges arising during the construction period of satellites are capitalised.

Property, plant and equipment are depreciated using the straight-line method, generally based on the following useful lives:

| | |
|---|---|
| Buildings | 25 years |
| Space segment assets | 10 to 16 years |
| Ground segment assets | 3 to 15 years |
| Other fixtures, fittings, tools and equipment | 3 to 15 years |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any loss or gain arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

### Assets in the course of construction

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

## Intangible assets

*1) Goodwill*
Goodwill represents the difference between the cost of acquisition of shares in a consolidated company and the group's share in the fair value of the net assets acquired. The carrying value of acquisition goodwill is reviewed for impairment annually, or more frequently if required to establish whether the value is still recoverable. The recoverable amount is defined as the higher of fair value less costs to sell and value in use. Impairment charges are taken as charges against net profit where a non-recoverable component is identified. Impairment losses relating to goodwill cannot be reversed in future periods. The group estimates value in use on the basis of the estimated discounted cash flows to be generated by a cash-generating unit which are based upon business plans approved by management. Beyond a five-year period, cash flows may be estimated on the basis of stable rates of growth or decline. Goodwill is stated in the balance sheet at cost less any impairment charges recorded.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

*2) Other intangibles*
Intangible assets, consisting principally of rights of usage of orbital frequencies and acquired transponder service agreements, are reviewed at acquisition to establish whether they represent assets with a definite or indefinite life. Those assessed as being definite life assets are amortised on a straight-line basis over a period not exceeding 21 years. Indefinite life intangible assets are held at cost in the balance sheet but are subject to impairment testing in line with the treatment outlined for goodwill above. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

## Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the recoverable amount.

The group's long-lived assets and definite-life intangible assets, including its in-service satellite fleet, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Impairments can arise from complete or partial failure of a satellite as well as other changes in expected discounted future cash flows. Such impairment tests are based on a comparison of estimated discounted future cash flows to the recorded value of the asset. The estimated discounted cash flows are based on the most recent business plans. If impairment is indicated, the asset value will be written down to fair value based upon discounted cash flows using an appropriate discount rate.

## Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

## Investments and other financial assets

Financial assets in the scope of IAS 39 are classified as one of: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; or available-for-sale financial assets; as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the group is committed to the purchase or sale of the asset.

The following categories of financial asset as defined in IAS 39 are relevant in the group's financial statements.

*1) Financial assets at fair value through profit or loss*
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on investments held for trading are recognised in income.

*2) Held-to maturity investments*
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the group has the positive intent and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

*3) Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*4) Available-for-sale financial assets*
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains and losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement totally or partially.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

### Inventories
Inventories primarily consist of work-in-progress, related accessories and network equipment spares and are stated at the lower of cost or market value, with cost determined on an average-cost method and market value based on the estimated net realisable value.

### Trade and other receivables
Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

### Inter-company transactions
The group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

### Treasury shares
Acquired own equity instruments (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

### Cash and cash equivalents
Cash and cash equivalents comprise cash at banks and on hand, deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost. For the purposes of the consolidated statement of cash flow, 'Net Cash' consists of cash and cash equivalents, net of outstanding bank overdrafts.

### Revenue recognition
The group enters into contracts to provide high-quality satellite transponder capacity and broadcasting services through which television, radio and data broadcasting make available programming services to the general public. Revenues are generated primarily from service agreements with customers to provide satellite transponder services.

All amounts received from customers under contracts for satellite capacity are recognised, at the fair value of the consideration received or receivable, over the duration of the respective contracts on a straight-line basis. Payments received in advance are deferred and included in the balance sheet as deferred income. Interest is accrued on advance payments received using the incremental borrowing rate of the group at the time the advance payments are received. Payments of receivables in arrears are accrued and included in trade debtors.

The group also has a number of long-term construction contracts. Revenue is recognised on these contracts by reference to the stage of completion of the contract where the outcome can be estimated reliably.

### Dividends
The company declares dividends after the financial statements for the year have been approved. Accordingly, dividends are recorded in the subsequent year's financial statements.

### Provisions
Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### Current taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

### Deferred taxes
Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
– in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
– in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Translation of foreign currencies

The consolidated financial statements are presented in euro (EUR), which is the company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. As at January 1, 2009, SES Satellite Leasing Limited, Isle of Man, changed its functional currency from the euro to the U.S. dollar to reflect the development of its underlying business operations. Transactions in foreign currencies are initially recorded in the functional currency ruling at the date of transaction. The cost of non-monetary assets is translated at the rate applicable at the date of the transaction. All other assets and liabilities are translated at closing rates of exchange. During the year, expenses and income expressed in foreign currencies are recorded at exchange rates prevailing on the date they occur or accrue. All exchange differences resulting from the application of these principles are included in the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a 100%-owned foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. In accordance with IFRS 1, the group has elected not to apply IAS 21 'The Effects of Changes in Foreign Currency Exchange Rates' (as revised in 2003) retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the date of transition to IFRS.

The assets and liabilities of consolidated subsidiaries are translated into euro at the year-end exchange rates, while the income and expense items of these subsidiaries are translated at the average exchange rate of the year. The related foreign exchange differences are included in the currency exchange reserve within equity. On disposal of a foreign subsidiary or joint venture, the deferred cumulative amount recognised in equity relating to that particular foreign operation is reclassified to the income statement.

The U.S. dollar exchange rates used by the group during the year were as follows:

| EUR 1 = | Average rate for 2008 | Closing rate for 2008 | Average rate for 2009 | Closing rate for 2009 |
|---|---|---|---|---|
| United States dollar | USD 1.48 | USD 1.39 | USD 1.39 | USD 1.44 |

### Basic and diluted earnings per share

The company's capital structure consists of Class A and Class B shares, entitled to the payment of annual dividends as approved by the shareholders at their annual meetings. Holders of Class B shares participate in earnings and are entitled to 40% of the dividends payable per Class A share.

Basic and diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are also adjusted for the effects of dilutive options.

### Derivative financial instruments and hedging

The group recognises all derivatives as assets and liabilities on the balance sheet at fair value. Changes in the fair value of derivatives are recorded in the income statement or in accordance with the principles below where hedge accounting is applied. The group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuation. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. On the date a hedging derivative instrument is entered into, the group designates the derivative as one of the following:

1) a hedge of the fair value of a recognised asset or liability or of an unrecognised firm commitment (fair value hedge);
2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognised asset or liability (cash flow hedge); or
3) a hedge of a net investment in a foreign operation.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

*1) Fair value hedges*

In relation to fair value hedges (Interest Rate Swaps on fixed-rate debt) which meet the conditions for hedge accounting, any gain or loss from re-measuring the hedging instrument at fair value is recognised immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the income statement as finance revenue or cost.

*2) Cash flow hedges*

In relation to cash flow hedges (forward foreign currency contracts and interest rate swaps) to hedge firm commitments or forecasted transactions which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement as finance revenue or cost.

When the hedged commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or carrying amount of the asset or liability.

*3) Hedge of a net investment in a foreign operation*

Changes in the fair value of a derivative or non-derivative instrument that is designated as and meets all the required criteria for a hedge of a net investment are recorded in the currency exchange reserve to the extent that it is deemed to be an effective hedge. The ineffective portion is recognised in the income statement as finance revenue or cost.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, the hedge no longer qualifies for hedge accounting, or the group revokes the designation. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

The group formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes allocating all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The group also formally assesses, both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative is not highly effective as a hedge or if a derivative ceases to be a highly effective hedge, the group will discontinue hedge accounting prospectively.

### Derecognition of financial assets and liabilities

*1) Financial assets*

A financial asset is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of that asset.

Where the group has transferred its rights to receive cash flows from an asset and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset continues to be recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including cash-settled options or similar provision) on the transferred asset, the extent of the group's continuing involvement is the amount of the transferred asset that the group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

*2) Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

### Accounting for pension obligations

The company and certain subsidiaries operate defined benefit pension plans and/or defined contribution plans. The cost of providing benefits under the defined benefit pension plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised gains or losses for each individual plan exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans. Costs relating to the defined contribution plan are recognised in the income statement as incurred on an accruals basis.

### Share-based payments

Employees (including senior executives) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

*1) Equity-settled transactions*

The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 22. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the company's shares, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 9).

*2) Cash-settled transactions*

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model taking into account the terms and conditions upon which the instruments were granted (see Note 22). This fair value is expensed over the period until settlement with recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognised in the consolidated income statement.

The group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-based awards and has applied IFRS 2 only to equity-based awards granted after November 7, 2002 that had not vested on January 1, 2004.

### Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to January 1, 2005, the date of inception is deemed to be January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

Finance leases, which transfer to the group substantially all risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair market value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to expense. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

### IFRS standards and interpretations not yet effective

The following IFRS and IFRIC interpretations have been issued with an effective date for financial periods beginning on or after July 1, 2009 and are relevant to the activity of the group. The group has chosen not to early adopt these standards and interpretations.

In April 2009, the IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each amendment. The group plans to adopt these changes with effect from January 1, 2010 (or at the date of endorsement by the European Union, if later).

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements. The revised standards were issued in January 2008 and became effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendment were made to IAS 7 Statement of cash flows, IAS 12 Income taxes, IAS 21 The effects of changes in foreign exchange rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes made by IFRS3R and IAS 27R will affect future acquisitions or loss of control and transactions with minority interests.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items. These amendments to IAS 39 were issued in August 2008 and became effective for financial years beginning on or after July 1, 2009. The amendment addresses the designation of one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial position as a hedged item. The group has concluded that the amendment will have no impact on the financial position or performance of the group, as the group has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners. This interpretation is effective for annual periods beginning on or after July 1, 2009. IFRIC 17 provides guidance on how to account for non-cash distribution to owners. It clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. The group has concluded that this interpretation will have no impact on the financial statements as the group has not made non-cash distribution to shareholders.

IFRS 9 Financial Instruments: This is the first step in a three-part project by the IASB to replace IAS 39 Financial instruments. This first part, dealing with the classification and measurement of financial assets, simplifies the recognition of financial assets by requiring such assets to be measured at either amortised cost or fair value, depending on certain criteria. The standard is effective for financial years beginning on or after January 1, 2013, although it may be early adopted. The company is in the process of analysing the impact of this standard on their operations as well as the date at which they plan to adopt the standard. The date of the adoption of this standard by the company will also be dependent on the timing of the E.U. endorsement process.

## Note 3 – Interest in a joint venture

### 1. Ciel Satellite Limited Partnership, Canada

The group has a 70.0% economic interest in Ciel Satellite Limited Partnership, Canada, an entity which is involved in similar business to the group's other main operational entities.

The share of assets, liabilities, income and expenses of Ciel Satellite Limited Partnership as at December 31 and for the year then ended, which are included in the consolidated financial statements, are as follows:

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Non-current assets | **122.7** | 130.7 |
| Current assets | **1.8** | 0.5 |
| Non-current liabilities | **(58.6)** | (67.5) |
| Current liabilities | **(0.8)** | (3.6) |
| | | |
| Revenue | **19.4** | 0.7 |
| Operating expenses | **(1.6)** | (1.0) |
| Depreciation and amortisation | **(8.2)** | – |
| Finance costs | **–** | – |
| Net income / (loss) | **9.6** | (0.3) |

### 2. Solaris Mobile Limited, Ireland

In 2007, SES ASTRA and Eutelsat entered into a joint venture, Solaris Mobile Limited based in Dublin, to develop next-generation mobile TV services via satellite. With S-band frequencies, Solaris services should provide TV, video and radio as well as two-way communication with handheld multimedia devices and computer networks.

On April 6, 2009 the S-band payload was launched on board Eutelsat's W2A satellite. On May 14, 2009, the European Commission granted one of two 15 MHz blocks of S-band capacity for European coverage to Solaris Mobile Ltd, subject to certain conditions, with the second block assigned to Inmarsat. On the same day Eutelsat and SES announced an anomaly in the functioning of the payload.

On June 22, 2009, Solaris Mobile filed a constructive total loss insurance claim for the full insured value of the payload which was fully impaired on June 30, 2009. The insurance proceeds were collected in full towards the end of 2009.

The impact of the above developments on the group's financial statements is that SES recognised a charge of EUR 66.9 million for the impairment of the payload, which is largely offset by the accrued insurance proceeds of EUR 66.5 million. An amount of EUR 2.7 million for the impairment of attributable capitalised interest charges has been recognised as part of the depreciation charge of the year.

The group nonetheless remains confident of Solaris Mobile's ability to meet the commitments made to the European Commission in terms of the timing and scope of the mobile services.

The share of assets, liabilities, income and expenses of the jointly venture as at December 31 and for the year then ended, which are included in the consolidated financial statements, are as follows:

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Non-current assets | **1.8** | 63.6 |
| Current assets | **71.9** | 10.6 |
| Non-current liabilities | **–** | – |
| Current liabilities | **1.6** | 10.1 |
| | | |
| Revenue | **1.4** | – |
| Operating expenses | **(3.2)** | (1.6) |
| Depreciation and amortisation | **(0.1)** | – |
| Finance income, net | **0.2** | 0.4 |
| Net loss | **(1.7)** | (1.2) |

**Note 4 – Operating segments**
For reporting purposes, the group is divided into three operating segments:

1. SES ASTRA,
2. SES WORLD SKIES;
3. SES S.A. and other participations.

This segmentation reflects the group's internal reporting and responsibility structure, as well as its geographical regions of activity. Up to December 31, 2008 the current SES WORLD SKIES segment was divided into two segments: SES AMERICOM and SES NEW SKIES, but with effect from January 1, 2009 the management and reporting for these two operations was combined. The prior year figures have been restated to reflect this change.

| As at December 31, 2009 | SES ASTRA EUR million | SES WORLD SKIES EUR million | SES S.A. and other participations EUR million | Elimination EUR million | Total EUR million |
|---|---|---|---|---|---|
| **Segmental results** | | | | | |
| **Revenue** | | | | | |
| With third parties | 989.2 | 712.4 | – | – | 1,701.6 |
| With other segments | 2.9 | 2.9 | – | (5.8) | – |
| | | | | | |
| Operating expenses | (285.2) | (199.8) | (32.5) | 5.8 | (511.7) |
| Non-recurring satellite programme, net | (0.4) | – | – | – | (0.4) |
| **EBITDA** | **706.5** | **515.5** | **(32.5)** | **–** | **1,189.5** |
| | | | | | |
| Depreciation expenses | (179.3) | (260.2) | (0.3) | – | (439.8) |
| Amortisation expenses | (42.6) | (6.7) | – | – | (49.3) |
| **Operating Profit** | **484.6** | **248.6** | **(32.8)** | **–** | **700.4** |
| | | | | | |
| Finance revenue | | | | | 53.3 |
| Finance costs | | | | | (188.0) |
| **Profit before tax** | | | | | **565.7** |
| | | | | | |
| **Segmental assets** | | | | | |
| Property, plant and equipment | 1,503.2 | 2,302.0 | 16.4 | – | 3,821.6 |
| Intangible assets | 522.9 | 2,243.1 | 0.1 | – | 2,766.1 |
| **Allocated non-current assets** | **2,026.1** | **4,545.1** | **16.5** | **–** | **6,587,7** |
| | | | | | |
| Non-allocated assets | | | | | 820.7 |
| **Total assets** | | | | | **7,408.4** |

| As at December 31, 2008 | SES ASTRA EUR million | SES WORLD SKIES EUR million | SES S.A. and other participations EUR million | Elimination EUR million | Total EUR million |
|---|---|---|---|---|---|
| **Segmental results** | | | | | |
| **Revenue** | | | | | |
| With third parties | 1,010.0 | 620.3 | – | – | 1,630.3 |
| With other segments | – | 14.4 | – | (14.4) | – |
| | | | | | |
| Operating expenses | (302.4) | (215.8) | (27.3) | 14.4 | (531.1) |
| Non-recurring satellite programme, net | – | 0.8 | – | – | 0.8 |
| **EBITDA** | **707.6** | **419.7** | **(27.3)** | **–** | **1,100.0** |
| | | | | | |
| Depreciation expenses | (190.0) | (235.4) | (0.8) | – | (426.2) |
| Amortisation expenses | (46.0) | (2.7) | – | – | (48.7) |
| **Operating Profit** | **471.6** | **181.6** | **(28.1)** | **–** | **625.1** |
| | | | | | |
| Finance revenue | | | | | 45.6 |
| Finance costs | | | | | (194.2) |
| **Profit before tax** | | | | | **476.5** |
| | | | | | |
| **Segmental assets** | | | | | |
| Property, plant and equipment | 1,449.8 | 2,239.0 | 107.2 | – | 3796.0 |
| Intangible assets | 557.6 | 2,324.5 | – | – | 2,882.1 |
| **Allocated non-current assets** | **2,007.4** | **4,563.5** | **107.2** | **–** | **6,678.1** |
| | | | | | |
| Non-allocated assets | | | | | 849.4 |
| **Total assets** | | | | | **7,527.5** |

In analysing the financial performance of these operating segments, the group's management follows in particular the development of revenue and EBITDA ('Earnings Before Interest, Taxation, Depreciation and Amortisation') of the segment as a whole, as well as in the 'Infrastructure' and 'Services' components of the segments' results. In this context 'Infrastructure' refers to the sale of satellite transponder capacity and directly attributable services. The 'Services' business refers to the provision of products such as engineering services, retail broadband two-way internet access, and playout and transmission services.

Sales between these two segments, primarily sales of infrastructure capacity through to the 'Services' businesses, are eliminated on consolidation – and start-up initiatives, that is to say new market initiatives in the pre-commercial phase, or initial phase of operations, are excluded from the 'Infrastructure' and 'Services' results analysis.

Notes to the consolidated financial statements continued
December 31, 2009

| As at December 31, 2009 | SES ASTRA EUR million | SES WORLD SKIES EUR million | SES S.A. and other participations EUR million | Total EUR million |
|---|---|---|---|---|
| **Infrastructure** | | | | |
| Revenue | 835.8 | 609.7 | – | 1,445.5 |
| EBITDA | 694.7 | 503.7 | – | 1,198.4 |
| Margin | 83.1% | 82.6% | | 82.9% |
| **Services** | | | | |
| Revenue | 195.3 | 165.0 | – | 360.3 |
| EBITDA | 23.9 | 18.5 | – | 42.4 |
| Margin | 12.2% | 11.2% | | 11.8% |
| **Elimination/start-up initiative** | | | | |
| Revenue | (41.9) | (62.3) | – | (104.2) |
| EBITDA | (12.1) | (6.7) | (32.5) | (51.3) |
| **Total** | | | | |
| Revenue | 989.2 | 712.4 | – | 1,701.6 |
| EBITDA | 706.5 | 515.5 | (32.5) | 1,189.5 |
| Total margin | | | | 69.9% |

| As at December 31, 2008 | SES ASTRA EUR million | SES WORLD SKIES EUR million | SES S.A. and other participations EUR million | Total EUR million |
|---|---|---|---|---|
| **Infrastructure** | | | | |
| Revenue | 832.3 | 539.4 | – | 1,371.7 |
| EBITDA | 692.2 | 415.8 | – | 1,108.0 |
| Margin | 83.2% | 77.1% | | 80.8% |
| **Services** | | | | |
| Revenue | 213.5 | 149.0 | – | 362.5 |
| EBITDA | 26.5 | 15.6 | – | 42.1 |
| Margin | 12.4% | 10.5% | | 11.6% |
| **Elimination/start-up initiative** | | | | |
| Revenue | (35.8) | (68.1) | – | (103.9) |
| EBITDA | (11.1) | (11.7) | (27.3) | (50.1) |
| **Total** | | | | |
| Revenue | 1,010.0 | 620.3 | – | 1,630.3 |
| EBITDA | 707.6 | 419.7 | (27.3) | 1,100.0 |
| Total margin | | | | 67.5% |

The group's revenues from external customers analysed by country using the customer's billing address is as follows:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Luxembourg (SES country of domicile) | **42.8** | 21.8 |
| | | |
| United States of America | **486.7** | 441.8 |
| Germany | **393.3** | 438.0 |
| United Kingdom | **298.9** | 304.7 |
| France | **92.4** | 79.8 |
| Others | **387.5** | 344.2 |
| Total | **1,701.6** | 1,630.3 |

No single customer accounted for 10% or more of total revenue in 2009 or 2008.

The group's non-current assets are located as set out in the following table. Note that satellites are allocated to the country where the legal owner of the asset is incorporated. Similarly orbital slot rights and goodwill balances are allocated to the attributable subsidiary.

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Luxembourg (SES country of domicile) | **1,558.8** | 1,465.6 |
| | | |
| United States of America | **2,893.0** | 3,050.4 |
| The Netherlands | **965.7** | 1,022.9 |
| Isle of Man | **794.6** | 682.6 |
| Sweden | **257.8** | 252.0 |
| Others | **223.0** | 240.2 |
| Total | **6,692.9** | 6,713.7 |

**Note 5 – Operating expenses**
The operating expense categories disclosed include the following types of expenditure:

1) Cost of sales (excluding staff costs and depreciation) represents cost categories which generally vary directly with revenue development. Such costs include the rental of third-party satellite capacity, the cost of goods sold (for example on the disposal of space segment assets), and costs directly attributable to the facilitation of customer contracts.

2) Staff costs includes gross salaries and employer's social security payments, payments into pension schemes for employees, and charges arising under share-based payment schemes.

3) Other operating expenses are by their nature less variable to revenue development. Such costs include facility costs, in-orbit insurance costs, marketing expenses, general and administrative expenditure, consulting charges, travel-related expenditure and movements on provisions for debtors.

### Provision on deposits made to Sea Launch
On June 22, 2009, Sea Launch Company LLC, Sea Launch Limited Partnership – and their subsidiaries – filed voluntary petitions to reorganize under Chapter 11 in the U.S. Bankruptcy Court. Prior to this filing, SES had made deposits to Sea Launch, for an amount of USD 29. 6 million in connection with a launch contract which was terminated by SES before the Sea Launch filing. Whilst SES will continue to actively pursue repayment of this amount, management has elected to make a full provision against this receivable as at December 31, 2009. This charge is disclosed as part of the 'Other operating expenses' of the year.

### Provision for termination of IP-PRIME activities
On December 15, 2008 SES AMERICOM announced that it would cease providing its IPTV service in America 'IP-PRIME' by July 31, 2009. Reflecting the costs associated with this, the group made a provision in 2008 in the amount of EUR 8.5 million which was recorded in the line 'Other operating expenses' in the consolidated income statement. Furthermore an impairment charge on assets used in the provision of this service was taken in the amount of EUR 20.3 million through the 'Depreciation expense' line.

Notes to the consolidated financial statements continued
December 31, 2009

## Note 6 – Finance revenue and costs

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| **Finance revenue** | | |
| Interest income | **22.5** | 45.6 |
| Foreign exchange gains | **30.8** | – |
| Total | **53.3** | 45.6 |
| | | |
| **Finance costs** | | |
| Interest expense on loans and borrowings (net of amounts capitalised) | **(188.0)** | (193.7) |
| Foreign exchange charges | **–** | (0.2) |
| Charges relating to the termination of a subsidiary | **–** | (0.3) |
| Total | **(188.0)** | (194.2) |

## Note 7 – Income taxes

Taxes on income comprise the taxes paid or owed on income in the individual countries, as well as deferred taxes. Current and deferred taxes can be analysed as follows:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| **Consolidated income statement** | | |
| **Current income tax** | | |
| Current income tax charge | **(74.4)** | (111.0) |
| Foreign taxes | **–** | – |
| Adjustments in respect of prior periods | **4.0** | (3.8) |
| | | |
| **Deferred income tax** | | |
| Relating to origination and reversal of temporary differences | **1.2** | 41.8 |
| Use of tax losses brought forward | **(21.6)** | (14.4) |
| Income tax expense per consolidated income statement | **(90.8)** | (87.4) |
| | | |
| **Consolidated statement of changes in equity** | | |
| Deferred income tax related to items (charged) or credited directly in equity | | |
| Net loss on revaluation of financial instruments – Cash flow hedge | **6.1** | (1.9) |
| Unrealised loss on loans and borrowings – Net investment hedge | **12.2** | 24.0 |
| Income taxes reported in equity | **18.3** | 22.1 |

A reconciliation between tax expenses and the profit before tax of the group multiplied by theoretical tax rate of 29.34% which corresponds to the Luxembourg domestic tax rate for the year ended 31 December 2009 (30.38% in 2008) is as follows:

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Profit before tax | **565.7** | 476.5 |
| | | |
| Multiplied by theoretical tax rate of 29.34% | **166.0** | 144.8 |
| Investment tax credits | **(30.5)** | (25.2) |
| Tax exempt income | **(3.7)** | (18.1) |
| Deferred tax asset on previously unrecognised tax losses | **(12.0)** | (8.7) |
| Taxes on undistributed earnings of subsidiaries | **–** | 6.1 |
| Not income related taxes | **0.4** | – |
| Use of previous years tax losses | **0.1** | 3.4 |
| Effect of different local tax rates | **(44.3)** | (76.3) |
| Taxes related to prior years | **(4.0)** | (9.7) |
| Non-deductible expenditures | **8.0** | 59.2 |
| Effects of change in tax rate | **–** | (0.7) |
| Reversal of previously recognised deferred tax assets | **2.8** | – |
| Other | **8.0** | 12.6 |
| **Income tax reported in the consolidated income statement** | **90.8** | 87.4 |

The accounts related to deferred taxes included in the consolidated financial statements can be analysed as follows:

| | Deferred tax assets 2009 EUR million | Deferred tax assets 2008 EUR million | Deferred tax liabilities 2009 EUR million | Deferred tax liabilities 2008 EUR million | Deferred tax in income 2009 EUR million | Deferred tax in income 2008 EUR million |
|---|---|---|---|---|---|---|
| Loss carried forward | 66.4 | 102.8 | – | – | 21.6 | 11.1 |
| Tax-based special depreciation | – | – | 15.9 | 12.0 | 2.4 | 1.2 |
| Amortisation | – | – | 247.8 | 261.4 | (6.6) | (7.7) |
| Depreciation | – | – | 496.4 | 543.1 | (18.5) | (14.1) |
| Retirement benefit obligation | 7.3 | 5.7 | – | – | 0.2 | 1.0 |
| Value adjustments on financial asset | – | – | 6.3 | 6.3 | – | (0.6) |
| Value adjustments on treasury shares | 2.9 | 3.2 | – | – | 0.3 | 1.2 |
| Measurement of financial instruments at fair value | – | – | 43.1 | 38.5 | 17.4 | (11.6) |
| Receivables | – | – | 24.5 | 30.1 | (3.3) | (3.5) |
| Payables | 28.8 | 23.2 | – | – | 1.4 | – |
| Other provisions and accruals | 9.4 | 6.4 | – | – | 18.5 | (1.0) |
| Other | – | – | 3.1 | (13.8) | (13.0) | (3.4) |
| Subtotal | 114.8 | 141.3 | 837.1 | 877.6 | 20.4 | (27.4) |
| Offset of deferred taxes | (80.9) | (122.4) | (80.9) | (122.4) | – | – |
| Total | 33.9 | 18.9 | 756.2 | 755.2 | 20.4 | (27.4) |

Deferred tax assets have been offset against deferred tax liabilities where they relate to the same taxation authority and the entity concerned has a legally enforceable right to set off current tax assets against current tax liabilities.

In addition to the tax losses for which the group recognised deferred tax assets, the group has tax losses of EUR 222.7 million (2008: EUR 244.7 million) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group and they have arisen in subsidiaries that are not expected to generate taxable profits against which these profits could be offset in the foreseeable future.

### Note 8 – Components of other comprehensive income

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Cash flow hedges | | |
| Gains (losses) arising during the year: | | |
| On currency forward contracts | **(1.1)** | (2.8) |
| On interest rate swaps | **7.1** | (22.0) |
| Reclassification adjustments for (gains) / losses included in the fixed assets | **2.8** | 0.6 |
| Total | **8.8** | (24.2) |

### Note 9 – Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of each class of shares by the weighted average number of shares outstanding during the year. Earnings per share calculated on a fully diluted basis are insignificantly different from the basic earnings per share.

For the year 2009, earnings per share of EUR 1.22 per A share (2008: EUR 0.98), and EUR 0.49 per B share (2008: EUR 0.39) have been calculated on the following basis:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Profit attributable to equity holders of the parent | **476.5** | 387.5 |

Weighted average number of shares, net of own shares held, for the purpose of calculating earnings per share:

| | 2009 | 2008 |
|---|---|---|
| Class A shares (in million) | **324.5** | 326.5 |
| Class B shares (in million) | **166.5** | 172.0 |
| Total | **491.0** | 498.5 |

The weighted average number of shares is based on the capital structure of the company as described in Note 21.

### Note 10 – Dividends paid and proposed

Dividends declared and paid during the year:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Class A dividend for 2008: EUR 0.66 (2007: EUR 0.60) | **219.7** | 213.3 |
| Class B dividend for 2008: EUR 0.22 (2007: EUR 0.24) | **44.0** | 42.7 |
| Total | **263.7** | 256.0 |

Dividends proposed for approval at the 2010 annual general meeting
(Not recognised as a liability as at December 31, 2009)

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Class A dividend for 2009: EUR 0.73 | **243.1** | 219.7 |
| Class B dividend for 2009: EUR 0.29 | **48.3** | 44.0 |
| Total | **291.4** | 263.7 |

## Note 11 – Property, plant and equipment

| | Land and buildings EUR million | Space segment EUR million | Ground segment EUR million | Other fixtures and fittings, tools and equipment EUR million | Total EUR million |
|---|---|---|---|---|---|
| **Movements in 2008 on cost** | | | | | |
| As at January 1 | 166.9 | 5,103.0 | 367.8 | 152.8 | 5,790.5 |
| Change of consolidation scope | – | 0.4 | – | – | 0.4 |
| Additions | 2.0 | 31.9 | 12.8 | 27.9 | 74.6 |
| Disposals/retirements | (1.8) | – | (19.6) | (6.8) | (28.2) |
| Transfers from assets in course of construction (Note 12) | – | 119.9 | 17.0 | 1.8 | 138.7 |
| Impact of currency translation | 2.4 | 86.9 | 5.4 | 1.2 | 95.9 |
| As at December 31 | 169.5 | 5,342.1 | 383.4 | 176.9 | 6,071.9 |
| **Movements in 2008 on depreciation** | | | | | |
| As at January 1 | (75.7) | (2,633.4) | (248.4) | (109.4) | (3,066.9) |
| Impairment on IP-PRIME assets (Note 5) | – | – | (20.3) | – | (20.3) |
| Depreciation | (7.8) | (345.4) | (29.0) | (23.7) | (405.9) |
| Depreciation on disposals/retirements | 1.5 | – | 17.2 | 3.0 | 21.7 |
| Reclassifications | 0.3 | (0.3) | (0.1) | (0.1) | (0.2) |
| Impact of currency translation | (0.7) | (45.1) | (0.9) | (0.8) | (47.5) |
| As at December 31 | (82.4) | (3,024.2) | (281.5) | (131.0) | (3,519.1) |
| **Net book value as at December 31, 2008** | **87.1** | **2,317.9** | **101.9** | **45.9** | **2,552.8** |

| | Land and buildings EUR million | Space segment EUR million | Ground segment EUR million | Other fixtures and fittings, tools and equipment EUR million | Total EUR million |
|---|---|---|---|---|---|
| **Movements in 2009 on cost** | | | | | |
| As at January 1 | 169.5 | 5,342.1 | 383.4 | 176.9 | 6,071.9 |
| Additions | 13.8 | 0.9 | 14.7 | 9.1 | 38.5 |
| Disposals | (0.2) | – | (2.4) | (4.5) | (7.1) |
| Retirements | (0.3) | (111.3) | (27.8) | (1.0) | (140.4) |
| Reclassifications | (14.7) | 2.0 | – | 14.7 | 2.0 |
| Transfers from assets in course of construction (Note 12) | – | 668.8 | 6.8 | 18.0 | 693.6 |
| Impact of currency translation | (1.3) | (79.0) | (3.0) | (1.0) | (84.3) |
| As at December 31 | 166.8 | 5,823.5 | 371.7 | 212.2 | 6,574.2 |
| **Movements in 2009 on depreciation** | | | | | |
| As at January 1 | (82.4) | (3,024.2) | (281.5) | (131.0) | (3,519.1) |
| Depreciation | (7.6) | (381.6) | (28.0) | (22.6) | (439.8) |
| Depreciation on disposals | 0.1 | – | 0.2 | 3.3 | 3.6 |
| Depreciation on retirements | 0.3 | 111.3 | 27.8 | 1.0 | 140.4 |
| Reclassifications | 3.3 | – | – | (3.3) | – |
| Transfers | – | (2.0) | – | – | (2.0) |
| Impact of currency translation | 0.5 | 39.7 | 1.2 | 2.3 | 43.7 |
| As at December 31 | (85.8) | (3,256.8) | (280.3) | (150.3) | (3,773.2) |
| **Net book value as at December 31, 2009** | **81.0** | **2,566.7** | **91.4** | **61.9** | **2,801.0** |

### Note 12 – Assets in the course of construction

| | Land and buildings EUR million | Space segment EUR million | Ground segment EUR million | Total EUR million |
|---|---|---|---|---|
| **Cost and net book value as at January 1, 2008** | 0.2 | 735.0 | 30.2 | 765.4 |
| **Movements in 2008** | | | | |
| AMC-14 launch failure (Note 19) | – | (127.5) | – | (127.5) |
| Additions | 0.1 | 692.9 | 31.7 | 724.7 |
| Disposals | (0.1) | – | (0.5) | (0.6) |
| Transfers to assets in use (Note 11) | – | (119.9) | (18.8) | (138.7) |
| Impact of currency translation | – | 16.5 | 3.4 | 19.9 |
| **Cost and net book value as at December 31, 2008** | **0.2** | **1,197.0** | **46.0** | **1,243.2** |

| | Land and buildings EUR million | Space segment EUR million | Ground segment EUR million | Total EUR million |
|---|---|---|---|---|
| **Cost and net book value as at January 1, 2009** | 0.2 | 1,197.0 | 46.0 | 1,243.2 |
| **Movements in 2009** | | | | |
| Solaris failure (Note 19) | – | (66.5) | – | (66.5) |
| Additions | 0.5 | 580.4 | 14.4 | 595.3 |
| Transfers to assets in use (Note 11) | (0.2) | (668.8) | (24.6) | (693.6) |
| Transfers to current assets | – | (19.6) | (6.4) | (26.0) |
| Impact of currency translation | – | (31.2) | (0.6) | (31.8) |
| **Cost and net book value as at December 31, 2009** | **0.5** | **991.3** | **28.8** | **1,020.6** |

Borrowing costs of EUR 46.7 million (2008: EUR 48.7 million) arising on financing specifically relating to satellite construction were capitalised during the year and are included in 'Space segment' additions in the above table. A weighted average capitalisation rate of 4.83% (2008: 5.00%) was used, representing the borrowing group's average weighted cost of borrowing.

### Note 13 – Intangible assets

| | Indefinite life | | | | |
|---|---|---|---|---|---|
| | Orbital slot licence rights EUR million | Goodwill EUR million | Other EUR million | Definite life intangibles EUR million | Total EUR million |
| **Book value as at January 1, 2008** | **671.3** | **1,640.8** | **5.5** | **457.2** | **2,774.8** |
| **Movements in 2008 on cost** | | | | | |
| As at January 1 | 671.3 | 1,640.8 | 5.5 | 681.8 | 2,999.4 |
| Additions | 14.3 | 4.2 | – | 13.7 | 32.2 |
| Impact of currency translation | 30.4 | 91.4 | – | 3.0 | 124.8 |
| As at December 31 | 716.0 | 1,736.4 | 5.5 | 698.5 | 3,156.4 |
| **Movements in 2008 on amortisation** | | | | | |
| As at January 1 | – | – | – | (224.6) | (224.6) |
| Amortisation | – | – | – | (48.7) | (48.7) |
| Impact of currency translation | – | – | – | (1.0) | (1.0) |
| As at December 31 | – | – | – | (274.3) | (274.3) |
| **Book value as at December 31, 2008** | **716.0** | **1,736.4** | **5.5** | **424.2** | **2,882.1** |
| **Movements in 2009 on cost** | | | | | |
| As at January 1 | 716.0 | 1,736.4 | 5.5 | 698.5 | 3,156.4 |
| Additions | 0.4 | 4.0 | – | 8.9 | 13.3 |
| Transfers | – | – | (2.6) | 2.6 | – |
| Transfers to another heading | – | – | – | (1.4) | (1.4) |
| Impairment | – | (4.4) | – | – | (4.4) |
| Impact of currency translation | (19.9) | (56.5) | – | (2.1) | (78.5) |
| As at December 31 | 696.5 | 1,679.5 | 2.9 | 706.5 | 3,085.4 |
| **Movements in 2009 on amortisation** | | | | | |
| As at January 1 | – | – | – | (274.3) | (274.3) |
| Amortisation | – | – | – | (41.9) | (41.9) |
| Impairment | – | – | – | (3.0) | (3.0) |
| Impact of currency translation | – | – | – | (0.1) | (0.1) |
| As at December 31 | – | – | – | (319.3) | (319.3) |
| **Book value as at December 31, 2009** | **696.5** | **1,679.5** | **2.9** | **387.2** | **2,766.1** |

### Indefinite life intangible assets

The indefinite life intangible assets as at December 31, 2009 have a net book value of EUR 2,378.9 million (2008: EUR 2,457.9 million) made up as set out per cash-generating unit in the table below.

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| SES AMERICOM | **1,621.5** | 1,675.8 |
| SES NEW SKIES | **576.6** | 599.2 |
| SES SIRIUS | **85.2** | 84.3 |
| ASTRA Platform Services | **33.9** | 33.9 |
| ND SatCom | **26.5** | 29.5 |
| SES ASTRA | **13.7** | 13.7 |
| Others | **21.5** | 21.5 |
| Total | **2,378.9** | 2,457.9 |

*1. Orbital slot licence rights*

Interests in orbital slot licence rights were acquired in the course of the acquisitions of SES AMERICOM, SES SIRIUS and SES NEW SKIES, as well as through the targeted acquisition of such rights from third parties. The group believes that it has a high probability of being able to achieve the extension of these rights as the current agreements expire and hence these assets are not amortised, but rather are held on the balance sheet at acquisition cost. Impairment procedures are performed at least once a year to assess whether the carrying value is still appropriate.

*2. Goodwill*

An impairment of EUR 4.4 million was recorded during the year following the recognition of deferred tax assets not valued at the date of acquisition of SES NEW SKIES (2008: nil).

Impairment procedures are performed at least once a year to assess whether the carrying value is still appropriate. The recoverable amount of the goodwill is determined based on a value-in-use calculation (Note 2) using the most recent business plan information approved by senior management which covers a period of up to seven years. This relatively long period for the business plan is derived from the long-term contractual base for the satellite business.

Discount rates in 2009 are between 6.90% and 9.30% (2008: 6.80% and 8.30%) and were selected to reflect: market interest rates and commercial spreads; the capital structure of businesses in the group's business sector; and the specific risk profile of the businesses concerned. Terminal growth rates used in the valuations are set at 0.0% or 1.0%, which can be supported by reference to the trading performance of the companies concerned over a longer period.

### Definite life intangible assets

The group's primary definite life intangible asset is the agreement concluded by SES ASTRA with the Luxembourg Government in relation to the usage of the Luxembourg frequencies in the orbital positions of the geostationary arc from 45˚ West to 50˚ East for the period of January 1, 2001 to December 31, 2021. Given the finite nature of this agreement, these usage rights – valued at EUR 550.0 million on acquisition – are being amortised on a straight-line basis over the 21-year term of the agreement.

In December 2009 the group recorded an impairment charge of EUR 3.0 million on 'Other Definite Life assets' in the light of a new valuation of certain technology related assets.

### Impairment testing of goodwill and intangibles with indefinite lives

The cash-generating units (CGUs) for impairment testing of goodwill and intangible assets relating to SES AMERICOM, SES NEW SKIES, SES SIRIUS are the smallest identifiable group of satellite assets that are largely independent of the cash flows from other groups of satellites. In identifying these CGUs the group takes into account fleet utilisation considerations, particularly the ability of individual satellites to provide back-up services to other satellites in the light of their available frequency spectrum and geographical footprint. For ASTRA Platform Services and ND SatCom the companies' operations as a whole are treated as a CGU.

The calculations of value in use are most sensitive to:

- movements in the underlying business plan assumptions for the satellites concerned;
- changes in discount rates; and
- the growth rate assumptions used to extrapolate cash flows beyond the business plan period.

*Movements in the underlying business plan assumptions:* the group's subsidiaries draw up annually a business plan which generally provides an assessment of the expected developments for a seven-year period beyond the end of the year when the plan is drawn up. These business plans reflect both the most up-to-date assumptions concerning the CGU's markets and also developments and trends in the business of the CGU. For the provision of satellite capacity business these will particularly take account of the following factors:

- the expected developments in transponder fill rates, including the impact of the launch of new capacity;
- new products and services to be launched during the business plan period;
- any changes in the expected capital expenditure cycle – due to technical degradation of a satellite or through the identified need for additional capacities; and
- any changes in satellite procurement, or launch, cost assumptions.

*Changes in discount rates:* discount rates reflect management's estimate of the risks specific to each unit. Management uses a weighted average cost of capital as the discount rate for each entity. This reflects the market interest rates on ten-year bonds in the market concerned, the capital structure of the group, and other factors, as necessary, applying specifically to the CGU concerned.

*Growth rate assumptions used to extrapolate cash flows beyond the business planning period:* rates are based on the commercial experience relating to the CGUs concerned and the expectations for developments in the markets which they serve.

As part of standard impairment testing procedures the company assesses the impact of changes in the discount rates and growth assumptions on the valuation surplus, or deficit as the case may be, revealed by the impairment testing. Discount rates are simulated up to 1% below and above the CGU specific rate used in the base valuation. Likewise terminal growth assumptions are simulated at 1% higher and lower than the base assumption in the valuation. In this way a matrix of valuations is generated which reveals the exposure to impairment charges for each CGU based on movements in the valuation parameters which are within the range of outcomes foreseeable at the valuation date.

The most recent testing showed that of the five CGUs tested, three would have no impairment even in the least favourable case – a combination of lower terminal growth rates and higher discount rates. For the SES AMERICOM cash generating unit, whilst there is currently a valuation surplus, a fall in the terminal growth rate of around 0.5%, or an increase in the discount rate of over 0.4% would eliminate this surplus, all other factors being equal. For the ND SatCom the same applies with the corresponding threshold movements 0.3% and 0.2% respectively.

**Note 14 – Investment in associates**

On November 16th, 2009, SES agreed to invest $75 million to acquire 25% of O3b Networks Limited, a company building a new Medium Earth Orbit satellite-based backbone for telecommunications operators and Internet service providers in emerging markets. Upon full financing of the company and following subsequent in-kind investment in the next two years, SES expects to hold a 30% interest in the associate. As at December 31, 2009, the investment in O3b Networks Limited is valued in the books of SES at EUR 49.5 million.

The share of assets, liabilities, income and expenses of O3b Networks Limited as at December 31, 2009 and for the year then ended, which are included in the consolidated financial statements, are as follows:

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Non-current assets | **17.5** | – |
| Current assets | **2.5** | – |
| Non-current liabilities | **–** | – |
| Current liabilities | **1.1** | – |
| | | |
| Revenue | **–** | – |
| Operating expenses | **(0.4)** | – |
| Depreciation and amortisation | **–** | – |
| Finance income, net | **–** | – |
| Net loss | **(0.4)** | – |

On December 31, 2009, the group held other investments in associates of EUR 7.8 million (2008: EUR 3.2 million), mainly represented by interests in Milsat Services GmbH in Germany and QuetzSat S. de R. L. de C.V., a Mexican company in which the group has a participating interest. The share of assets and liabilities of these two entities are not significant.

### Note 15 – Other financial assets

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| **Loans and receivables** | | |
| Amounts receivable from associates after one year | **13.6** | 12.3 |
| Other non-current receivables | **0.4** | 1.2 |
| | **14.0** | 13.5 |
| | | |
| **Other financial assets** | | |
| Sundry financial assets | **–** | – |
| | | |
| **Total other financial assets** | **14.0** | 13.5 |

Amounts receivable from associates after one year related to a loan made to QuetzSat S. de R. L. de C.V., a Mexican company in which the group has a participating interest.

### Note 16 – Trade and other receivables

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Net trade debtors | **158.5** | 199.3 |
| Unbilled accrued revenue | **156.2** | 68.6 |
| Other receivables | **59.5** | 66.9 |
| **Total trade and other receivables** | **374.2** | 334.8 |

Unbilled accrued revenue represents revenues for use of satellite capacity under long-term contracts but not billed. Billing will occur based on the terms of the contracts. An amount of EUR 3.3 million was recognised to income in 2009 concerning movement on debtor provisions (2008: EUR 4.3 million was charged to income). This amount is disclosed in 'Other operating charges'. Trade debtors and other receivables at December 31, 2009 included EUR 16.2 million (2008: EUR 12.8 million) of amounts becoming due and payable after more than one year.

As at December 31, 2009, trade receivables with a nominal amount of EUR 25.5 million (2008: EUR 28.8 million) were impaired and fully provided for. Movements in the provision for the impairment of receivables were as follows:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| As at January 1 | **28.8** | 25.5 |
| Net charge to income for the year | **3.3** | 4.3 |
| Change in scope | **–** | – |
| Utilised | **(6.2)** | (1.4) |
| Impact of currency translation | **(0.4)** | 0.4 |
| As at December 31 | **25.5** | 28.8 |

The fully provided Sea Launch deposit receivable (Note 5) is recorded under 'Other receivables' and is not included in the above table.

## Note 17 – Financial instruments

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments that are carried in the financial statements.

| As at December 31, 2009 | Carried at amortised cost Carrying amount EUR million | Fair value EUR million | Carried at fair value Carrying amount EUR million | Total Balance Sheet EUR million |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Non-current financial assets: | | | | |
| Loans and receivables | 13.6 | 13.6 | – | 13.6 |
| Other | 0.4 | 0.4 | – | 0.4 |
| Total other financial assets | 14.0 | 14.0 | – | 14.0 |
| | | | | |
| Current financial assets: | | | | |
| Valuation of financial derivatives | – | – | – | – |
| Trade & other receivables | 374.2 | 374.2 | – | 374.2 |
| Cash and cash equivalents | 286.6 | 286.6 | – | 286.6 |
| Total | 660.8 | 660.8 | – | 660.8 |
| **Financial liabilities** | | | | |
| Interest-bearing loans and borrowings: | | | | |
| At floating rates: | | | | |
| Bilateral multi-currency | 91.4 | 91.4 | – | 91.4 |
| Bilateral 2010 (EUR 100 million) issued under EMTN | 100.0 | 100.0 | – | 100.0 |
| Syndicated loan 2012 | 594.6 | 594.6 | – | 594.6 |
| Commercial papers | 55.0 | 55.0 | – | 55.0 |
| Committed loans | 48.6 | 48.6 | – | 48.6 |
| Uncommitted loans | 27.8 | 27.8 | – | 27.8 |
| | | | | |
| At fixed rates: | | | | |
| Eurobond 2011 (EUR 650 million) | 649.1 | 662.9 | – | 649.1 |
| Eurobond 2013 (EUR 500 million) | 500.0 | 515.0 | – | 500.0 |
| Eurobond 2014 (EUR 650 million) | 643.0 | 678.6 | – | 643.0 |
| Euro Private Placement 2016 (EUR 150 million ) issued under EMTN | 148.6 | 155.6 | – | 148.6 |
| German Bond (« Schuldschein ») 2012 (EUR 100 million), non-listed | 99.4 | 111.0 | – | 99.4 |
| German Bond (« Schuldschein ») 2012 (EUR 100 million), non-listed | 99.5 | 110.3 | – | 99.5 |
| Series A (USD 400 million) | 157.0 | 174.3 | – | 157.0 |
| Series B (USD 513 million) | 356.1 | 403.2 | – | 356.1 |
| Series C (USD 87 million) | 60.4 | 69.6 | – | 60.4 |
| Series D (GBP 28 million) | 18.0 | 19.9 | – | 18.0 |
| European Investment Bank (EUR 200 million) | 200.0 | 200.0 | – | 200.0 |
| | | | | |
| Total interest-bearing loans and borrowings: | 3,848.5 | 4,017.8 | – | 3,848.5 |
| Of which: Non-current | 3,481.6 | 3,650.8 | – | 3,481.6 |
| Of which: Current | 366.9 | 367.0 | – | 366.9 |
| | | | | |
| Interest rate swaps | – | – | 20.7 | 20.7 |
| Forward currency contracts | – | – | 36.9 | 36.9 |
| Total valuation of financial derivatives | – | – | 57.6 | 57.6 |
| Of which: Non-current | – | – | 4.3 | 4.3 |
| Of which: Current | – | – | 53.3 | 53.3 |
| | | | | |
| Trade & other payables | 345.6 | 345.6 | – | 345.6 |

| As at December 31, 2008 | Carried at amortised cost Carrying amount EUR million | Carried at amortised cost Fair value EUR million | Carried at fair value Carrying amount EUR million | Total Balance Sheet EUR million |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Non-current financial assets: | | | | |
| Loans and receivables | 13.5 | 13.5 | – | 13.5 |
| Other | – | – | – | – |
| Total other financial assets | 13.5 | 13.5 | – | 13.5 |
| | | | | |
| Current financial assets: | | | | |
| Trade & other receivables | 334.8 | 334.8 | – | 334.8 |
| Cash and cash equivalents | 435.5 | 435.5 | – | 435.5 |
| Total | 770.3 | 770.3 | – | 770.3 |
| | | | | |
| **Financial liabilities** | | | | |
| Interest-bearing loans and borrowings: | | | | |
| At floating rates: | | | | |
| Bilateral multi-currency | 1,046.2 | 1,046.2 | – | 1,046.2 |
| Bilateral 2010 (EUR 100 million) issued under EMTN | 100.0 | 100.0 | – | 100.0 |
| Syndicated loan 2010 | 373.0 | 373.0 | – | 373.0 |
| Uncommitted loans | 90.0 | 90.0 | – | 90.0 |
| Eurobond 2009 (EUR 300 million) | 300.0 | 298.2 | – | 300.0 |
| | | | | |
| At fixed rates: | | | | |
| Eurobond 2011 (EUR 650 million) | 649.1 | 629.6 | – | 649.1 |
| Eurobond 2013 (EUR 500 million) | 499.8 | 441.2 | – | 499.8 |
| German Bond (« Schuldschein ») 2012 (EUR 100 million), non-listed | 99.5 | 111.2 | – | 99.5 |
| German Bond (« Schuldschein ») 2012 (EUR 100 million), non-listed | 99.4 | 112.1 | – | 99.4 |
| Series A (USD 400 million) | 203.0 | 225.2 | – | 203.0 |
| Series B (USD 513 million) | 367.4 | 422.4 | – | 367.4 |
| Series C (USD 87 million) | 62.9 | 70.6 | – | 62.9 |
| Series D (GBP 28 million) | 21.0 | 22.6 | – | 21.0 |
| | | | | |
| Total interest-bearing loans and borrowings: | 3,911.3 | 3,942.3 | – | 3,911.3 |
| Of which: Non-current | 3,476.0 | 3,508.8 | – | 3,476.0 |
| Of which: Current | 435.3 | 433.5 | – | 435.3 |
| | | | | |
| Interest rate swaps | – | – | 27.8 | 27.8 |
| Forward currency contracts | – | – | 39.8 | 39.8 |
| Total valuation of financial derivatives | – | – | 67.6 | 67.6 |
| Of which: Non-current | – | – | 27.8 | 27.8 |
| Of which: Current | – | – | 39.8 | 39.8 |
| | | | | |
| Trade & other payables | 460.5 | 460.5 | – | 460.5 |

Set out below is an analysis of financial derivatives valuation by category of hedging / trading activities and derivatives.

| Analysis of financial derivatives | **December 31, 2009** Fair value asset EUR million | **December 31, 2009** Fair value liability EUR million | December 31, 2008 Fair value asset EUR million | December 31, 2008 Fair value liability EUR million |
|---|---|---|---|---|
| Derivatives held for trading: | | | | |
| Currency forwards, futures and swaps | **–** | **1.6** | – | 2.3 |
| | | | | |
| Cash flow hedges: | | | | |
| Currency forwards, futures and swaps | **–** | **1.1** | – | 37.5 |
| Interest rate swaps | **–** | **20.7** | – | 27.8 |
| | | | | |
| Net investment hedges: | | | | |
| Currency forwards, futures and swaps | **–** | **34.2** | – | – |
| | | | | |
| Total valuation of financial derivatives | **–** | **57.6** | – | 67.6 |
| Of which: Non-current | **–** | **4.3** | – | 27.8 |
| Of which: Current | **–** | **53.3** | – | 39.8 |

### Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly;
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments valued at fair value held by the group as at December 31, 2009 and December 31, 2008 fall under the level 2 category.

The fair value of the borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates except for the listed Eurobonds for which the quoted market price has been used. The fair value of foreign currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of the interest rate swap contracts is determined by reference to market values for similar instruments.

All interest-bearing loans and borrowings are at amortised cost.

### Note 18 – Financial risk management objectives and policies

The group's financial instruments, other than derivatives, comprise bilateral multi-currency credit facilities with banks, syndicated loan, Eurobonds, U.S. dollar borrowings under a Private Placement issue, Euro-denominated Commercial Papers, cash and short-term deposits. The main purpose of these financial instruments is to raise cash to finance the day-to-day activities of the group's operations. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The group also enters into derivative transactions, principally interest rate and cross currency swaps as well as forward currency contracts, in order to manage the interest rate and exchange rate exposure on the group's assets, liabilities and finance operations.

The main risks arising from the group's financial instruments are liquidity risks, foreign currency risks, interest rate risks and credit risks. The general policies are reviewed and approved by the board, and are summarised below.

The risks are managed on a weekly basis through a review of the risks and hedges in place. This review includes a market update and forecasting of interest and exchange rates which are important for the portfolio of the group. The risk analysis is reviewed on a quarterly basis by the Board of Directors.

The group's accounting policies in relation to derivatives and other financial instruments are set out in Note 2.

### Liquidity risk

The group's objective is to efficiently use cash generated so as to maintain short-term debt and bank loans at a low level. In case of liquidity needs, the group can call on committed bilateral credit facilities and a syndicated loan. In addition, if deemed appropriate based on prevailing market conditions, the group can access additional funds through the European Medium Term Note or Commercial Paper programmes. The group's debt maturity profile is tailored to allow the company to cover repayment obligations as they fall due.

The group operates a centralised treasury function which manages the liquidity of the group in order to optimise the funding costs. This is supported by a daily cash pooling mechanism.

Liquidity risk is monitored on a weekly basis through a review of the drawn and issued amounts and the availability of additional funding under credit lines or the Commercial Paper programme.

The table below summarises the projected contractual undiscounted cash flows based on the maturity profile of the group's interest-bearing loans and borrowings as at December 31.

| | Within 1 year EUR million | Between 1 and 5 years EUR million | After 5 years EUR million | Total EUR million |
|---|---|---|---|---|
| Maturity profile: | | | | |
| As at December 31, 2009 | 547.7 | 3,572.4 | 409.9 | 4,530.0 |
| As at December 31, 2008 | 609.9 | 3,588.0 | 230.3 | 4,428.2 |

The following paragraphs include assumptions regarding the future foreign exchange and interest rate development. They are based on quoted prices in active markets, official forecasts of our core banks, statistical models and other techniques.

### Foreign currency risk

The group's balance sheet can be significantly impacted by movements in the U.S. dollar / euro exchange rate as the group has significant operations whose functional currency is the U.S. dollar and liabilities denominated in U.S. dollar. To mitigate this exposure the group enters into forward foreign exchange contracts to hedge the exposure on financial debt or on the net assets. The group also has a corresponding exposure in the Income Statement. Approximately 42.7% (2008: 37.8%) of the group's sales and 39.4% (2008: 44.8%) of the group's operating expenses are denominated in U.S. dollars. The group does not enter into any hedging derivatives to cover this currency exposure.

The group uses forward currency contracts to eliminate or reduce the currency exposure on single deals, such as satellite procurements, tailoring the maturities to each milestone payment. The foreign currency risk might be in euro or U.S. dollars. The forward contracts are in the same currency as the hedged item and can cover up to 100% of the total value of the contract. It is the group's policy not to enter into forward contracts until a firm commitment is in place, and to match the terms of the hedge derivatives to those of the hedged item to maximise effectiveness.

*Cash flow hedges in relation to contracted commitments for capital expenditure*

At December 31, 2009 and 2008, the group held forward exchange contracts designated as hedges of future contracted commitments to suppliers relating to satellite procurements.

The cash flow hedges were assessed to be highly effective and an unrealised loss of EUR 1.1 million (2008: unrealised loss of EUR 2.3 million) net of deferred tax of EUR 0.0 million (2008: EUR (0.2) million) relating to the hedging instruments is included in equity. During the year, EUR 2.8 million (2008: EUR 0.6 million) was removed from equity and included in the initial carrying value of the acquired satellites. As at December 31, 2009 the fair value of the contracts amounted to a liability of EUR 1.1 million (2008: a liability of EUR 2.8 million).

Set out below are the periods when the cash flows in USD and EUR for the capital expenditure programme are expected to occur.

| USD Portfolio | Within 1 year EUR million | Between 1 and 5 years EUR million | After 5 years EUR million | Total EUR million |
|---|---|---|---|---|
| As at December 31, 2008: | | | | |
| Cash outflows for procurement | 307.7 | 180.8 | – | 488.5 |
| Amount covered by cash flow hedges | 252.4 | – | – | 252.4 |

The USD portfolio is not hedged in 2009 as all U.S. dollar procurements are currently located in entities which have the U.S. dollar as their functional currency.

| EUR Portfolio | Within 1 year EUR million | Between 1 and 5 years EUR million | After 5 years EUR million | Total EUR million |
|---|---|---|---|---|
| As at December 31, 2009: | | | | |
| Cash outflows for procurement | 308.9 | 418.4 | – | 727.3 |
| Amount covered by cash flow hedges | 44.0 | – | – | 44.0 |

There were no hedged euro cash flows as at December 31, 2008.

*Hedge of investment in foreign operations*
In 2008 certain group borrowings and derivatives were designated as a hedge of the net investments in SES AMERICOM, SES NEW SKIES, and SES Re International to hedge the group's exposure to foreign exchange risk on these investments.

Due to the change from net investment to debt hedging in October 2008, the designation of the hedging items was revoked. To the date of revocation, a gain of EUR 142.8 million, net of tax of EUR 37.7 million, was recorded in equity in connection with these hedges.

In October 2009 certain group borrowings and derivative instruments were designated as a hedge of the net investments in SES WORLD SKIES, SES Satellite Leasing and SES Re International to hedge the group's exposure to foreign exchange risk on these investments. As at December 31, 2009, the net investment hedges were assessed to be highly effective and an unrealised loss of EUR 60.4 million net of deferred tax of EUR 12.2 million relating to the hedging instruments is included in equity.

| | **December 31, 2009 USD million** | December 31, 2008 USD million |
|---|---|---|
| USD balance sheet exposure: | | |
| SES WORLD SKIES | **6,902.6** | 7,001.5 |
| SES Satellite Leasing | **977.0** | – |
| SES Re International | **28.4** | 51.6 |
| Total | **7,908.0** | 7,053.1 |
| Hedged with: | | |
| Foreign exchange forward contracts | **2,700.0** | – |
| Private Placement | **828.6** | – |
| External borrowings | **241.7** | – |
| Total | **3,770.3** | – |
| | | |
| Hedged proportion | **48%** | 0% |

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rate on the nominal amount of the group's U.S. dollar net investment, with all other variables held constant.

| December 31 2009 | Amount in USD million | Amount in euro at closing rate of 1.44 EUR million | Amount in euro at rate of 1.65 EUR million | Amount in euro at rate of 1.25 EUR million |
|---|---|---|---|---|
| USD balance sheet exposure: | | | | |
| SES WORLD SKIES | 6,902.6 | 4,791.5 | 4,183.4 | 5,522.1 |
| SES Satellite Leasing | 977.0 | 678.2 | 592.1 | 781.6 |
| SES Re International | 28.4 | 19.7 | 17.2 | 22.7 |
| Total | 7,908.0 | 5,489.4 | 4,792.7 | 6,326.4 |
| Hedged with: | | | | |
| Foreign exchange forward contracts | 2,700.0 | 1,874.2 | 1,636.4 | 2,160.0 |
| Private Placement | 828.6 | 575.2 | 502.2 | 662.9 |
| External borrowings | 241.7 | 167.8 | 146.5 | 193.4 |
| Total | 3,770.3 | 2,617.2 | 2,285.1 | 3,016.3 |
| | | | | |
| Absolute difference without hedging | | | (696.7) | 837.0 |
| Absolute difference with hedging | | | (364.6) | 437.9 |

*Cash flow hedges in relation to U.S. dollar denominated borrowings*
From October 2008 certain derivative instruments have been designated as cash flow hedges of the U.S. dollar liabilities of the group, offsetting the exposure to foreign exchange risks on those liabilities. All the forward foreign exchange contracts mature within three months of the year-end, with a periodical roll-over until maturity date of the U.S. dollar denominated borrowings.

In October 2009 the designation of the hedging of the U.S. dollar denominated borrowings was revoked. Like the handling before October 2008, the U.S. dollar borrowings were used again as natural hedge for the Net Investment portfolio.

| USD Portfolio | Within 1 year USD million | Between 1 and 5 years USD million | After 5 years USD million | Total USD million |
|---|---|---|---|---|
| As at December 31, 2009: | | | | |
| USD debt exposure: | | | | |
| External borrowings | 241.7 | – | – | 241.7 |
| Private Placement | 57.1 | 581.8 | 189.6 | 828.5 |
| Total | 298.8 | 581.8 | 189.6 | 1,070.2 |
| | | | | |
| Hedged with: | | | | |
| Foreign exchange forward contracts | – | – | – | – |
| Hedged proportion | | | | 0% |
| | | | | |
| As at December 31, 2008: | | | | |
| USD debt exposure: | | | | |
| Bilateral borrowings | 360.0 | – | – | 360.0 |
| Private Placement | 57.1 | 536.4 | 292.2 | 885.7 |
| Total | 417.1 | 536.4 | 292.2 | 1,245.7 |
| | | | | |
| Hedged with: | | | | |
| Foreign exchange forward contracts | 1,245.0 | – | – | 1,245.0 |
| Hedged proportion | | | | 100% |

As at December 31, 2008, EUR 34.7 million was recorded as a liability under ‘Valuation of financial derivatives’ in connection with this cash flow hedge. In 2008 gains or losses on the valuation of the forward foreign exchange contracts were recorded through the income statement to offset any gains or losses on translation of the debts in the balance sheet. The inefficient portion of this hedging relationship in 2008 was nil.

### Interest rate risk
The group’s exposure to risk of changes in market interest rates relates primarily to the group’s floating rate borrowings. The group carefully monitors the mix between fixed and floating rate debt and adjusts it from time to time following market conditions. The group also uses interest rate swaps to help manage this mix. The terms of the hedge derivatives are negotiated to match the terms of the hedged item to maximise hedge effectiveness.

The table below summarises the split of the nominal amount of the group’s debt between fixed and floating rate.

| | At fixed rates EUR million | At floating rates EUR million | Total EUR million |
|---|---|---|---|
| Excluding the impact of interest rate swaps: | | | |
| Borrowings at December 31, 2009 | 2,943.2 | 942.8 | 3,886.0 |
| Borrowings at December 31, 2008 | 2,007.0 | 1,911.0 | 3,918.0 |
| | | | |
| Including the impact of interest rate swaps: | | | |
| Borrowings at December 31, 2009 | 3,559.8 | 326.2 | 3,886.0 |
| Borrowings at December 31, 2008 | 2,629.0 | 1,289.0 | 3,918.0 |

During the year the group reimbursed the floating EUR 300.0 million Eurobond (2008: EUR 500.0 million Eurobond) and two tranches of the US Private Placement – USD 57.1 million and GBP 4.0 million (2008: USD 57.1 million and GBP 4.0 million). Both were fixed rate obligations. The group issued a fixed EUR 650.0 million Eurobond, a EUR 150.0 million Private Placement, and entered into a fixed EUR 200.0 million funding with the European Investment Bank.

The average weighted interest rate in 2009 was 4.83% (2008: 5.05%).

*Fair value hedges*
In 2009 the group had no fair value hedges in place.

In 2008 the group had two interest rate swap agreements maturing with an aggregate notional amount of EUR 500.0 million, whereby the group received a fixed rate of interest of 4.5% annually and paid a variable rate quarterly equal to three-month EURIBOR plus a margin on the notional amount. These swaps have been used to hedge the exposure to changes in the fair value linked to interest rates of the EUR 500.0 million Eurobond 2008. The Eurobond and the swaps had the same specific terms concerning notional amount, interest rate and maturity date of November 2008.

*Cash flow hedges in relation to interest commitments under bilateral multi-currency credit facilities, the syndicated loan 2012 and bilateral 2010 issued under EMTN*
At December 31, 2009 as in 2008, the group had four interest rate swaps outstanding which were designated as hedges of expected future interest expenses on a total of EUR 350.0 million of the syndicated loan, and EUR 100.0 million of the bilateral multi-currency facilities – both floating rate debt.

At December 31, 2009, as in 2008, the group held four interest rate swaps which were designated as hedges of expected future interest expenses on USD 240.0 million of the bilateral multi-currency facilities which are floating rate debt. The multi-currency syndicated loan 2010 was replaced by the single-currency (EUR) syndicated loan 2012 in May 2009.

The cash flow hedges of the expected future interest expense arising in 2010 were assessed to be highly effective and as at December 31, 2009 a net unrealised loss of EUR 14.6 million (2008: a net unrealised loss of EUR 19.7 million), stated net of deferred tax of EUR 6.1 million (2008: EUR 8.1 million), is included in equity in respect of these hedge instruments. The ineffective portion of this hedging relationship on December 31, 2009 was nil.

Set out below are the periods when the cash flows for the interest rate payments on the bilateral multi-currency facilities, syndicated loans and bilateral 2010 issued under EMTN loan are expected to occur:

| Bilateral multi-currency facility (USD drawings) | Within 1 year USD million | Between 1 and 5 years USD million | After 5 years USD million | Total USD million |
|---|---|---|---|---|
| As at December 31, 2009: | | | | |
| Cash outflows for interest payments (floating) | (1.0) | – | – | (1.0) |
| Cash inflows from interest rate swap (floating) | 1.9 | 9.6 | – | 11.5 |
| Cash outflows from interest rate swap (fixed) | (12.4) | (21.7) | – | (34.1) |
| Total | (11.5) | (12.1) | – | (23.6) |
| | | | | |
| As at December 31, 2008: | | | | |
| Cash outflows for interest payments (floating) | (5.8) | (1.8) | – | (7.6) |
| Cash inflows from interest rate swap (floating) | 5.2 | 1.5 | – | 6.7 |
| Cash outflows from interest rate swap (fixed) | (12.4) | (4.9) | – | (17.3) |
| Total | (13.0) | (5.2) | – | (18.2) |

| Bilateral multi-currency facility (EUR drawings) Syndicated loan 2012, and bilateral 2010 issued under EMTN | Within 1 year EUR million | Between 1 and 5 years EUR million | After 5 years EUR million | Total EUR million |
|---|---|---|---|---|
| As at December 31, 2009: | | | | |
| Cash outflows for interest payments (floating) | (14.2) | (25.2) | – | (39.4) |
| Cash inflows from interest rate swap (floating) | 3.3 | – | – | 3.3 |
| Cash outflows from interest rate swap (fixed) | (12.8) | – | – | (12.8) |
| Total | (23.7) | (25.2) | – | (48.9) |
| | | | | |
| As at December 31, 2008: | | | | |
| Cash outflows for interest payments (floating) | (21.6) | (8.7) | – | (30.3) |
| Cash inflows from interest rate swap (floating) | 18.9 | 7.0 | – | 25.9 |
| Cash outflows from interest rate swap (fixed) | (19.1) | (12.9) | – | (32.0) |
| Total | (21.8) | (14.6) | – | (36.4) |

Based on the prevailing market conditions, the group does not currently plan to enter into a new hedging relationship upon maturity of the current interest rate swap.

The following table demonstrates the sensitivity of the group's pre-tax income to reasonably possible changes in interest rates affecting the interest charged on the floating rate borrowings (after excluding those floating-rate borrowings swapped to fixed through interest rate swaps). All other variables are held constant. The group believes that a reasonably possible development in Eurozone interest rates would be an increase of 100 basis points or decrease of 25 basis points (2008: an increase of 25 or decrease of 100 basis points). In the U.S.-dollar zone the group does not consider a fall below current interest levels as likely but management believes an increase of up to 150 basis points to be possible (2008: an increase of up to 50 basis points and no possible decrease).

| U.S. dollar interest rates | Floating Rate borrowings USD million | Increase in rates Pre-tax impact USD million | Decrease in rates Pre-tax impact USD million |
|---|---|---|---|
| Borrowings at December 31, 2009 | 1.7 | – | – |
| Borrowings at December 31, 2008 | 120.0 | (0.6) | – |

| Euro interest rates | Floating Rate borrowings Euro million | Increase in rates Pre-tax impact Euro million | Decrease in rates Pre-tax impact Euro million |
|---|---|---|---|
| Borrowings at December 31, 2009 | 325.0 | (3.3) | 0.8 |
| Borrowings at December 31, 2008 | 1,203.0 | (3.0) | 12.0 |

### Credit risk

*Customer credit risk*

It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is historically not significant. The carrying value of unprovided net debtors at December 31, 2009 is EUR 158.5 million (2008: EUR 199.3 million). The group's largest customers are substantial media companies and government agencies and the credit risk associated with these contracts is assessed as low.

| Aging of net trade debtors | Neither past due nor impaired EUR million | Less than 1 month EUR million | Between 2 and 3 months EUR million | More than 3 months EUR million | Total EUR million |
|---|---|---|---|---|---|
| 2009 | 78.5 | 33.8 | 26.7 | 19.5 | 158.5 |
| 2008 | 102.8 | 43.2 | 33.3 | 20.0 | 199.3 |

*Financial credit risk*
With respect to the credit risk relating to financial assets (cash and cash equivalents, held for trading financial assets, loans receivable and derivative instruments), this exposure relates to the potential default of the counterparty, with the maximum exposure being equal to the carrying amount of these instruments.

The counterparty risk from a cash management perspective is reduced by the implementation of several cash pools, accounts and related paying platforms with different counterparties.

To mitigate the counterparty risk, the group only deals with recognised financial institutions with an appropriate credit rating – generally 'A' and above. All counterparties are financial institutions which are regulated and controlled by the federal financial supervisory authorities of the associated countries. The counterparty risk portfolio is analysed on a quarterly basis. Moreover to reduce this counterparty risk the portfolio is diversified as regards the main counterparties ensuring a well-balanced relation for all categories of products (derivatives as well as deposits).

### Satellite in-orbit insurance
It is the group's policy to retain part of the in-orbit insurance risk for the satellite fleet.

### Capital management
The group's policy is to attain, and retain, a stable BBB rating with Standard & Poors and Fitch, and a Baa2 rating with Moody's. This investment grade rating serves to maintain investors, creditors, rating agency and market confidence.

The group manages its capital structure and liquidity in order to reflect changes in economic conditions to keep its cost of debt low, maintain the confidence of debt investors at a high level and to create added value for the shareholder.

## Note 19 – Non-recurring satellite programme items
### Solaris
SES ASTRA and Eutelsat entered into a joint venture, called Solaris Mobile Limited based in Dublin, in 2007 to develop next-generation mobile TV services via satellite. With S-band frequencies, Solaris can provide TV, video and radio as well as two-way communication with handheld multimedia devices and computer networks.

On May 14, 2009, the European Commission granted one of two 15 MHz blocks of S-band capacity for European coverage to Solaris Mobile Ltd., subject to certain conditions, with the second block assigned to Inmarsat.

On June 22, 2009, after having identified an anomaly, Solaris filed a constructive total loss insurance claim for the full insured value of the payload. As a result, the S-band payload has been fully impaired in the group's financial statement.

The impact of the above developments on the group's financial statements is that SES recognises a charge of EUR 66.9 million for the impairment of the satellite, which is largely offset by the insurance proceeds received on December 21, 2009 for an amount of EUR 66.5 million. An amount of EUR 2.7 million for attributable capitalised interest expense has been recognised as part of the depreciation charge of the period.

### AMC-14
An anomaly during the launch of the AMC-14 satellite on March 15, 2008 resulted in the satellite being placed short of the planned geostationary transfer orbit. The carrying value of the satellite was fully insured and a total-loss insurance claim was filed for which all insurance proceeds had been received as at the balance sheet date. The carrying value of the satellite was fully impaired in March 2008. The impact of this launch anomaly on the income and cash flows of the period are disclosed on the face of the financial statements concerned.

AMC-14 programme termination income of EUR 130.3 million comprised EUR 97.6 million in insurance proceeds and EUR 32.7 million of non-refundable customer upfront payments.

### Note 20 – Cash and cash equivalents

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Cash at bank and in hand | **242.0** | 144.2 |
| Short-term deposits | **44.6** | 291.3 |
| | **286.6** | 435.5 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

### Note 21 – Issued capital and reserves

The company has share capital of EUR 624.4 million (2008: EUR 624.4 million), represented by Class A and Class B shares with no par value. The movement between the opening and closing number of shares issued per class of share can be summarised as follows:

| | Class A shares | Class B shares | Total shares |
|---|---|---|---|
| As at January 1, 2009 | 332,985,130 | 166,492,565 | 499,477,695 |
| Cancellation of A and B shares | – | – | – |
| As at December 31, 2009 | 332,985,130 | 166,492,565 | 499,477,695 |

FDRs with respect to Class A shares are listed on the Luxembourg Stock Exchange and on Euronext Paris. They can be traded freely and are convertible into Class A shares at any time at the option of the holder under the conditions applicable in the company's articles of association and in accordance with the terms of the FDRs.

All Class B shares are currently held by the State of Luxembourg, or by Luxembourg public institutions. Dividends paid for one share of Class B equal 40% of the dividend for one share of Class A.

A shareholder or a potential shareholder who envisages to acquire by whatever means, directly or indirectly, more than 20%, 33% or 50% of the shares of the company (a 'Demanding Party') must inform the Chairperson of the Board of the company of such intention. The Chairperson of the Board shall forthwith inform the government of the envisaged acquisition which may be opposed by the government within three months from such information should the government determine that such acquisition would be against the general public interest. In case of no opposition from the government, the board shall convene an extraordinary meeting of shareholders which may decide at a majority provided for in article 67-1 of the law of 10 August 1915, as amended, regarding commercial companies, to authorise the demanding party to acquire more than 20%, 33% or 50% of the shares. If the demanding party is a shareholder of the company, it may attend the general meeting and will be included in the count for the quorum but may not take part in the vote.

SES has, in agreement with the shareholders, purchased Fiduciary Deposit Receipts in respect of 'A' shares for use in connection with executives' and employees' option schemes as well as for cancellation. At the year-end, the company held FDRs in connection with the above schemes as set out below. These FDRs are disclosed as treasury shares in the balance sheet and are carried at their historic cost to the group.

| | **2009** | 2008 |
|---|---|---|
| FDRs held as at December 31 | **7,928,510** | 8,806,195 |
| Carrying value of FDRs held (EUR million) | **98.5** | 108.4 |

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit (statutory) is transferred to a legal reserve from which a distribution is restricted. This requirement is satisfied when the reserve reaches 10% of the issued share capital. As at December 31, 2009 an amount of EUR 62.4 million (2008: EUR 66.7 million) is included within other reserves. Other reserves include a further undistributable amount of EUR 363.5 million (2008: EUR 301.5 million) linked to local tax legislation in Luxembourg (Net worth tax).

**Note 22 – Share-based payment plans**
The group has four share-based payment plans, the details of which are as follows. In the case of schemes 2, 3 and 4 the relevant strike price is defined as the average of the market price of the underlying shares at the time of the grant.

1. IPO plan
The IPO plan is an equity-settled scheme which was open to members of staff working for SES ASTRA S.A. at the time of its IPO on the Luxembourg Stock Exchange in 1998. Employees were granted options to acquire shares at a fixed price of EUR 12.64. In 2005, the exercise period of this plan was extended to June 30, 2013. All such options were vested as at December 31, 2005.

| | 2009 | 2008 |
|---|---|---|
| Outstanding options at the end of the year | **961,241** | 975,321 |
| Weighted average exercise price in EUR | **12.64** | 12.64 |

2. The Stock Appreciation Rights Plan ('STAR Plan')
The STAR Plan, initiated in 2000, is a scheme available to non-executive staff of controlled group subsidiaries. Under the plan employees are granted rights to receive remuneration payments reflecting the movement of the share price in relation to the strike price. A third of the STAR Plan rights vest each year over a three-year period and the rights have a two-year exercise period once fully vested.

Until 2005 the STAR Plan was structured as a cash-settled scheme. The options granted before 2006 and not exercised are set out below:

| | 2009 | 2008 |
|---|---|---|
| Outstanding options at the end of the year | **185,615** | 455,919 |
| Weighted average exercise price in EUR | **10.64** | 8.96 |

In 2006 the STAR Plan was converted into an equity-settled scheme. The options granted since 2006, and not exercised, are set out below:

| | 2009 | 2008 |
|---|---|---|
| Outstanding options at the end of the year | **3,007,608** | 2,204,934 |
| Weighted average exercise price in EUR | **14.12** | 14.31 |

3. Executive Incentive Compensation Plan ('EICP')
The EICP, initiated in 2002, is available to group executives. Under the plan, options are granted with an effective date of January 1. One quarter of the entitlement vests on each anniversary date of the original grant. Once vested, the options can be exercised until the tenth anniversary of the original grant.

| | 2009 | 2008 |
|---|---|---|
| Outstanding options at the end of the year | **7,460,008** | 6,715,506 |
| Weighted average exercise price in EUR | **13.02** | 12.63 |

4. Long-Term Incentive programme ('LTI')
The LTI programme, initiated in 2005, is also a programme for executives and senior executives of the group. Under the scheme, until end of 2008, restricted shares were allocated to executives on July 1 and these vest on the third anniversary of the grant. Senior executives also had the possibility to be allocated performance shares whose granting was dependent on the achievement of defined performance criteria. Where these criteria were met, the shares vested on the third anniversary of the original grant. Since January 1, 2009, both executives and senior executives are granted restricted and performance shares.

| | 2009 | 2008 |
|---|---|---|
| Restricted and performance shares granted at the end of the year | **1,064,315** | 697,311 |
| Weighted average fair value in EUR | **12.74** | 13.09 |

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the average value of inputs to the model used for the years ended December 31, 2009, and December 31, 2008.

| | 2009 | 2008 |
|---|---|---|
| Dividend yield (%) | **6.18** | 3.61 |
| Expected volatility (%) | **33.20** | 27.83 |
| Historic volatility (%) | **33.20** | 27.83 |
| Risk-free interest rate (%) | **2.81** | 4.24 |
| Expected life of options (years) | **5** | 5 |
| Weighted average share price (EUR) | **14.2** | 15.2 |

The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may or may not necessarily be the actual outcome.

The fair value of the cash-settled options is measured at the grant date using a binomial model which takes into account the terms and conditions upon which the instruments were granted. The services received, and a liability to pay for those services, are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in the income statement.

The carrying amount of the liability relating to the cash-settled options at December 31, 2009 is EUR 0.8 million (2008: EUR 2.3 million). The total charge for the period for share-based compensation payments amounted to EUR 5.8 million (2008: EUR 1.8 million).

**Note 23 – Interest-bearing loans and borrowings**
As at December 31, 2009 and 2008, the group's interest-bearing loans and borrowings were:

| | Effective interest rate | Maturity | Amounts outstanding 2009 EUR million | Amounts outstanding 2008 EUR million |
|---|---|---|---|---|
| **Non-current** | | | | |
| US Private Placement | | | | |
| Series A USD 400 million | 5.74% | September 2013 | 117.4 | 161.9 |
| Series B USD 513 million | 5.82% | September 2015 | 356.1 | 367.4 |
| Series C USD 87 million | 5.63% | September 2015 | 60.4 | 62.9 |
| Series D GBP 28 million | 5.63% | September 2013 | 13.5 | 16.8 |
| Euro Private Placement 2016 (EUR 150 million) issued under EMTN | 5.05% | August 2016 | 148.6 | – |
| Eurobond 2011 (EUR 650 million) | 4.00% | March 2011 | 649.1 | 649.1 |
| Eurobond 2013 (EUR 500 million) | 4.375% | October 2013 | 500.0 | 499.8 |
| Eurobond 2014 (EUR 650 million) | 4.875% | July 2014 | 643.0 | – |
| Bilateral multi-currency credit facilities | Euribor/Libor + 0.265% | May 2010 | – | 1,046.2 |
| Bilateral (EUR 100 million) issued under EMTN | Euribor + 0.6% | October 2010 | – | 100.0 |
| Syndicated loan 2012 | Euribor + 2.35% | April 2012 | 594.6 | – |
| European Investment Bank (EUR 200 million) | 3.618% | May 2017 | 200.0 | – |
| German bond (EUR 100 million), non-listed | 5.75% | November 2012 | 99.5 | 99.5 |
| German bond (EUR 100 million), non-listed | 6.00% | November 2012 | 99.4 | 99.4 |
| Syndicated loan 2010 | Euribor + 0.6% | October 2010 | – | 373.0 |
| | | | 3,481.6 | 3,476.0 |
| **Current** | | | | |
| US Private Placement | | | | |
| Series A USD 400 million | 5.74% | September 2010 | 39.6 | 41.1 |
| Series D GBP 28 million | 5.63% | September 2010 | 4.5 | 4.2 |
| Bilateral multi-currency credit facilities | Euribor/Libor + 0.275% | February 2010 | 91.4 | – |
| Bilateral (EUR 100 million) issued under EMTN | Euribor + 0.6% | October 2010 | 100.0 | – |
| Eurobond 2009 (EUR 300 million) | Euribor + 0.25% | October 2009 | – | 300.0 |
| Commercial Paper (EUR 55 million) | 0.605% | February 2010 | 55.0 | – |
| Committed loans | 2.1225% | February 2010 | 48.6 | – |
| Uncommitted loans | 2.1225% | February 2010 | 27.8 | 90.0 |
| | | | 366.9 | 435.3 |

### U.S. Private Placement

On September 30, 2003, the group issued in the U.S. Private Placement market four series of unsecured notes amounting to USD 1,000.0 million and GBP 28.0 million. These notes comprised:

1. Series A USD 400.0 million of 5.29% Senior Notes due September 2013, amortising as of September 2007.
2. Series B USD 513.0 million of 5.83% Senior Notes due September 2015, amortising as of September 2011.
3. Series C USD 87.0 million of 5.93% Senior Notes due September 2015.
4. Series D GBP 28.0 million of 5.63% Senior Notes due September 2013, amortising as of September 2007.

On these four series, the group pays interest semi-annually. SES is committed under the U.S. Private Placement to maintaining a number of financial covenants requiring certain financial ratios to be maintained within agreed limits in order to provide sufficient security to the lenders. Of these, the covenant which management monitors the most actively is the requirement to maintain the net debt/EBITDA ratio at a level of 3.5 or below.

### European Medium-Term Note Programme (EMTN)

On December 6, 2005, SES put in place a EUR 2,000.0 million EMTN enabling SES, or SES GLOBAL–Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of EUR 2,000.0 million. In May 2007, this programme was increased to an aggregate amount of EUR 4,000.0 million. On October 15, 2009, this programme was extended for one further year. As at December 31, 2009, SES had issued EUR 2,050.0 million (2008: EUR 1,550.0 million) under the EMTN programme with maturities ranging from 2010 – 2016.

### EUR 300.0 million Eurobond repayment

On October 20, 2006, SES issued a Floating Rate Note in euro for a nominal amount of EUR 300.0 million with a floating coupon of 3-month-EURIBOR plus a margin of 0.25%. It was settled at its maturity date of October 19, 2009.

### EUR 650.0 million Eurobond issue

On June 30, 2009 SES issued a Euro 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 5-year maturity, beginning July 9, 2009, and bears interest at a fixed rate of 4.875%.

### EUR 150.0 million EMTN programme

On July 13, 2009, SES issued a Euro 150.0 million Private Placement under the company's European Medium-Term Note programme with Deutsche Bank. The Private Placement has a 7-year maturity, beginning August 5, 2009, and bears interest at a fixed rate of 5.05%.

### EUR 200.0 million European Investment Bank funding

On April 21, 2009, SES signed a financing agreement with the European Investment Bank concerning the investment by the group in certain satellite investment projects. This facility, bearing interest at a fixed rate of 3.618%, is repayable in 6 annual instalments between May 2012 and May 2017.

### Syndicated loan 2012

In April 2009 SES signed a new syndicated loan facility maturing in 2012 with a consortium of 24 banks. The facility is for EUR 2,000.0 million in the first year, reducing to EUR 1,750.0 million in the second year, and EUR 1,000.0 million in the third year. The margins are 235, 250 and 275 basis points on the 3 or 6 months EURIBOR, depending on the drawn term, in years 1, 2 and 3 respectively and the credit rating of the group.

### Bilateral multi-currency facilities

On December 31, 2009 SES had unsecured bilateral multi-currency revolving credit facilities in place with one bank for a total of EUR 100.0 million (2008: 11 banks with an amount of EUR 1,075.0 million), of which EUR 91.4 million (2008: EUR 1,046.2 million) was drawn as at year end. These bilateral facilities are available to both SES and SES GLOBAL-Americas Holdings GP. The margin is 275 basis points on LIBOR or EURIBOR, depending on the drawn down maturity and currency.

### Commercial Paper Programme

On October 25, 2005, SES put in place a EUR 500.0 million 'Programme de Titres de Créances Négociables' in the French market where the company issued 'Billets de Trésorerie' (Commercial Paper) in accordance with articles L.213-1 to L213-4 of the French Monetary and Financial Code and decree n°92.137 of February 13, 1992 and all subsequent regulations. The maximum outstanding amount of 'Billets de Trésorerie' issuable under the programme is EUR 500.0 million or its counter value at the date of issue in any other authorised currencies. On August 31, 2009, this programme, bearing interest at a fixed rate of 0.605%, was extended for one further year. As of December 31, 2009 borrowings of EUR 55.0 million (2008: nil) were outstanding under this programme.

### German Bond issue of EUR 200.0 million

On May 21, 2008 the group also concluded an agreement to issue EUR 200 million in two equal tranches in the German Bond ('Schuldschein') market. The agreement for the first tranche was signed on May 30, 2008 with the funds being drawn down in June 2008, and bearing interest at a fixed rate of 5.75%. The agreement for the second tranche was signed on July 14, 2008 with the funds being drawn down in July 2008, and bearing interest at a fixed rate of 6.0%. The whole issue bears interest at a fixed rate and matures in November 2012.

Notes to the consolidated financial statements continued
December 31, 2009

## Note 24 – Provisions and deferred income

| | Provisions EUR million | Deferred income EUR million | Total EUR million |
|---|---|---|---|
| As at January 1, 2009 | 65.1 | 279.3 | 344.4 |
| Increase in provisions | 23.6 | – | 23.6 |
| Decrease in provisions | (22.2) | – | (22.2) |
| Movement on deferred income | – | (29.2) | (29.2) |
| Impact of currency translation | (1.2) | (4.1) | (5.3) |
| **As at December 31, 2009** | **65.3** | **246.0** | **311.3** |

| | Provisions EUR million | Deferred income EUR million | Total EUR million |
|---|---|---|---|
| As at January 1, 2008 | 74.6 | 260.6 | 335.2 |
| Increase in provisions | 8.5 | – | 8.5 |
| Decrease in provisions | (19.4) | – | (19.4) |
| Movement on deferred income | – | 9.9 | 9.9 |
| Impact of currency translation | 1.4 | 8.8 | 10.2 |
| **As at December 31, 2008** | **65.1** | **279.3** | **344.4** |

Provisions relate primarily to liabilities arising for withholding taxes, for post-retirement benefit schemes and other items arising in the normal course of business.

The group provides pension benefits to members of staff, which are generally established as defined contribution schemes. Within the group there is one defined benefit scheme for which an actuarial valuation has been performed and a provision for EUR 14.0 million (2008: EUR 12.9 million) included in the consolidated financial statements.

At SES AMERICOM and SES ENGINEERING U.S. certain employees benefit from a post-retirement health benefits programme which is externally insured. As at December 31, 2009, accrued premiums of EUR 8.7 million (2008: EUR 7.9 million) are included in this position.

Contributions made in 2009 to group pension schemes totalled EUR 7.3 million (2008: EUR 7.1 million).

## Note 25 – Trade and other payables

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Trade creditors | **93.9** | 217.2 |
| Payments received in advance | **61.6** | 77.3 |
| Interest on loans | **62.7** | 53.9 |
| Personnel-related liabilities | **23.9** | 17.7 |
| Tax liabilities other than for income tax | **5.4** | 4.7 |
| Other liabilities | **98.1** | 89.7 |
| **Total** | **345.6** | 460.5 |

## Note 26 – Commitments and contingencies

### Capital commitments

The group had outstanding commitments in respect of contracted capital expenditure totalling EUR 1,122.5 million at December 31, 2009 (2008: EUR 996.7 million). These commitments largely reflect the purchase and launch of future satellites for the expansion and replacement of the group satellite system, together with the necessary expansion of the associated ground station and control facilities. In the case of termination by the group of these contracts, contractual penalty provisions apply.

### Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows as at December 31:

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Within one year | **9.7** | 10.1 |
| After one year but not more than five years | **20.8** | 19.7 |
| More than five years | **6.3** | 2.8 |
| **Total** | **36.8** | 32.6 |

### Commitments under transponder service agreements
The group has entered into transponder service agreements for the purchase of satellite capacity from third parties under contracts with a maximum life of eight years. The commitment arising under these agreements as at December 31 is as follows:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Within one year | **59.2** | 46.9 |
| After one year but not more than five years | **106.2** | 140.6 |
| After more than five years | **2.0** | 2.3 |
| **Total** | **167.4** | 189.8 |

### Litigation
There were no significant litigation claims against the group as of December 31, 2009.

### Guarantees
On December 31, 2009 the group had outstanding bank guarantees for an amount of EUR 10.5 million (2008: EUR 11.3 million). This relates mainly to performance guarantees for services of satellite operations.

### Restrictions on use of cash
At the year end, there were no restricted cash balances (2008: nil).

## Note 27 – Related parties
The state of Luxembourg holds a direct 11.58% voting interest in the company and two indirect interests, both of 10.88%, through two state owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Crédit et d'Investissement. These shares constitute the company's Class B shares, which are described in more detail in Note 21.

The total payments to directors for attendance at board and committee meetings in 2009 amounted to EUR 1.3 million (2008: EUR 1.2 million). These payments are computed on a fixed and variable basis, the variable part being based upon attendance at board and committee meetings.

There were no other significant transactions with related parties.

The key management of the group, defined as the group's Executive Committee, received compensation as follows:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Remuneration including bonuses | **4.1** | 5.0 |
| Pension benefits | **0.5** | 0.5 |
| Share-based payments | **1.4** | 2.1 |
| Other benefits | **0.1** | 0.8 |
| **Total** | **6.1** | 8.4 |

Total share-based payment instruments allocated to key management as at December 31, 2009 were 1,614,155 (2008: 1,726,360).

## Note 28 – Events after the balance sheet date
There were no significant events occurring after the balance sheet date.

**Note 29 – Consolidated subsidiaries, joint ventures and affiliates**
The consolidated financial statements include the financial statements of the material subsidiaries, joint ventures and associates listed below:

| | Effective interest (%) 2009 | Effective interest (%) 2008 | Method of consolidation |
|---|---|---|---|
| **Held directly by SES:** | | | |
| SES ASTRA S.A., Luxembourg | **100.00** | 100.00 | Full |
| SES GLOBAL-Americas Inc., USA | **100.00** | 100.00 | Full |
| SES GLOBAL-Americas Holdings General Partnership, USA | **100.00** | 100.00 | Full |
| SES GLOBAL-Americas Finance Inc., USA | **100.00** | 100.00 | Full |
| SES GLOBAL Africa S.A., Luxembourg | **100.00** | 100.00 | Full |
| SES Participations S.A., Luxembourg | **100.00** | 100.00 | Full |
| SES GLOBAL Gibraltar Ltd, Gibraltar | **100.00** | 100.00 | Full |
| SES Finance S.à r.l., Switzerland | **100.00** | 100.00 | Full |
| Betzdorf Holdings Ltd, Ireland | **–** | 100.00 | Full |
| SES Holdings (Netherlands) B.V., Netherlands | **100.00** | 100.00 | Full |
| SES ASTRA Services Europe S.A., Luxembourg | **100.00** | 100.00 | Full |
| SES Latin America S.A., Luxembourg | **100.00** | 100.00 | Full |
| SES Belgium S.p.r.l., Belgium | **100.00** | – | Full |
| | | | |
| **Held through SES ASTRA Services Europe S.A., Luxembourg:** | | | |
| Glocom (Communications and Images) Limited (Isle of Man) | **75.00** | 51.00 | Full |
| SES ASTRA TechCom S.A., Luxembourg | **100.00** | 100.00 | Full |
| SES ASTRA TechCom Belgium S.A., Belgium | **100.00** | 100.00 | Full |
| Astralis S.A., Luxembourg | **51.00** | 51.00 | Full |
| SES GLOBAL Europe Subsidiary 2 GmbH, Germany | **–** | 100.00 | Full |
| ASTRA Broadband Services S.A., Luxembourg | **100.00** | 100.00 | Full |
| SES Digital Distribution Services AG, Switzerland | **100.00** | 100.00 | Full |
| SES Digital Distribution Services S.à r.l., Luxembourg | **100.00** | 100.00 | Full |
| Redu Operations Services S.A., Belgium | **48.00** | 48.00 | Equity |
| Redu Space Services S.A., Belgium | **52.00** | 52.00 | Full |
| HD Plus GmbH, Germany (formerly entavio GmbH) | **100.00** | 100.00 | Full |
| SES ASTRA Real Estate (Betzdorf) S.A. (formerly SES Capital Luxembourg S.A.), Luxembourg | **100.00** | 100.00 | Full |
| SES Capital Belgium S.A., Belgium | **100.00** | 100.00 | Full |
| ND SatCom GmbH, Germany | **100.00** | 100.00 | Full |
| ND SatCom Defence GmbH, Germany | **100.00** | 100.00 | Full |
| ND SatCom Inc., USA | **100.00** | 100.00 | Full |
| ND SatCom Managed Networks GmbH, Germany | **100.00** | 100.00 | Full |
| ND SatCom FZE, (United Arab Emirates) | **100.00** | 100.00 | Full |
| ND SatCom Satellite Comm. Systems (Beijing) Co. Ltd., China | **100.00** | 100.00 | Full |
| Bosphocom Ltd, Turkey | **80.00** | 80.00 | Full |
| ND SatCom Grintex Communications Ltd, India | **25.00** | 25.00 | Equity |
| ND SatCom o.o.o., Russia | **100.00** | 100.00 | Full |
| Milsat Services GmbH, Germany | **25.10** | 25.10 | Equity |
| ASTRA Platform Services GmbH, Germany | **100.00** | 100.00 | Full |
| 5cast GmbH, Germany | **51.00** | 51.00 | Full |
| SES Digital Distribution Services GmbH, Germany | **100.00** | 100.00 | Full |
| Virtual Planet Group GmbH, Germany | **90.00** | 90.00 | Full |
| | | | |
| **Held through SES ASTRA S.A.:** | | | |
| ASTRA Deutschland GmbH, Germany | **100.00** | 100.00 | Full |
| ASTRA (U.K.) Ltd, United Kingdom | **100.00** | 100.00 | Full |

| | Effective interest (%) 2009 | Effective interest (%) 2008 | Method of consolidation |
|---|---|---|---|
| ASTRA Iberica S.A., Spain | **100.00** | 100.00 | Full |
| ASTRA France S.A., France | **100.00** | 100.00 | Full |
| ASTRA (GB) Limited, United Kingdom | **100.00** | 100.00 | Full |
| ASTRA Benelux B.V., The Netherlands | **100.00** | 100.00 | Full |
| SES ASTRA CEE Sp. z o.o, Poland | **100.00** | 100.00 | Full |
| SES ENGINEERING (Luxembourg) S.à r.l., Luxembourg | **100.00** | 100.00 | Full |
| New Skies Investments S.à r.l., Luxembourg | **100.00** | 100.00 | Full |
| SES SIRIUS AB, Sweden | **90.00** | 90.00 | Full |
| Sirius Satellite Services SIA, Latvia | **90.00** | 90.00 | Full |
| SES SIRIUS Ukraine, Ukraine | **90.00** | 90.00 | Full |
| SES ASTRA 1KR S.à r.l., Luxembourg | **100.00** | 100.00 | Full |
| SES ASTRA 1L S.à r.l., Luxembourg | **100.00** | 100.00 | Full |
| SES ASTRA 1M S.à r.l., Luxembourg | **100.00** | 100.00 | Full |
| SES ASTRA 3B S.à r.l., Luxembourg | **100.00** | 100.00 | Full |
| SES ASTRA 5B S.à r.l., Luxembourg | **100.00** | 100.00 | Full |
| SES ASTRA 1N S.à r.l., Luxembourg | **100.00** | 100.00 | Full |
| Solaris Mobile Limited, Ireland | **50.00** | 50.00 | Proportional |
| SES ASTRA 2E, Luxembourg | **100.00** | – | Full |
| SES ASTRA 2F, Luxembourg | **100.00** | – | Full |
| SES ASTRA 2G, Luxembourg | **100.00** | – | Full |
| | | | |
| **Held through SES Finance S.à r.l.:** | | | |
| SES Re International (Bermuda) Ltd, Bermuda | **100.00** | 100.00 | Full |
| SES Satellite Leasing Ltd, Isle of Man | **100.00** | 100.00 | Full |
| | | | |
| **Held through SES GLOBAL Africa S.A.:** | | | |
| Accelon Ltd, South Africa | **43.55** | 43.55 | Equity |
| SES Africa (Proprietary) Ltd, South Africa | **100.00** | 100.00 | Full |
| ODM (Proprietary) Ltd, South Africa | **20.00** | 20.00 | Equity |
| | | | |
| **Held through SES GLOBAL-Americas Inc.:** | | | |
| SES AMERICOM, Inc., USA | **100.00** | 100.00 | Full |
| SES AMERICOM PAC, Inc., USA | **100.00** | 100.00 | Full |
| Worldsat LLC, USA | **100.00** | 100.00 | Full |
| Communications Satellite Int. Marketing Inc., USA | **100.00** | 100.00 | Full |
| SES AMERICOM International Holdings, Inc., USA | **100.00** | 100.00 | Full |
| SES AMERICOM Canada, Inc., Canada | **100.00** | 100.00 | Full |
| SES AMERICOM (Brazil) Holdings, LLC, USA | **100.00** | 100.00 | Full |
| SES AMERICOM do Brasil Servicos de Telecomunicacoes, Ltda, Brazil | **100.00** | 100.00 | Full |
| SES AMERICOM (Singapore) Pty, Ltd, Singapore | **100.00** | 100.00 | Full |
| AMERICOM Government Services, Inc., USA | **100.00** | 100.00 | Full |
| Sistemas Satelitales de Mexico S. de R.L. de C.V., Mexico | **49.00** | 49.00 | Equity |
| Socios Aguila S. de R.L. de C.V., Mexico | **49.00** | 49.00 | Equity |
| Columbia Communications Corporation, USA | **100.00** | 100.00 | Full |
| Columbia / WIGUSA Communications, Inc., USA | **100.00** | 100.00 | Full |
| SES Satellites International, Inc., USA | **100.00** | 100.00 | Full |
| SES Satellites (Gibraltar) Ltd, Gibraltar | **100.00** | 100.00 | Full |
| SES AMERICOM Colorado, Inc., USA | **100.00** | 100.00 | Full |
| AMC-1 Holdings LLC, USA | **100.00** | 100.00 | Full |
| AMC-2 Holdings LLC, USA | **100.00** | 100.00 | Full |

| | Effective interest (%) 2009 | Effective interest (%) 2008 | Method of consolidation |
|---|---|---|---|
| AMC-3 Holdings LLC, USA | **100.00** | 100.00 | Full |
| AMC-5 Holdings LLC, USA | **100.00** | 100.00 | Full |
| AMC-6 Holdings LLC, USA | **100.00** | 100.00 | Full |
| AMC-8 Holdings LLC, USA | **100.00** | 100.00 | Full |
| AMC-9 Holdings LLC, USA | **100.00** | 100.00 | Full |
| AMC-10 Holdings LLC, USA | **100.00** | 100.00 | Full |
| AMC-11 Holdings LLC, USA | **100.00** | 100.00 | Full |
| SES AMERICOM (Asia 1A) LLC, USA | **100.00** | 100.00 | Full |
| AMERICOM Asia Pacific LLC, USA | **100.00** | 100.00 | Full |
| AMC-12 Holdings LLC, USA | **100.00** | 100.00 | Full |
| SES AMERICOM California, Inc., USA | **100.00** | 100.00 | Full |
| AMC-4 Holdings LLC, USA | **100.00** | 100.00 | Full |
| AMC-7 Holdings LLC, USA | **100.00** | 100.00 | Full |
| AMC-15 Holdings LLC, USA | **100.00** | 100.00 | Full |
| AMC-16 Holdings LLC, USA | **100.00** | 100.00 | Full |
| Starsys Global Positioning Inc., USA | **80.00** | 80.00 | Full |
| Ciel Satellite Holdings Inc., Canada | **100.00** | 100.00 | Full |
| Ciel Satellite Communications Inc., Canada | **100.00** | 100.00 | Full |
| Ciel Satellite Limited Partnership, Canada | **70.00** | 70.00 | Proportional |
| QuetzSat Directo, S. de R.L. de C.V., Mexico | **49.00** | 49.00 | Equity |
| Safe Sat of New York Inc., USA | **100.00** | 100.00 | Full |
| SES ENGINEERING (United States) Inc., USA | **100.00** | 100.00 | Full |
| AMC-14 Holdings LLC, USA | **100.00** | 100.00 | Full |
| Northern Americas Satellite Venture, Inc., Canada | **100.00** | 100.00 | Full |
| HiWire LLC, USA | **50.00** | 50.00 | Proportional |
| AGS Acquisition Corp., USA | **100.00** | – | Full |
| | | | |
| **Held through SES Latin America S.A.:** | | | |
| QuetzSat S. de R.L. de C.V., Mexico | **49.00** | 49.00 | Equity |
| Satellites Globales S. de R.L. de C.V., Mexico | **49.00** | 49.00 | Equity |
| SES Satelites Directo Ltda, Brazil | **100.00** | 100.00 | Full |
| SES DTH do Brasil Ltda, Brazil | **100.00** | 100.00 | Full |
| SES GLOBAL South America Holding S.L., Spain | **100.00** | 100.00 | Full |
| | | | |
| **Held through SES Holdings (Netherlands) B.V.:** | | | |
| New Skies Satellites Intermediate Holdings Ltd, Bermuda | **100.00** | 100.00 | Full |
| New Skies Investments Holding B.V., The Netherlands | **100.00** | 100.00 | Full |
| New Skies Holding B.V., The Netherlands | **100.00** | 100.00 | Full |
| New Skies Satellites B.V., The Netherlands | **100.00** | 100.00 | Full |
| New Skies Investments Ireland Unlimited, Ireland | **100.00** | 100.00 | Full |
| SES Holdings (Bermuda) Ltd, Bermuda | **100.00** | 100.00 | Full |
| New Skies Holdings Ireland Unlimited, Ireland | **100.00** | 100.00 | Full |
| New Skies Satellites Ireland Unlimited, Ireland | **100.00** | 100.00 | Full |
| New Skies Satellites, Inc., USA | **100.00** | 100.00 | Full |
| New Skies Satellites de Mexico S.A. de C.V., Mexico | **49.00** | 49.00 | Equity |
| New Skies Satellites Mar B.V., The Netherlands | **100.00** | 100.00 | Full |
| New Skies Satellites Ltda, Brazil | **100.00** | 100.00 | Full |
| Morharras B.V., The Netherlands | **100.00** | 100.00 | Full |
| New Skies Networks, Inc., USA | **100.00** | 100.00 | Full |
| New Skies Networks (U.K.) Ltd, U.K. | **100.00** | 100.00 | Full |
| SES ENGINEERING (Netherlands) B.V., The Netherlands | **100.00** | 100.00 | Full |

| | **Effective interest (%) 2009** | Effective interest (%) 2008 | Method of consolidation |
|---|---|---|---|
| New Skies Asset Holdings, Inc., USA | **100.00** | 100.00 | Full |
| New Skies Carrier Services, Inc., USA | **100.00** | 100.00 | Full |
| New Skies Satellites China B.V., The Netherlands | **100.00** | 100.00 | Full |
| SES NEW SKIES Marketing B.V., The Netherlands | **100.00** | 100.00 | Full |
| New Skies Satellites, India B.V., The Netherlands | **100.00** | 100.00 | Full |
| New Skies Satellites Argentina B.V., The Netherlands | **100.00** | 100.00 | Full |
| New Skies Networks Australia B.V., The Netherlands | **100.00** | 100.00 | Full |
| New Skies Networks Australia Pty Ltd, Australia | **100.00** | 100.00 | Full |
| New Skies Satellites Australia Pty Ltd, Australia | **100.00** | 100.00 | Full |
| New Skies Satellites Licensee B.V., The Netherlands | **100.00** | 100.00 | Full |
| New Skies Satellites Singapore B.V., The Netherlands | **100.00** | 100.00 | Full |
| NSS Latin America Holdings S.A., Luxembourg | **100.00** | 100.00 | Full |
| SES GLOBAL-South Americas Inc., USA | **100.00** | 100.00 | Full |
| SES Asia S.A., Luxembourg | **100.00** | 100.00 | Full |
| SES Finance Services AG, Switzerland | **100.00** | 100.00 | Full |
| O3b Networks Ltd, Jersey Island | **25.15** | – | Equity |
| SES WORLD SKIES Singapore Pts Ltd, Singapore | **100.00** | – | Full |
| New Skies Satellites Collections Private Ltd, The Netherlands | **100.00** | 100.00 | Full |

To the shareholders of
SES Société Anonyme
Betzdorf

**Report on the annual accounts**

Following our appointment by the general meeting of the shareholders dated April 2, 2009, we have audited the accompanying annual accounts of SES, which comprise the balance sheet as at December 31, 2009 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the 'réviseur d'entreprises'

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the 'Institut des Réviseurs d'Entreprises'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the 'réviseur d'entreprises', including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the 'réviseur d'entreprises' considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of SES as of December 31, 2009, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

**Report on other legal and regulatory requirements**

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

Ernst & Young
Société Anonyme
Réviseur d'Entreprises
Thierry BERTRAND
February 11, 2010

## Balance sheet
As at December 31, 2009

| Assets | Note | 2009 EUR million | 2008 EUR million |
|---|---|---|---|
| **Intangible assets** | 3 | **0.1** | 0.1 |
| | | | |
| **Tangible assets** | 4 | | |
| Other fixtures and fittings, tools and equipment | | **0.5** | 0.5 |
| Payments on accounts and tangible assets in course of construction | | **2.1** | 2.0 |
| | | **2.6** | 2.5 |
| | | | |
| **Financial assets** | | | |
| Shares in affiliated undertakings | 5 | **8,302.1** | 8,332.4 |
| Loans to affiliated undertakings | 6 | **700.5** | 720.2 |
| Securities held as fixed assets | 7 | **94.3** | 107.2 |
| | | **9,096.9** | 9,159.8 |
| **Current assets** | | | |
| **Debtors (becoming due and payable within one year)** | | | |
| Amounts owed by affiliated undertakings | 8 | **758.3** | 1,561.1 |
| Other debtors | | **2.4** | 1.2 |
| | | | |
| **Cash at bank and in hand** | | **59.8** | 250.8 |
| | | **820.5** | 1,813.1 |
| | | | |
| **Prepayments** | | **36.9** | 4.5 |
| | | | |
| **Total assets** | | **9,957.0** | 10,980.0 |
| **Liabilities** | | | |
| **Capital and reserves** | | | |
| Subscribed capital | 9 | **624.4** | 624.4 |
| Share premium | | **746.3** | 746.3 |
| Legal reserve | 10 | **62.4** | 66.7 |
| Other reserves | 11 | **569.8** | 87.8 |
| Results brought forward | | **–** | 46.6 |
| Result for the financial year | | **16.5** | 694.9 |
| | | **2,019.4** | 2,266.7 |
| | | | |
| **Creditors** | | | |
| **Amounts becoming due and payable after more than one year** | | | |
| Notes and bonds | 12 | **2,838.0** | 2,193.4 |
| Amounts owed to credit institutions | 13 | **820.0** | 1,421.2 |
| Amounts owed to affiliated undertakings | 14 | **–** | 287.4 |
| | | **3,658.0** | 3,902.0 |
| | | | |
| **Amounts becoming due and payable within one year** | | | |
| Notes and bonds | 12 | **210.4** | 355.4 |
| Amounts owed to credit institutions | 13 | **167.8** | 90.3 |
| Trade creditors | | **0.7** | 1.7 |
| Amounts owed to affiliated undertakings | 14 | **3,804.9** | 4,268.6 |
| Tax and social security debt | | | |
| Tax debts | 15 | **26.2** | 39.1 |
| Social security debts | | **0.2** | 0.1 |
| Other creditors | | **69.4** | 56.1 |
| | | **4,279.6** | 4,811.3 |
| | | | |
| **Total liabilities** | | **9,957.0** | 10,980.0 |

# SES S.A. annual accounts

## Profit and loss account
For the year ended December 31, 2009

| Charges | Note | 2009 EUR million | 2008 EUR million |
|---|---|---|---|
| External charges | 17 | **36.3** | 25.8 |
| Staff costs | 16 | **12.7** | 10.3 |
| Depreciation and amortisation | 3, 4 | **0.2** | 0.7 |
| Value adjustments in respect of current assets | 8 | **45.2** | – |
| Other operating charges | | **3.5** | 3.0 |
| Value adjustments in respect of financial assets | 7 | **1.6** | 3.3 |
| Interest payable and similar charges | | | |
| concerning affiliated undertakings | | **67.3** | 172.0 |
| other interest payable and similar charges | 18 | **240.4** | 199.4 |
| Taxes on profit | 15 | **(99.6)** | (103.2) |
| **Profit for the financial year** | | **16.5** | 694.9 |
| | | **324.1** | 1,006.2 |

| Income | Note | 2009 EUR million | 2008 EUR million |
|---|---|---|---|
| Net turnover | 17 | **24.9** | 11.0 |
| Other operating income | 19 | **5.9** | 4.5 |
| Income from participating interests derived from affiliated undertakings | 20 | **253.4** | 916.2 |
| Income from other transferable securities and from loans forming part of the fixed assets | | **5.7** | 17.1 |
| Other interest receivable and similar income | | | |
| derived from affiliated undertakings | | **32.9** | 49.2 |
| other interest receivable and similar income | 21 | **1.3** | 8.2 |
| | | **324.1** | 1,006.2 |

## Statement of changes in shareholders' equity
As at December 31, 2009

| | Subscribed capital EUR million | Share premium EUR million | Legal reserve EUR million | Other reserves EUR million | Results brought forward EUR million | Result for the year EUR million | Total EUR million |
|---|---|---|---|---|---|---|---|
| Balance, beginning of the year | 624.4 | 746.3 | 66.7 | 87.8 | 46.6 | 694.9 | 2,266.7 |
| Allocation of result | – | – | (4.3) | 745.8 | (46.6) | (694.9) | – |
| Distribution of dividends | – | – | – | (263.8) | – | – | (263.8) |
| Profit for the financial year | – | – | – | – | – | 16.5 | 16.5 |
| Balance, end of the year | 624.4 | 746.3 | 62.4 | 569.8 | – | 16.5 | 2,019.4 |

**Note 1 – General**
SES S.A. (previously SES GLOBAL S.A.) was incorporated on March 16, 2001 as a limited liability company (Société Anonyme) under the law of the Grand Duchy of Luxembourg for an unlimited period of time.

The purpose of SES (the 'company') is to take generally any interest whatsoever in electronic media and to be active, more particularly, in the communications area via satellites and to invest, directly or indirectly, in other companies that are actively involved in the satellite communication industry.

The accounting period of the company is from January 1 to December 31.

The company has a 99.94% interest in a partnership, SES GLOBAL-Americas Holdings GP, whose accounts are integrated in those of the company to the level of its share of the partnership.

**Note 2 – Significant accounting policies**
In accordance with Luxembourg legal and regulatory requirements, consolidated accounts are prepared.

The annual accounts are prepared in accordance with the generally accepted accounting principles and regulations in force in the Grand Duchy of Luxembourg.

Formation expenses
The costs of formation of the company and the costs related to the increases in issued share capital are capitalised and amortised over a period of up to five years.

Intangible assets
*Development costs:*
Development expenditure incurred on an individual project is carried forward when its future recoverability can be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

*Payments on account:*
Amounts payable in respect of development costs are included in the balance sheet when incurred. When the project is complete, the expenditure is transferred to assets in use and amortisation commences.

Tangible assets
*Other fixtures, fittings, tools and equipment:*
All such items are depreciated evenly over the estimated useful lives, which are ten years or less.

*Tangible assets in course of construction:*
Amounts payable in respect of the purchase of future assets are included in the balance sheet when billed. The expenditure is transferred to assets in use and depreciation of the asset commences when it is put into service.

Financial assets
Financial assets are carried in the balance sheet at cost of purchase. If this valuation would appear to be excessive and reduction to be permanent, such assets would be written down to their realisable value.

Loan origination costs
Loan origination costs are capitalised and included in prepaid expenses. These costs are amortised over remaining estimated loan periods based on the company's financing strategy.

### Dividends

Dividends are declared after the accounts for the year have been approved. Accordingly dividends payable are recorded in the subsequent year's accounts. Dividends receivable from affiliated undertakings are recorded as income in the year in which they are declared by the subsidiary.

### Convertible profit participating loan

Returns on convertible profit participating loans ('PPL') issued by the company are calculated based on the cumulative profits of the PPL recipient over the life of the loan. The company's entitlement to the return is therefore only certain at the date of maturity of the loan. The return is therefore recorded as income on final maturity of the PPL.

### Translation of foreign currencies

The company maintains its accounting records in euro (EUR) and the annual accounts are expressed in that currency.

The costs of tangible and intangible assets are translated at the historical rate. Long term financial liabilities, which are hedged by financial derivatives, are translated at historical rate. Long term intercompany balances are translated at the balance sheet exchange rate unless this would give rise to an unrealised foreign exchange gain in which case the historical exchange rate is used.

Current assets and current liabilities denominated in foreign currencies are translated into euro at the balance sheet exchange rate.

Income and charges expressed in other currencies are recorded on the basis of the exchange rates prevailing on the transaction dates.

The resultant exchange gains and losses arising from the application of the above principles are reflected in the profit and loss account.

### Financial derivatives

The company enters into financial derivatives for hedging purposes. All financial derivatives are maintained off balance sheet. Gains and losses realised on the settlement of such derivatives are taken to the profit and loss account at the same time as the hedged asset/liability impacts the profit and loss account.

Premiums paid/received on financial derivatives are taken to the profit and loss account over the term of the financial derivative.

### Net turnover

All amounts received from customers under contracts for rental of satellite transponder capacity are recognised, at the fair value of the consideration received or receivable, over the duration of the respective contracts on a straight-line basis. Payments received in advance are deferred and included in the balance sheet as deferred income. Payments of receivables in arrears are accrued and included in trade debtors.

### Note 3 – Intangible assets

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Cost at beginning of year | **0.1** | 0.1 |
| Additions | **–** | – |
| Write-off | **–** | – |
| Cost at end of year | **0.1** | 0.1 |
| Accumulated amortisation at beginning of year | **–** | – |
| Write-off | **–** | – |
| Accumulated amortisation at end of year | **–** | – |
| Net book value at beginning of year | **0.1** | 0.1 |
| **Net book value at end of year** | **0.1** | 0.1 |

### Note 4 – Tangible assets

The development of tangible assets during the financial years 2009 and 2008 is as follows:

| | Other fixtures and fittings, tools and equipment EUR million | Payments on account and tangible assets in course of construction EUR million | Total 2009 EUR million | Total 2008 EUR million |
|---|---|---|---|---|
| Cost at beginning of year | 2.8 | 2.0 | **4.8** | 3.0 |
| Accumulated depreciation at beginning of year | (2.3) | – | **(2.3)** | (1.6) |
| Net book value at beginning of year | 0.5 | 2.0 | **2.5** | 1.4 |
| Movements of the year | | | | |
| Additions | 0.2 | 0.1 | **0.3** | 1.8 |
| | | | | |
| Depreciation | (0.2) | – | **(0.2)** | (0.7) |
| Cost at end of year | 3.0 | 2.1 | **5.1** | 4.8 |
| Accumulated depreciation at end of year | (2.5) | – | **(2.5)** | (2.3) |
| **Net book value at end of year** | 0.5 | 2.1 | **2.6** | 2.5 |

### Note 5 – Shares in affiliated undertakings

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Cost at beginning of year | **8,337.1** | 9,682.3 |
| Additions | **215.6** | 180.2 |
| Repayment of initial investment | **(245.9)** | (1,343.4) |
| Disposals | **–** | (182.0) |
| | | |
| Cost at end of year | **8,306.8** | 8,337.1 |
| | | |
| Value adjustments at beginning of year | **(4.7)** | (4.7) |
| Value adjustment of the year | **–** | 3.3 |
| Reversal of value adjustments on disposals | **–** | (3.3) |
| | | |
| Value adjustments at end of year | **(4.7)** | (4.7) |
| | | |
| **Net book value at end of year** | **8,302.1** | 8,332.4 |

As at December 31, 2009, the company holds the following investments:

| | Participation | Net Book Value EUR million |
|---|---|---|
| SES ASTRA S.A., Betzdorf, Luxembourg | 100% | 1,046.8 |
| SES GLOBAL-Americas, Inc., Princeton, United States | 99.94% | 3,931.8 |
| ASTRA Broadband Services S.A., Betzdorf, Luxembourg | 0.01% | – |
| SES GLOBAL-Americas Finance Inc. Delaware, United States | 100% | – |
| SES SIRIUS A.B., Stockholm, Sweden | 32.34% | 50.1 |
| SES Participations S.A., Betzdorf, Luxembourg | 100% | 206.8 |
| SES GLOBAL Africa S.A., Betzdorf, Luxembourg | 100% | 406.6 |
| SES Finance S.à r.l., Switzerland | 100% | 1,426.7 |
| SES Holdings (Netherlands) B.V., Netherlands | 100% | 1,113.3 |
| SES GLOBAL (Gibraltar) Ltd, Gibraltar | 100% | – |
| SES ASTRA Services Europe S.A., Betzdorf, Luxembourg | 100% | 120.0 |
| SES ASTRA TechCom Belgium S.A.,Belgium | 1% | – |
| SES Latin America S.A., Bedzdorf, Luxembourg | 100% | – |
| SES Belgium S.p.r.l., Belgium | 99% | – |
| | | 8,302.1 |

In May 2009, with effect from January 2009, SES contributed to a further capital increase in SES Finance S.à r.l. through a contribution in kind of an intercompany loan with SES Satellite Leasing Limited for a total amount of USD 300.0 million (EUR 215.6 million).

In December 2009, SES Holdings Netherlands B.V., decided to reduce its share premium reserve by an amount of USD 369.4 million (EUR 245.9 million) thereby resulting in a reimbursement of the initial investment.

In June 2008, the company subscribed to 142,921,600 newly issued shares of SES ASTRA Services Europe S.A., with a nominal value of EUR 1.25 each, through a contribution of its 100% shareholding in SES Digital Distribution Services S.à r.l. The company incurred a loss of EUR 3.3 million on this contribution.

In November 2008, SES ASTRA Services Europe S.A. reduced its share capital without cancellation of shares. This resulted in a reimbursement of initial investment of EUR 98.0 million to the company.

An extraordinary general meeting of SES ASTRA S.A., held on December 19, 2008, decided to reduce the share capital of the company by EUR 100.0 million, thereby resulting in a reimbursement of initial investment of EUR 722.1 million to the company.

On December 28, 2008, SES GLOBAL-Americas Inc. decided to reimburse EUR 523.3 million of paid-in capital.

Art. 65 paragraph (1) 2° of the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the 'law') requires the disclosure of the amount of capital and reserves and profit and loss for the last financial year of each affiliated undertaking. In conformity with Art. 67 (3) of the law these details have been omitted as the company prepares consolidated accounts and these consolidated accounts and the related consolidated annual report and auditors' report thereon have been lodged with the Luxembourg Trade Registry.

**Note 6 – Loans to affiliated undertakings**
Loans to affiliated undertakings of EUR 700.5 million (2008: EUR 720.2 million) consist of Convertible Profit Participating Loans with SES Finance S.à r.l.

On February 1, 2007 SES granted a Convertible Profit Participating Loan amounting to USD 807.4 million (2009: EUR 560.5 million; 2008: EUR 580.2 million). A further loan of EUR 140.0 million was granted on November 28, 2008.

## Note 7 – Securities held as fixed assets

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Cost at beginning of year | **107.2** | 213.8 |
| Value adjustments at beginning of year | **–** | – |
| Net book value at beginning of year | **107.2** | 213.8 |
| Movements of the year | | |
| Purchase of FDRs / own shares | **–** | 336.8 |
| Cancellation of own shares (Note 9) | **–** | (436.8) |
| Used in connection with employee option scheme | **(11.3)** | (6.6) |
| | | |
| Cost at end of year | **95.9** | 107.2 |
| Value adjustments at end of year | **(1.6)** | – |
| Net book value at end of year | **94.3** | 107.2 |

Own Fiduciary Deposit Receipts:
All Fiduciary Deposit Receipts ('FDRs') in respect of Class A shares owned by the company are for use in connection with the Senior Executives, Executives and Employees option schemes operated by the group. These shares are valued at the lower of cost and market value.

As at December 31, 2009, the company owned 7,928,510 FDRs (2008: 8,806,195).

### Note 8 – Amounts owed by affiliated undertakings

Amounts owed by affiliated undertakings of EUR 758.3 million (2008: EUR 1,561.1 million) consist of current accounts.

During the year the company recorded a value adjustment of EUR 45.2 million on amounts owed by an affiliated undertakings to reflect the underlying trading position of this entity.

As at December 31, 2009 current accounts represent short-term advances bearing interest at market rates and consist principally of amounts owed by SES ASTRA 1N S.à r.l., ND SatCom GmbH, SES ASTRA S.A., SES ASTRA 1M S.à r.l. and SES ASTRA 3B Satellite Company S.à r.l.

### Note 9 – Subscribed capital

On June 26, 2008 an extraordinary general meeting of shareholders of the company decided to cancel 33,895,710 of own shares by cancelling 22,597,140 FDRs held by the company and by re-purchasing 11,298,570 Class B shares in exchange for 4,519,428 FDRs. The re-purchased Class B shares were subsequently cancelled.

As at December 31, 2009 and 2008 the issued and fully paid share capital amounted to EUR 624.4 million, represented by 499,477,695 shares with no par value (332,985,130 Class A ordinary shares and 166,492,565 Class B ordinary shares).

### Note 10 – Legal reserve

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit is transferred to a legal reserve from which distribution is restricted. This requirement is satisfied when the reserve reaches 10% of the issued share capital.

### Note 11 – Other reserves

Prior to 1 January 1, 2002, in accordance with article 174 bis of Luxembourg fiscal law, the company was entitled to credit the net worth tax due for the year against the corporate income tax charge for the year. From 2002 onwards, in accordance with paragraph 8a of the 16 October 1934 law as amended, the company is entitled to reduce the net worth tax due for the year by an amount which cannot exceed the corporate income tax due for the year. In order to avail of the above the company must set up a restricted reserve equal to five times the amount of the net worth tax credited. This reserve has to be maintained for a period of five years following the year in which it was created. In case of distribution of the restricted reserve, the tax credit falls due during the year in which it was distributed.

During previous years, the SES group had decided to maintain the restricted reserve for the Luxembourg fiscal integration group (the 'tax group') under 'other reserves' in the accounts of SES ASTRA. During the year 2008, it was decided that as from 2008 the restricted reserves will continue to be maintained in the accounts of SES S.A.

As at December 31, 2009, the restricted portion of 'other reserves' in the books of SES S.A. is as follows:

| | Reduction in net worth tax EUR million | Restricted reserve EUR million |
|---|---|---|
| 2008 | 18.2 | 90.8 |

Upon approval of these accounts by the annual general meeting of the shareholders, an amount of EUR 63.4 million will be allocated to restricted reserves in the books of SES S.A. corresponding to five times the amount of this 2009 net worth tax.

**Note 12 – Notes and bonds**

U.S. Private Placement

On September 30, 2003, SES, through SES GLOBAL-Americas Holdings GP, issued in the U.S. Private Placement market four series of unsecured Notes amounting to USD 1,000.0 million and GBP 28.0 million. The U.S. Private Placement was made up of four series as follows:

1. Series A – USD 400.0 million of 5.29% Senior Notes due September 2013, amortising as of September 2007
2. Series B – USD 513.0 million of 5.83% Senior Notes due September 2015, amortising as of September 2011
3. Series C – USD 87.0 million of 5.93% Senior Notes due September 2015.
4. Series D – GBP 28.0 million of 5.63% Senior Notes due September 2013, amortising as of September 2007.

SES is committed under the U.S. Private Placement to maintaining a number of financial covenants requiring certain financial ratios to be maintained within agreed limits in order to provide sufficient security to lenders. These financial ratios are based on the consolidated financial statements of SES S.A..

EUR 4,000.0 million European Medium Term Note Programme

On December 6, 2005, SES set up a EUR 2,000.0 million European Medium Term Note Programme ('EMTN') with nine banks as agents enabling the company or its partnership to issue, on a continuous basis, notes up to a maximum aggregate amount of EUR 2,000.0 million for general corporate purposes. In May 2007, this programme was increased to an aggregate amount of EUR 4,000.0 million. On September 30, 2008, this programme was expanded to include eleven banks as agents. As at December 31, 2009, five notes (2008: four) were issued under this programme with the following terms and conditions:

*– EUR 650.0 million European Medium Term Note*

On March 15, 2006, SES issued a note in order to finance the acquisition of New Skies Satellites B.V.. The issuance was for a nominal amount of EUR 650.0 million with a coupon of 4% and a final maturity of March 15, 2011.

*– EUR 500.0 million European Medium Term Note*

On October 20, 2006, SES issued a note for general refinancing purposes. The issuance was for a nominal amount of EUR 500.0 million with a coupon of 4.375% and a final maturity of October 21, 2013.

*– EUR 300.0 million European Medium Term Note*

On October 20, 2006, the company issued a note for general refinancing purposes for a nominal amount of EUR 300.0 million with a floating rate of three month EURIBOR plus a margin of 0.25% and a final maturity of October 20, 2009.

*– EUR 100.0 million Guaranteed Floating Rate Note*

On October 20, 2008, the company issued a note for general refinancing purposes for a nominal amount of EUR 100.0 million with a floating rate of three month EURIBOR plus a margin of 0.6% and a final maturity of October 20, 2010.

*– EUR 650.0 million European Medium Term Note*

On July 9, 2009, the company through SES GLOBAL-Americas Holdings GP, issued a note for general refinancing purposes. The issuance was for a nominal amount of EUR 650.0 million with a coupon of 4.875% and a final maturity of July 9, 2014.

*– EUR 150.0 million European Medium Term Note*

On August 5, 2009, the company issued a note for general refinancing purposes for a nominal amount of EUR 150.0 million with a coupon of 5.05% and a final maturity of August 5, 2016.

EUR 500.0 million French Commercial Paper Programme ('Billets de Trésorerie')

On October 25, 2005, in order to meet its own and subsidiary funding needs, the company set up a 'Titres de Créance Négociables' (TCN) programme in the French market where the company issued 'Billets de Trésorerie' in accordance with articles L.213-1 to L.213-4 of the French Monetary and Financial Code and decree n° 92.137 of February 13, 1992 and all subsequent regulations.

The maximum outstanding amount of 'Billets de Trésorerie' issuable under this programme is EUR 500.0 million or its counter-value at the date of issue in any other authorised currencies. The terms of the Billets de Trésorerie are determined in accordance with laws and regulations applicable in France, which imply that, at the date hereof, such term shall not be less than one day and shall not exceed 365 days. On August 31, 2009, this programme was extended for one further year.

As at December 31, 2009 EUR 55.0 million (2008: nil) has been issued under this programme.

### EUR 200.0 million German Bond ('Schuldschein')

On May 21, 2008, the company concluded an agreement to issue EUR 200.0 million in two equal tranches in the German Bond ('Schuldschein') market.

The agreement for the first tranche was signed on May 30, 2008 with the funds being drawn down in June. The agreement for the second tranche was signed on July 14, 2008 with the funds being drawn down in July. The tranches bear interest at a fixed rate of 5.75% and 6.0% respectively and mature in November 2012.

The maturity profile of notes and bonds is as follows as at December 31, 2009 and 2008:

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Within one year | **210.4** | 355.4 |
| Between one to two years | **794.6** | 244.6 |
| Between two to five years | **1,728.5** | 1,783.9 |
| After five years | **314.9** | 164.9 |
| Total after one year | **2,838.0** | 2,193.4 |

## Note 13 – Amounts owed to credit institutions

As at December 31, 2009 and 2008, the amount owed to credit institutions was as follows:

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Becoming due and payable after more than one year | | |
| European Investment Bank | **200.0** | – |
| Bilateral multi-currency facilities | **–** | 1,046.2 |
| Syndicated revolving credit facility | **620.0** | 375.0 |
| | **820.0** | 1,421.2 |
| Becoming due and payable within one year | | |
| Bilateral multi-currency facilities | **91.4** | – |
| Uncommitted loan facilities | **76.4** | 90.0 |
| Bank overdraft | **–** | 0.3 |
| | | |
| | **167.8** | 90.3 |

### Bilateral multi-currency facilities

On December 31, 2008, the company had unsecured bilateral multi-currency revolving credit facilities in place with eleven banks for a total of EUR 1,075.0 million with a maturity date between April 2010 and April 2011.

On May 5, 2009 the company made its first drawing under the 'Club deal' which resulted in the termination of all other facilities in place with counterparties from the 'Club deal'. As a result the company re-imbursed and terminated its unsecured bilateral multi-currency revolving credit facilities with ten banks.

As at December 31, 2009, EUR nil million (2008: EUR 787.5 million) and USD 131.7 million (EUR 91.4 million) (2008: USD 360.0 million (EUR 258.7 million)) were drawn under these facilities.

### Syndicated EUR 550.0 million revolving credit facility

On May 20, 2008, the company signed a syndicated EUR 550.0 million revolving credit facility. The floating rate facility is for general financing purposes and has been structured as a two year multi-currency revolving credit facility with a one year extension option at the discretion of the lenders. As at December 31, 2008, the company has drawn a total of EUR 375.0 million under the facility.

On May 5, 2009 the company made its first drawing under the 'Club deal', which resulted in the settlement of all borrowings made from the same counterparties under the previous syndicated facility. This syndicated facility agreement was terminated at the same date.

### Syndicated EUR 2,000.0 million revolving credit facility: 'Club deal'

On April 23, 2009, the company signed a three-year syndicated revolving credit facility maturing in April 2012 for the purpose of repaying all outstanding amount due under the EUR 550.0 million syndicated facility and under ten multi-currency revolving credit facilities in place. The facility is for EUR 2,000.0 million in the first year, reducing to EUR 1,750.0 million in the second year, and to EUR 1,000.0 million in the third year. The margins are 235, 250 and 275 basis points on the 3 or 6 months EURIBOR, depending on the drawn term, in years 1, 2 and 3 respectively. The first drawn down under this facility was made on May 5, 2009. As at December 31, 2009 EUR 620.0 million was drawn under the facility.

### European Investment Bank EUR 200.0 million

On April 21, 2009 the company signed a financing agreement with the European Investment Bank to finance the investment by the group in certain satellite investment projects. This facility, bearing interest at a fixed rate of 3.618% is repayable in six annual instalments between May 2012 and May 2017.

The maturity profile of the amounts drawn is as follows as at December 31, 2009 and 2008:

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Between one and two years | **–** | 1,346.2 |
| Between two and five years | **720.0** | 75.0 |
| After five years | **100.0** | – |
| | **820.0** | 1,421.2 |

### Committed and uncommitted loan facilities

As at December 31, 2009, the company had drawn USD 70.0 million (EUR 48.6 million) and USD 40.0 million (EUR 27.8 million) respectively under a committed and uncommitted loan facility (2008: EUR 90.0 million uncommitted).

### Note 14 – Amounts owed to affiliated undertakings

Amounts owed to affiliated undertakings of EUR 3,804.9 million (2008 EUR 4,556.0 million) include the following:

| | **2009 EUR million** | 2008 EUR million |
|---|---|---|
| Long-term loans (maturity after 5 years) | **–** | 287.4 |
| Short-term loans | **551.7** | 382.4 |
| Notes | **1,942.3** | 2,109.1 |
| Current accounts | **1,310.9** | 1,777.1 |
| | **3,804.9** | 4,556.0 |

As at December 31, 2008 long term loans represent two loans bearing interest at a rate of one month USD LIBOR plus a margin of 0.5% and with a maturity of May 2018.

Short term loans bear interest at market rates and are repayable upon demand.

The notes are interest free (with the exception of one note which bears interest at a rate of 4.6% per annum) and are repayable upon demand or at latest on the second anniversary of the note, which may be extended for successive periods of two years each.

As at December 31, 2009 current accounts represent short term advances bearing interest at market rates and include a short term advance owed to SES ASTRA S.A. of EUR 366.8 million (2008: EUR 933.3 million). The two long term loans present as at December 31, 2008 have been cancelled in 2009.

### Note 15 – Taxes on profit

Taxes in the profit and loss account have been provided in accordance with the relevant laws. The balance sheet position takes into consideration the taxable result of the Luxembourg subsidiaries (SES ASTRA S.A., SES Asia S.A., ASTRA Broadband Services S.A., SES Participations S.A., SES GLOBAL Africa S.A., NSS Latin America Holdings S.A., SES ASTRA 3B S.à r.l., SES ASTRA 1KR S.à r.l., SES ASTRA 1L S.à r.l., SES ASTRA 1M S.à r.l., SES ASTRA TechCom S.A., SES ENGINEERING S.à r.l., SES ASTRA 1N S.à r.l., SES ASTRA 5 S.à r.l. and SES Digital Distribution Services S.à r.l.), which are part of the Luxembourg fiscal unity, in accordance with article 164 bis LIR.

### Note 16 – Staff costs

As at December 31, 2009, the number of full-time equivalent employees was 60 (2008: 56) and the average number of employees in the workforce for 2009 was 57 (2008: 54). Staff costs can be analysed as follows:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Wages and salaries | **12.1** | 9.8 |
| Social security costs | **0.6** | 0.5 |
| | **12.7** | 10.3 |

### Note 17 – Net turnover

In 2009 net turnover amounting to EUR 24.9 million (2008: EUR 11.0 million) consisted of transponder capacity service revenue generated from trading with affiliated undertakings for which satellite rental costs of EUR 25.2 million (2008: EUR 10.6 million) are included in external charges.

### Note 18 – Other interest payable and similar charges

Other interest payable and similar charges include the following:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Interest charges | **178.4** | 184.0 |
| Foreign exchange losses, net | **42.8** | 9.7 |
| Other financial charges | **19.2** | 5.7 |
| | **240.4** | 199.4 |

Foreign exchange losses, net, mainly consist of losses realised on the close out of certain derivative instruments during the year.

### Note 19 – Other operating income

Other operating income mainly consist of group recharge revenues amounting to EUR 4.5 million (2008: EUR 4.5 million) arising from advisory support services rendered to various affiliates.

### Note 20 – Income from participating interests derived from affiliated undertakings

Income from participating interests derived from affiliated undertakings consists of the following:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Dividends received from affiliated undertakings | **253.4** | 916.2 |
| | **253.4** | 916.2 |

### Note 21 – Other interest receivable and similar income

Other interest receivable and similar income include the following:

| | 2009 EUR million | 2008 EUR million |
|---|---|---|
| Interest income | **0.9** | 5.1 |
| Other financial income | **0.4** | 3.1 |
| | **1.3** | 8.2 |

### Note 22 – Board of Directors' remuneration

At the annual general meeting held on April 2, 2009, payments to directors for attendance at board and committee meetings were approved. These payments are computed on a fixed and variable basis, the variable payments being based upon attendance at board and committee meetings. Total payments arising in 2009 were EUR 1.3 million (2008: EUR 1.2 million).

## Note 23 – Off balance sheet items

### External interest rate swaps

As at December 31, 2009 and 2008 the company had four interest swaps outstanding which were designated as hedges of future interest expense on an aggregate EUR 350.0 million of syndicated loan and EUR 100.0 million floating note issued under the EMTN programme.

As at December 31, 2009 and 2008, the company held four interest rate swaps which were designated as hedges of expected future interest expenses on USD 240.0 million of the bilateral multi-currency facilities, committed and uncommitted credit line which are floating rate debt.

As at December 31, 2008 the company held two interest rate swaps which were designated to reduce the expected future floating interest expense on EUR 120.0 million of bilateral multi-currency facilities.

### Forward foreign exchange contracts

As at December 31, 2009 and 2008, the company had outstanding foreign exchange contracts. Each of these contracts is mirrored exactly by an internal forward foreign exchange contract with a group entity.

As at December 31, 2009:

| Currency sold | Currency bought | Average weighted maturity | Average exchange rate | Note |
|---|---|---|---|---|
| USD 2,700.0 million | EUR 1,840.5 million | February 2010 | EUR/USD 1.4671 | 1 |
| EUR 442.0 million | USD 650.0 million | February 2010 | EUR/USD 1.4710 | 1 |
| USD 64.9 million | EUR 44.0 million | April 2010 | EUR/USD 1.4757 | 3 |
| USD 13.0 million | EUR 8.8 million | March 2010 | EUR/USD 1.4721 | 4 |
| SEK 661.7 million | USD 91.0 million | January 2010 | USD/SEK 7.2684 | 3 |
| EUR 4.8 million | SEK 49.2 million | June 2010 | EUR/SEK 10.1474 | 2 |
| USD 10.3 million | SEK 73.6 million | June 2010 | USD/SEK 7.0782 | 2 |

The company has the following outstanding foreign exchange contract which is not mirrored by an internal contract:

| Currency sold | Currency bought | Average weighted maturity | Average exchange rate |
|---|---|---|---|
| USD 0.5 million | EUR 0.3 million | January 2010 | EUR/USD 1.4867 |

As at December 31, 2008, the company had entered into the following foreign exchange contracts which were exactly mirrored by contracts with a group entity:

| Currency sold | Currency bought | Average weighted maturity | Average exchange rate | Note |
|---|---|---|---|---|
| EUR 185.8 million | USD 254.0 million | May 2009 | EUR/USD 1.3671 | 3 |
| EUR 1,008.1 million | USD 1,345.0 million | January 2009 | EUR/USD 1.3341 | 1 |
| USD 100.0 million | EUR 77.6 million | January 2009 | EUR/USD 1.2884 | 1 |
| USD 1.7 million | EUR 1.1 million | April 2009 | EUR/USD 1.5503 | 5 |
| EUR 0.1 million | USD 0.1 million | February 2009 | EUR/USD 1.5557 | 5 |
| USD 2.4 million | TRY 3.4 million | April 2009 | USD/TRY 1.4088 | 4 |
| SEK 1,735.6 million | EUR 157.9 million | January 2009 | EUR/SEK 10.9915 | 3 |
| USD 7.5 million | SEK 55.5 million | June 2009 | USD/ SEK 7.4515 | 2 |

1. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with SES Finance.
2. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with SES SIRIUS.
3. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with SES Satellite Leasing.
4. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with ND SatCom.
5. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with SES ASTRA TechCom.

### Inter-company financial instruments

The company arranged several inter-company foreign exchange contracts in order to hedge the U.S. Private Placement as well as certain other USD-denominated facilities. The average terms of these inter-company contracts are as follows as at December 31, 2009 and 2008:

| | Currency sold | Currency bought | Average weighted maturity | Average exchange rate |
|---|---|---|---|---|
| As at Dec 31, 2009 | EUR 730.2 million | USD 854.5 million | April 2013 | EUR/USD 1.1702 |
| As at Dec 31, 2008 | EUR 785.8 million | USD 918.1 million | April 2013 | EUR/USD 1.1683 |

As at December 31, 2009 and 2008, the company had also entered into the following additional inter-company foreign exchange contracts.

As at December 31, 2009:

| Currency sold | Currency bought | Average weighted maturity | Average exchange rate |
|---|---|---|---|
| EUR 129.5 million | USD 190.6 million | May 2010 | EUR/USD 1.4720 |
| USD 779.1 million | EUR 533.7 million | February 2010 | EUR/USD 1.4598 |
| SEK 661.7 million | USD 91.0 million | January 2010 | USD/SEK 7.2698 |

As at December 31, 2008:

| Currency sold | Currency bought | Average weighted maturity | Average exchange rate |
|---|---|---|---|
| EUR 820.2 million | USD 1,035.4 million | February 2009 | EUR/USD 1.2624 |
| USD 126.2 million | EUR 100.3 million | January 2009 | EUR/USD 1.2582 |

### Guarantees:

As at December 31, 2009 the company had outstanding bank guarantees for an amount of EUR 0.9 million (2008: EUR 2.6 million). This relates to performance guarantees for services of satellite operations.

### Corporate guarantees:

In 2009 and 2008, SES has given several corporate guarantees to satellite providers for the provision of communications spacecraft and related equipment contracted by fully-owned subsidiaries of the group.

# Other information

**Registered office and group headquarters**
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**Information for shareholders**
Financial calendar 2010
Annual general meeting of shareholders: April 1, 2010
Dividend payment: April 21, 2010
First quarter trading update: April 23, 2010
Announcement of first-half results: July 30, 2010
Third quarter trading update: October 22, 2010

Listed security
Fiduciary Depositary Receipts each in respect of one A share of SES S.A. are listed on the Stock Exchange of Luxembourg and on Euronext Paris under the symbol SESG.

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