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Satellites & Space Sector News and Takeaways: Eutelsat and OneWeb Agree to \$3.4 Billion Merger; Russia Announces 2024 Withdrawal from ISS

[Eutelsat-OneWeb](#). Today, Paris-based Eutelsat S.A. and London-based OneWeb Ltd. announced a \$3.4 billion stock-for-stock merger combining Eutelsat's 36 geostationary satellite fleet with OneWeb's Low Earth Orbit ("LEO") 648 Ku-band satellite constellation in a transaction intended to create an all-European enterprise for satellite broadband connectivity to counter SpaceX's Starlink LEO fleet, Amazon's planned Project Kuiper and the pending Viasat takeover of Inmarsat, a \$7.3 billion cash, stock and assumption of debt deal to which SpaceX has objected in a U.S. Federal Communications Commission ("FCC") proceeding.

Under the deal, effectively a takeover by Eutelsat of OneWeb though billed as a "merger of equals" (for explanation, see our [M&A III: Acquisition Consideration](#) and [M&A VII: Mergers](#), both available at with other resources at [Kurtin PLLC Mergers & Acquisitions](#)), OneWeb shareholders will receive 230 million newly issued Eutelsat shares, equal to 50% of the merged company, in exchange for their

OneWeb shares. OneWeb's current principal shareholders are Bharti Global and the U.K. Government, which took stakes in OneWeb following its 2020 bankruptcy. The U.K. Government will receive "golden shares" for its 11% stake in the combined company offering certain veto rights, such as over the location of the merged company headquarters and U.K.-preference manufacturing rights. The French Government for its part is a shareholder in Eutelsat. Both governments will have board representation. Eutelsat chairman Dominique D'Hinnin will be chairman of the combined company and Eutelsat CEO Eva Berneke will continue as its CEO, underlining the effective status of a Eutelsat takeover despite the "merger of equals" billing. OneWeb's Sunil Bharti Mittal will serve as co-chair and vice president. Eutelsat will maintain its Paris Euronext listing and will seek a London Stock Exchange dual-listing. The combined company is expected to have revenues of €1.5 billion (\$1.53 billion), operating the LEO business under the OneWeb brand (some of Eutelsat's existing GEO fleet also offers high-speed broadband connectivity, and the post-merger integration of those services is yet to be determined). Eutelsat also announced that it would suspend its dividend for 2 years to pay for OneWeb's next generation of satellite launches, business contracted to SpaceX after Russia objected to OneWeb's planned use of Arianespace for Russian deployments in the wake of sanctions imposed after Russia's invasion of Ukraine. Eutelsat has continued to serve Russian customers. How the announced merger may affect that business is not yet known.

Russia-ISS. Also, today, the Russian Federation announced that it would withdraw from participation in the International Space Station in 2024, six years ahead of the ISS's planned 2030 decommissioning, and probably bringing an end to the decades-long U.S.-Russia space cooperation. The withdrawal is clearly a result of tensions arising from Russia's invasion of Ukraine and resulting U.S., EU and other allies' sanctions. Whether the ISS decommissioning will be accelerated by the Russian withdrawal is not yet clear, or whether ISS can continue to operate with NASA, European Space Agency ("ESA"), Canadian Space Agency ("CSA") and Japanese Aerospace Exploration Agency (JAXA) participation. NASA has awarded over \$400 million in commercial entity contracts to aid development of next generation

ISS replacement, with ESA, CSA, JAXA and others likely to be continuing partners.

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