Expanding space to communicate

REFERENCE DOCUMENT 2008-2009

eutelsat
COMMUNICATIONS

CONTENTS

eutelsat
COMMUNICATIONS

Société anonyme (public limited company)
with capital of €220,113,982
Registered office: 70 rue Balard, 75015 Paris
481 043 040 R.C.S. Paris

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REFERENCE DOCUMENT 2008-2009

including the annual financial report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This document is an unofficial translation of the French *Document de Référence* registered with the Autorité des marchés financiers (the "AMF") on 9 October 2009 under number R.09-080 in accordance with Article 212-13 of the AMF General Regulations. The French *Document de Référence* may be used for purposes of a financial transaction if supplemented with an offering memorandum (*note d'opération*) that has received a visa from the AMF.

In the event of any ambiguity or discrepancy between this unofficial translation and the French *Document de Référence*, the French version shall prevail.

Pursuant to Article 28 of EC Regulation No. 809/2004, the following information is included in this reference document:

- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2008 and the related auditors' report in sections 20.1.2 (pages 112 to 157) and 20.1.1 (pages 110 and 111) of Eutelsat Communications' 2007-2008 *Document de Référence* registered under No. R.08-107 by the AMF on 16 October 2008 (the "2007-2008 Reference Document");
- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2007 and the related auditors' report in sections 20.1.2 (pages 148 to 197) and 20.1.1 (pages 146 and 147) of Eutelsat Communications' 2006-2007 *Document de Référence* registered under No. R.07-162 by the AMF on 8 November 2007 (the "2006-2007 Reference Document"); and,
- information about the Eutelsat Group's financial situation and results for the financial years ended 30 June 2008 and 2007, contained in section 9.4 (pages 74 to 77) of the 2007-2008 Reference Document and section 9.4 (pages 97 to 108) of the 2006-2007 Reference Document.

Copies of this reference document are available free of charge at from the registered office of Eutelsat Communications, 70, rue Balard – 75015 Paris, France, or on the websites of Eutelsat Communications (www.eutelsat.com) or the AMF, (www.amf-france.org).

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In this reference document, the expressions "Eutelsat Communications" and the "Company" mean Eutelsat Communications S.A. "Eutelsat S.A." means the Eutelsat S.A. company, which is the main operating subsidiary of the Company. "Group" or "Eutelsat Group" means the group of companies consisting of the Company and all its subsidiaries. "IGO" means the European Satellite Telecommunications Organisation before the transformation (the "Transformation" - see section 5.1.5 "Key Events" and section 6.8.6 "Other provisions applicable to the Group") and "EUTELSAT IGO" means the same organisation after the Transformation.

This reference document contains the Group's consolidated financial statements and data for the year ended 30 June 2009 prepared in compliance with International Financial Reporting Standards (IFRSs) and incorporates for reference purposes the IFRS consolidated financial statements for the years ended 30 June 2008 and 30 June 2007.

This reference document also includes the Company's financial statements for the year ended 30 June 2009 as presented in section 20.1.3 "Eutelsat Communications' annual financial statements for the year ended 30 June 2009".

Unless otherwise stated, figures presented in this reference document are based on the consolidated financial statements for the year ended 30 June 2008 and the consolidated financial statements presented in section 20.1.1 of this reference document for the year ended 30 June 2009.

Investors are invited to read carefully and take into account the risk factors described in Chapter 4 ("Risk factors") of the reference document before making any investment decision, since the occurrence of one or all of these risks may have a negative impact on the Group's activity, financial position, earnings or ability to achieve its objectives.

This reference document contains information on the Group's objectives and forward-looking statements. These statements are sometimes identified by the use of the future tense or conditional mood, as well as terms such as "estimate", "believe", "have the objective of", "intend to", "expect", "contemplate", "should" and other similar expressions. These forward-looking statements and information about objectives depend on circumstances or facts likely to occur in the future, and must not be interpreted as guarantees that the facts and data mentioned will occur or that objectives will be attained. These forward-looking statements and information about objectives are based on data and assumptions that may be affected by the realisation of known and unknown risks, uncertainties and other factors, including those relating to the economic, financial, competitive and regulatory environment.

A glossary defining the main technical terms used in this reference document is provided at the end of the document.

1 PERSONS RESPONSIBLE FOR THIS REFERENCE DOCUMENT

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>> 1.1 Name and function of the person responsible for the reference document

Giuliano Berretta, Chairman of the Board of Directors and Chief Executive Officer of Eutelsat Communications.

>> 1.2 Certification by the person responsible for the reference document

I hereby certify, after having taken all reasonable care to ensure that such is the case, that the information contained in this reference document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the accounts have been drawn up in accordance with applicable accounting standards and that they constitute a true and fair view of the assets and liabilities, the financial position and results of the Company and of all the companies included in the consolidation, and that the management report contained in this document presents a true image of developments in the business, results and financial position of the Company and of all companies included in the consolidation as well as a description of the principal risks and uncertainties they face.

I have received a letter from the statutory auditors certifying that they have verified the financial and accounting information given in this reference document and that they have read the document in its entirety.

Paris, 9 October 2009

Giuliano Berretta
Chairman & CEO

2 STATUTORY AUDITORS

>> 2.1 Primary statutory auditors

Ernst & Young Audit
Member of the *Compagnie régionale des commissaires aux comptes de Versailles* (Versailles Regional Association of Statutory Auditors).

Tour Ernst & Young
92037 Paris-La Défense Cedex

Ernst & Young Audit was appointed in the By-laws as the Company's first statutory auditor for a term of office of six financial years. This appointment expires at the end of the Ordinary General Meeting which will approve the accounts for the financial year ending 30 June 2009.

Mazars
Member of the *Compagnie régionale des commissaires aux comptes de Versailles* (Versailles Regional Association of Statutory Auditors).

61, rue Henri Regnault
92400 Courbevoie

Mazars was appointed as statutory auditor of the Company for a term of six financial years at the meeting of the partners on 20 July 2005. This appointment expires at the end of the Ordinary General Meeting which will approve the accounts for the financial year ending 30 June 2011.

>> 2.2 Alternate auditors

Monsieur Thierry Gorlin

41, rue Ibry
92576 Neuilly-sur-Seine

Thierry Gorlin was appointed in the By-laws as the Company's first alternate auditor for a term of office of six financial years. This appointment expires at the end of the Ordinary General Meeting which will approve the accounts for the financial year ending 30 June 2009.

Monsieur Gilles Rainaut

61, rue Henri Regnault
92400 Courbevoie

Gilles Rainaut was appointed as alternate auditor of the Company for a term of office of six financial years at the meeting of the partners on 20 July 2005. This appointment expires at the end of the Ordinary General Meeting which will approve the accounts for the financial year ending 30 June 2011.

3 SELECTED INFORMATION AND FINANCIAL DATA

>> 3.1 Brief presentation of the Eutelsat Group

The Group operates a fleet of 27 satellites in geostationary orbit between 15° West and 70.5° East. From their 20 orbital positions, Eutelsat's satellites broadcast around 3,200 TV channels. The Group is the world's third-largest Fixed Satellite Services (FSS) operator, and Europe's leading player in terms of the number of channels broadcast (source: Euroconsult, Satellite Communications & Broadcasting Markets Survey – 2009 Edition).

The Group uses and provides satellite capacity for video services ("Video Applications"), Professional Data Networks, Data and Value-Added Services, and Multi-Usage Services, with 589 transponders in service at 30 June 2009.

Eutelsat's fleet of satellites covers all of Europe, Russia, Central Asia, the Middle East and North Africa, along with sub-Saharan Africa ("Extended Europe" [1]). It also covers a substantial portion of Asia and America, giving it potential access to 90% of the world's population.

Users of the Group's capacity include leading media and telecommunications operators in Europe and worldwide, such as:

- private and public broadcasters, including the European Broadcasting Union (EBU), RAI, France Télévisions, Deutsche Welle, BBC, Mediaset, TVN, TF1, RTL, France 24, ARD, ZDF, NHK, Discovery Channel, CCTV, Eurosport and Euronews;
- major pay-TV digital television operators including SKY Italia, the Canal+ Group, BSkyB, Bis, Orange, Tele Colombus, ART, Orbit, Multichoice Africa, Cyfra+, Polsat, n, Digiturk, NTV+ and Tricolor;
- international groups such as Renault, Shell, Total, General Motors, Volkswagen, Euronext, Reuters, Schlumberger and Associated Press;
- corporate network service providers and network operators such as Hughes Network Systems, Algérie Télécom, Orascom, AT&T, Siemens Business Services, Atrexx and Bentley Walker;
- operators of satellite services in the Middle East such as Nilesat and Noorsat;
- telecoms operators providing broadband Internet access solutions, such as Swisscom, France Télécom, Hellas-on-Line and Fastweb.

The Group offers its services to broadcasters and network operators either directly or *via* distributors. Those include leading European telecommunications providers such as France Télécom/Globecast, Telespazio, British Telecom/Arqiva, Deutsche Telekom/Media Broadcast, RSCC in Russia or Belgacom.

Group strengths

The Group has significant assets:

- a large number of orbital positions in services on the European orbital arc (15° West to 70.5° East) serving Extended Europe, with a very large installed base of satellite dishes;
- modern orbit satellite infrastructure, featuring highly flexible configurations, on-board redundant equipment, extensive back-up capacity and excellent operational reliability;
- significant growth potential in Video Applications – driven by the expected rapid growth in the number of channels being transmitted, the development of emerging markets and the growth of high-definition TV ("HDTV") in Europe – and in Professional Data Network services, resulting from rapid development of broadband satellite applications, particularly in areas with little or no terrestrial network coverage;
- a leading position in the European market for satellite broadcasting;
- a business portfolio combining good visibility with strong growth: as of 30 June 2009, Video Applications accounted for 73.3% of consolidated revenue, Data Services and Value-Added Services accounted for 18.6% of consolidated revenue and Multi-Usage Services accounted for 8.1% of consolidated revenue; and,
- significant and predictable cash flows, due to the composition and size of the Group's order backlog. The Group had 3.9 billion euros of orders at 30 June 2009, with a weighted average remaining duration of 7.8 years.

With these strengths, for the third consecutive year, Eutelsat Communications achieved one of the best financial performances in the FSS sector in terms of revenues (up 7.2%) and the best in terms of operating performance, with an EBITDA margin of 78.9% at 30 June 2009.

1 *Extended Europe is comprised of Western Europe, Central Europe, the Commonwealth of Independent States, North Africa and the Middle East, and sub-Saharan Africa.*

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Group strategy

During the course of the financial year ended 30 June 2009, the Group successfully continued to implement its development strategy. This long-term strategy combines growth and profitability, and has two main aims:

- maximise revenues per transponder in use by positioning its services on the most profitable applications. The Group has focused its satellite resources on Video Applications and Value-Added Services, in the countries of the European Union and also in the emerging markets of sub-Saharan Africa, North Africa and the Middle East, Russia and Central Asia;
- ensure the Group's long-term growth by continuing to innovate, in order to support the development of new applications such as 3D television, consumer satellite broadband Internet access and infomobility, by gaining access to new frequency bands (Ka-or S-bands).

Implementing this strategy involves:

- strengthening the Group's leading position in the European market for satellite broadcasting;
- developing innovative solutions for Professional Data Networks and Value-Added Services to meet the growing demand for broadband Internet applications;
- pursuing an active policy of technical innovation;
- capitalising on proven and profitable yield management in respect of available transponder capacity;
- maintaining a high-quality flexible fleet that can be adjusted to the Group's strategic requirements; and
- maintaining rigorous control over operating costs.

This strategy has had the following results:

- constant revenue growth, averaging 5.9% per year between 2006-2009 and 7.2% for the financial year 2008-2009;
- high EBITDA margin (79.3% as of 30 June 2008 and 78.9% as of 30 June 2009), making the Group the world's most profitable major FSS operator;
- constantly rising cash flow from operating activities, which grew by 15.6% year-on-year as of 30 June 2009 and equalled 69.6% of revenue;
- strong growth in Group share of net income, with an increase of 43.6% relative to the financial year ended 30 June 2008, supported by non-operating non-recurrent items.

>> 3.2 Key figures

The tables below present extracts from the Group's consolidated balance sheets, income statements, EBITDA calculations and statements of consolidated cash flows, in compliance with IFRS, for the financial years ended 30 June 2007, 2008 and 2009. The main accounting principles used by Eutelsat Communications in preparing its consolidated financial statements for the year ended 30 June 2009 are set out in Note 4 of the annex to Eutelsat Communications' consolidated financial statements, contained in section 20.1 "Financial information for the year ended 30 June 2009".

EXTRACTS FROM THE CONSOLIDATED BALANCE SHEETS OF EUTELSAT COMMUNICATIONS

(In millions of euros)	30 June 2007	30 June 2008	30 June 2009
Total non-current assets	3,884.1	3,999.5	4,139.5
Total current assets	441.4	496.5	470.0
Total assets	**4,325.5**	**4,496.0**	**4,609.4**
Total shareholders' equity	1,311.5	1,417.2	1,397.8
Total non-current liabilities	2,758.3	2,840.0	2,823.7
Total current liabilities	255.7	238.7	387.9
Total liabilities and shareholders' equity	**4,325.5**	**4,496.0**	**4,609.4**
NET DEBT(1)	**2,295.4**	**2,421.9**	**2,326,0**

(1) Net debt includes all bank debt as well as debt associated with long-term leases, minus cash and marketable securities (net of credit balances with banks).

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EXTRACTS FROM THE CONSOLIDATED INCOME STATEMENTS OF EUTELSAT COMMUNICATIONS

(In millions of euros)	30 June 2007	30 June 2008	30 June 2009
REVENUES	**829.1**	**877.8**	**940.5**
Operating costs	(62.5)	(69.2)	(72.1)
Selling, general and administrative expenses	(113.9)	(112.8)	(126.3)
Depreciation and amortisation(1)	**(300.8)**	**(300.9)**	**(294.3)**
Other operating income	37.5	3.9	145.8
Other operatingcharges	(26.7)	(19.9)	(122.0)
OPERATING INCOME	**362.5**	**378.8**	**471.6**
Net financial items	(108.2)	(109.1)	(99.6)
CONSOLIDATED NET INCOME	**170.0**	**183.4**	**260.0**
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**159.4**	**172.3**	**247.4**

(1) Depreciation and amortisation as of 30 June 2009 includes 44.45 million euros of amortisation charges on "customer contracts and associated relationships" recognised when Eutelsat Communications acquired Eutelsat S.A.

EBITDA

(In millions of euros)	30 June 2007	30 June 2008	30 June 2009
Revenues	829.1	877.8	940.5
Operating expenses(1)	(176.5)	(182.1)	(198.4)
EBITDA(2)	**652.6**	**695.7**	**742.1**
EBITDA margin *(as a percentage of revenues)*	78.7%	79.3%	78.9%

(1) Operating expenses are defined as operating costs plus selling, general and administrative expenses.
(2) EBITDA is defined as operating income before depreciation and amortisation and other operating revenue and expenses (impairment of assets, dilution profits/losses, launch indemnities, etc.).

EBITDA is not an item defined by French accounting principles and does not constitute a measure of financial performance. It should not be compared to operating income, net income or cash flow from operating activities. Nor should it be used as an indicator of profitability or liquidity. Likewise, it should not be used as an indicator of past or future operating results. EBITDA is calculated differently from one company to another, and accordingly the information given in this reference document about EBITDA should not be compared to EBITDA information reported by other companies.

EXTRACTS FROM THE CONSOLIDATED STATEMENTS OF CASH FLOW OF EUTELSAT COMMUNICATIONS

(In millions of euros)	30 June 2007	30 June 2008	30 June 2009
Net cash flows from operating activities	527.7	566.6	654.7
Net cash flows used in investing activities	(370.0)	(467.5)	(301.1)
Net cash flows used in financing activities	(383.9)	(130.3)	(217.8)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(226.3)**	**(30.6)**	**135.3**

ORDER BACKLOG

	30 June 2007	30 June 2008	30 June 2009
Value of contracts *(in billions of euros)*	3.7	3.4	3.9
Weighted remaining duration of contracts	7.3	7.4	7.8
Portion relating to Video Applications	92%	93%	92%

At 30 June 2009, the Group's order backlog totalled 3.9 billion euros or 4.2 times annual revenues (excluding other revenues and one-off revenues), compared with 3.4 billion euros at 30 June 2008.

4 RISK FACTORS

Before making their investment decision, investors and shareholders are invited to read all the information contained in this reference document, including the risks described below.

On the registration date of this reference document, the risks described are those the occurrence of which is likely to have a significant negative impact on the Group, its business, its financial situation and/or its results, and which are important in making an investment decision.

>> 4.1 Risks inherent in the Group's business

4.1.1 The Group might not be able to meet its launch or activation timetables for its new satellites

The Group is planning to launch 5 new satellites (W7, W3B, KA-SAT, W3C and ATLANTIC BIRD™ 7) in the next 3 financial years. These satellites are intended to ensure the continuity of services provided by certain existing satellites, increase resources and security in certain orbital positions and strengthen the Group's service offering.

The Group may not be able to meet the planned timetable for the launch of these satellites.

In addition, the limited number of launch service operators reduces the Group's flexibility and options to transfer planned launches from one provider to another in the event that a launch is delayed or fails.

A significant delay in satellite construction, or a delay or failure in the launch of one of these satellites, could impair the Group's ability to generate new sales opportunities, implement its development strategy, meet its contractual service continuity commitments to customers or final users, or meet its growth objectives. Any significant delay or failure in the launch of any of its satellites could thus have a significant negative impact on the Group's business, financial situation, results and objectives.

4.1.2 The Group's satellite deployment plan is dependent on several major suppliers

The number of constructors capable of designing and building satellites in compliance with the technical specifications and quality demanded by the Group is limited, as is the number of agencies capable of launching these satellites. The limited number of these suppliers could reduce the Group's bargaining power and could increase the cost of implementing its programme within the planned timeframe.

During the financial year ended 30 June 2009, Group purchases from satellite manufacturers and launch service providers totalled 341.6 million euros. No individual supplier accounted for more than 40% of this amount.

Satellite purchases and launch services, which at 30 June 2009 and at 30 June 2008 represented respectively in the region of 78% and 87% of the Group's fixed asset purchases, mainly involve 2 satellites manufacturers (EADS Astrium and Thales Alenia Space) and 3 launch operators (Ariane, Sea Launch and International Launch Services (ILS)).

The Group considers that it is not dependent on any suppliers other than satellite manufacturers and launch operators.

The limited number of suppliers could have a significant negative impact on the Group's business, financial situation and results.

The Group is also exposed to the risk that its suppliers may experience operational or financial difficulties, or that they may become involved in insolvency proceedings or other litigation relating to intellectual property rights.

Two launches associated with forthcoming satellite deployment programmes in 2009 and 2010, concerning the W7 and KA-SAT satellites, were meant to be carried out by Sea Launch Limited Partnership, which entered Chapter 11 bankruptcy protection under the US Bankruptcy Code on 22 June 2009. The purpose of Chapter 11 is to allow struggling companies to reorganise in order to continue operating.

Total expenditure relating to these launch services and already paid by the Group to Sea Launch is included in non-current assets in progress, and totalled 79.9 million euros at 30 June 2009.

Having been informed by Sea Launch that it would be unable to keep to the agreed schedule for putting W7 in orbit, in September 2009 the Group exercised an option in a launch service contract with ILS, allowing this satellite to be launched according to the schedule stated in its deployment plan (see section 12.1 "Recent developments" for more details). Discussions have started with Sea Launch to reallocate the initially planned launch to a future satellite of the Group. Sea launch is negotiating with its creditors and clients in relation with restructuring issues currently being considered pursuant to Chapter 11 of the US Bankruptcy Code.

The Group believes that, at the date of this reference document, these discussions and the information available since the end of the financial year on 30 July 2009 do not change the approach adopted in Note 6 to the consolidated financial statements (see section 20.1.1) according to which the Group estimated that Sea Launch should be in a position to comply with its contractual obligations *vis-à-vis* the Group relating to the provision of launch services.

If Sea Launch is unable to fulfil its contractual obligations to the Group within the specified timeframe, the Group would reallocate the satellites concerned to other service providers and, in some cases, enter into new launch contracts. Such events could have a significant negative impact on the Group's business, financial situation and results.

4.1.3 The satellites operated by the Group may experience failures or malfunctions in orbit

Satellites are sophisticated pieces of equipment and are sensitive to the external environment. Once in orbit, malfunctions may occur for various reasons and reduce their remaining operating life and/or permanently or intermittently reduce their transmission capacity, which could have a significant negative impact on the Group's business, financial situation and results.

In February 2009, the W2M satellite, after it had been launched but before it had come into service, experienced a major fault in one of its power generation sub-systems. This made it impossible to integrate the satellite into the Group's commercial fleet during this financial year and resulted in a significant reduction in the satellite's transmission capacity (see section 6.6.3 "Breakdowns and losses of equipment"). In the past, certain equipment has broken down on other Group satellites, which are then operated by using onboard redundancy equipment. During the year ended 30 June 2008, the W5 satellite experienced a major incident which reduced its capacity from 24 to 20 transponders, and reduced its estimated remaining life by 3 years (see section 6.6.3 "Breakdowns and losses of equipment").

In the event that a satellite breaks down or malfunctions in orbit, the Group cannot guarantee continuity of service for customers in that orbital position by successfully launching a replacement satellite or a satellite capable of taking over the faulty satellite's role.

In the event that a satellite breaks down or malfunctions in orbit, the Group cannot guarantee continuity of service for customers by using redundant equipment or back-up capacity on another satellite, particularly if there is a lack of available satellite capacity suitable for the needs of the customers concerned.

In the event that a satellite breaks down or malfunctions in orbit, the Group may have trouble keeping its customers (who could terminate or renegotiate their capacity allotment agreement) and might not be able to enter into new capacity allotment agreements on satisfactory terms.

Such failures or malfunctions could have a significant negative impact on the Group's business, financial situation and results.

4.1.4 The Group has not taken out insurance policies for all the in-orbit satellites it owns, and such policies might not protect the Group against all damages suffered by its satellites

The Group currently has an in-orbit lifetime insurance programme covering the net book value of 16 of its satellites. The policies cover the partial losses and/or deemed-total losses of the insured satellites under certain conditions. In spite of total or partial insurance coverage, a failure or loss of one or more of the Group's satellites could have a significant negative impact on its business, financial situation and results.

The in-orbit lifetime insurance policies taken out by the Group contain typical exclusion clauses as well as specific exclusion clauses for the risks of potential failures for certain satellites. In the event of losses resulting from an event or piece of equipment excluded by these policies, the damage suffered will not be compensated. Some partial losses or constructive total losses might not be fully compensated under the insurance programme. The Group would not be compensated for damage to its satellites if the annual total loss amount were less than 50 million euros, and would receive 50% compensation for damage if the annual total loss amount were between 50 million euros and 80 million euros. This insurance programme does not protect against losses such as opportunity loss, interruption of business, delayed activations or loss of revenues.

In addition, insurance companies could challenge the causes of the failures or malfunctions or the amount of damages incurred by the Group. The Group cannot guarantee that in the event of a proven failure or malfunction on any of its satellites covered under past insurance programmes, insurers would compensate the Group within a reasonable timeframe or for the amount claimed in compensation by the Group. A lack of compensation, late compensation or partial compensation of losses suffered could have a significant negative impact on the Group's business, financial situation and results.

4.1.5 In the future, insurance policy premiums for satellites in orbit and satellite launches could increase and insurance cover could be more difficult to obtain or to renew

During the financial year ended 30 June 2009, insurance premiums represented approximately 4% of total operating costs.

The main insurance policies taken out by the Group are in-orbit lifetime insurance policies, renewable annually. The orbit lifetime insurance plan taken out by the Group will be renewed in November 2009.

Many factors, some of which are outside the Group's control, may affect the amount of insurance premiums, mainly statistics on satellite failures or launch failures across the sector as a whole.

The Group might not be able to renew its in-orbit insurance plan on comparable terms in the future. A deterioration in the in-orbit lifetime insurance market or an increase in insurance premiums could prompt the Group to reduce its coverage of partial losses or total constructive losses, which could result in an increase in the Group's exposure to the consequences of a failure or malfunction in orbit.

In addition, the Group has taken out launch insurance which covers the launch of the following satellites until May 2011: W7, KA-SAT and W3B, currently under construction.

For some of these satellites, the Group will have to take out additional launch cover to ensure that all of its insurance needs are covered.

The Group might not be able to obtain this additional cover or launch insurance for new satellites currently under construction or to be built after May 2011 on satisfactory terms. This could arise from a reduction in the supply of insurance products and services or a substantial increase in launch insurance premiums, due in particular to launch failure statistics across the sector as a whole. This could have a significant negative impact on the Group's business, financial situation and results.

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4.1.6 Some of the Group's revenues are generated by Multi-Usage Services, which depend heavily on the global political and economic context

Over the last few years, the Group has generated some of its revenues (8.1% of the Group's revenues for the financial year ended 30 June 2009) in the Multi-Usage Services segment. Among other things, this segment includes the direct or indirect supply of services to governments, especially in the USA, on the basis of 1-year capacity allotment agreements. Obtaining and/or renewing capacity allotment agreements for this segment depends to a great extent on the global political and economic context. As a result, the Group cannot be certain that it will be capable of continuing to earn revenues in the Multi-Usage segment.

Any failure to obtain new contracts or any termination, non-renewal or renewal under less favourable conditions of such contracts may have a significant negative impact on the Group's business, financial situation and results.

4.1.7 A growing portion of the Group's customers consists of end-users and demand for capacity is becoming increasingly fragmented

For several years now, end-users have made up a growing percentage of the Group's customers. Some distributors could ask the Group to take over end-user contracts. These customers could have less extensive financial resources than traditional distributor clients. This could increase the risk of unpaid debts and thereby have a significant negative impact on the Group's business, financial situation and results.

Moreover, end-user customers need satellite capacity that may be lower than that requested by distributor customers. Thus, a larger proportion of the Group's new capacity allotment agreements may involve using only a fraction of a transponder and not an entire transponder. If an end-user customer using a fraction of a transponder did not pay his invoices or did not comply with any other contractual commitment vis-à-vis the Group, the Group might not be able to discontinue the services provided to that customer without interrupting service for all customers using that same transponder. This fragmented capacity demand could thus have a significant negative impact on the Group's business, financial situation and results.

4.1.8 The Group is exposed to risks inherent in the international nature of its customer base and business

The Group provides satellite telecommunications services to customers in about 150 countries and could potentially develop its activities in other countries. The Group is therefore exposed to geopolitical, economic or other risks inherent in the global nature of its operational activities. Tariff, tax, regulatory and customs policies pertaining to the services provided by the Group, along with the business practices of some countries and their political or economic instability, could prevent the Group from implementing its development strategy. This could have a significant negative impact on its business, financial situation and results.

In addition, if the Group had to bring legal action against its customers or commercial partners located outside the European Union, it could be difficult to assert its rights. This could have a significant negative impact on its business, financial situation and results.

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4.1.9 The Group might not be in a position to meet demand for satellite capacity at certain orbital positions

Available satellite capacity is currently substantially smaller than demand in some frequency bands (Ku-and C-bands) and/or in Extended Europe. This situation, which could persist, is a result of the lack of synchronisation between the long-term investment and operation cycles of satellites and cyclical variations in demand.

Given its current satellite capacity utilisation rate (88.8% at 30 June 2009), the Group might not be in a position to meet the additional capacity demands of existing customers at certain orbital positions. These customers could then lease additional capacity from other operators and/or choose to terminate their contracts with the Group and transfer their entire leased capacity from the Group to other satellite operators with available capacity. This could have a significant negative impact on the Group's business, financial situation and results.

Due to high satellite capacity utilisation rates, and given the limited number of customers and/or end-users of satellite capacity, the Group might not be in a position to satisfy demand from new customers if the lack of capacity continues, including in the event of delays or failures with upcoming satellite launches. This could have a significant negative impact on the Group's prospects and its ability to achieve its growth objectives.

4.1.10 The Group is exposed to specific risks arising from the capacity it uses on satellites in stable orbit belonging to third parties

At the filing date of this reference document, the Group uses capacity on 4 satellites (Telstar 12, Sesat™ 2, Telecom 2C et Express A4) belonging to third parties, which are recognised as assets on its consolidated balance sheet.

In the event of failures or malfunctions affecting these satellites, the Group cannot guarantee that it would be in a position to obtain compensation and equivalent available capacity at equivalent conditions. The Group cannot guarantee that a dispute resulting from such failures or malfunctions would be resolved in its favour.

The Group may also be exposed to the risk of bankruptcy of the owners of such satellites, which could result in the termination or interruption of its capacity leases.

Such situations could lead to a write-down of these assets in the Group's consolidated financial statements and could have a significant negative impact on its business, financial situation and results.

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>> 4.2 Risks inherent in the FSS (Fixed Satellite Services) sector

4.2.1 The Group is facing substantial competition from satellite operators and terrestrial network operators

The Group is facing substantial competition from international, national and regional satellite operators. The Group's main competitors are other global satellite operators, such as SES Global and Intelsat. These competitors have greater satellite capacity or geographic coverage than the Group, and greater financial resources. The Group is also in competition with regional and national satellite operators, some of which enjoy advantages (e.g. tax or regulatory advantages) in their domestic markets. Heightened competition between satellite operators could lead to greater price pressure, which could have a significant negative impact on the Group's business, financial situation and results.

The Group is also in competition with terrestrial network operators (cable, fibre-optic, DSL, radio multiplex transmission and VHF/UHF transmission, especially digital) for many transmission services and Value-Added Services, and particularly for broadband IP access, but also for TV broadcasting services (ADSL TV, DTT). Greater competition could result in greater pricing pressure on satellite broadcast and telecommunications services. In addition, any improvement or increase in the geographic penetration of terrestrial network operators could prompt the Group's customers to choose telecommunications solutions offered by these operators, thereby making it more difficult for the Group to keep or increase its customer portfolio. Finally, some technological innovations that could be developed in the future may offer alternatives to satellites, and could make satellite technology obsolete. Stiffer competition from terrestrial network operators could thus have a significant negative impact on the Group's business, financial situation and results.

4.2.2 The Group's operations are sensitive to changes in demand among users of Video Applications

The TV industry is sensitive to changes in advertising budgets and consumer spending, which are in turn affected by the economic situation as a whole. Over the last few years, television stations, TV broadcasting platform operators and cable operators have had financial difficulties due to the drop in their advertising revenue and the general economic slowdown. The Group cannot guarantee that the TV industry, which forms a large part of its user base, will not once again be affected by an economic slowdown, resulting in weaker demand or increased price pressure. Such a downturn could have a significant negative impact on the Group's business, financial situation and results.

The ongoing consolidation among satellite TV broadcast platform operators and/or cable operators that has already taken place in Spain, Poland, Italy and France could also give TV broadcast platform operators or cable operators greater bargaining power with satellite operators or their distributors, thereby creating additional price pressure. Such consolidation could have a significant negative impact on the Group's business, financial situation and results.

The implementation of new broadcasting standards, which has resulted and could continue to result in a higher signal compression rate, has already reduced and could continue to reduce transponder demand for a given number of channels. If this decrease is not offset by an increase in the number of channels broadcast, overall transponder demand could be reduced, and this could have a significant negative impact on the Group's business, financial situation and results.

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4.2.3 The Group is dependent on several major customers

The Group generates a significant portion of its revenues from a limited number of customers, including distributors, most of which are telecoms operators. At 30 June 2009, the Group's top 10 customers represented 53.8% of its revenues (the breakdown for the Group's top ten customers at 30 June 2008 and 2009 is shown in section 6.7 "Commercial and Distribution Policy"). The Group's major clients could decide to terminate their contracts, not to renew them, or to renew them on terms, particularly price terms, less favourable to the Group. This could have a significant negative impact on its business, financial situation and results.

Moreover, the Group's major customers, in terms of capacity and revenues, particularly those located in emerging markets, may encounter or are encountering financial difficulties likely to lead to late payments, unpaid debts, or their bankruptcy, which may lead to termination of the corresponding capacity contracts. The Group might not be capable of replacing the defaulting customers with new customers and/or recovering any or all of the monies owed by such customers. This could have a significant negative impact on the Group's business, financial situation and results.

4.2.4 The Group may suffer the departure of key employees or be unable to hire the staff needed for its operations

For management and operational purposes, the Group depends on a number of key employees who have very specialised skills and ample experience in their respective fields. If these employees were to leave, the Group might have trouble replacing them. In addition, the Group's business, characterised by constantly-evolving technology, requires the ability to attract new, highly technically qualified employees on a permanent basis. In the future, if the Group is unable to retain or replace these employees, or is unable to attract new, highly-qualified employees, this could have a significant negative impact on its business, financial situation and results.

4.2.5 Changes in technology could make the Group's satellite telecommunications system obsolete

The telecommunications industry is subject to rapid technological changes. If the Group were not in a position to adapt to these changes quickly and efficiently, its satellite telecommunications system could become obsolete. As such, the Group's competitive position could be weakened, especially if its competitors were capable of incorporating these new technologies. If the Group's satellite telecommunications system became obsolete, demand for its services could decrease, which would have a significant negative impact on its business, financial situation and results.

4.2.6 The Group's operations are exposed to the risk of sabotage, including terrorist acts and piracy

The Group's operations are exposed to the risk of sabotage, including terrorist acts and intrusions into its satellite control systems. If the Group's facilities and equipment were disabled, the Group might not be able to prevent a temporary or permanent interruption in service. Such disturbances in the satellite network could result in the loss of customers.

Furthermore, the Group's insurance policies, as is customary in the space industry, automatically provide exclusions in the event of damages caused by acts of sabotage, piracy or terrorism.

Any act of terrorism, sabotage or piracy could thus have a significant negative impact on the Group's business, financial situation and results.

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>> 4.3 Risks relating to the Group's strategic development

4.3.1 The Group's development depends greatly on future demand for satellite services

The Group's development partly depends on future demand for Video Applications, partly linked to the expected development of Direct-to-Home (DTH) television broadcasting in emerging countries, high-definition television (HDTV) and satellite-based Internet access. This demand might not materialise. In addition, the Group might not be in a position to make the investments necessary at the appropriate time to meet this demand. In particular, with HDTV consuming more satellite capacity than the current satellite television broadcast standard, the Group might not be in a position to invest in additional satellites at the right time, or to the extent needed to meet market demand. If demand for Video Applications does not increase or the Group is not in a position to meet this demand, this could have a significant negative impact on its business, financial situation and results.

Another part of the Group's strategy is developing Value-Added Services, especially IP access solutions. This will depend, in part, on ongoing growth in demand for broadband Internet services, which is not certain to take place and which is hard to predict. Demand for broadband Internet services could decrease or grow more slowly than it has in the last few years. Moreover, even if this demand does continue to grow, the Group cannot guarantee that such growth will result in increased demand for satellite services, because of the cost of accessing satellite capacity. Furthermore, the Group might not be able to provide broadband Internet services corresponding to market demand or at competitive prices, particularly in the event of delays or failures involving its KA-SAT TOOWAY™ service. If the demand for satellite broadband Internet services does not increase as predicted or the Group is not able to meet it adequately, this could have a significant negative impact on its business, financial situation, results and growth objectives.

Development of the Group's operations also depends on its available capacity in the various frequency bands requested by customers. The fill factor of the Group's satellite fleet was 88.8% at 30 June 2009. This very high figure considerably reduces the Group's flexibility to respond to customer demand. This could have a significant adverse effect on the Group's ability to meet customer demand in these bands.

4.3.2 The Group's development strategy depends partly on expanding into geographical areas in which it has little or no experience and where prices could come under pressure

The Group's future development depends, in part, on its ability to develop in geographical areas in which it has little or no experience and where there could be substantial competitive and price pressure. This could result in prices that are often lower than those seen in Europe. This competitive context could limit the Group's ability to penetrate these markets or be competitive within them.

Additionally, in order to facilitate distribution and marketing of its services in those areas, the Group could seek to enter into agreements with other companies, such as joint ventures or partnerships. However, it might not be able to identify or enter into agreements with appropriate partners. Furthermore, these agreements could carry certain risks, arising, among others, from a lack of control over projects, conflicts of interest between the partners, the possibility that any one of them does not meet any one of its obligations (including in regard to its equity investments) and the difficulty faced by the Group in maintaining uniform standards, control procedures and policies.

If the Group is unable to penetrate these markets in satisfactory economic conditions or, as the case may be, with appropriate partners, this could prevent the Group from implementing its development strategy. This could have a significant negative impact on its business, financial situation, results and growth objectives.

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4.3.3 The Group has undertaken new and innovative projects, the profitability of which is not guaranteed

The Group is making major investments in developing satellite mobile services through its joint venture with SES Astra, Solaris Mobile Ltd.

The Group has also taken steps to implement new infrastructure in 2010, including a new satellite (KA-SAT) and a complex network of terrestrial stations, which will enable it to sell satellite broadband Internet access solutions (TOOWAY™) to consumers in Europe.

The development of these new activities depends greatly on the outlook for growth in demand for satellite services. This demand may not materialise, or the Group may be unable to respond to it.

4.3.4 The Group could be exposed to additional risks in the event of acquisitions

The Group could make acquisitions in the future. These acquisitions could be paid for in cash or in shares. Payment in shares could have a dilutive effect for existing shareholders. Furthermore, such transactions imply a certain number of risks relating to the integration of operations or personnel, customer retention, managerial distraction, the appearance of unforeseen liabilities or costs, or regulations applicable to such transactions. Acquisitions could therefore have a significant negative impact on the Group's business, financial situation and results.

>> 4.4 Financial risks

4.4.1 The Company is a holding company that depends on its subsidiaries for the resources necessary to pay dividends and/or to service its debt

The Company is a holding company that has only a limited capacity to produce revenues. The Company therefore depends on its subsidiaries for the resources necessary for any payment of dividends or any other form of distribution to its shareholders and/or for servicing and repaying its debt.

The Company is highly leveraged, with 1,615 million euros in borrowings under the Refinancing Agreement at 30 June 2009 (see section 10.3 under the heading "Eutelsat Communications Refinancing Loan"). This Refinancing Agreement carries no guarantee from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders.

The distributable funds of its principal operating subsidiary, Eutelsat S.A., could be dramatically affected by charges, whether or not they result in any disbursement, and in particular by any impairment of assets recorded in Eutelsat S.A.'s financial statements. In the past, Eutelsat S.A. has recorded substantial write-downs of assets, and may record such write-downs in the future, thereby reducing its distributable net income. A reduction in its subsidiaries' distribution capacity could have a significant negative impact on the Company's financial situation and results.

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4.4.2 The Group has a high level of debt

The Group has a high level of debt. At 30 June 2009, the Group's consolidated net debt was 2,326.5 million euros and consisted mainly of: (i) 1,615 million euros of borrowings under the Company's Refinancing Loan (see section 10.3, under the heading "Eutelsat Communications Refinancing Loan"), (ii) 850 million euros consisting of Eutelsat S.A.'s bank debt, and 0.8 million euros of debt related to the Group's subsidiaries, (iii) 2.1 million euros of debt related to satellite financing agreements and (iv) 141.4 million euros in cash and marketable securities (net of credit balances with banks).

The Group's high leverage could:

- make it difficult for the Group to meet commitments relative to its debt;
- limit the Group's ability to obtain loans or raise additional equity capital;
- increase the Group's vulnerability in an unfavourable economic or industry environment;
- limit the Group's ability to adjust to changes in its competitive and technological environment; and
- limit the Group's ability to make certain types of investments.

All of the consequences relating to the Group's high debt level, including those mentioned above, could affect the Group's ability to meet its debt-related obligations and thereby have a significant negative impact on the Group's business, financial situation and results.

4.4.3 In order to service its debt, the Group will need substantial capital resources, which it might not be in a position to raise. The Group's ability to access the necessary capital depends on many factors, some of which are outside its control

If the Group were not able to meet its debt-related obligations, it could be forced to refinance or restructure its debt. The Group's ability to restructure or refinance its debt would depend on different factors, some of which are outside its control. Any refinancing of its debt could be done under less favourable terms, which could restrict the Group's operational and financial flexibility. If the Group is unable to service its debt or refinance under financially-acceptable terms, this could have a significant negative impact on its business, financial situation and results.

Moreover, the Group's ability to implement its strategy and generate cash flow depends on economic, financial, competitive, legal, regulatory, commercial and other factors, which are outside its control and which will determine its future performance. If the Group's operating cash flow is not sufficient to cover its investment expenditure and debt servicing, it could be forced to:

- postpone or reduce investments;
- sell assets;
- relinquish commercial opportunities or opportunities for external growth (including acquisitions);
- obtain loans or additional equity; or
- restructure or refinance all or part of its debt.

The Group might not be in a position to perform any of these transactions or succeed in performing them in the time required or on satisfactory economic terms, which could have a significant negative impact on its business, financial situation and results.

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4.4.4 A change in the Group's debt rating could affect the cost and terms of its debt as well as its ability to raise finance

The Group's debt instruments are rated by independent rating agencies Moody's Investor Service (Ba2) and Standard & Poor's (BBB-). These ratings affect the cost and terms of the Group's credit facilities. Future rating downgrades, should they occur, would probably affect the Group's ability to obtain financing and the terms associated with that financing.

The Group cannot guarantee that it will be able to take measures enabling it to improve or maintain its ratings, nor that agencies will regard such measures as sufficient. Additionally, factors outside the Group's control, such as those related to its industry segment or the geographical areas in which it operates, may affect its agency ratings.

Accordingly, the Group cannot guarantee that its debt rating will not be downgraded in the future, which could have a significant negative impact on its business, financial situation and results.

4.4.5 Eutelsat S.A., the Group's main operating subsidiary, could be subject to new financing requests related to the financial guarantee it provides to IGO's Closed Pension Fund

Before the creation of Eutelsat S.A. and the transfer by IGO of its operating activities (see section 5.1.5 "Key Events"), IGO managed a pension fund (the "Closed Pension Fund") for its staff members. The rights of the Closed Pension Fund's beneficiaries were fixed, and management of the fund and the corresponding assets were assigned to a Trust, which was also charged with managing the corresponding pension liabilities.

At 30 June 2009, the present value of the Trust's pension liabilities amounted to 134.2 million euros in Eutelsat S.A.'s consolidated financial statements, and the fair value of its assets was 148.0 million euros (see Note 22.1 to the consolidated financial statements for the year ended 30 June 2009, as set out in section 20.1.1 of this reference document). The calculation of total pension liabilities is based on actuarial assumptions, including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund's beneficiaries. Estimated total pension liabilities may be higher or lower depending on the scenario applied.

Pursuant to the transfer agreement dated 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee given by IGO to cover any financing shortfall in the Closed Pension Fund. This guarantee may be activated under certain conditions so as to make up any such future shortfall. During the year ended 30 June 2005, as a result of a significant decline in long-term interest rates, the guarantee was called upon in an amount of 22.3 million euros. This amount was measured on the basis of the Trust's projections, taking into account future market developments. No payment had been made as of 30 June 2005.

In November 2005, an agreement was reached with the Trust for incremental payment of the amount, with 4.46 million euros paid upon signature of the agreement, followed by 4.46 million euros at 30 June 2006, 2007, 2008 and 2009.

Pursuant to the agreements governing the Closed Pension Fund, the Trust's administrators have the power to liquidate the Closed Pension Fund if certain events should occur, including if they deem that the Closed Pension Fund cannot continue to be effectively managed. In the event that administrators of the Trust liquidate the Closed Pension Fund, they would appoint an actuary to determine any shortfall between the value of the Closed Pension Fund's assets relative to its liabilities, and the Group would be obliged to pay the difference, which could be substantial.

The Group cannot predict with certainty what amount it would potentially have to pay if the guarantee were enforced. Any financing shortfall in the Closed Pension Fund could create new obligations for Eutelsat S.A. pursuant to the financial guarantee. This could have a significant negative impact on the Group's business, financial situation and results.

4.4.6 The Group is not exposed to any substantial liquidity risk

At 30 June 2009, available cash assets amounted to nearly 141.4 million euros, to which were added 750 million euros of bank credit facilities, which had not been drawn as of that date. The Group considers that it is not exposed to any significant liquidity risk. At 30 June 2009, the Group complied with all of the financial ratios (covenants) required by its various credit facilities as described in section 10.3 "Changes in indebtedness and the Group's financing structure" of this reference document.

>> 4.5 Regulatory risks

4.5.1 Eutelsat S.A., the Group's main operating subsidiary, is subject to the Amended Convention of EUTELSAT IGO, and Eutelsat Communications is subject to the Letter-Agreement

The By-laws of Eutelsat S.A. stipulate that the international treaty establishing Eutelsat IGO, dated 15 July 1982 and amended on 20 May 1999 (hereinafter the "Amended Convention"), is a "reference document" for the conduct of Eutelsat S.A.'s business activities.

The reciprocal rights and obligations of Eutelsat S.A. and Eutelsat IGO are defined in an agreement made in application of the Amended Convention (the "Arrangement") dated 2 July 2001.

The rights that Eutelsat IGO enjoys under the Arrangement are intended to allow Eutelsat IGO to ensure that Eutelsat S.A. respects the Basic Principles defined in the Amended Convention, namely: the public service/universal service obligation for telephony services connected to the international public switched network; the provision of audiovisual services in keeping with relevant international agreements, including the European Convention on transfrontier television and national regulations; the pan-European coverage of the satellite system and compliance with the principles of non-discrimination and fair competition (see section 6.8.6 "Other provisions applicable to the Group" for more information on the Basic Principles) in defining its strategy and conducting its business.

In particular, Eutelsat S.A. is required to inform Eutelsat IGO in the event of major changes to its operational, technical, commercial or financial policy that could affect compliance with the Basic Principles and to obtain the prior written agreement of Eutelsat IGO if it intends to proceed with voluntary liquidation, including in the event of a merger or consolidation with another entity.

Additionally, Eutelsat S.A. is obliged to finance the operating costs of Eutelsat IGO. For a complete description of Eutelsat S.A.'s obligations under the Arrangement, (see section 6.8.6 "Other provisions applicable to the Group").

With a view to allowing the Company to carry out an initial public offering of its shares, Eutelsat Communications and Eutelsat IGO signed a Letter-Agreement dated 2 September 2005 (the "Letter-Agreement") by which the Company made certain commitments to Eutelsat IGO (see section 6.8.6 "Other provisions applicable to the Group").

In particular, the Company undertook not to propose and/or vote for any decision to distribute Eutelsat S.A. dividends in excess of the total net annual profits of Eutelsat S.A. and/or the aggregate of the net annual profit(s) of Eutelsat S.A. that may have been allocated to the reserve and/or that could result in increasing Eutelsat S.A.'s net debt/EBITDA ratio to a value higher than 3.75/1; to take all measures to ensure that the obligations entered into by the Company, or that the Company might enter into, shall in no way result in default by Eutelsat S.A. as regards its own financing; to maintain in Eutelsat S.A. a minimum amount of equity in accordance with sound financial management of Eutelsat S.A. and to enable it to continue complying with the Basic Principles and to maintain a level of consolidated Group debt that is not contrary to market practices and to the sound management of the Group.

Moreover, in order to facilitate reporting to Eutelsat IGO regarding the Company's operations, the Executive Secretary of Eutelsat IGO takes part in meetings of the Eutelsat S.A. Board of Directors and, since Eutelsat S.A.'s IPO, has attended meetings of Eutelsat S.A.'s Board of Directors as a non-voting director.

Eutelsat IGO's assessment of Eutelsat S.A.'s operations and strategy, in terms of the obligation to observe the Basic Principles, and the Group's financial policy, could be different from that of the Group. Taking into account Eutelsat IGO's recommendations or requests could reduce the Group's responsiveness and flexibility in conducting its business, managing its debt and equity and defining its distribution policy, and could have a significant negative impact on the Group's business, financial situation and results.

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4.5.2 The application of international regulations on co-ordinating frequency assignments could make it more difficult for the Group to implement its deployment plan

Frequency assignments are co-ordinated internationally according to the International Telecommunication Union's (ITU's) "Radio Regulations". The purpose of this co-ordination is to limit the risks of interference between broadcasts (see section 6.8.1 "Regulations governing frequency assignments and international co-ordination" for a description of the frequency assignment co-ordination procedure).

Eutelsat S.A. has a number of frequency assignments for which the international co-ordination procedure, in accordance with the general regime defined by the ITU's Radio Regulations (see section 6.8.1 "Regulations governing frequency assignment and international co-ordination") is not yet complete and/or is not yet in operation with any of the Group's satellites. As regards assignments for which the co-ordination procedure is not yet complete, the priorities for these assignments, and for third parties involved in the co-ordination, could mean that co-ordination restricts the Group's capacity to operate fully some of these assignments. As regards assignments for which the co-ordination procedure is not yet in operation, the Group might not be in a position to activate them within the deadlines set by the Radio Regulations, which would result in a loss of their current priorities. Both situations could have a significant negative impact on the Group's activities, financial situation and results.

The Group also has certain frequency assignments governed by one of the 2 special regulations (see section 6.8.1.1 "International co-ordination of frequency assignments under the Radio Regulations"). If any states decided to exercise their rights under these systems, or if these special regimes were amended, the Group could be forced to change or discontinue the current use of its assignments, which could have a significant negative impact on its business, financial situation and results.

Finally, the ITU's Radio Regulations provide only for voluntary resolution of disputes in the event of disagreements between the ITU's Member States over non-compliance with international regulations governing co-ordination of their frequency assignments. The Group could be forced to accept the result of an unfavourable agreement between ITU Member States relating to frequency assignments it uses. This could have a significant negative impact on the Group's business, financial situation and results.

4.5.3 The Group's provision of satellite telecommunications services is subject to certain specific legislative and regulatory provisions

The satellite telecommunications industry in which the Group operates is the subject of extensive regulation (see section 6.8 "Regulation"). Changes in policy or regulation – on a global level under the International Telecommunication Union, in the European Union, in France or in the other countries in which the Group does business – could have a significant negative impact on the Group's activities, particularly if such changes increase costs and regulatory restrictions relating to the Group's services. These changes could have a significant negative impact on the Group's business, financial situation and results.

The Group must maintain its existing frequency assignments at the orbital positions at which it operates, else it may need to redeploy some of its satellites. It must also be able to obtain new frequency assignments, at the same or new orbital positions, for the future expansion of its business.

In France, regulations on obtaining and using assigned frequencies relating to a satellite system have been in force since the "confidence in the digital economy act" (No. 2004-575 of 21 June 2004) and the decree of 11 August 2006 (see section 6.8 "Regulation"). Applied strictly, this regulation has already to some extent, and could in future, limit the Group's ability to obtain new assigned frequencies from the French authorities or to use them as it would like. Such a situation could have a significant negative impact on the Group's business, financial situation and results.

Currently, the cost of requests for frequency assignments from the ITU and of requests for frequency usage authorisations consists solely of the handling costs of the Agence Nationale des Fréquences. A change in the pricing policy could prompt the authorities to charge operators for part of the economic value of the orbital positions they operate. This could have a significant adverse effect on the Group's business, financial situation or results.

In addition, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments", see section 6.8 "Regulation"). Changes in global, European or national regulatory policies could mean that certain frequency bands previously open to satellites

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could no longer be accessed through future authorisation requests in France. This is the case with the 3.4-3.8 GHz band, which cannot now be used for Fixed Satellite Services. Such a situation could have a significant negative impact on the Group's business, financial situation and results.

When developing new businesses, the Group could be subject to regulatory requirements including requirements relating to broadcasting (content broadcast) and earth stations. Compliance with these new regulatory requirements could involve considerable investments of time and resources. Furthermore, the Group cannot guarantee that it will be able to obtain or maintain the necessary authorisations, which could delay or interfere with the provision of services to customers in the affected countries or the implementation of its development strategy, thereby having a significant negative impact on its business, financial situation and results.

Under the partnership with SES, the Group and SES formed a joint venture called Solaris Mobile Ltd. This company is responsible for operating and marketing an S-band payload on the W2A satellite, which was launched on 3 April 2009. On 7 August 2008, the European Commission invited applications in order to select S-band satellite mobile systems operators in the European Union. Solaris Mobile Ltd responded to this invitation on 7 October 2008. Solaris Mobile Ltd was selected by the Commission in its decision of 13 May 2009. Member states must now grant a right of use in their territory for the frequencies identified in the Commission's decision, for a period of 18 years from the date of the Decision.

If Solaris Mobile Ltd does not comply with the undertakings made in its application or with the scheduled progress of the project, sanctions could be applied to Solaris Mobile Ltd, including the suspension or co-ordinated withdrawal of authorisations. This could have an adverse impact on the Group's business, financial situation and results.

The amendment of applicable regulations could also limit or prevent the obtaining or retaining of the necessary authorisations relating to the Group's current business or to its development strategy, which could have a significant negative impact on the Group's business, financial position and earnings.

Furthermore, some States could decide to impose a system of taxation on satellite operators for satellite broadcast reception in their territory. Such a development could have a significant negative impact on the Group's business, financial situation and results.

4.5.4 In 2010, the Group will be subject to new regulations in the form of France's space operations act

The space operations act was published in France's *Journal Officiel* on 4 June 2008, and its implementing decrees were published on 10 June 2009. The Group is mainly affected by decree 2009-643 relating to authorisations. The system will come into force one year after the publication of the associated technical regulations, which are currently being prepared, and at the latest 18 months after the decrees were published (see section 6.8 "Regulation").

The Group should obtain a licence giving authorisation for the "control of space objects" part of its business. However, it will have to gain individual authorisation for each launch from a non-EU and non-EEA (European Economic Area) country. This will create regulatory uncertainty relating to launch operations outside the EU that may last several months. The Group frequently uses launchers outside of the EU.

In addition, the Group will not benefit from the government guarantee – intended to cover damage caused to third parties – beyond the limit imposed on operators by law when it launches satellites from a foreign country, or for any damage caused in orbit during the supervision phase. In a large portion of its activities, the Group is therefore exposed to a risk of having to pay for all resulting repairs.

Depending on the content of the technical regulations adopted, the rules applied to operators, particularly as regards de-orbiting and debris reduction, could be more stringent than the Group's current policy.

The application of these new regulations could therefore have a significant negative impact on the Group's business, financial situation and results.

4.5.5 The Group is subject to strict regulations on the content of the programmes broadcast via its satellites

Regulations on the broadcasting of television programmes in the European Union specify that each member-state must ensure that the programmes transmitted comply with applicable laws on broadcasts to the general public, especially for the purpose of protecting children and prohibiting the promotion of hatred and racial discrimination. As a French satellite operator, the Group could be given formal notice to cease broadcasting a television channel from outside the European Union whose programming does not comply with French laws and regulations or that might jeopardise public order (see section 6.8.3 "Regulation in terms of content"). However, the Group might not be technically able to cease that transmission without being forced to interrupt the transmission of other television channels that are part of the same multiplex on the same transponder. These television channels might then terminate contracts for that capacity and demand compensation, which could have a significant negative impact on the Group's business, financial situation and results.

In future, the French authorities could order that the broadcasting of non-European channels be discontinued. If governmental or judicial decisions can at any time prevent it from providing its transmission services, it could become more and more difficult for the Group to continue its policy of long-term contracts for the transmission of television channels with foreign customers. This could prompt some customers to use the services of competing operators, which would have a significant negative impact on the Group's business, financial situation and results.

This risk could be reduced given the fact that, as indicated in section 6.8.3.1 ("Television without Frontiers" Directive), a large portion of the foreign channels broadcast by the Group should be governed, from 19 December 2009, by the regulator of the country where the satellite uplink takes place (Germany, Italy, UK, etc.), and no longer by the French regulator.

Within the authorised European limits, some countries may be more flexible than France and their regulators may be more amenable than France's. However, certain steps relating to channels that may create compliance problems under French law and the European directive (which is merely transposed by national legislation) are initiated by the Commission itself. Such steps may therefore have repercussions regardless of which is the competent national regulator within the European Union.

French laws could in future be supplemented or modified, especially with respect to non-European television channels, and could prohibit French satellite operators from carrying television channels that do not have an authorisation or licence from the CSA (see section 6.8.3 "Regulation in terms of content" for a description of the regulations on this point). This could have a significant negative impact on the Group's business, financial situation and results.

>> 4.6 Market risks

4.6.1 Currency risk

The euro is the currency used by the Group in preparing its financial statements. However, since a portion of the Group's activities is carried out outside the eurozone, and as some of its principal suppliers are located outside the eurozone, the Group must contend with the risk of changes in foreign exchange rates when conducting its business.

Some of the Group's revenue, costs and investments are denominated in other currencies, mainly the US dollar. As a result, fluctuations in exchange rates may have a negative impact on the Group's results.

Moreover, because development of the Group's business outside the eurozone is a key factor in its business strategy, its exposure to fluctuating exchange rates could increase. This geographic expansion could result in an increase in EUR/USD exchange-rate risks.

The Group is also exposed to EUR/USD exchange-rate risks because purchases of satellites and launch services are denominated in US dollars. These contracts are of a high value, generally in excess of 50 million US dollars, and may involve phased payment. At 30 June 2009, the Group owed phased payments relating mainly on 6 US dollars contracts, totalling 250.3 million US dollars over the financial year 2009-2010.

Fluctuating exchange rates could lead to an increase in the price of the Group's capacity and services when paid in currencies other than the euro. These fluctuations could then reduce demand from customers paying in currencies other than euro. Even in the absence of fluctuating demand, fluctuations in the exchange rate could have an impact on the Group's revenues, because a portion of its revenues is in currencies other than the euro.

In addition, the Group's customers located in emerging countries could face difficulties in obtaining euros or US dollars, especially because of currency controls. This could significantly affect their ability to pay in euros or in US dollars, thereby exposing the Group to additional exchange-rate risks.

To cover itself against the risks of fluctuating exchange rates, the Group carries out synthetic forward sales of US dollars and euros with knock-in options, which are exercised or not depending on the exchange rate on their expiry date.

The Group does not automatically hedge all of its contracts denominated in US dollars.

At 30 June 2009, the fair value of the Group's foreign-exchange risk hedges was (0.3) million euros, compared with 1.6 million euros at 30 June 2008.

In view of the existence of instruments to hedge its exchange-rate risk, the Group estimates that a 1% reduction in the value of the US dollar against the euro would have had an non-material impact on its net income for the financial year ended 30 June 2009.

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The table below shows the situation (in thousands of euros) for all existing currency-hedging instruments at 30 June 2009.

	Notional amounts		
	2007	2008	2009
Currency options (USD puts Euro calls)	140,741	27,027	-
Synthetic forward transaction with knock-in option	-	-	14,150

The net foreign-exchange risk position at 30 June 2009 was as follows:

(In thousands of euros)	
Assets	106,382
Liabilities	30,145
Net position before risk management	76,238
Off-balance sheet position (forward plus knock-in options)	14,150
Net position after risk management	62,087

4.6.2 Interest-rate risk

The Group manages its exposure to variations in interest rates by hedging its variable-rate debt.

After refinancing the debt related to the acquisition of Eutelsat S.A. during the financial year ended 30 June 2006, the Group implemented the following interest-rate hedging instruments:

- a 3-year collar (purchase of a cap and sale of a floor) expiring 29 April 2008 for a notional amount of 1.7 billion euros, to hedge Eutelsat Communications' long-term loan. This collar's notional amount was reduced on 12 April 2007, from 1.7 billion euros to 1.615 billion euros, bringing it in line with the exact loan amount. This partial sale generated a termination profit of 1.3 million euros;
- a pay-fixed, receive-variable interest-rate swap with a deferred start, for 2 years (2009 and 2010), in a notional amount of 850 million euros, plus the purchase of a cap in a notional amount of 850 million euros, to hedge Eutelsat Communications' long-term loan. The Group also made a partial sale of these instruments, taking their national amount from 1.7 billion euros to 1.615 billion euros (*i.e.* reducing the notional amount of each from 850 million euros to 807.5 million euros) and generating a termination profit of 0.9 million euros.

At the end of September 2006, a new deferred-start interest-rate hedge (2010 and 2011) was taken out:

- a pay-fixed, receive-variable interest-rate swap in a notional amount of 1.615 billion euros to hedge Eutelsat Communications' long-term interest-only loan.

After the Eutelsat S.A. sub-group took out a syndicated loan (notional amount 1.3 billion euros) in November 2004, derivatives linked to this loan were immediately implemented. These consist of:

- a pay-fixed, receive-variable interest-rate swap on the 650 million euros long-term interest-only portion of the loan over 7 years until maturity; and,
- a 5-year collar (purchase of a cap and sale of a floor) in a notional amount of 450 million euros, linked to the 650 million euros revolving loan.

On 12 March 2007, the collar was cancelled, generating a profit of 0.7 billion euros, and new transactions linked with the 650 million euros revolving loan were carried out:

- a pay-fixed, receive-variable interest-rate swap was arranged in a notional amount of 250 million euros over 4 years until maturity of the revolving loan;
- a cap was purchased for a premium of 2 million euros, in a notional amount of 200 million euros over 4 years until the maturity of the revolving loan.

On 20 November 2007, a pay-3 month Euribor receive-1 month Euribor basis swap in a notional amount of 650 million euros was entered into for 6 months (until 30 June 2008).

This pay 3-month Euribor receive 1-month Euribor interest-rate swap has been renewed 3 times:

- on 11 June 2008 for 6 months, until 31 December 2008;
- on 21 November 2008 for 6 months, until 30 June 2009; and,
- on 15 May 2009 for 12 months, until 30 June 2010.

All of these basis swap transactions are combined with the pay-fixed rate, receive 3-month Euribor swap intended to hedge the 650 million euros interest-only loan.

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The table below shows the situation for all existing interest-rate hedging instruments at 30 June 2009:

(In thousands of euros)	Contractual/ notional values	Fair value at 30 June 2009	Change in fair value over the financial year	Impact on income	Impact on equity
INSTANT HEDGE					
Swap (Eutelsat Communications)	807,500	(14,811)	(43,954)	(3,945)	(40,009)
Purchased cap (Eutelsat Communications)	807,500	-	(18,609)	(2,273)	(16,336)
Swap (Eutelsat S.A.)(1)	650,000	(24,548)	(57,743)	1,494	(59,237)
Swap (Eutelsat S.A.)(1)	650,000	-	217	-	217
Swap (Eutelsat S.A.)(1)	650,000	225	225	-	225
Swap (Eutelsat S.A.)	250,000	(13,442)	(20,940)	(12,237)	(8,703)
Cap (Eutelsat S.A.)	200,000	382	(6,574)	(6,574)	-
DEFERRED HEDGE					
Forward swap (Eutelsat Communications)	1,615,000	(47,484)	(90,096)	-	(90,096)
TOTAL		**(99,678)**	**(237,474)**	**(23,535)**	**(213,939)**

(1) Combined swaps.

At 30 June 2009, an increase of 10 basis points (0.1 percentage points) in the Euribor interest rate would create an impact, on a yearly basis, of about 807,500 euros on the Group's 12-month financial expenses.

The net interest-rate position at 30 June 2009 was as follows:

Maturity *(In thousands of euros)*	< 1 year	1-5 years	> 5 years	Total
Financial liabilities	200,226	2,265,581	-	2,465,807
Financial assets(1)	143,745	382	-	144,127
Net position before hedging	56,481	2,265,199	-	2,321,680
Off-balance sheet items (fixed-rate swaps, caps, collar)	-	2,715,000	-	2,715,000
Net position after hedging	56,481	(449,801)	-	(393,320)

(1) Cash position and financial instruments.

Although the Group applies an active interest-rate management policy, any large increase in interest rates could have a negative impact on its business, financial situation and results.

4.6.3 Equity risk

At 30 June 2009, the Group does not hold any of its own shares (except for shares held under the liquidity contract entered into with Exane-BNP Paribas), nor does it have any interests in listed companies. It therefore runs no significant risks in this respect.

>> 4.7 Risk management

4.7.1 Risk management policy

In conducting its activities, the Group is exposed to a number of operating risks, and more specifically to risks liable to affect its satellite fleet.

The Group has therefore set up a number of internal control procedures, in order to manage the risks inherent in its business and operating environment to the maximum possible extent (see the report by the Chairman of the Eutelsat Communications' Board of Directors, prepared in accordance with Article L. 225-37 of the French Commercial Code in annex 1 to this reference document).

Eutelsat Communications is a holding company, and the operating procedures that have been set up for the Group are implemented by the Group's operating companies, *i.e.* Eutelsat S.A. and its subsidiaries.

Operating and developing the Group's satellite fleet are highly complex matters. As a result, the Group's Executive Management has always paid very close attention to managing the Group's risks. However, corporate risks in general have grown considerably in recent years, due partly to developments in regulation, finance and trade. As a result, to reflect the importance of risk management, and following a recommendation made by the Audit Committee to the Board of Directors, the Group has created the new position of Risk Management Officer.

The Risk Management Department reports directly to the Group's Executive Management and is independent of Internal Audit. The Risk Management Department has the following main tasks:

- identifying major risks that might affect the Group's operations and activities and working with the departments concerned to define policies or processes to reduce these risks;
- assisting the Group's Executive Management and Audit Committee in implementing the risk management policy;
- protecting the Group's interests by ensuring that the risks that might affect the Group are properly defined and that transactions and activities, along with the Company's internal control procedures, are performed so as to minimise risks to the Group;
- ensuring that risk management policies are implemented properly and taken into account in the Company's activities.

Over the financial year ended 30 June 2009, a Group risk map was drawn up. The initial intention was to identify and measure risks that could affect the Group's operations or activities. The Risk Management Department also developed and implemented new, more cross-functional methods, along with new risk management tools, which will be adjusted gradually to the Group's various business areas.

Due to the large number of satellite launches in the financial year ended 30 June 2009, the department's work focused on access to space. This work included systematically assessing the risk of satellite launches failing or being delayed, and was carried out with the support of the Technical, Sales and Financial Departments. It also included solutions to reduce the impact of these risks as far as possible.

The development of this new function shows the importance placed on risk management within the Group. Executive Management and the Board of Directors are adopting an active policy of risk mitigation, in order to protect the Company's assets, activities and interests as effectively as possible.

Satellite risk management

Procedures for protecting and ensuring the integrity of the satellite fleet

The purpose here is to ensure the continuity of telecommunications services provided to customers and end-users.

The Operations Department has responsibility for the administration and control of the satellite system and for checking the quality of signals received or broadcast by satellites.

These activities are carried out from Eutelsat S.A.'s 2 control centres in Paris and Rambouillet, which are in charge of satellite control and station-keeping, satellite protection, and continuity of signal production to meet the needs of the Group's customers in accordance with the technical recommendations and procedures for each satellite. The control centres have back-up systems and redundant equipment to guard against operational unavailability or interruptions. Exercises are carried out regularly at the principal control centres, involving evacuation of the premises and system recovery by the back-up facilities.

Operational procedures for the control centres, especially the control centre responsible for the satellite fleet, exist in written form and cover the manoeuvres and configuration changes that are required in normal conditions, as well as in the event of a technical incident or crisis. These procedures are periodically reviewed and tested and activated to ensure, *inter alia*, the continuing professional development of control staff.

An incident of any nature that affects a satellite or any of the signals transmitted (e.g. a technical failure or interruption of the signal) is dealt with internally by the Operations Department under "escalation" procedures. These procedures provide for internal expertise to be available immediately

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as well as the expertise of the satellite manufacturer where necessary. All incidents affecting either a satellite or the control system are properly logged and followed up under the authority of the person responsible for operating satellites, with the aim of identifying the causes of the incident and proposing and implementing the necessary corrective measures.

Any significant incident that might affect the quality or continuity of telecoms services is:

- reported to the Group's Executive Management;
- reviewed internally within Eutelsat S.A. by its Technical Departments;
- reviewed by an independent team of experts, depending on the type of incident;
- reported *via* a press release.

Security and certification of satellite control systems

The implementation of the IT security management system, co-ordinated by the person responsible for IT systems security, began within the team in charge of satellite control. Over the financial year 2008-2009, this led to the implementation of biometric security mechanisms for satellite control workstations. This system helps anticipate future changes (new threats, vulnerabilities and systems). Its formalised and auditable process also ensures that protection measures are suited to the risks identified.

During the 2007-2008 financial year, the Group's ISO 9001 certification (obtained in 2005) was renewed for satellite control and operations, satellite launch and orbiting operations, and the satellite control system on the ground (definition, development, procurement, deployment, operation and maintenance).

Prevention and management of other Group operating risks

Introduction of a continuity plan for the Company's operations

At the start of 2006, the Group initiated a business continuity plan ("BCP") aimed at reducing strategic, economic and financial risks in the event of the prolonged unavailability of its registered office located in rue Balard, Paris. The BCP includes:

- a map of critical processes and resumption objectives. This map results from an analysis of business-line impacts arising from incident scenarios;
- crisis management arrangements (logistics, external and internal communication, decision-making processes);
- business-line procedures describing the tasks to be performed at the back-up site;
- the back-up IT system (applications, systems and network infrastructure, telecoms);
- procedures describing urgent action to be taken in the event of an incident;
- the logistics needed when the plan is triggered (back-up user locations, plant rooms containing back-up infrastructure).

In January 2009, the BCP underwent a realistic testing process, which covered the 10 most critical processes, *i.e.* those that must be resumed during the first week after the plan is triggered. This test confirmed that organisational and technical procedures worked properly in the presence of affected business-line users at the back-up site, in conditions similar to those that would exist during a crisis.

Activities directly linked to management of the satellite fleet (in particular satellite and communications control centre activities) are currently outside of the scope of the BCP, since they are already covered by specific security procedures described above in the "Procedures for protecting and ensuring the integrity of the satellite fleet" section.

Prevention and management of the Group's commercial risks

Management and monitoring of the Group's supplier contracts

The Group has set up procedures to manage and monitor supplier contracts.

Management and monitoring of customer contracts

The Group's customer contracts are entered into by Eutelsat S.A. or its subsidiaries on the basis of standard contracts drawn up by Eutelsat S.A.'s Legal Department and Sales Department.

Any change to these standard contracts undergoes prior review by Eutelsat S.A.'s Legal Department before it is signed by the authorised persons.

Because of the major deterioration in the global economic environment, and on the initiative of the Finance Department, the Group strengthened its customer risk management procedures during the 2008-2009 financial year.

All new customers are systematically assessed by the Finance Department's Credit Customer Management team. This assessment may lead to requests for contractual or financial guarantees from the customer. All late payments undergo monthly monitoring, jointly with the relevant customer managers within the Sales and Legal Departments.

The Group also took out a new Credit insurance policy to improve coverage of customer default risks (see section 4.7.2 "Insurance").

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Management of the Group's main financial risks

Through its Eutelsat S.A. subsidiary, the Group has implemented centralised cash management. Under service agreements between Eutelsat S.A. and the various entities within the Group (including the Company), Eutelsat S.A.'s Treasury Department manages foreign-currency exchange risk and interest-rate risk on behalf of all entities in the Group.

To deal with these risks, the Group uses derivative financial instruments. The aim is to reduce, where it seems appropriate, fluctuations in revenue and cash flows arising from changes in interest rates and exchange rates. The Group's policy is to use derivatives to manage such exposure. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset, *i.e.* the Group never sells assets it does not own or does not know it will subsequently own.

Foreign exchange risk

The euro is the Group's base currency. The Group is mainly exposed to fluctuations in the EUR/USD exchange rate. The instruments the Group uses to hedge some of its future dollar income are described in section 4.6.1 "Exchange-rate risk".

Interest-rate risk

The Group manages its exposure to variations in interest rates by hedging its variable-rate debt. At 30 June 2009, to hedge its debt, the Group set up interest-rate hedges both for the Company and for Eutelsat S.A.

4.7.2 Insurance

The Group has an insurance programme covering both phases of a satellite's lifespan, *i.e.* launch (launch insurance policy) and orbit (in-orbit lifetime insurance policy). Under this insurance programme, the Group has also taken out on-ground and in-orbit third-party liability insurance.

In addition, the Group has taken out other customary commercial insurance policies relating to its operations.

The Group's launch and in-orbit lifetime insurance policies include provisions and exclusions that are customary in space insurance, including those relating to loss or damage caused by *force majeure* events (such as armed conflict), natural occurrences related to a satellite's environment in space, intentional acts by the Group and damage to third parties.

In the financial year ended 30 June 2009, the Group's premiums for launch and in-orbit insurance totalled 68.5 million euros.

"Launch + one year" insurance programme

"Launch + one year" insurance policies cover the net carrying value of the insured satellite, as recorded in the Group's financial statements, *i.e.* the costs of the satellite's construction, launch, launch insurance policy and capitalised costs relating to the procurement programme for the satellite in question.

This type of policy covers the damages sustained by the Group for a period of one year after launch, up to the declared value of the insured satellite, arising from:

- loss of the satellite at launch, namely between ignition of the launch vehicle's engines and separation of the satellite from the launch vehicle;
- failure of the insured satellite to reach its designated orbital position; and,
- malfunctions of the satellite or its on board equipment with respect to technical specifications for the first year of the satellite's life in orbit.

In April 2008, the Group took out one of the largest insurance policies ever signed by a Fixed Satellite Service operator. The policy covered the launch plus one year of orbit for 7 satellites undergoing procurement at that date (HOT BIRD™ 9, HOT BIRD™ 10, W2M, W2A, W7, KA-SAT, W3B), up to a limit of 200 million euros per satellite programme for a 3-year period. This policy gives the Group the opportunity to use all launch vehicles available in the market, giving it optimal flexibility in implementing its in-orbit expansion programme over the next 3 years.

Additional cover has been taken out for satellites whose price exceeds the aforementioned limit, to ensure that all of the net carrying value of these satellites is covered.

In-orbit lifetime insurance

In-orbit lifetime insurance covers damage that occurs in orbit after the "launch + one year" insurance policy has expired (except for damage caused to third parties – see "In-orbit third-party liability insurance – Spacecraft third-party liability policy" below).

The Group's in-orbit lifetime insurance programme, which was renewed in November 2008 for one year, consists of 2 excess policies: one policy covering cumulative losses over 80 million euros and one co-insurance policy covering 50% of losses between 50 million euros and 80 million euros. The programme covered 14 of the Group's satellites at 30 June 2009, with the exceptions of ATLANTIC BIRD™ 1, W1, EUROBIRD™ 4 and W5, which have been affected by incidents in orbit.

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Subject to the general or specific exclusions that can be included in insurance policies, the damages covered under this type of policy are:

- constructive total loss of the satellite, defined as (i) the loss or complete destruction of the satellite, (ii) impossibility of permanently controlling a satellite in its orbital position, or (iii) reduction below a certain threshold of the estimated remaining lifespan of the satellite or of its transmission capacity during the insured period; and,
- partial loss of the satellite, defined as a reduction below a certain threshold of its estimated remaining life or transmission capacity during the insured period, where this reduction does not constitute a total loss.

The cost of any protective measures for the satellite that may be requested by insurers are paid for by them.

The majority of in-orbit lifetime insurance policies are taken out for renewable periods of one year, in accordance with current space-insurance market practices.

In-orbit lifetime insurance policies cover partial and/or constructive total losses up to the net book value of the 14 insured satellites (amortised over the financial year).

The in-orbit lifetime insurance policy carries a cumulative basic deductible of 80 million euros for the year covered. Beyond this deductible, a maximum of 390 million euros in compensation is provided, with a limit of 180 million euros per damaged satellite.

After the technical incident affecting part of the W2M satellite's power supply sub-system in February 2009, a claim for the total loss of the mission was made to the insurers. The Group received compensation of 120.5 million euros under the policy. Following the S-band payload failure in the W2A satellite, which was detected during orbit tests, a 133 million euros claim was made for the total loss of the S-band mission by Group subsidiary Solaris Mobile Ltd, which is a joint venture with SES Astra.

In-orbit third-party liability insurance – spacecraft third-party liability policy

The Group took out a spacecraft third-party liability insurance policy for a period of one year, renewable in September 2008, which covers damage caused to third parties by the Group as a satellite system operator. Under the current policy, relocations of Eutelsat satellites are covered against damage to third parties up to a limit of 180 million US dollars per incident.

This spacecraft third-party liability policy has been renewed until October 2009, with coverage of 60 million euros per incident.

Other insurance

The Group has taken out third-party liability insurance covering its corporate officers, directors and senior managers, as well as the senior managers of its subsidiaries, in the performance of their duties. The Group has also taken out standard third-party liability insurance covering its ground operations, up to a maximum of about 15 million euros per incident. These policies are automatically renewed each year by tacit agreement.

In addition, the Group has standard comprehensive insurance for its on-ground equipment, and various assistance policies for its employees and "guests". A new customer credit insurance policy has been taken out, covering cumulative losses of over 1 million euros.

Credit insurance

The Group has taken out an insurance policy covering the risk of non-payment by most of its customers. This new policy took effect on 1 February 2009 for a 12-month period.

5 INFORMATION ABOUT THE ISSUER

>> 5.1 Group history and development

5.1.1 Corporate and trading name

Eutelsat Communications.

5.1.2 Commercial and Corporate Registry

Eutelsat Communications is registered with the French Registre du Commerce et des Sociétés de Paris (Commercial and Corporate Registry of Paris) under number 481 043 040.

5.1.3 Incorporation date and duration

The Company was incorporated on 15 February 2005 as a French *société par actions simplifiée* (simplified joint-stock company) and subsequently transformed into a *société anonyme* (limited company) on 31 August 2005. It was registered on 25 February 2005 for a period of 99 years, expiring on 25 February 2104.

5.1.4 Registered office, legal form and applicable legislation

Registered office

70, rue Balard
75015 Paris
France
Telephone: +33 (0)1 53 98 47 47

Legal form and applicable legislation

A *société anonyme* (limited company) under French law with a Board of Directors, governed by the provisions of Book II of the French Commercial Code.

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5.1.5 Key events

The activities of Eutelsat S.A. (the main operating subsidiary of Eutelsat Communications) were originally carried out by an intergovernmental organisation, the European Telecommunications Satellite Organisation (the "IGO"). The IGO was founded by a number of countries in Western Europe to develop and operate a satellite telecommunications system for trans-European telecommunications purposes. On 2 July 2001, all the IGO's operating activities were transferred to Eutelsat S.A. (the "Transformation").

The Transformation was motivated mainly by the liberalisation of the telecommunications industry in Europe, under the more specific framework laid out by the European Commission in its 1990 Green Paper which recommended that the international satellite telecommunications organisations should be reformed in order to liberalise end-user access to satellite capacity and ensure it could be freely commercialised by operators. The main purpose of the Transformation, therefore, was to position the IGO's operating activity in a competitive environment with a view to an open satellite telecommunications market.

Eutelsat IGO has been maintained as an intergovernmental organisation and covers currently 48 European countries.

On 4 April 2005, Eutelsat Communications acquired Eutelsat S.A.

On 30 June 2005, Eutelsat Communications bought out some of Eutelsat S.A.'s minority interests.

On 2 December 2005, Eutelsat Communications was listed on the Paris stock exchange.

In January and February 2007, some of Eutelsat Communications' long-standing shareholders sold their shares to Abertis Telecom, a wholly-owned subsidiary of the Abertis group, and to CDC Infrastructure, a wholly-owned subsidiary of Caisse des Dépôts et Consignations ("CDC").

On 1 July 2009, CDC Infrastructure sold all of its stake in Eutelsat Communications (56,399,660 shares and voting rights) to CDC in an off-market transaction.

On 15 July 2009, CDC transferred all of its stake in the company to Fonds Stratégique d'Investissement ("FSI"). At the filing date of this document, CDC owns, directly and indirectly *via* its FSI subsidiary, 25.6% of the Company's share capital and voting rights.

In 2007, the Group took steps to simplify its organisational structure and during the financial year 2007-2008 Eutelsat Communications bought out some minority interests in Eutelsat S.A.

>> 5.2 Main investments

The Group's investments essentially involve acquisitions of satellites and ground equipment.

Satellite acquisitions involve expenditure related to satellite construction, launch and entry into operational service. This expenditure consists of construction costs (including performance-related incentive payments), launch costs, "launch + one year" insurance premiums, capitalised interest and other costs associated with programme supervision and deployment (such as studies, staff costs and consultancy) (see section 10.2 "Changes in Eutelsat Communications' cash flow" for more information on the Group's investments at 30 June 2009). The cost of procuring and launching a satellite is generally spread over the 2 or 3 years preceding the satellite's launch.

5.2.1 The Group's main investments

During the financial year ended 30 June 2009, the Group's investments amounted to 416.6 million euros, slightly down by of 1.4% than the 422.2 million euros figure for the year ended 30 June 2008. This figure includes (i) Solaris Mobile Ltd's 33 million euros reimbursement of capital expenditure carried out by the Group on its behalf, (ii) investments related to satellite programmes already underway and (iii) orders for 2 new satellites in the second half of the financial year.

In the last 3 financial years, the Group's investments were mainly related to the supply of 9 satellites, of which 5 are still at the manufacturing stage, as set out in section 5.2.2 "Main investments in progress" below.

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5.2.2 Main investments in progress

The Group ordered the W7 satellite from Thales Alenia Space during the financial year ended 30 June 2007, and it ordered the W3B satellite from Thales Alenia Space and the KA-SAT satellite from EADS Astrium during the financial year ended 30 June 2008. The Group continued its satellite procurement efforts during the financial year ended 30 June 2009, ordering W3C from Thales Alenia Space and ATLANTIC BIRD™ 7 from EADS Astrium.

These 5 satellites, which are at the manufacturing stage, and the associated ground infrastructure will be financed by Eutelsat S.A.'s operating cash flow and by the credit facilities to which the Group has access. More details about these investments are provided in section 6.6.1.4 "Satellites ordered and in course of construction" of this reference document.

These 5 satellites will be launched in the next financial years, and should all be launched in theory by December 2011 (see section 6.6.1.4 "Satellites ordered and in course of construction").

5.2.3 Main scheduled capital investments and external growth policy

Given the lengthy satellite procurement and launch cycles, the Group aims to invest 450 million euros per year on average between 2009 and 2012, in order to:

- increase its in-orbit resources (excluding Ka-band satellite) at a compound annual growth rate ("CAGR") of around 5% between June 2009 and June 2012, including the launch of 4 of the satellites currently under construction, which will be used to strengthen or secure major orbital positions serving fast-growing markets (36° East, 16° East, 7° East, 7° West);
- operate new Ka-band resources on a wide scale in Extended Europe with its KA-SAT multibeam satellite, which is scheduled to come into service in the second half of the 2010-2011 financial year; and
- initiate the investment needed to replace 3 satellites launched between 1998 and 2000.

At the same time, the Group is attentive to developments affecting its business model and competitive environment. Eutelsat Communications has significant financial resources and could, as part of its growth strategy, make acquisitions, increase its equity investments in other companies, or partner with certain regional players, thereby taking part in the industry's moves towards concentration.

6 BUSINESS OVERVIEW

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>> 6.1 Presentation

With a market share of 14% worldwide and a fleet of 27 satellites in geostationary earth orbit (or GEO), the Group is the world's third-largest Fixed Satellite Service (FSS) operator and Europe's leading player in terms of the number of TV channels broadcast (source: Euroconsult, Satellite Communications & Broadcasting Markets Survey – 2009 edition). The Group's service portfolio includes Video Applications (television broadcasting services for the general public and Professional Video Networks), communication solutions for Data Services, Value-Added Services (satellite broadband Internet access) and Multi-Usage Services.

With its fleet of satellites located at 20 orbital positions extending from 15° West to 70.5° East, the Group covers the whole of the European continent, the Middle East, Russia, Central Asia, the Middle East and North Africa, sub-Saharan Africa ("Extended Europe"), and a large part of the Asian and American continents, potentially giving it access to 90% of the world's population.

The Group's satellite fleet had 589 operational transponders in stable orbit at 30 June 2009, as opposed to 501 transponders in stable orbit at 30 June 2008.

At 30 June 2009, the Group broadcast more than 3,191 television channels and 1,070 radio stations to more than 190 million cable and satellite households in Extended Europe.

Users of the Group's capacity include leading media and telecommunications operators in Europe and worldwide, such as:

- private and public broadcasters, including the European Broadcasting Union (EBU), RAI, France Télévisions, Deutsche Welle, BBC, Mediaset, TVN, TF1, RTL, France 24, ARD, ZDF, NHK, Discovery Channel, CCTV, Eurosport and Euronews;
- major pay-TV digital television operators, including Sky Italia, the Canal+ Group, BskyB, Bis, Orange TeleColumbus, ART, Orbit, Multichoice Africa, Cyfra+, Polsat, n, Digiturk, NTV+ and Tricolor;
- international groups such as Renault, Shell, Total, General Motors, Volkswagen, Euronext, Reuters, Schlumberger and Associated Press;
- corporate network service providers and network operators such as Hughes Network Systems, Algérie Télécom, Orascom, AT&T, Siemens Business Services, Atrexx and Bentley Walker;
- operators of satellite services such as Nilesat and Noorsat in the Middle East; and
- telecoms operators providing broadband Internet access solutions, such as Swisscom, France Télécom, Hellas-on-Line and Fastweb.

The Group offers its services to broadcasters and network operators either directly or *via* distributors. These include leading European telecommunications providers such as France Télécom/Globecast, Telespazio, British Telecom/Arqiva, Deutsche Telekom/Media Broadcast, RSCC in Russia and Belgacom.

The Group has over 30 years of experience in FSS and carried out the first digital television transmissions by satellite in Europe using the DVB (Digital Video Broadcast) format, which is today recognised as the standard format for satellite video transmission.

During the financial year ended 30 June 2009, the Group generated consolidated revenues of 940.5 million euros and consolidated EBITDA[2] of 742.1 million euros. At 30 June 2009, the Group's order backlog was 3.9 billion euros, equal to 4.2 times consolidated revenues for the year ended 30 June 2009 (excluding other revenues and one-off revenues).

2 *EBITDA is defined as operating income before depreciation and amortisation and other operating revenue and expenses (impairment of assets, dilution profits/losses, insurance compensation etc.). EBITDA is not an item defined by French accounting principles and does not constitute a measure of financial performance. It should not be compared to operating income, net income or cash flow from operating activities. Nor should it be used as an indicator of profitability or liquidity. Likewise, it should not be used as an indicator of past or future operating income. EBITDA is calculated differently from one company to another, and accordingly the information given in this reference document about EBITDA should not be compared to EBITDA information reported by other companies.*

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>> 6.2 Group strengths and strategy

6.2.1 Group strengths

The Group believes that its business is characterised by the following strengths:

A large portfolio of attractive orbital positions

With 20 orbital positions in service, the Group is the satellite operator with the greatest number of orbital positions used for the transmission of video programming over the European arc from 15° West to 70.5° East. The Group has developed 2 flagship orbital positions and has 8 major orbital positions allowing it to broadcast television channels in Extended Europe.

The Group has successfully developed the orbital position located at 13° East, which is particularly suitable for TV broadcasting to the European Union.

The orbital position located at 13º East today represents the leading television programme transmission position in Europe. In fact, the 3 HOT BIRD™ satellites broadcast 1,041 channels at 30 June 2009 (more than any other orbital position in Europe) to over 52 million households equipped for satellite reception. The Group has also developed the 28.5° East position, providing efficient coverage of the United Kingdom and Ireland with the EUROBIRD™ 1 satellite, which broadcast around 330 channels at 30 June 2009 to around 10 million households equipped for satellite reception. The Group estimates that the channels broadcast at these 2 flagship positions are received by more than 60 million homes *via* satellite dishes for individual or community reception (source: Eutelsat cable and satellite review, 2009).

In addition to these 2 flagship positions, the Group is developing major orbital positions specialised by geographical area. These positions allowed the Group to broadcast 1,822 television channels at 30 June 2009, and to take advantage of rapid growth in the number of digital television channels emanating from geographical areas such as Central and Eastern Europe, Russia, North Africa, the Middle East and sub-Saharan Africa (*via* its positions at 5° West, 7° West, 7° East, 9° East, 16° East, 25.5° East and 36° East).

The Group considers that its orbital positions constitute a rare resource that gives it a strategic advantage in developing its business. Almost all orbital positions and associated frequency rights for the Ku-band have already been allocated to existing operators by the International Telecommunication Union (ITU), thus making it practically impossible for a new operator to access an orbital position in Ku-band under current ITU rules (see section 6.8 "Regulation" for further details). Thanks to its current portfolio of utilisation rights for orbital positions and its active policy of rights management, the Group believes that it can adjust rapidly to any change in demand and seize new market opportunities that may arise in the future.

In-orbit satellite infrastructure that represents a major strategic advantage

The Group's fleet of satellites was made up of 27 satellites in geostationary orbit at 30 June 2009. It has the following major advantages:

- a large portfolio of orbital positions concentrated on the European orbital arc, serving geographical areas covering both mature markets (Western Europe) and rapidly expanding markets (the Second Continent[3]);
- a modern satellite fleet with an average age of 5.5 years[4] at 30 June 2009 (excluding satellites in inclined orbit), and currently being renewed with the launch of 5 new satellites over the next few years. As a reference, the operating life of satellites in stable orbit is usually 12 to 15 years;
- a high level of technical flexibility, particularly as a result of on-board antennas with steerable beams or several beams with different coverage areas. This allows the Group to adjust and reconfigure coverage areas to meet customer needs, respond to changes in geographical markets and reconfigure coverage areas if a satellite is repositioned to a new orbital position;
- connectivity between transponders and the various geographical coverage areas, enabling the Group to respond to evolving customer demand; and
- on-board redundant equipment and large back-up capacity at key orbital positions, enabling the Group to offer, in some cases, continuity of service in the event that a satellite breaks down or malfunctions.

3 The Second Continent includes Eastern Europe, Russia, Turkey, Central Asia, Middle East, North Africa and sub-Saharan Africa.

4 Average weighted by number of transponders.

Significant growth potential

In the digital market, the Group considers that the advanced services it offers give it a strong position from which to seize opportunities for growth in the TV and Value-Added Services markets.

In the Video Applications market, the Group considers that several factors should continue to stimulate growth in its business, particularly:

- rapid growth in the number of channels being transmitted, which should continue;
- strong growth in demand from emerging markets (such as Central and Eastern Europe, Russia, North Africa, the Middle East and sub-Saharan Africa);
- the introduction of HDTV in Extended Europe in which the Group has a particularly strong position due to its capacity and leading orbital positions, which can be immediately allocate to this kind of application. The Group also believes that it will benefit from its leading position in Europe, since its existing customer base includes several HDTV players with which the Group has long-standing close relationships. The Group believes that the broadcasting high definition channels is a genuine growth driver, because a high-definition digital television channel in MPEG-4 format requires 2.5 times more capacity than standard digital television in MPEG-2 format; and,
- the Group believes that it will benefit from growth in the broadcasting of 3D content to digital cinemas for special events and eventually to homes.

In the Professional Data Networks and Value-Added Services market, the Group believes that growth in its business will be boosted by a number of factors, such as:

- the rapid development of broadband satellite applications. For example, demand for satellite capacity for business networks and broadband services, excluding capacity allocated to broadband services distributed by multibeam satellites, grew at a CAGR of 21% between 2004 and 2008 in Extended Europe (source: Euroconsult 2009);
- strong growth in demand from emerging markets (such as Central and Eastern Europe, Russia, North Africa, the Middle East and sub-Saharan Africa);
- the development of new mobile services and applications, which may create an additional source of growth. The Group now has strong expertise in this segment, through its services for the terrestrial, sea and air transport sector; and,
- the development of new services and applications related to broadband Internet access in new frequency bands such as the Ka-band, which is expected to lead to a significant reduction in the cost of accessing satellite segment capacity in regions where terrestrial networks provide little or no coverage.

The Group's potential for growth is also associated with its talent for innovation, which has always been the focus of its strategy. Historically, the Group has demonstrated its ability to develop new technologies and Value-Added Services, which now constitute significant sources of revenues and growth (D-STAR™, TOOWAY™) and should continue to promote the Group's growth in the future.

A leading position in the European market for satellite broadcasting

The Group is the leading operator in the European market for satellite TV and radio broadcasting in terms of the number of channels broadcast and the number of transponders, with 3,191 television channels and 1,070 radio stations broadcast to more than 190 million cable and satellite households at 30 June 2009.

A major part of the Group's video business is carried out in Europe. The European market for satellite broadcasting is attractive compared to other geographical areas, particularly in terms of pricing.

A business portfolio focused on the most profitable applications

As part of its development strategy, the Group focuses its satellite resources on Video Applications, Data Services and Value-Added Services, both in Western Europe and countries in Central Europe, Russia, the Middle East, North Africa and sub-Saharan Africa.

Video Applications are regarded as the industry's most stable source of revenues. On the one hand, operators of audiovisual platforms have large and recurrent capacity needs. On the other hand, the large installed based of satellite dishes makes it more difficult for end-users to change operators. Operators therefore agree to sign long-term contracts (often for the operating life of the satellite concerned, generally 12 to 15 years). This gives the Group a stable customer base and regular cash flow.

Video Applications account for a large proportion of the Group's revenues. The leasing of transponders for Video Applications represented 73.3% of the Group's revenues (excluding other revenues and one-off revenues) in the year ended 30 June 2009 compared with 75.5% in the year ended 30 June 2008.

The stability of this source of revenues is strengthened by the fact that the Group has little exposure to the risk of falling demand for capacity resulting from the transition from analogue to digital. The Group only broadcasts 10 analogue channels (7 of which are French channels for reception in "shadow" areas of mainland French territory from the 5° West orbital position). In addition the Group has benefited from growth in digital TV markets in emerging-market countries (Central Europe, Russia, the Middle East, North Africa, and sub-Saharan Africa) through the launch of the first HDTV channels. In addition to its Video Applications business, the Group also operates in the Data Services and Value-Added Services market.

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These activities, which accounted for 18.6% of Group revenues (excluding other revenues and non-recurrent revenues) in the financial year ended 30 June 2009, grew by 13.4% compared with the financial year ended 30 June 2008.

Data Services revenues rose by 13.9% on 30 June 2009, compared to 30 June 2008.

Value-Added Services have generated constant growth for more than 5 years. Revenues were up 11.9% compared with the financial year ended 30 June 2008 and up by more than 24% for D-STAR™ and TOOWAY™ broadband Internet access service. As at 30 June 2009, Value-Added Services accounted for 4.2% of total revenues (excluding other revenues and non-recurrent revenues), having made only a small contribution to revenues 5 years before.

The Group's business portfolio is based on a very effective distribution network, essentially made up of incumbent telecommunications operators, which are both customers and distributors and have strong positions in their respective markets, and with which the Group has close relationships. In addition to this network of incumbent distributors, and in order to respond to requests from certain customers, the Group has developed a targeted sales and direct marketing strategy, and actively manages its relations with its large corporate clients.

Significant and predictable cash flows

In recent financial years, the Group has generated consistent cash flow from operating activities, representing 69.6% of its revenues in 2009, and totalling 566.6 million euros and 654.7 million euros respectively in the financial years ended 30 June 2008 and 2009.

Cash flow from operating activities is largely predictable, due to the nature and size of the Group's order backlog and the average remaining lifetime of the contracts (weighted by amount), which was 7.8 years at 30 June 2009. Most of the order backlog consists of long-term contracts (often corresponding to the operational life of satellites) entered into on the basis of pre-determined tariff conditions. At 30 June 2009, the Group's total order backlog was 3.9 billion euros, equal to 4.2 times consolidated revenues for the financial year ended 30 June 2009.

One of the best financial performances in the Fixed Satellite Services (FSS) sector

The Group's financial performance over the last 3 years has been especially solid:

- revenues have grown at a CAGR of 5.9% in the last 3 financial years (ended 30 June 2007, 2008 and 2009);
- profitability is very strong, as shown by EBITDA margin, which has been between 78.7% and 79.3% in the last 3 financial years, making the Group the world's leading major FSS operator in terms of profitability (source: Eutelsat Communications). This high level of profitability arises from the Group's high fleet capacity utilisation rate and its relatively high capacity rental rates at its leading orbital positions, illustrating the success of the Group's strategy of maximising revenue per transponder and keeping strict control over costs.

A management team with recognised leadership

The Group's management team has wide experience in the FSS market and in-depth knowledge of technical requirements.

6.2.2 Strategy

The Group focuses on the most profitable segments and services within the FSS sector. The Group's strategy is based on the provision of outstanding satellite capacity (in terms of technical characteristics and antenna arrays and/or associated terminals), along with Value-Added Services. During the course of the financial year ended 30 June 2009, the Group continued to implement its development strategy. This long-term strategy combines growth and profitability, and has 2 main aims:

- maximise revenues per transponder in use by positioning its services on the most profitable applications. The Group has focused its satellite resources on Video Applications and Value-Added Services, in the countries of the European Union and also in the emerging markets of sub-Saharan Africa, North Africa and the Middle East, Russia and Central Asia; and,
- ensure the Group's long-term growth by continuing to innovate, in order to support the development of new applications such as 3D television, consumer satellite broadband Internet access and infomobility by providing access to new frequency bands (Ka-or S-bands).

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Implementing this strategy also involves the following activities.

Strengthening the Group's leading position in the European market for satellite TV and radio broadcasting

The Group intends to strengthen its leading position in the TV broadcasting market by:

- consolidating its leading orbital position at 13° East, where resources have already been renewed with the launches of HOT BIRD™ 7A in March 2006, HOT BIRD™ 8 in August 2006, HOT BIRD™ 9 in December 2008 and HOT BIRD™ 10 in February 2009;
- strengthening and developing its major orbital video positions (36° East, 25.5° East, 16° East, 9° East, 7° East, 5° West and 7° West), which cover emerging markets such as Central and Eastern Europe, Russia, North Africa, the Middle East and sub-Saharan Africa. In particular, the deployment of ATLANTIC BIRD™ 4A in April 2009 at orbital position 7° West, intended for the North African and Middle East markets, and the deployment of EUROBIRD™ 9A in February 2009 at position 9° East, intended for Western Europe, provide new capacity for developing these services; and,
- implementing an active fleet security policy at the flagship orbital position 13° East, which will lead to 100% redundant satellite capacity and at position 7° East where there will be partial redundancy, from 2011 with the launch of satellite W3C.

Developing innovative solutions for Professional Data Networks and Value-Added Services to meet the growing demand for broadband Internet applications

The Group intends to continue the development of Value-Added Services for broadband IP applications, particularly by:

- developing the D-STAR™ service, enabling it to offer an economical and effective solution for broadband networks and services, aimed especially at companies and regional or local authorities operating in areas with little or no coverage from terrestrial networks both in Europe and emerging-market countries;
- strengthening the range of mobile communication services, particularly for land transport, aircraft and ships. In this respect, the Group is working with Alstom, Orange and Capgemini to provide the SNCF's TGV Est high-speed trains with broadband Internet access onboard its trains; and,
- developing the TOOWAY™ offering, launched in Europe at the end of 2007. This Ku-band Ka-band service provides broadband access to the general public. TOOWAY™ is operated by Skylogic S.p.A., Eutelsat S.A.'s broadband subsidiary.

The Group also intends to strengthen its competitive position in the Professional Data Network segment, including by developing new solutions based on IP technology and use of the Ka-band. The Group also considers that development of Internet usage and strong growth in demand for broadband access (particularly in emerging markets) will support the growth of its Internet connection services.

Pursuing an active policy of technical innovation

The Group has ordered a Ka-band satellite called KA-SAT to meet the broadband service requirements of populations poorly covered by terrestrial broadband networks throughout Europe and the Mediterranean basin. This satellite will be the Group's first to operate solely in the Ka-band, and it will have more than 80 narrow beams, making it the most advanced multibeam satellite ever designed. The bandwidth provided by KA-SAT, in conjunction with SurfBeam®, VIASAT's next generation ground network system, will give this satellite unrivalled levels of efficiency and resources, with total bandwidth of more than 70 Gigabits/second. KA-SAT is therefore a step forward in the design of multibeam satellites, which have already proved an effective way of providing consumer Internet access, HDTV and local television services in regions of North America (see sections 6.5.2.2 "Value-Added Services" and 6.6.1.4 "Satellites ordered and in course of construction").

During the financial year 2007-2008, the Group partnered with SES Astra to set up Solaris Mobile Ltd (Solaris) based in Dublin, Ireland which is in charge of operating and marketing the S-band payload of the W2A satellite that was launched on 3 April 2009. This frequency band allows the distribution of TV, video and radio services, along with bi-directional communications using mobile equipment such as telephones, PCs and multimedia players.

Capitalising on proven and profitable yield management in respect of available transponder capacity

The Group intends to continue making its available satellite resources as profitable as possible by optimising its allocation of these resources, taking into account utilisation rates for each geographical area and application as well as the expected expansion in demand. Accordingly, the Group intends to continue seizing all opportunities in segments that are not its core business (including services to public-sector entities), as long as the capacity allocated to this type of contract does not undermine the development of more profitable applications.

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Maintaining a high-quality flexible fleet that can be adjusted to the Group's strategic requirements

The Group intends to maintain market-leading satellite capacity by:

- increasing the satellite fleet's technological advantages, on board redundancy and back-up capacity;
- maintaining flexibility in the fleet's operating and technical configuration; and,
- executing targeted investments aimed at increasing satellite capacity where necessary to implement the Group's growth strategy.

Maintaining rigorous control over operating costs

The Group intends to maintain strict control over its operating costs, as it has done in recent years. In particular, the Group regularly re-examines its policy for insuring its in-orbit fleet, and looks at solutions that could enable it to reduce the associated costs in the future, while maintaining satisfactory coverage for the fleet.

>> 6.3 Main markets

Data relating to the Group's main markets are taken, unless otherwise stated, from Euroconsult's Satellite Communications & Broadcasting Markets Survey – 2009 Edition.

Fixed Satellite Services (FSS) sector

FSS operators operate satellites in geostationary earth orbit (GEO), positioned approximately 36,000 kilometres from the earth in the equatorial plane. At this altitude, a satellite orbits the earth at the same speed as the earth turns on its axis, which allows it to remain in a fixed position in space in relation to a given point on the earth's surface. This allows the transmission of signals towards an unlimited number of fixed terrestrial antennas permanently turned towards the satellite. Depending on its altitude, a GEO satellite can theoretically cover up to one third of the earth's surface.

GEO satellites are therefore one of the most effective and economical means of communications to ensure transmission from one fixed point to an unlimited number of fixed points, as required for television services, for example. GEO satellites are also suitable for connecting together a group of sites over vast geographical areas (private business networks or the provision of communications support at retail outlets), as well as extending the coverage of GSM networks and Internet access in geographical areas where terrestrial networks provide little or no coverage (for example, at sea or in "shadow" areas) and establishing or restoring communications networks in emergency situations (civil protection or humanitarian operations).

FSS operators rent out transmission capacity (*i.e.* transponders) to customers: TV broadcast platform operators, TV networks, telecoms operators and Internet service providers. Transponders are installed on board satellites. They receive, amplify and re-transmit signals.

The FSS sector uses several types of frequency bands: C, Ku-and Ka.

C-band. The C-band is traditionally used for audio, data and video applications. Signals transmitted in C-band have longer wavelengths than those transmitted in the Ku-and Ka-bands, and require large antennas (4 to 6 metres in diameter) for transmitting and receiving signals point-to-point. The antennas used for the direct reception of TV channels are around 1.2-2.0 metres in diameter.

Ku-band. The Ku-band is used for services such as broadcasting, video distribution and Professional Data Networks. Signals transmitted in the Ku-band have short wavelengths, enabling customers to use smaller antennas, around 2.4 metres in diameter, to transmit and receive signals point-to-point. The antennas used for the direct reception of TV channels are around 60-180 centimetres in diameter.

Ka-band. Signals in the Ka-band have the shortest wavelengths. The Ka-band is currently used very little, except in North America, and allows customers to send and receive signals using very small antennas. For example, antennas used by consumers to access satellite broadband services have a diameter of 67 centimetres in the case of the Group's TOOWAY™ service. One of the Ka-band's properties is that it delivers greater signal concentration over a small geographical area, and therefore allows highly efficient systems. However, it is affected more by fluctuations in signal strength resulting from weather conditions.

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There is also an S-band, where signals have frequencies close to those of the UMTS signals used in 3G telephony. This band is currently unused and is fully available. It is reserved exclusively for satellite and terrestrial mobile services.

The Group's fleet of satellites consists mainly of transponders operating in Ku-band, which are particularly well suited to services such as direct broadcasting to small antennas.

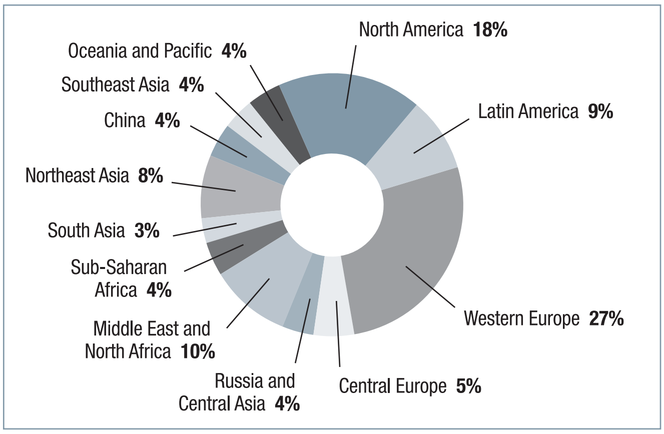
The FSS sector has the following characteristics:

- major barriers to entry mainly due to the limited number of commercially viable orbital positions in the world, the complex international regulatory framework, the significant investment and high level of technical expertise required to develop and operate a fleet of GEO satellites, and the substantial and sustained commercial effort needed to develop the various orbital positions;
- limited risk of losing and having to replace customers, because GEO satellites represent the most efficient and economical broadcasting technology for distributing content over a wide geographical area. Moreover, it involves significant cost for a television platform operator to transfer broadcasting services to a rival satellite operator due to the need to re-point the installed base of receiving antennas to another orbital position;
- a solid business model, with a large order book resulting in a high level of visibility on future revenue;
- generally high operating margins and a high proportion of fixed costs, resulting in strong operating leverage; and,
- the existence of several new growth drivers, including the development of HDTV and 3DTV and the development of mobile communication solutions (television on mobile phones and broadband Internet on trains, business aircraft and ships).

According to Euroconsult, the FSS sector generated worldwide revenues of 9.8 billion US dollars on 31 December 2008, including more than 8.7 billion US dollars in infrastructure revenues[5]. Total infrastructure revenues in Extended Europe[6] were around 4 billion US dollars. In 2008, there were 264 commercially active satellites.

The geographical breakdown of infrastructure revenues generated in 2008 by the FSS sector is shown below:

BREAKDOWN OF INFRASTRUCTURE REVENUES IN THE FSS SECTOR BY REGION



Source: Euroconsult, 2009.

According to Euroconsult, more than half of the FSS industry's revenues are generated in mature markets in North America and Western Europe. Other expanding geographical zones like Africa, the Middle East, Russia and Asia offer major growth opportunities because of limited competition, resulting from the lack of terrestrial infrastructure.

Satellite capacity supply and demand

Changes in demand

Demand for satellite capacity depends on a number of factors, including:

- growth in the number of television channels,
- the development of new applications that require more satellite capacity, such as HDTV and broadband Internet access services,
- technological innovations, which reduce access costs for satellite services,
- deregulation in certain geographical markets, and,
- economic growth in some regions of the world.

In addition, certain events, such as major sporting occasions – like the Olympic Games and the Football World Cup – and news events can periodically drive up demand.

According to Euroconsult, global demand for transponders (36MHz-equivalent) increased at a CAGR of 7.3% per year between 2004 and 2008 and by 9.1% in 2008, which was the strongest growth rate seen since the late 1990s.

5 *Infrastructure revenues represent revenues generated solely by selling satellite bandwidth (transmission capacity), excluding revenues from services.*

6 *Extended Europe is comprised of Western Europe, Central Europe, the Commonwealth of Independent States, North Africa and the Middle East, and sub-Saharan Africa.*

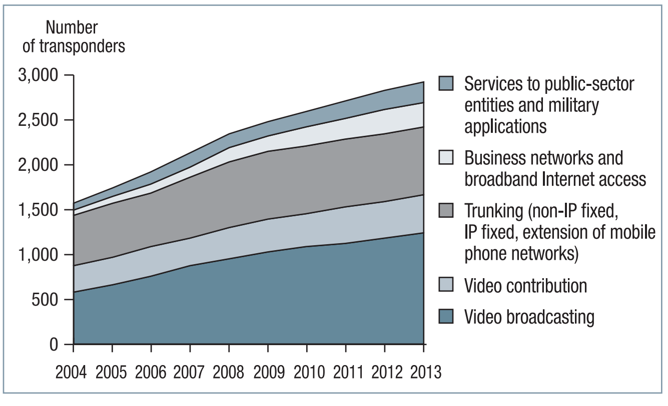
The current recession is different from the one that took place in 2000, which badly affected the telecoms sector. It is likely to have a limited effect on the FSS sector. According to Euroconsult, growth in demand is likely to slow only slightly, although this depends on the length of the recession.

In the medium term, total global demand for satellite capacity should continue to rise at a CAGR of 4.4% between 2008 and 2013.

The CAGR varies considerably between geographical zones. In Extended Europe, demand for satellite capacity is expected to grow at a CAGR of 4.6% in 2008-2013 compared with 2.3% in North America (source: Euroconsult, 2009).

The table below shows growth in demand for 36 MHz-equivalent transponders in the main FSS applications:

BREAKDOWN OF TRANSPONDER DEMAND BY APPLICATION (2004–2013)



Source: Euroconsult, 2009.

Changes in supply

The supply of satellite capacity is determined by existing capacity and by the successful launch of new satellites.

According to Euroconsult, the global supply of transponders rose at a CAGR of 3.3% between 2004 and 2008.

The global supply of satellite capacity is likely to grow at a CAGR of 2.6% between 2008 and 2013 according to Euroconsult, with rates varying between geographical zones.

Between 2009 and 2011, some regions, mainly sub-Saharan Africa, Russia, Central Asia, Latin America and, to a lesser extent, North Africa and the Middle East, could see available satellite capacity fall short of demand.

From 2011 onwards, the high level of orders being placed for new satellite capacity could alter the balance of supply and demand for satellite capacity in some regions.

The fleet management strategy of the global satellite operators, which make up 60% of global capacity, will be crucial in maintaining the balance between supply and demand and avoiding excess capacity in some markets.

Regional operators (like Arabsat, Measat, RSCC and Hispasat) have also launched large investment programmes in order to expand in their markets and rival the global operators. Recently, more than 20 regional operators have ordered at least one satellite.

Certain national operators (such as Yahsat, Paksat, Vinasat, KazSat, Andesat and Venesat, etc.) are likely to take part in this trend. This will increase competition and could create excess capacity in some regions from 2012 onwards.

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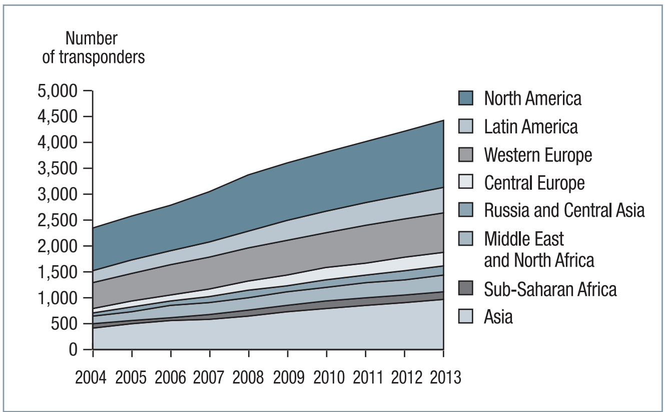
Main market trends in the sector

Growth in the Video Applications market

According to industry analyst Northern Sky Research, demand for Video Applications transmission capacity should continue to grow at a CAGR of 5.2% between 2008 and 2013 in Extended Europe.

The chart below shows the growth in the number of transponders used for Video Applications between 2004 and 2013 by geographical zone.



Source: Euroconsult, 2009.

This growth should be generated mainly by:

- **An increase in the number of television channels.** According to Euroconsult, the number of TV channels should increase from 8,904 in 2008 to more than 14,000 within 10 years in Extended Europe. This increase will be driven in particular by the development of TV offerings in the emerging countries of Central and Eastern Europe, North Africa and the Middle East. The lower costs of accessing satellite capacity should also stimulate the expansion of theme and community channels.
- **The development of high-definition TV (HDTV).** Broadcasting HDTV programmes requires greater satellite capacity than traditional digital television. In MPEG 2 compression mode (the standard currently used by traditional digital television), a high-definition channel requires 5 times more capacity for transmission than a standard digital channel. A HD channel, using MPEG 4 compression and the DVB-S2 broadcast system, requires 2.5 times more capacity than the same channel with standard digital definition using MPEG 2. The development of HDTV will require additional satellite capacity to allow TV channels to be simulcast in both standard and high definition.

According to data published by Lyngsat in December 2008, the number of HD channels broadcast by satellite in Extended Europe more than doubled in 2008, from 81 at 31 December 2007 to 194 a year later. According to Euroconsult, the number of HDTV channels is likely to rise at a CAGR of 39% in Extended Europe between 2008 and 2013, reaching more than 1,000 in 2013.

This sharp acceleration results from a situation that is conducive to growth in HDTV, following widespread take-up of HD-ready and Full-HD TV sets in Eastern and Western Europe. Growth is being underpinned by the falling price of flat-screen HDTV sets.

According to the GfK institute, the average price of a flat-screen LCD TV set fell by 21% year-on-year in the first half of 2008. According to Euroconsult, 70-95% of TV sets sold, depending on the country, were HD-ready in Western Europe in 2008. According to Euroconsult and research firm NPA, 48 million European households had a HD-ready TV set by the end of 2008, making up 26% of all TV sets in use (source: Euroconsult & NPA, HDTV in Europe Key Economics & Prospects to 2018, 2009 edition).

Games consoles are also able to read the HD format, further increasing the penetration of HD hardware.

The development of HDTV is boosting market growth for satellite operators in emerging-market countries, since multi-channel packages have an installed base of more modern set-top boxes, which are often capable of receiving HD channels, and benefit from native HD content such as American series, major sporting events and films.

Of the 194 HD channels in Extended Europe, 177 belonged to pay-TV operators at 31 December 2008.

HDTV is no longer the exclusive domain of paid premium and theme channels, but is also used by free-to-air channels, as shown by the 7 free-to-air HD channels broadcast by the Group at 30 June 2009.

Several TV platform operators that use the Group's services in Western Europe but also Central Europe, Turkey and Russia, have developed offerings that include one or more HD channels.

Because of the additional bandwidth required to broadcast in HD, the Group believes that the gradual adoption of HD will drive up demand

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for satellite capacity. This will be a major source of growth for its Video Applications business.

- **The development of digital terrestrial television (DTT).** Initially launched in Western Europe countries like the UK, Spain, Switzerland, Germany, France and Italy, DTT is beginning to expand further in Europe. At the end of 2008, around 50 million European households had access to DTT, mainly using it to watch free channels (source: Dataxis June 2009). The arrival of DTT gives satellite operators an opportunity to provide capacity to feed terrestrial retransmitters and to provide complementary coverage for DTH reception *via* satellite dishes for households located in the "shadow" areas of the terrestrial retransmitters.
- **Interactive services on digital broadcast platforms.** A large number of satellite broadcast platforms offer or plan to offer interactive services such as home shopping, betting services and video on demand (VOD). The increase in the range of interactive services available should result in greater demand for satellite capacity.
- **Increased compression rates for television signals.** In the 1990s, the Video Applications segment saw, with the development of the DVB standard, a transition from analogue to digital broadcasting. The number of channels is expected to increase significantly with the development and deployment of the DVB-S2 standard and also with the further use of statistical multiplexes, which can be used to broadcast up to 15 television channels per transponder in MPEG 2 format, thereby using less bandwidth per television channel and reducing the cost of accessing satellite capacity. The development and adoption of the MPEG 4 compression format will make it possible to broadcast up to twice as many channels per transponder. On average, this format allows approximately 10 channels per transponder to be broadcast instead of just one in the analogue format.
- **Digital cinema (D-Cinema) and the emergence of 3D.** The cinema industry is experiencing a digital revolution. More and more cinema complexes are installing at least one digital projector, which will eventually replace conventional film-based projectors. The number of digitally-equipped screens rose from 864 to 1,529 in 2008, an increase of around 77% (source: Screendigest 2009). Films that are digitised into files of around 200Gb can be distributed physically (on removable hard drives or optical discs), *via* ADSL or fibre-optic, or by satellite.

  Satellite is currently the only technology that allows low-cost broadband transmission of films to cinemas equipped with a dish and a receiver in a given region. Satellite is also capable of broadcasting live events in HD quality to cinemas, enabling cinemas to diversify their businesses.

  Many 3D films have recently been released. In 2008, 18 3D films were released by major studios, with 34 expected in 2009 and 40 in 2010 (source: 3D@Home Consortium, 2009). 3D films are mainly animated films, although in 2008 and 2009 major sporting events and concerts were screened by cinemas in 3D for promotional purposes, particularly in the USA and Europe.

  Eventually, pay-TV operators and theme TV channels could create 3D channels, first on a promotional basis and then permanently. On 30 July 2009, UK pay-TV operator BSkyB announced that it would launch its first 3DTV satellite channel in 2010. Customers with its HD receiver and a 3D screen, which will be available to buy in 2010, will be able to watch the channel.

Growth of in the Data and Value-Added Services market

The FSS industry is benefiting from sustained growth in demand for capacity to be used for Internet applications. The demand for satellite capacity to be used for Data Services (including Internet trunking) and Value-Added Services applications is expected to grow at a CAGR of 3% in Extended Europe between 2008 and 2013. According to Euroconsult, the CAGR will be 13.5% for Professional Data Networks and broadband Internet access (source: Euroconsult).

Growth will be rapid in emerging-market countries that have less dense terrestrial networks than Western Europe. Euroconsult estimates that in professional network services, demand for C and Ku-band capacity will grow by more than 14% between 2008 and 2013, underpinned by the development of networks for the oil industry, banks and international organisations. According to estimates, sub-Saharan Africa is likely to see the strongest growth in demand, with growth of around 19% over the same period.

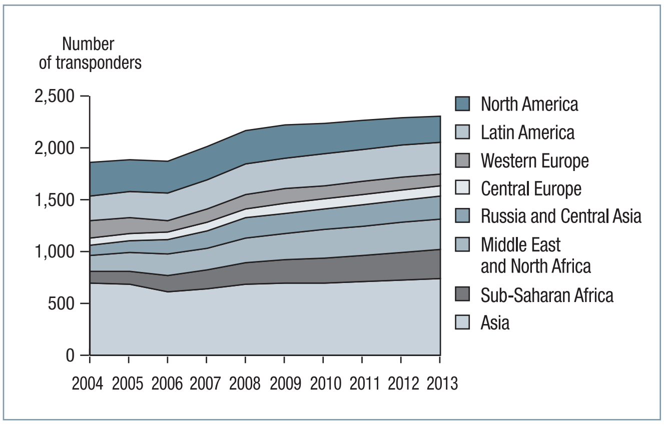
The Group believes that Value-Added Services will grow significantly between 2008 and 2013, due in particular to the development of substantial Ka-band service capacity from early 2011.

Since Ku-band resources are scarce and their technical characteristics less suitable in terms of reception, the Group's view is that the Ka-band is better suited to the provision of data and broadband services. This is because of the capacity available in this band of frequencies and also its transmission capabilities, which allow satellite transmissions to be concentrated into very narrow spot beams for reception, and therefore allow the use of small receiver antennas. The Group believes that this Ka-band offering is particularly well suited to the provision of broadband in geographical areas located beyond the reach of the terrestrial and broadband networks.

Satellite Internet access services include connection to the Internet backbone (IP connectivity) for ISPs and connection to an Internet local loop (IP access) for companies and local authorities. This system allows them to connect their remote sites within a private and secure virtual network, particularly in regions with little or no service from terrestrial networks (DSL lines or cable), and to use IP broadcast solutions for broadcasting multimedia content.

The Group expects the market for satellite broadband services to be driven by declining prices for user terminals and by improvements in service quality, and also by the development of solutions for people on the move (trains, aircraft, ships).

The chart below shows growth in the number of transponders used in Data and Value-Added Services between 2004 and 2013 by geographical zone (excluding capacity allocated to broadband services distributed by multibeam satellites):



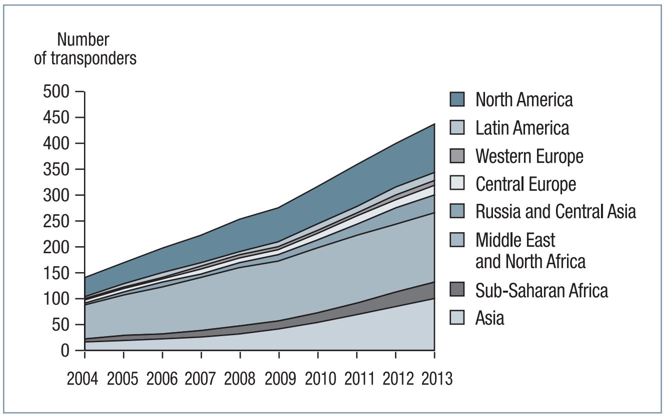
Source: Euroconsult, 2009.

Recent developments in the government services market

According to Euroconsult, this market, which mainly involves demand for satellite services from government defence and security departments, should grow at a CAGR of 8.4% between 2008 and 2013 in Extended Europe. These applications are closely linked to changes in the international environment, particularly geopolitical conflicts and natural disasters.

These services are characterised by highly concentrated demand, since North America, the Middle East and North Africa account for more than 68% of demand for military communications *via* satellite, according to Euroconsult. The market also shows a degree of volatility, comprising short-term contracts lasting one year. Alternative military satellite capacity is also being developed.

The chart below shows the growth in the number of transponders used for government services between 2004 and 2013 by geographical zone (source: Euroconsult).



Source: Euroconsult, 2009.

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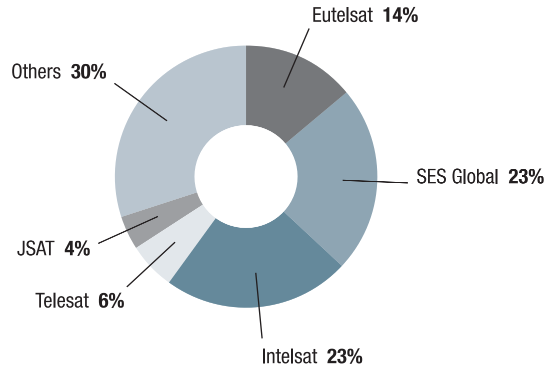
>> 6.4 Competition

The Group has to contend with major competition from international, national and regional satellite operators and from terrestrial network operators (cable, fibre-optic, DSL, microwave broadcasting and VHF/UHF) for the provision of many transmission services and Value-Added Services, particularly broadband access.

Satellite operators

The Group's main competitors are the other major FSS operators, primarily SES and Intelsat. According to Euroconsult, at 31 December 2008 and based on infrastructure revenues, the Group is the third-largest FSS operator worldwide with a market share of 14%.

MARKET SHARES OF OPERATORS IN EXTENDED EUROPE (BASED ON INFRASTRUCTURE REVENUES [7])



Source: Euroconsult, 2009.

The Group considers that only SES and Intelsat offer a range of services comparable to its own. Other FSS operators compete with the Group only in certain services or certain geographical regions.

The information below is taken from annual reports and documents published by SES and Eutelsat.

SES S.A. is the Group's main competitor. SES primarily provides Video Applications in the European and North American markets. It also provides Internet broadband services and capacity for Professional Data Networks.

At 31 December 2008, SES' fleet consisted of 40 satellites located in 26 orbital positions (1,082 transponders), as opposed to 38 satellites (1,048 transponders) at 31 December 2007. The fleet covered all of the world's population. In 2008, SES generated revenue of 1,630.3 million euros, up from 1,610.7 million euros in 2007, and its EBITDA was 1,100 million euros as opposed to 1,090.3 million euros in 2007. As a result, its EBITDA margin was 67.5% in 2008 and 67.7% in 2007 [8].

SES operates in Extended Europe *via* its subsidiaries SES Astra and SES SIRIUS, and partly SES NewSkies. In Europe, the 16 satellites in SES Astra and SES SIRIUS' combined fleet broadcast 2,491 TV and radio channels, including 64 HDTV channels to an audience of more than 122.2 million cable and satellite households at 31 December 2008.

SES is listed on Euronext Paris and in Luxembourg.

Intelsat is the largest operator in the world for fixed satellite services. It was founded in 1964 in the form of an international satellite telecommunications organisation and was privatised in July 2001.

At 31 December 2008, Intelsat operated a fleet of 52 satellites (2,127 transponders), down from 53 satellites (2,218 transponders) at 31 December 2007. Its satellites are situated above North America and the Atlantic, Pacific and Indian oceans. In 2008, Intelsat generated proforma sales of 2.36 billion US dollars, up from 2.18 billion US dollars in 2007. Its proforma EBITDA was 916.8 million US dollarsas opposed to 1.67 billion US dollars in 2007.

Although its geographical coverage is wider than that of its competitors, it has a more limited range of services. Intelsat leads the market in Video Applications and Data and Value-Added Services in North America and in Video Applications in Latin America and Africa. Intelsat competes with the Group mainly in Africa and the Middle East and, to a lesser extent, in Europe.

The Group also competes with a large number of regional and national satellite operators. Some of these operators, for example Turksat, Hellasat and Telenor, also provide international connections in addition to providing communications services in their domestic markets. Competition from these regional and national operators is essentially based on price and some of them enjoy advantages (tax or regulatory, for example) in their national markets.

The Group considers that it is not in direct competition with satellite mobile service operators (notably Inmarsat) for most of these services. However, Inmarsat competes with the Group in marine Value-Added Services (D-STAR™).

7 *Infrastructure revenues represent revenues generated solely by selling satellite bandwidth (transmission capacity), excluding revenues from services.*

8 *Source SES: annual results.*

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Terrestrial communications services

To some extent, satellite transmission is open to competition from alternative solutions offered by terrestrial networks.

Fibre-optic networks are well suited to transmitting high volumes of point-to-point traffic (video or data), and this may encourage some customers to use these networks rather than a satellite connection. However, the Group considers that because of the investment necessary to deploy fibre-optic networks, their development is currently limited to very densely populated urban areas.

DSL networks, dedicated mainly to the provision of broadband Internet access and television channels, could offer their services in urban and suburban areas on more competitive financial conditions than satellite operators. However, because of the technical limitations of this mode of distribution (limitation regarding volume and proximity of DSLAM distribution frames), DSL networks currently only offer limited geographical coverage and are not suitable for the supply of large volumes over point-to-multipoint links.

Satellite is also, to a lesser extent, in competition with cable access and with DTT for the provision of television programmes. The continuing deployment of this type of network in terms of both capacity and coverage could reduce opportunities for satellite operators. However, as the Group's business demonstrates, terrestrial network operators such as Télédiffusion de France (TDF), Mediaset and RAI continue to use satellites to expand their coverage and feed terrestrial retransmitters. The Group's satellites carry signals for DTT networks in France, Italy, Switzerland and Spain.

The performance of the Group's Value-Added Services and Video Applications shows that satellite transmission today has several competitive advantages over terrestrial networks. Satellites can be used (i) for the point-to-multipoint transmission of signals, at particularly wide bandwidth, largely independent of terrestrial infrastructure and (ii) to provide coverage of vast geographical areas at a low marginal cost, in contrast to the terrestrial networks.

Lastly, the Group takes the view that satellite transmission services can complement terrestrial networks, especially for transmissions to mobile terminals. The Group is developing next-generation mobile TV services with SES Astra in order to distribute TV, video and radio services, along with interactive communications across all types of mobile terminals and on-board terminals built into vehicles, using the S-band reserved exclusively for satellite and terrestrial mobile services. The S-band, which is close to the UMTS frequencies used in 3G telephony, is currently unused and is entirely available.

>> 6.5 Business overview

Diverse range of services

The Group designs and operates satellites intended to provide capacity for Video Applications, Data and Value-Added Services, as well as for Multi-Usage Services. The services offered by the Group have a wide variety of speeds (from 4.8 kbit/s to 155 Mbit/s and more).

In geographical terms, the Group has extended its presence beyond its original market to include Central and Eastern Europe, North Africa and sub-Saharan Africa to take advantage of strong demand in these markets.

Video Applications constitute the Group's main activity and accounted for 73.3% of revenues in the financial year ended 30 June 2009 (excluding other revenues and one-off revenues). The Group is also strongly present in Data and Value-Added Services which represented 18.6% of revenues (excluding other revenues and one-off revenues) at 30 June 2009. The Group offers Multi-Usage Services, which accounted for 8.1% of revenues (excluding other revenues and one-off revenues) at 30 June 2009.

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Presentation of services offered by the Group by application

The table below sets out the Group's services in each user application area.

Video Applications	
Broadcasting	
• Direct broadcasting of TV and radio to households with a satellite dish (Direct-to-Home or DTH)	• Pay-TV platforms and TV channels • ADSL network operators
• Distribution of television channels and radio stations to cable operator network head-ends and terrestrial DTT retransmitters	• Terrestrial network operators, cable operators, fibre network operators
Professional Video Networks	
• Point-to-point connections for routing TV channels to the teleport, enabling them to be transmitted to a direct broadcasting satellite	• TV channels • Teleport operators
• Transmission of live reports and events to TV channels' production studios	• TV channels • TV channel technical service providers
• Permanent connections constituting a mesh network for programme exchanges between broadcasters	• European Broadcasting Union

Data and Value-Added Services	
Data Services	
• Professional VSAT networks/data exchanges	• Press, financial agencies, retail, oil industry
• Internet backbone connectivity	• Internet Service Providers (ISPs)
• Private networks for companies and local communities	• Communication network integrators and operators
Value-Added Services	
• Professional broadband access solutions D-STAR™/D SAT	• Businesses and local communities in regions that have little or no coverage from terrestrial broadband networks
• TOOWAY™ consumer broadband Internet access solutions	• Internet services providers, terrestrial network operators, local communities
• Mobile Internet access solutions and GSM mobile networks extensions	• Large ships, business aircraft, trains
• Mobile communications services (EutelTRACS)	• Road transport companies
Multi-Usage Services	
• Supply of capacity for government services	• Public administration, civil protection

6.5.1 Video Applications

With revenues of 679.7 million euros in the financial year ended 30 June 2009, Video Applications represent the Group's main area of business.

The Group's satellite capacity is used by public and private television channels (European Broadcasting Union (EBU), RAI, France Télévisions, Deutsche Welle, BBC, Mediaset, TVN, TF1, RTL, France 24, ARD and ZDF, and also by NHK, Discovery Channel, CCTV, Eurosport and Euronews), by digital broadcast platforms (including Sky Italia, the Canal+ Group, BSkyB, BIS, Orange, TeleColumbus, ART, Nova, Orbit, Multichoice Africa, Gateway, Cyfra+, Polsat, n, Digiturk, NTV+ and Tricolor) and by international media groups (such as Reuters and Associated Press) as well as professional video network operators.

Broadcasting

The Group broadcast around 3,200 TV channels at 30 June 2009, making it the European leader in terms of the number of channels broadcast (source: Euroconsult, Satellite Communications & Broadcasting Markets Survey – 2009 edition).

The 3 HOT BIRD™ satellites located at the 13° East orbital position make up the leading transmission array in Europe with 1,041 channels transmitted at 30 June 2009 (source: Lyngsat and Eutelsat). One of the Group's priorities is to strengthen this flagship position by maintaining a flexible and high-performance fleet capable of meeting users' needs and providing back-up capacity for its customers. The launch of the HOT BIRD™ 9 satellite has sharply increased redundancy regarding transponders in this orbital position.

For example, the 13° East position was chosen in 2008/09 by Airfield Media Group to broadcast French-speaking Belgian channels as part of its Telesat package. Poland's leading pay-TV operator Cyfrowy Polsat also increased its capacity on HOT BIRD™ 9 to support the expansion of its digital services and the arrival of new HD programmes for Polish households equipped for DTH reception. In Italy, Telespazio selected the HOT BIRD™ position to broadcast a wide range of TV and radio programmes produced by Italy's national broadcaster RAI.

This leading position is strengthened by the EUROBIRD™ 1 satellite, which is located in orbital position 28.5° East, and which broadcast 328 TV channels at 30 June 2009 (source: Lyngsat) to more than 10 million households in the UK and Ireland *via* both DTH receivers and cable (source: Eutelsat cable and satellite review, 2009). EUROBIRD™ 1 is also used by the Sky Digital platform to broadcast its programmes.

In addition to these flagship positions situated at 13° East and 28.5° East, the Group takes the view that some of the orbital positions it operates are likely to become new premium transmission arrays. To take advantage of growth in certain markets, the Group uses various other orbital positions:

- 36° East with the SESAT™ 1 and W4 satellites, which serve the Russian and sub-Saharan African markets. They are now used by the DStv digital broadcasting platform operated by Multichoice Africa, aimed at sub-Saharan Africa, and the Russian broadcast platforms NTV Plus, Tricolor TV and Poverkhnost Plus. This position broadcast 451 channels at 30 June 2009, up 15% compared with 30 June 2008.

  This rapid expansion mainly arises from growth in the African market and the rise of the pan-African package DStv.

  In the Russian market, growth has been driven by additional capacity leased to operators RSCC and Intersputnik to accompany the fast growth of Russian TV packages. Reflecting strong momentum in the Russian and Ukrainian markets, the number of households equipped with DTH satellite dishes receiving programmes from Eutelsat increased by more than 95% to 4.7 million between 2006 and 2008. Over the same period, the DTH audience at position 36° East more than doubled to 3.5 million dishes, accounting for around 75% of the Group's audience in these markets. Across both DTH and cable, position 36° East has increased its audience to more than 12 million households, and has grown at a CAGR of 15% (source: Eutelsat cable and satellite review 2009);
- 16° East with the W2 satellite, which is used by digital TV broadcast platforms such as CanalSatellite Réunion and Parabole Océan Indien for islands in the Western Indian Ocean and regional broadcast platforms in Central Europe and the Balkans (including DigitAlb and Tring TV in Albania, ITV Partner in Bulgaria, Total TV in Serbia, Slovenia, Montenegro and Bosnia-Herzegovina). Position 16° East has also been boosted by growth in the range of channels broadcast on the Roots Global platform, aimed at South Asian communities in Europe, and the launch of Hong Kong's Television Broadcasts Ltd package, aimed at the Chinese community in Europe. This position broadcast around 380 channels at 30 June 2009;
- 7° East with the W3A satellite, used by the digital broadcast platform DigiTurk (the leading pay-TV platform in Turkey with approximately 2.25 million subscribers at end-2008 according to Dataxis);
- 5° West with the ATLANTIC BIRD™ 3 satellite, which broadcasts all national French channels to homes that cannot otherwise receive these channels because of terrestrial shadow zones, along with the Bis platforms and the Orange package, to complement its ADSL TV coverage. This satellite has been used since March 2005 to broadcast terrestrial digital channels to the head-ends of DTT retransmitter networks in France.

  The Group has also developed a service for broadcasting French free-to-air DTT channels using this satellite. This service, called FRANSAT™, has been available since June 2009. The digital changeover of this key French orbital position is a logical part of the "France Numérique 2012" plan and the new broadcasting act of 5 March 2009, which aims to give homes in shadow zones access to DTT that does not involve any costs arising from altering installed dishes;
- 25.5° East with the EUROBIRD™ 2 satellite, which covers the Middle East and today broadcasts more than 90 television channels;
- 9° East with the EUROBIRD™ 9A satellite, which allows customers with a double-headed antenna to receive from both the 9° East and 13° East positions. The number of TV channels broadcast by this satellite almost doubled in 2008/09, from 125 at 30 June 2008 to 245 at 30 June 2009. This satellite is used by the new Russian HD package Platforma HD, the Hungarian package Hello HD, by Italian TV channels and by the third German cable-operator TeleColombus, for transmitting TV channels to head-ends. Roots Global, the new pan-European TV package dedicated to South Asian communities living in Europe, the Middle East and North Africa, has expanded the range of channels it broadcasts using the EUROBIRD™ 9A satellite;
- 7° West with the ATLANTIC BIRD™ 4A satellite for North Africa and the Middle East. This satellite is co-located with Nilesat's 2 satellites, and broadcasts 181 TV channels.

Growth in the number of TV channels at positions dedicated to emerging-market countries was very strong in 2008/09. The number of channels rose by more than 11% from 1,535 at 30 June 2008 to 1,708 at 30 June 2009. The Group broadcast 3,191 channels at 30 June 2009.

In addition, TV audiences have grown strongly at the Group's orbital positions. The 2009 satellite and cable home survey, which Eutelsat carries out every 2 years for its broadcaster customers in 45 countries, showed that:

- HOT BIRD™'s 13° East position is the world's number one position in terms of the number of programmes broadcast, and has consolidated its audience to 123 million homes equipped for DTH or cable reception;
- 3 of the Group's main video orbital positions serving the Second Continent are seeing double-digit audience growth:
  - the 36° East position is benefiting from strong growth in the Russian and Ukrainian markets, and has increased its audience to over 12 million homes in these markets, with a CAGR of 15% since 2006,
  - Eutelsat's long-standing position covering Central Europe and the Balkans, 16° East, is strengthening its regional leadership with 10 million homes equipped for DTH or cable reception, rising at a CAGR of 20%,
  - the 7° East position, which is dedicated to the Turkish market, is growing at a CAGR of 43%, taking its DTH and cable audience to 6 million homes.

The global audience for the Group's broadcast satellites reflects strong growth in the Video Applications market, particularly in the Second Continent, and has risen by 10% in the last 2 years from 173 million homes to more than 190 million.

Some operators also increased their capacity during 2008/09:

- SBB, Serbia's leading operator of satellite and cable networks, increased its resources on the W2 satellite to support the expansion of its satellite TV package Total TV, which serves subscribers in Serbia, Montenegro, Slovenia and Bosnia-Herzegovina;
- Telespazio selected the HOT BIRD™ position at 13° East to broadcast a wide range of TV and radio programmes produced by Italy's national broadcaster RAI.

The development of HDTV accelerated in 2008/09. The Group broadcast 86 HDTV channels (of which 7 were free-to-air) across its fleet at 30 June 2009, up from 49 at 30 June 2008. The Group broadcast 31 HD channels from its flagship HOT BIRD™ and EUROBIRD™ 1 positions and 55 HD channels from positions targeting emerging markets

Among customers who buy satellite capacity from the Group, SKY Italia (Italy), BSkyB (UK), n and Cyfra+ (Poland), NTV+ and Platforma HD (Russia), Hello HD (Hungary), DigitAlb (Albania) and DigiTurk (Turkey) launched or developed their HDTV offerings in 2008/09.

In addition, Eutelsat Digital Platforms (EDP) enable multiplexing costs on the ground to be shared. This means that the Group can offer an economical solution for small channels to access its capacity. The Skyplex solution developed and marketed by the Group allows the same multiplexing service to be offered on board satellites (service currently available on W3A and HOT BIRD™ 6). These 2 services make it possible for broadcasters to lease transponder capacity as well as a technical multiplexing service without needing to invest in expensive transmission facilities.

To increase its involvement in the 3D market, the Group joined forces with dbw Communication SRL, which specialises in 3D production, and OpenSky Italia, which specialises in broadcasting digital content *via* satellite, to offer turnkey solutions for broadcasting major events in 3D in cinemas. In March 2009, this partnership also set up a permanent demonstration 3D channel broadcast by the EUROBIRD™ 9A satellite, at 9° East. When the first 3D TV sets go on sale in Europe in 2009, in-home 3DTV will be technically possible (source: Screendigest, 3D in the Home, March 2009).

Professional Video Networks

The Group provides television channels or broadcasting platforms with point-to-point links, allowing them to route their programmes to dedicated teleports so they can be beamed to satellites offering broadcasting services for television channels.

Professional video links are also used to broadcast news, sports and entertainment events in real time or in pre-recorded mode. Such links are generally set up on a temporary basis, but can also be permanent, particularly when connecting overseas offices and television broadcast centres.

Professional video links can also be used to establish mesh networks used for exchanging television programmes between channels within the framework of the European Broadcasting Union.

Professional video links can be offered on all satellites, and the Group is thus able to decide on the optimal solution for its users based on the required technical parameters.

The Group's customers for these types of services include the European Broadcasting Union, television stations (BBC, CBS, Mediaset, NBC, NHK, RAI, TF1), and video reporting professionals such as APTN and Enex.

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6.5.2 Data and Value-Added Services

Data and Value-Added Services generated revenues of 173 million euros in the financial year ended 30 June 2009.

6.5.2.1 Data Services (14.4% of revenues [9] in the financial year ended 30 June 2009)

Data Services generated revenue of 134.1 million euros in the financial year ended 30 June 2009.

Professional VSAT-type networks

In this segment, the Group offers satellite capacity enabling companies to connect their numerous sites, by using terminals with small antennas (VSAT – Very Small Aperture Terminal). These VSAT network services are used by companies such as those in the finance, energy or automobile manufacturing industries, including Reuters, Euronext, Volkswagen, General Motors, Schlumberger, Shell and Total. Rather than signing a contract with a local operator in each country where these companies operate, they prefer to use a unified and private communications network that allows them to transmit any kind of content (video and data). These networks are used, for example, to set up intranets and extranets, videoconferencing, credit card authorisation systems and distance learning systems.

These VSAT networks mostly use capacity in the Ku-band, which is available on satellites in the W and SESAT series and on ATLANTIC BIRD™ 2 and ATLANTIC BIRD™ 3. In addition, since the deployment of the ATLANTIC BIRD™ 3 satellite, the Group has been able to offer VSAT network users capacity in band C, along with extended coverage in Africa and for connections between the east coast of North America, Europe and Africa. Network operators such as Cable & Wireless, BT, Telespazio, T-Systems, Belgacom, Hughes Network Systems, Orascom (Algeria), BT Turkey (Turkey), Siemens (Germany) and Gulfsat (Middle East) lease capacity on these satellites.

Internet backbone connectivity

The Group offers Internet Service Providers (ISPs) a satellite connection to the Internet backbone. This capacity is used by ISPs operating in areas with few or poor terrestrial network facilities for connection to the Internet backbone, including Cable & Wireless, IABG and Horizon Satellite Services.

Provision of capacity to network integrators offering IP access solutions

The Group offers capacity for satellite IP access solutions to private digital network integrators. These integrators operate private digital networks from their own platforms and provide their services mainly in geographical areas with little or poor service by broadband terrestrial networks (for example North Africa, the Middle East, Central and Eastern Europe). The Group therefore only provides suitable satellite capacity for the integrator's needs, which designs and operates itself the IP access solutions for its own customers.

The Group's main customers are private digital network integrators such as Hughes Network Systems, Caprock, Emperion, Orascom and Algerie Telecom.

The capacity used for these services is mostly offered on the W1, W3A, SESAT™ 2, and ATLANTIC BIRD™ 3 satellites, as well as on EUROBIRD™ 3 (specially designed for satellite Internet services).

6.5.2.2 Value-Added Services (4.2% of revenue [10] in the financial year ended 30 June 2009)

Value-Added Services generated revenue of 38.8 million euros in the financial year ended 30 June 2009.

The Value-Added Services offered by the Group allow the provision of turnkey solutions combining leasing capacity and specific services. These Value-Added Services include IP access solutions designed and developed by the Group (D-STAR™, TOOWAY™, D-SAT™, IP Broadcast) and mobile services like EutelTRACS and D-STAR™ maritime *via* its WINS subsidiary.

IP access solutions

The main IP access solutions offered by the Group are as follows:

D-STAR™. This service offers a bidirectional satellite IP access solution so that a user with a terminal connected to a small antenna (less than one metre across) can have a permanent broadband connection to the Internet or to its company's networks. This service enables companies and local governments in Europe or emerging-market countries that have little or no service from terrestrial networks to set up "star" networks, where data streams pass through a central communications node (hub). These hubs are operated directly by the Group using its platform in Turin. As an example, the D-STAR™ service is used by the Irish Ministry of National Education to connect Irish schools to its information network. This service is also used to connect isolated towns in the Piedmont region of Italy to the Internet, to connect branches of Algeria's public bank network to each other, and to connect emergency services, as during the recent earthquake in L'Aquila (Italy). The D-STAR™ service is operated and marketed by the Skylogic S.p.A. subsidiary.

9 and 10 Excluding other revenues and non-recurring revenues.

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At 30 June 2009, the number of D-STAR™ terminals in operation totalled 9,914, up 11% compared with 30 June 2008. Growth in D-STAR™ terminal numbers was driven in particular by strong momentum in emerging markets (Africa and the Middle East), where there were 6,400 terminals at 30 June 2009, a year-on-year increase of 22%.

The potential applications of this broadband Internet access service are considerable. The Group has continued developing satellite IP access solutions for users on the move, so that they can access the Internet from business aircraft, boats and trains.

The Group has been selected in partnership with Orange, Alstom and Cap Gemini by French railway operator SNCF to provide broadband Internet access to passengers onboard the TGV Est. After successful tests in 2008, SNCF rolled out the D-STAR™ solution across the whole TGV Est network, allowing passengers to connect to the Internet on high-speed trains.

The Group continues to develop D-STAR™ equipment for use on business jets. This equipment is deployed by Arinc, and around 40 aircraft are now equipped.

On boats, in partnership with Maltasat, Skylogic S.p.A. has launched a service for cruise ships, making a GSM network and a broadband Internet access facility available on board (see the section on WINS below).

D-SAT service. This satellite IP access solution allows the creation of mesh networks to transfer high volumes of data at high speed, with payment based on actual usage. This service uses larger and more expensive terminals than the D-STAR™ service, and is used in particular on cruise ships and ferries. At 30 June 2009, the number of D-SAT terminals in operation was around 80, as opposed to 150 at 30 June 2008.

TOOWAY™ consumer broadband Internet access solutions. In 2007/08, the Group launched a major innovation to provide the public with satellite Internet access at prices and bandwidths comparable to ADSL broadband. This next-generation TOOWAY™ service uses SurfBeam® DOCSIS technology developed by VIASAT – the world leader in satellite communication equipment – which has already been installed in 400,000 households in North America, and a Ka-band payload on board the HOT BIRD™ 6 satellite. This service will also use part of EUROBIRD™ 3's Ku-band resources. This Ka-band Internet access solution is currently unique in Europe, and has been adopted by Swisscom (Switzerland), Fastweb (Italy), El Corte Ingles (Spain), Telecom Italia (Italy), Hellas On Line (Greece), 3 (Ireland) and more than 40 other operators in Europe in order to offer a universal broadband Internet access service and serve regions not covered by terrestrial networks. The service is already being rolled out in Europe and several thousand TOOWAY™ terminals are in use. Tooway™, currently uses the HOT BIRD™ 6 and EUROBIRD™ 3 satellites. It has all the features required to supplement terrestrial broadband coverage and meet targets set by a growing number of governments to ensure universal broadband access across their territories by 2012.

In October 2007 the Group ordered a Ka-band satellite called KA-SAT from EADS Astrium which will be the cornerstone of a new satellite and ground infrastructure. By offering geographical coverage based on relatively small spot-beams and the possibility of re-using unallocated frequencies between certain spots, the Ka-band satellite should reduce the cost of accessing Ka-band satellite capacity by a factor of 6-8. KA-SAT, with capacity of 70 Gbps, will have the greatest capacity of any commercial satellite in the world. The equipment is relatively cheap for end-users (around 300-400 US dollars per terminal). As a result, this satellite should make it possible to offer broadband Internet access at competitive prices for households located in areas that are not covered by terrestrial broadband networks. Recent market research shows that more than 30 million homes in Europe and Africa are not covered by terrestrial broadband services (source: IDATE, 2009).

IP Broadcast: This service is used for the unidirectional satellite distribution (Opensky™) of large amounts of data (files or continuous data streams) using IP technologies. The principal applications of these solutions are as follows: the transmission of television channels in MPEG-4 format, the transmission of corporate television channels and video content (in multicast mode) in retail outlets, distance learning, and also Internet connections *via* a hybrid link (satellite/telephony networks).

Mobile Internet access solutions and GSM mobile networks extensions

The Group has developed turnkey services to meet the specific needs of the road haulage and maritime transport industries.

WINS

This subsidiary markets the D-STAR™ maritime service. This adaptation of the D-STAR™ service is a fully turnkey solution, which makes it possible to provide passengers onboard large ships and yachts with access to the Internet and telephone networks (traditional and VoIP), and also allows them to use their own mobile phone. WINS is based on D-STAR™ technology, which establishes a bi-directional broadband satellite link between the boat and the teleport in Turin, Italy. For GSM connections, a routing platform links the local GSM network of the boat with the global GSM network, using a leased line *via* the Vodafone Malta platform.

The equipment onboard the boat consists of a dish measuring 120 centimetres in diameter, installed on the upper deck and containing an antenna with automatic pointing towards Eutelsat's ATLANTIC BIRD™ 1 satellite. This antenna is connected to a modem, which interfaces with, on the one hand, a local distribution network providing Internet access by fixed line and Wi-Fi and, on the other hand, a set of 4 cellular relays to give optimum coverage of the boat for GSM communications.

When the boat leaves the port and loses contact with terrestrial GSM networks, the satellite network takes over and is displayed on the screen of the mobile phones in accordance with the usual international routing principle for calls between operators.

EutelTRACS

EutelTRACS was the first European satellite mobile messaging and positioning service developed for managing and securing vehicle fleets. EutelTRACS offers a closed secure network between the central office of a road haulage operator and its vehicle fleet for localisation and data communication. The service is operated in co-operation with Qualcomm and uses the capacity of the SESAT™ 1 satellite, which serves Europe, North Africa, the Middle East and Central Asia. Each EutelTRACS mobile unit is equipped with a small antenna and a terminal connecting the mobile unit to the customer's operations centre. The flexibility of the EutelTRACS system also allows customers to develop additional solutions specific to their needs.

The Group estimates that the number of activated EutelTRACS terminals was around 27,000 at 30 June 2009 as opposed to 34,000 at 30 June 2008.

6.5.3 Multi-Usage Services

Multi-Usage Services generated revenues of 75.4 million euros for the financial year ended 30 June 2009. These services mostly include the provision of capacity to other satellite operators and to suppliers of services to government agencies, particularly in the USA. The service mainly uses capacity on the EUROBIRD™ 2, W5, ATLANTIC BIRD™ 2 and ATLANTIC BIRD™ 3 satellites.

>> 6.6 Satellites and coverage areas

At 30 June 2009, the Group operated a fleet of 25 satellites in stable geostationary orbit, 3 of which were leased to third parties. In addition to the fleet in stable orbit, the Group used capacity on 2 satellites in inclined orbit, Telecom 2C and Telecom 2D, located respectively at the 3° East and 8°West orbital positions.

The Group is also planning to launch 5 new satellites (W7, W3B, KA-SAT, W3C and ATLANTIC BIRD™ 7) in the next 3 financial years, and to start replacing 3 satellites launched between 1998 and 2000.

6.6.1 The satellite fleet

At 30 June 2009, the Group's fleet covered 20 orbital positions between 15° West and 70.5° East, providing coverage of the entire European continent, the Middle East, Africa, and a large part of the Asian and American continents.

The main characteristics of the Group's satellite fleet are as follows:

- a large portfolio of orbital positions concentrated on the European orbital arc, serving both mature markets (Western Europe) and rapidly expanding markets;
- a fleet ranking as one of the youngest among major satellite operators, with an average age of 5.5 years at 30 June 2009 (weighted by number of transponders) excluding satellites in inclined orbit;
- a high level of technical flexibility, with satellites featuring on-board antennas with steerable beams or several beams with different coverages, allowing the Group to adjust and reconfigure the areas covered to meet customer needs, respond to geographical market factors or reconfigure coverage areas if a satellite is repositioned to a new orbital position;
- connectivity between transponders and the various possible geographical coverage zones, enabling the Group to respond to evolving customer demands; and,
- on board redundancy equipment and large back-up capacity in orbital positions enabling the Group to offer, in some cases, continuity of service in the event that a satellite breaks down or malfunctions.

At 30 June 2009, the Group's EUROBIRD™ 9 (formerly HOT BIRD™ 2) and EUROBIRD™ 4 (formerly HOT BIRD™ 3) satellites were in the process of being moved to 2 new orbital positions.

Following the decision not to integrate the W2M satellite into the Group's operational fleet because of the in-orbit incident in February 2009, it was moved to orbital position 3° East (see section 6.6.3 "Breakdowns and losses of equipment" for more information).

Each year, the Group reviews the estimated lives of satellites in orbit (for further information, see Notes 4.7 and 6 to the consolidated financial statements for the year ended 30 June 2009 in section 20.1 "Financial information for the year ended 30 June 2009" of this reference document).

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The table below sets out the Group's operational satellite fleet in stable orbit at 30 June 2009. Nominal capacity is the nominal number of transponders per satellite. The dates for the end of operational lives in stable orbit, as shown in the table below, are estimated by the Group.

	Orbital position	Type of transponder (C, Ku or Ka)	Nominal capacity *(number of transponders)*	Launch date	Estimated end of operational use in stable orbit at 30 June 2009 *(calendar year)*
SATELLITE					
HOT BIRD™ 6	13° East	Ku/Ka	28/4	Aug. 2002	Q1 2018
HOT BIRD™ 8	13° East	Ku	64	Aug. 2006	Q1 2025
HOT BIRD™ 9	13° East	Ku	64	Dec. 2008	Q4 2024
EUROBIRD™ 1	28.5° East	Ku	24	Mar. 2001	Q3 2018
EUROBIRD™ 2	25.5° East	Ku	16	Oct. 1998	Q1 2013
EUROBIRD™ 3	33° East	Ku	20	Sept. 2003	Q3 2014
EUROBIRD™ 4A(1)	4° East	Ku	14	Sept. 2000	Q1 2012
EUROBIRD™ 9A	9° East	Ku	38	Mar. 2006	Q3 2024
EUROBIRD™ 16(2)	16° East	Ku	15	Feb. 1998	Q4 2011
W2	16° East	Ku	24	Oct. 1998	Q4 2009
W2A	10° East	Ku/C	46/10	Apr. 2009	Q1 2023
W3A	7° East	Ku/Ka	42/2	Mar. 2004	Q2 2021
W4	36° East	Ku	31	May 2000	Q2 2017
W5(3)	70.5° East	Ku	20	Nov. 2002	Q1 2017
W6	21.5° East	Ku	24	Apr. 1999	Q2 2013
SESAT™ 1	36° East	Ku	18	Apr. 2000	Q4 2011
ATLANTIC BIRD™ 1	12.5° West	Ku	19	Aug. 2002	Q4 2017
ATLANTIC BIRD™ 2	8° West	Ku	26	Sept. 2001	Q1 2018
ATLANTIC BIRD™ 3	5° West	Ku/C	27/10	July 2002	Q3 2019
ATLANTIC BIRD™ 4A	7° West	Ku	26	Feb. 2009	Q1 2025
Telstar 12(4)	15° West	Ku	4	Oct. 1999	Q4 2011
Express A4(5)	14° West	Ku	2	June 2000	Q4 2009
SESAT™ 2(6)	53° East	Ku	12	Dec. 2003	Q1 2016
SATELLITES BEING REDEPLOYED					
EUROBIRD™ 4(7)	Drift	Ku	8	Sept. 1997	Q3 2009
EUROBIRD™ 9(8)	Drift	Ku	20	Nov. 1996	Q3 2009

(1) Following the incident of 10 August 2005, the electrical power of this satellite and its estimated remaining life have been reduced.
(2) Given this satellite's coverage, and the associated rights and frequencies, its maximum capacity is 12 transponders at this orbital position.
(3) Following the incident of 16 June 2008, the electrical power of this satellite and its estimated remaining life have been reduced. See Note 6 to the consolidated financial statements for the year ended 30 June 2009.
(4) Owned by Loral Skynet.
(5) and (6) Owned by Russian Satellite Communications Company (RSCC).
(7) and (8) See section 12.1 "Recent developments".

6.6.1.1 Satellite fleet usage and performance

At 30 June 2009, the Group operated a total of 589 transponders in stable orbit as opposed to 501 at 30 June 2008. The number of transponders in operation can vary over time depending on the electrical power of the satellites, their degree of working order, their age, the frequencies available at the orbital positions and technical characteristics relating to the strength of signal transmitted by the satellites in orbit.

The utilisation rate (or fill factor) represents the total percentage of the Group's total allotted satellite capacity in stable orbit expressed as a percentage of the total operational satellite capacity in stable orbit. It was 88.8% at 30 June 2009 as opposed to 93.4% at 30 June 2008.

The Group's fill factor illustrates:

- the successful execution of the first phase of the Group's roll-out plan, bringing 3 new satellites into service and redeploying 3 existing ones, resulting in 88 additional transponders at 30 June 2009; and,
- firm demand for capacity at these orbital positions, as shown by the increase in the number of transponders rented out at 30 June 2009 (+55).

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6.6.1.2 Group-owned in-orbit satellites

At 30 June 2009, the Group owned 23 geostationary satellites, of which 22 were operated commercially. Most of these satellites were constructed by Thales Alenia Space and EADS Astrium.

HOT BIRD™ satellites

At 30 June 2009, with 102 Ku-band transponders operating in stable orbit over Europe (and 4 Ka-band transponders on HOT BIRD™ 6), the **HOT BIRD™ 6**, **HOT BIRD™ 8A** and **HOT BIRD™ 9** satellites form one of the largest satellite broadcasting systems in the world, providing full coverage of Europe, the Middle East and parts of Africa and Asia.

EUROBIRD™ satellites

After 3 years of being operated at 13° East (under the name HOT BIRD™ 7A) and following the successful launch of HOT BIRD™ 9, EUROBIRD™ 9A has since February 2009 been located at 9° East, adjacent to the HOT BIRD™ orbital position at 13° East. This proximity allows homes equipped for DTH reception to receive services and television channels from each of these 2 positions *via* the same dual-feed antenna. EUROBIRD™ 9A gives coverage of Europe, the Middle East and North Africa.

In this orbital position, it replaced EUROBIRD™ 9 (formerly HOT BIRD™ 2), which was in the process of being relocated at 30 June 2009.

Having formerly been operated at 10° East (under the name W1), **EUROBIRD™ 4A** has since June 2009 been located at 4° East following the successful launch of W2A, and is mainly being used for Multi-Usage applications in the Middle East. In this orbital position, it replaced **EUROBIRD™ 4** (formerly HOT BIRD™ 3), which was in the process of being relocated at 30 June 2009.

Having previously been operated at 7° West (under the name ATLANTIC BIRD™ 4), **EUROBIRD™ 16** has since May 2009 been located at orbital position 16° East, which is the main position for broadcasting TV channels to Central and Eastern Europe and to islands in the Indian Ocean. It is co-located with the W2 satellite.

After 5 years operating at 13° East (under the name HOT BIRD™ 5), **EUROBIRD™ 2** was relocated in March 2003 to 25.5° East, where it provides direct broadcasting services to the Middle East.

From its orbital position at 28.5° East, the **EUROBIRD™ 1** satellite provides direct broadcasting services to more than 9 million homes, located mostly in the United Kingdom and Ireland. Like the HOT BIRD™ satellites, the high broadcast power of **EUROBIRD™ 1** makes it a suitable satellite for broadcasting television programmes to homes equipped with dish antennas.

Launched in September 2003 and located at 33° East, **EUROBIRD™ 3** is mainly used for bidirectional broadband Internet services. This satellite is also used to provide capacity for Video Applications and Professional Data Networks. It covers Europe and a large part of Turkey with 4 high-power beams.

W satellites

The 6 W satellites have wide coverage and provide high flexibility through steerable beam antennas. They are operated at 7° East, 10° East, 16° East, 21.5° East, 36° East and 70.5° East, and provide bandwidth options and coverage suitable for video broadcasting, Professional Data Networks and Value-Added Services in Europe, Asia and Africa.

The **W2** satellite launched in October 1998 is located at 16° East. It offers Ku-band capacity and pan-European coverage, and in particular provides capacity to television channels and pay-television platform operators in Central Europe and the Balkans.

The **W2A** satellite, which was ordered from Thales Alenia Space in September 2006, was launched on 3 April 2009. Up to 46 Ku-band transponders may be operated on this satellite. It replaced the W1 satellite in the 10° East orbital position, and is used for broadcast, broadband and telecoms services in Europe, Africa and the Middle East. W2A is equipped with a payload of 10 transponders in C-band, and has bolstered the Group's resources in this band over Africa. W2A also has a payload in the S-band, which belongs to and should be operated by Solaris Mobile Ltd, a joint venture with SES Astra. However, following a fault in the S-band payload detected during in-orbit testing, Solaris Mobile Ltd made an insurance claim in June 2009 to compensate it for the S-band payload's failure to comply with contractual conditions. This matter is currently being dealt with.

The **W3A** satellite, launched in March 2004, is located at 7° East. It offers capacity in the Ku-band and provides coverage across Europe and sub-Saharan Africa. W3A combines Ku-and Ka-band frequencies to serve the sub-Saharan market. It serves audiovisual transmission, telecommunications and broadband markets in Europe, the Middle East, Turkey and Africa.

The **W4** satellite, launched in May 2000, is located at 36° East, a major video neighbourhood under development. It covers Europe (including Russia and Ukraine) and Africa, and supports the development of broadcasting platforms in these regions.

The **W5** satellite, launched in November 2002, is located at 70.5° East. It has helped increase the fleet's geographical coverage and serves East Asia and a large part of China and South Asia. After an in-orbit incident on 16 June 2008, the electrical power of this satellite was reduced. As a result, the number of operational transponders on this satellite was reduced from 24 to 20. Furthermore, its remaining operational life was reduced by one year (see section 6.6.3 "Breakdowns and losses of equipment" for further information).

The **W6** satellite (previously named W3), launched in April 1999, is located at 21.5° East. It is used to develop markets in the Middle East and North Africa.

SESAT™ 1

The SESAT™ 1 satellite offers a large number of telecommunications services, particularly satellite IP services and specialised Data Services (EutelTRACS). Located at the 36° East orbital position (which it shares with

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the W4 satellite), SESAT™ 1 covers a vast geographical area extending from Western Europe to Siberia and offers a beam covering Africa and the Middle East. SESAT™ 1 offers direct connectivity between Europe and Asia for a wide variety of telecommunications services.

ATLANTIC GATE

At 30 June 2008, ATLANTIC GATE comprised 4 satellites: ATLANTIC BIRD™ 1 (12.5° West) ATLANTIC BIRD™ 2 (8° West), ATLANTIC BIRD™ 3 (5° West) and ATLANTIC BIRD™ 4A (7° West). ATLANTIC GATE provides capacity for Video Applications, IP and data applications for intercontinental links between the America continent, Europe, the Middle East and North Africa, and for regional communications.

ATLANTIC BIRD™ 1

This satellite is operated at 12.5° West and provides a wide range of telecommunications services, such as Data Services, professional video links, transmissions of audiovisual programmes, and connections to the Internet backbone. It covers Europe, the Middle East and a part of the USA and South America.

ATLANTIC BIRD™ 2

ATLANTIC BIRD™ 2 is located at 8° West. It is used to provide a wide range of telecommunications services, such as Data Services, professional video links, transmissions of audiovisual programmes, and connections to the Internet backbone. ATLANTIC BIRD™ 2 provides wide coverage of Europe and the American continent. It has a steerable beam covering the Middle East and Central Asia, and can provide direct connections between these geographical areas and Europe and the American continent. ATLANTIC BIRD™ 2 can provide direct connections between the USA and the Middle East, as far as Afghanistan.

ATLANTIC BIRD™ 3

This satellite was launched in July 2002 and is positioned at 5° West. It provides Ku-band coverage in Europe, Africa, the Middle East and the East coast of North America. It also provides C-band coverage in Africa, Europe and some parts of the American continent.

In France it transmits domestic television channels in analogue mode to homes located beyond the reach of the terrestrial network. ATLANTIC BIRD™ 3 has also been used since March 2005 to broadcast terrestrial digital channels to DTT retransmitters in France. The Group acquired this satellite from France Télécom in July 2002.

ATLANTIC BIRD™ 4A

This satellite, originally launched under the name HOT BIRD™ 10, was ordered from EADS Astrium in October 2006 and was successfully launched on 12 February 2009. This high-power satellite is currently located at 7° West ahead of the arrival of ATLANTIC BIRD™ 7 in late 2011.

It will then be relocated to 13° East, and will be used for the DTH transmission of TV programmes and for supplying content to cable networks. HOT BIRD™ 10 is identical to HOT BIRD™ 8 and HOT BIRD™ 9. It will enable the flagship HOT BIRD™ neighbourhood to operate with 3 satellites, each capable of sparing any of the other satellites in the HOT BIRD™ constellation and thereby completing the redundancy programme for customers at this position.

Other satellites

The W2M satellite, which was ordered from a consortium comprising EADS Astrium and ISRO (the Indian space agency), was launched on 20 December 2008. The Group has decided not to integrate it into its fleet due to a major fault that appeared while it was being transferred from its test position to its planned operational position at 16° East. W2M was intended to replace the W2 satellite in this position. Following the incident, W2M was located at 3° East at 30 June 2009.

The satellite used at 13° East under the name HOT BIRD™ 2 then from 2006/07 at 9° East under the name EUROBIRD™ 9, was replaced in this orbital position by EUROBIRD™ 9A in February 2009. At the filing date of this document, it is located at 48° East, where it is being operated in inclined orbit under the name W48.

The that was used at 13° East under the name HOT BIRD™ 3 then from 2006/07 at 4° East under the name EUROBIRD™ 4, was replaced in this orbital position by EUROBIRD™ 4A in June 2009. At the filing date of this document, it is located at 76° East, where it is being operated in inclined orbit under the name W76.

6.6.1.3 Capacity leased on third-party satellites

As well as operating its own satellites, the Group uses the satellite capacity of 5 satellites owned by third parties, providing it with additional coverage in Europe, part of the American continent and Africa. These satellites are:

- **Telstar 12.** This satellite, which is located at orbital position 15° West, is owned by Loral Skynet. It covers Europe, the American continent and the Caribbean. Under an agreement entered into with Loral Skynet on 10 December 1999, the Group is operating and marketing 4 Ku-band transponders on Telstar 12 until the end of its operating life in stable orbit for services between Europe and the American continent, in exchange for Loral Skynet's use of the orbital position assigned to Eutelsat S.A.
- **Express A4.** This satellite, which is located at orbital position 14° West, is owned by the Russian Satellite Communications Company (RSCC). In accordance with 2 agreements made in November and December 2008, the Group is using 2 of Express A4's Ku-band transponders for a one-year period, which is renewable annually. This satellite covers Europe and the Mediterranean basin, and is mainly used for Data Services.

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- **SESAT™ 2.** By taking advantage of a very flexible configuration of fixed and steerable beams on this satellite, which was launched by RSCC in December 2003, the Group has high-power Ku-band capacity over Europe, Africa, the Middle East and Central Asia. This enables it to provide telecommunications services, including broadband, broadcasting and professional broadband data networks, *via* 12 Ku-band transponders. The satellite has a total of 24 transponders, 12 of which are used by the Group and marketed under the name SESAT™ 2 for the life of the satellite (contractual guarantee of 12 years minimum) under an agreement entered into on 16 March 2004. Capacity on the other transponders is marketed by RSCC in Russia under the name Express AM 22.

The Group also operates capacity on the TELECOM 2C and TELECOM 2D satellites owned by France Télécom, which are currently in inclined orbit.

6.6.1.4 Satellites ordered and in course of construction

The Group ordered 3 satellites in the financial years ended 30 June 2007 and 2008. The Group ordered 2 satellites during the financial year ended 30 June 2009.

- **W7**, ordered from Thales Alenia Space in December 2006. This satellite will have capacity of up to 70 Ku-band transponders connected to 6 beams covering Europe, Russia, Africa, the Middle East and Central Asia. It will be co-located with the W4 satellite, and its main mission will to replace the Ku-band capacity on SESAT™ 1 and to expand the 36° East orbital position.
- **KA-SAT**, ordered in January 2008 from EADS ASTRIUM. This satellite will be the Group's first satellite operating solely in Ka-band. It will be the first step in a major new satellite infrastructure programme which will significantly extend TOOWAY™ broadband resources and access to the public throughout Europe and the Mediterranean basin, whilst offering new opportunities for local and regional television. This satellite, which is due to be launched in the third quarter of 2010, will be equipped with more than 80 narrow beams, making it the most advanced multibeam satellite designed to date worldwide. As an integral part of this new infrastructure, a network of 8 stations managed by Eutelsat will allow access to KA-SAT and provide end-users with the entire range of broadband services.

  The KA-SAT multibeam satellite will be located at 13° East where it will join the 3 large Ku-band HOT BIRD™ broadcasting satellites which are currently regarded as the world's leading TV broadcasting orbital array. As these satellites will be located at the same flagship position, the Group will be able to offer an extended range of services to the public by allowing households to access new Ka-band multimedia content with the same dual frequency antenna.

  The bandwidth provided by KA-SAT, in conjunction with SurfBeam® DOCSIS, VIASAT's next generation ground network system, will increase this satellite's operational capacity and enable it to reach unrivalled levels of efficiency and resources, with total bandwidth of more than 70 Gigabits/second. This capacity, made available by the new infrastructure created between the satellite and its associated access stations, represents a major turning point in satellite IP access. It increases the number of households that can access satellite broadband at ADSL-equivalent speeds to well over 1 million. Internet *via* satellite has thus been brought within reach of the public at bandwidths and prices comparable to broadband. At present, only a few tens of thousands of professional users use the Ku-band satellite capacity currently available in Europe.
- **W3B**, ordered in May 2008 from Thales Alenia Space. W3B is scheduled for launch in the second quarter of 2010, and will be located in orbital position 16° East. Backed with a Thales Alenia Space's Spacebus 4000 platform and with operational capacity of up to 56 transponders, W3B will enable the Group to offer customers significantly improved back-up capacity at 7° East and to increase the number of transponders in operation at this position by more than 50%.
- **W3C**, ordered in March 2009 from Thales Alenia Space. After Eutelsat decided not to integrate W2M into its fleet in January 2009, following a major fault that appeared while it was being transferred from its test position to its planned operational position of 16° East, the Group quickly ordered W3C. W2M was intended to be an early replacement for the W2 satellite at 16° East. Following the fault, however, Eutelsat decided to make W3B satellite, which has been under construction for a year, W2's replacement. This replacement will be effective from mid-2010, and it will increase available operational resources at 16° East from 27 to 56 transponders.

  W3B was intended to have 2 roles, *i.e.* to help develop and increase redundancy at the 7° East position, and to ensure continuity of service in the event that W2M, W2A or W7 were lost. W3C was designed to fulfil the same dual role, increasing resources at 7° East by more than 50% or, if necessary, ensuring continuity of service in the Ku-band in the event that W2A, W7 or W3B were lost.

  W3C is scheduled for launch in the third quarter of 2011, and will be able to operate up to 56 transponders, supported by a Spacebus 4000 platform made by Thales Alenia Space. Co-located alongside W3A, W3C will increase operational capacity at 7° East from 44 to 70 transponders. The co-location of these 2 satellites underscores Eutelsat's strategy to make 7° East a flagship position, in line with the strategy that enabled the HOT BIRD™ position to become the world leader in terms of the number of TV channels broadcast. W3A at 7° East offers optimised coverage of Europe, Africa, the Middle East and Central Asia, and already broadcasts almost 200 TV channels as well as offering data and professional video services.

  These additional resources will enable Eutelsat to support the expansion of existing customers, particularly broadcasters launching their first HD offerings. They will also bolster Eutelsat's resources in other targeted regional markets.

  W3C is a large satellite, and will give Eutelsat good coverage of 3 key markets in which demand for satellite capacity is growing:

- high-power Ku-band coverage of Europe, with a beam centred over Central Europe and Turkey that is particularly well suited to Direct-to-Home (DTH) reception in these regions;
- extensive coverage across Extended Europe, and including North Africa and the Middle East as far as Central Asia, *via* a Ku-band beam optimised for professional video links and data networks;
- Ku-band coverage of sub-Saharan Africa and islands in the Indian Ocean for regional telecommunications and Internet services. African coverage will also offer interconnection with Europe through a combination of Ka-band frequencies in Europe and Ku-band frequencies in Africa.

- **ATLANTIC BIRD™ 7**, ordered from EADS Astrium in May 2009. On 11 May 2009, EADS Astrium was selected to build ATLANTIC BIRD™ 7. This satellite will be located at 7° West, which is the flagship position for broadcasting TV channels to the Middle East and North Africa, and which is operated by Eutelsat and Egypt's national operator Nilesat in close collaboration. ATLANTIC BIRD™ 7 is scheduled for launch in the fourth quarter of 2011. Its in-orbit lifetime is expected to be more than 15 years.

  When ATLANTIC BIRD™ 7 comes into service at 7° West, it will end ATLANTIC BIRD™ 4A's temporary operation in this position since March 2009, and will quickly increase the position's broadcast resources. This fast-growing orbital position currently broadcasts more than 450 TV channels to an audience of 38 million homes. Having completed its mission at 7° West, ATLANTIC BIRD™ 4A will move to Eutelsat's flagship European TV position at 13° East, where it will be operated under its original name of HOT BIRD™ 10.

  When ATLANTIC BIRD™ 7 comes into service, it will almost double Eutelsat's orbital resources at position 7° West, taking the number of operational Ku-band transponders from 26 to almost 50. These additional resources will be located alongside Nilesat 101 and 102, as well as Nilesat 201, which is currently being built for launch in mid-2010. Under this partnership, the 2 companies have decided to give orbital position 7° West the shared name of Nilebird.

  ATLANTIC BIRD™ 7 is supported by an EADS Astrium EUROSTAR 3000 platform, and will provide valuable broadcast resources through 2 beams delivering excellent coverage of the whole of the Middle East, Gulf, North and Northwest Africa.

  - Up to 44 Ku-band transponders will be connected to a high-power broad beam covering the Middle East, Gulf and North Africa, broadcasting TV channels to households equipped with small antennas.
  - A second beam covering Northwest Africa, including all countries in North Africa to the Gulf of Guinea, will be operated by a payload consisting of up to 12 Ku-band transponders. In addition to consumer broadcasting services, these resources will enable Eutelsat to meet demand for Ku-band satellite Internet access services.

The table below presents satellites under construction or ordered during the financial year, and their estimated launch dates at the filing date of this document.

Name of satellite	Constructor	Estimated launch	Nominal capacity	Orbital position
W7	Thales Alenia Space	Q4 2009	70 Ku-band transponders	36° East
KA-SAT	EADS Astrium	Q4 2010	+80 Ka-band transponders	13° East
W3B	Thales Alenia Space	Q2 2010	53 Ku-band/3 Ka-band transponders	16° East
W3C	Thales Alenia Space	Q3 2011	56 Ku-band transponders	7° East
ATLANTIC BIRD™ 7	EADS Astrium	Q4 2011	50 Ku-band transponders	7° West

6.6.2 TCR – Telemetry, command and ranging

The Group's fleet is operated from control centres at the Group's head office in Paris and at the Rambouillet teleport, which the Group bought from France Télécom in September 2004. There is full redundancy between the Paris and Rambouillet facilities. The first control centre is in charge of satellite telemetry and remote control (Satellite control Centre) and the second is in charge of communications and space segment access from customers' terrestrial stations (Communications Control Centre). All software used to control the satellite platforms and the communications payload was developed by companies in accordance with the Group's specifications.

The Group monitors its satellites and communications 24 hours a day and 365 days a year, and at 30 June 2009 employed approximately 70 specialist technicians and engineers this capacity.

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Activities of the Satellite Control Centre

At 30 June 2009, the Group controlled the 23 satellites it owned. Telecom 2D and Telecom 2C are controlled by France Télécom. Telstar 12 is controlled by Skynet, while Express A4 and SESAT™ 2 are controlled by RSCC.

The Group's engineers regularly make minor positioning adjustments on each of the satellites controlled by the Group, and perform East-West and North-South station-keeping manoeuvres. In addition, it is also possible to modify the orbital position of a satellite so that it can serve new markets or provide in-orbit back-up capacity to another satellite.

Daily operations on the satellites, including configuration of the payload and management of electrical power and propulsion systems, are controlled (*via* the TCR station network) from the Satellite Control Centre.

In the financial year ended 30 June 2009, a successful monitoring audit relating to the ISO 9001 certification of the Group's satellite control activities took place. ISO 9001 certification was obtained in 2005 and renewed in 2008.

The Rambouillet teleport contains the largest number of TCR stations. This site is also used for in-orbit positioning of the new satellites in the Group's fleet. LEOP ("Launch and Early Orbit Phase") operations were successfully performed for the first time from Rambouillet for the W3A satellite in March and April 2004. Since then, LEOP operations have been carried out from the Rambouillet site for W3A, EUROBIRD™ 9A, HOT BIRD™ 8 and 9, ATLANTIC BIRD™ 4A and W2A, launched between 2004 and 2009.

In addition, the Group has entered into long-term service agreements with 4 operators that provide capacity at their transmit and receive earth stations and perform telemetry and monitoring operations. These contracts also cover the operation and maintenance of the Group's equipment installed on their sites. Under these contracts, the Group has extended control and supervision rights. These services are currently provided from TCR stations located in Sintra in Portugal, Dubna in Russia, Redu in Belgium, Makarios in Cyprus and Fucino in Italy. The stations and control centres are all interconnected by a network of protected and redundant voice/data lines. The network and the location of the sites were selected so that operations could be continued even if one of the sites were unavailable.

Activities of the Communications Control Centre

Payload control is carried out for all satellites and transponders whose capacity is marketed by the Group, including satellites owned by other companies. The Group has a set of facilities at its Paris and Rambouillet sites for this purpose. In addition to these facilities, the Group has service contracts with operators of 8 sites worldwide, selected depending on the geographical coverage of its satellites. These sites are in São Paulo (Brazil) for South America, Hauppage, New York (USA) for North America, Makarios (Cyprus) for the Eastern Mediterranean and Middle East regions, Dubna (Russia), Hartebeesthoek (South Africa) for sub-Saharan Africa, Singapore for the Far East, Yaoundé (Cameroon) for Western Africa and Dubai (United Arab Emirates) for beams covering North Africa and the Arabian peninsula. At each site, the Group has installed the equipment needed to monitor the quality of services provided to its customers. Service contracts cover the hosting of this equipment and first-level work performed by the site operators.

All equipment is managed centrally by the Communications Control Centre, which has been based at the Rambouillet teleport since December 2007, with a back-up centre in Paris. The 2 centres are connected to each other and to each monitoring site by a network of protected and redundant voice/data communication lines.

6.6.3 Breakdowns and losses of equipment

The theoretical operational duration in stable orbit of the Group's satellites is generally between 12 and 15 years. However, because of the launch configuration and the remaining estimated propellant on board after positioning the satellites on station, the operational lives of the Group's most recently launched satellites (W3A, EUROBIRD™ 9A, HOT BIRD™ 8, HOT BIRD™ 9, ATLANTIC BIRD™ 4A, W2A and W2M) were estimated at approximately 14-18 years when they became operational. A number of factors can reduce the operating life of a satellite and/or affect its transmission capability, including:

- quality defects in the satellite's on-board components or equipment;
- defects related to construction or operability;
- excessive fuel consumption in reaching the desired orbital position and maintaining the satellite on station or relocating it to a new orbital position; and,
- damage caused by acts of war, electrostatic or solar storms, or by collision with micro-meteorites or space debris.

The Group considers that its fleet of satellites is generally in good operating condition. Some of the Group's satellites, however, have suffered equipment failure and are currently operating by using their back-up equipment.

Breakdowns and losses of equipment in orbit for satellites owned by the Group

In 1999, the Group experienced operational faults on its EUROBIRD™ 16A (formerly ATLANTIC BIRD™ 4) and EUROBIRD™ 2 satellites because some solar panels (the energy source for the satellites) deteriorated more quickly than expected. To date, these faults have had only a limited impact on these satellites (shutdown of 4 transponders on each of these satellites).

The ATLANTIC BIRD™ 1 satellite has suffered from a number of failures since it began service in October 2002.

Additionally, the ATLANTIC BIRD™ 3 and HOT BIRD™ 6 satellites have suffered from a small reduction in battery power. The reduction in battery power of ATLANTIC BIRD™ 3 was caused by the loss of 6 cells out of a total of 108 during the eclipse period in March-April 2004. These batteries are the energy source of the satellites during eclipse periods. A loss of cells leads to a reduction in the electrical power of the satellites and may lead to a reduced transmission capability during eclipse periods. To date, these faults have had only limited effects on the overall performance of the satellites during eclipses. However, the implementation of the constructor's recommendations and corrective measures may in the future oblige the Group to reduce the transmission capability of the ATLANTIC BIRD™ 3 and HOT BIRD™ 6 satellites from that originally planned.

The W1 satellite suffered an interruption of service lasting for several hours on 10 August 2005. Although the flexibility of the Group's fleet and the technical expertise of the Group's teams allowed the acceptable restoration of service for all customers by 11 August 2005, this incident led to a significant slow-down in the growth of the Group's Value-Added D-STAR™ Services in the Middle East and affected the provision of Data Services. The failure resulted in the loss of half of the satellite's available power and an estimated 50% reduction in its residual operational life.

The EUROBIRD™ 4 satellite (formerly HOT BIRD™ 3) suffered an in-orbit incident during the night of 3 to 4 October 2006. This incident occurred the day after its communication services were transferred to HOT BIRD™ 8. Consequently, this incident had no impact on the services marketed by Eutelsat at its 13° East orbital position, which were provided at the time of the incident by HOT BIRD™ 2, HOT BIRD™ 6, HOT BIRD™ 7A and HOT BIRD™ 8. Nevertheless, the consequence of this failure was the loss of half of the satellite's available electrical power and an estimated reduction in its remaining operational life of 15 months (see Note 5 to the consolidated financial statements for the year ended 30 June 2007).

On 14 March 2007, as a precautionary measure, services provided by HOT BIRD™ 2 at 13° East (since renamed EUROBIRD™ 9 and relocated to 9° East) were transferred to HOT BIRD™ 8, following detection of a fault. This fault had no impact on the satellite's ability to fulfil its stated communications mission.

On 16 June 2008, W5 suffered a fault in one of its power generation subsystems. The satellite's power subsystem was stabilised after a technical investigation carried out together with the manufacturer, Thales Alenia Space. However, the fault reduced the satellite's capacity from 24 to 20 transponders in current operating conditions, and reduced its estimated remaining life by one year (see section 6.6.1 "The satellite fleet").

On 3 December 2008, EUROBIRD™ 4 (formerly HOT BIRD™ 3) experienced a service interruption of around 4 days due to a fault with its propulsion sub-system. Following this incident, preventive measures were taken to minimise its impact on the mission and its services. Since then, services provided by EUROBIRD™ 4 have gradually been transferred to other satellites in Eutelsat's fleet.

The performance of the W2M satellite, which was launched on 20 December 2008, do not comply with the specifications established with its constructor EADS Astrium/ISRO Antrix, because of a major fault affecting its electrical power sub-system. This fault came to light while the satellite was being transferred from its test position to its planned operational position at 16° East. In this position, W2M was intended to be an early replacement for the W2 satellite. Following the fault, however, Eutelsat decided to make W3B satellite, which has been under construction for a year, W2's replacement. This replacement will be effective from mid-2010, and it will increase available operational resources at 16° East from 27 to 56 transponders. W2M will be positioned at 3° East, but at the filing date of this document was not yet being commercially operated.

In-orbit testing of the S-band payload belonging to Solaris Mobile Ltd (joint venture with SES Astra) has revealed a fault with this payload's coverage and power. This requires further testing, to be carried out with Thales Alenia Space. Since the satellite's S-band payload does not comply with its contractual specifications, Solaris Mobile Ltd has filed a claim for constructive total loss with its insurers. This incident does not affect the non-S-band operations and performance of the W2A satellite.

Launch failures

Since it started its activities (including during the period prior to the Transformation), the Group has lost 3 satellites from launch failures, *i.e.* Eutelsat I-F3 in September 1985, Eutelsat II-F5 in January 1994 and HOT BIRD™ 7 in December 2002.

Breakdowns and losses of equipment affecting satellites leased by the Group

The Group has no knowledge of breakdowns or losses of equipment affecting satellites that the Group leases from third parties.

Under its capacity lease agreements, the Group can request compensation if there is any interruption in the capacity's availability or if there is any deterioration in the transponders. The amount of such compensation, which is limited to a certain amount per year, is calculated on the basis of

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the frequency and duration of the interruptions affecting the transponders leased. In addition, certain agreements stipulate that the Group can, in the event of specific malfunctions and if no other capacity is provided, terminate the entire allotment agreement or the lease covering the affected transponder without penalty. In such cases, the Group can request reimbursement of the part of the lease cost corresponding to the period in which it was unable to use the capacity.

6.6.4 Sparing capacity and redundancy

As part of the Group's risk management strategy, it has developed a back-up and redundancy policy designed to reduce the risk of service interruptions, outages or failure to meet its contractual commitments.

The Group's satellites are designed with adequate redundancy to contend with potential equipment failures and to meet or exceed their theoretical operational life in orbit. Significant on-board redundancy of equipment allows the Group to quickly replace any equipment damaged during the operational life of the satellite with minimal or no interruption of service, depending on the nature of the incident concerned. Some of the satellites in the fleet are currently using this redundancy equipment.

In addition, the Group offers significant sparing capacity in certain key orbital locations. Sparing capacity is used to replace leased capacity in the event of an on-board fault or equipment failure on a satellite. Back-up capacity is often obtained by pooling capacity on several satellites located at nearby orbital positions and offering similar coverage and technical specifications. This enables the Group to provide continuity of service to customers, depending on the fill factors of the satellites concerned.

The Group has also signed leases guaranteeing continuity of service to some of its customers, by offering them capacity with guaranteed restoration of service using pre-defined capacity (generally on a neighbouring satellite). These leases generally attract a higher price. In the absence of an emergency or malfunction that requires the back-up capacity, the Group is able to market that capacity subject to a clawback clause.

The launch and entry into service of HOT BIRD™ 9 at 13° East has given the Group back-up solutions for all its Ku-band transponders in this orbital position, and enabled it to relocate certain satellites to other orbital positions.

6.6.5 Satellite end-of-life

After their remaining fuel has been used up, satellites at the end of their operational lives are de-orbited and placed in a graveyard orbit situated above the geostationary satellite orbit.

The Group complies with the principles discussed at the international level by the Inter-Institution Co-ordination Committee on Space Debris and the United Nations Committee on the Peaceful Uses of Outer Space.

In the year ended 30 June 2009, no satellites were de-orbited.

>> 6.7 Commercial and distribution policy

As a consequence of the Group's past dealings, a large portion of its revenues comes from capacity allotment agreements with telecom operators such as France Télécom/Globecast, Telespazio, British Telecom/Arqiva and Deutsche Telekom/T-Systems/Media Broadcast.

In addition, although these operators use part of the Group's capacity and services for their own needs, they act primarily as distributors of the Group's satellite capacity and services (client-distributors) to final users such as television channels or pay-TV platforms.

The Group's top 4 client-distributors (France Télécom/Globecast, Telespazio, British Telecom/Arqiva and Deutsche Telekom/T-Systems) represented 36.9% of the Group's consolidated revenues in 2007/08 and 33.3% in 2008/09.

This reduction in the large client-distributors' contribution to the Group's consolidated revenues reflects the desire of certain end-users of the Group's capacity to establish direct contractual links with the Group, particularly for Video Applications. Some pay-TV operators now prefer

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to sign contracts directly with the Group when the time comes to renew their existing allotment agreements or when they need additional capacity. In July 2005, SKY Italia signed a framework agreement with the Group for the additional lease of a minimum of 10 transponders for a 10-year period and to renew their existing direct allotment agreements with the Group, relating to 16 transponders, as and when their current agreements with client-distributors expire.

Moreover, through its teleports at Rambouillet and Turin and using the experience of its Skylogic S.p.A. subsidiary in setting up and managing video platforms for the 2006 Winter Olympic Games in Turin, the Group is now able to offer services to its customers and end-users relating to the provision of satellite capacity, such as the uplinking of multiplexing services on the ground and the encryption/decryption of signals.

Direct commercial activities and marketing

Over the years, the Group has strengthened its commercial and marketing teams in order to develop a better response to demands from end-users of satellite capacity. The Group has launched direct marketing programmes to expand its base of potential customers. For this purpose, the Group has teams of engineers who are able to provide technical assistance, consulting and after-sales support.

Tariff structure

Prior to the Transformation, the IGO could not make any decisions on its tariff policy without the prior approval of the Signatories.

Since the Transformation, the Group has been free to decide its own tariff policy, enabling it to adapt it more effectively to market conditions. However, most of the capacity lease contracts currently in force were signed prior to the Transformation. The contracts signed prior to the Transformation were transferred to the Group and are still governed by the original terms as regards pricing and payment.

Since the Transformation, the tariffs applied by the Group for new leases depend on a number of factors, including (i) the orbital position of the satellite, (ii) the installed user base of antennas pointed at the satellite, (iii) the geographical region covered by the satellite, (iv) the type of applications and the amount of bandwidth requested by the customer, (v) the type and duration of the lease, (vi) the type and number of transponders leased, (vii) the existence of a pre-emption right for the allotted capacity (*i.e.* the customer's right to be given guaranteed back-up capacity in the event of a satellite failure or malfunction), (viii) the existence of a price adjustment clause in the event that another customer requests an existing customer's capacity and (ix) the tariffs charged by the competition for a similar service or type of capacity.

Although the Group faces strong competition, including competition in terms of pricing, it considers that it has generally been able to maintain existing tariffs when leases are renewed, including charges for Video Applications (particularly at the premium HOTBIRD™ and EUROBIRD™ positions). However, the Group cannot be certain that it will be able to maintain the same tariffs in the future (see section 4.2 "Risks inherent in the FSS (Fixed Satellite Services) sector" and particularly paragraph 4.2.2 "The Group is dependent on several major clients").

Almost all the Group's allotment agreements stipulate a fixed price valid for the entire duration of the lease. Several, however, are inflation-linked.

Recent developments towards greater fragmentation in capacity demand have also had an impact on the Group's tariff policy. This means that the average price of a transponder is generally higher when capacity is requested over a shorter period and/or involves fractional transponder use.

Customers

The Group's customer base includes client-distributors, who sell satellite capacity to end-users, and customers who are themselves users, and use the Group's satellite capacity for their own needs. In terms of utilisation of the Group's satellite capacity, it should be noted that none of the Group's end-users individually accounted for more than 10% of the Group's revenues in 2008/09.

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In 2008/09, the Group's top 10 customers, 6 of which were distributors, accounted for 53.8% of the Group's revenues. These customers were as follows:

Customers	Revenues per customer *(in millions of euros)*	Revenues per customer *(as a percentage)*
France Télécom/Globecast	105.1	11.2
Telespazio/Telecom Italia	80.2	8.5
Public-sector entities	72.2	7.7
British Telecom/Arqiva	68.3	7.3
Deutsche Telekom/T-Systems/Media Broadcast	59.4	6.3
SKYItalia	41.5	4.4
Noorsat WLL	24.1	2.6
TVN/ITI Neovision	20.1	2.1
European Broadcasting Union	17.7	1.9
Canal+ group	17.2	1.8
Top 10 customers	**505.7**	**53.8**
Other	434.8	46.2
TOTAL	**940.5**	**100**

In 2007/08, the Group's top 10 customers, 6 of which were distributors, accounted for 54.45% of the Group's revenues. These customers were as follows:

Customers	Revenues per customer *(in millions of euros)*	Revenues per customer *(as a percentage)*
France Télécom/Globecast	99.8	11.4
Telespazio/Telecom Italia	90.7	10.3
British Telecom/Arqiva	72.2	8.2
Deutsche Telekom/T-Systems/Media Broadcast	61.4	7.0
Public-sector entities	54.5	6.2
SKYItalia	25.5	2.9
Noorsat WLL	23.1	2.6
TVN/ITI Neovision	19.7	2.2
Entreprise des Postes et Telecoms (Luxembourg)	15.6	1.8
European Broadcasting Union	15.5	1.8
Top 10 customers	**478.0**	**54.4**
Other	399.8	45.6
TOTAL	**877.8**	**100**

Technical qualifications of the Group's customers and technical assistance

Before being authorised to access the Group's satellite capacity, customers' terrestrial stations must meet certain specific performance and operational criteria in order to minimise interference with other customers on the same satellite or with users of neighbouring satellites.

Customer allotment agreements

Since the Transformation, the Group has modified certain conditions of its standard satellite capacity allotment agreements. The Group's standard terms and conditions (the "Standard Terms and Conditions") provide various options for reservations and firm orders of capacity on its satellites and the possibility of including pre-emption/back-up provisions.

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The Group sells its capacity and services under 3 main types of contract:

- **full-time leases of capacity.** These cover the lease of an entire transponder or a part of it on a full-time basis (*i.e.* 24 hours a day, 7 days a week) for periods longer than one year. They can extend over the whole of the satellite's operational life. These agreements are primarily used for broadcasting. They are also used for Professional Data Services and for Value-Added Services.
- **part-time and/or short-term leases of capacity.** These cover either the (i) full-time (*i.e.* 24 hours a day, 7 days a week) lease of an entire transponder or a part of it for periods of less than one year, (ii) occasional use, where transponder capacity is provided in increments of 10 minutes on a "first-come, first-served" basis, (iii) customised use, where capacity is provided only at predetermined times (for a minimum of 5 hours a week for one year), or (iv) subscriptions for 15 hours of use per month or for 180 hours of use over 6 months. Part-time leases of capacity are mainly used for broadcasting, for professional video links and, to a lesser extent, for Professional Data Networks and Value-Added Services.
- **mobile applications.** These cover the lease of capacity for EutelTRACS services. For these services, customers do not lease capacity on the basis of predetermined volume but on actual use.

Under the standard capacity allotment agreement, customers have to obtain operating licences from the relevant regulatory authorities, comply with regulations governing the content of audiovisual programmes, obtain the rights to operate their earth stations, and comply with the Group's technical specifications. The Group may also require a customer to provide a bank guarantee or other appropriate guarantee as security for payment relating to allotted capacity and for the performance of the customer's contractual obligations.

Order backlog

The Group's order backlog represents future revenues from current allotment agreements in force, including contracts for satellites still being manufactured. These lease capacity agreements can cover satellites' entire useful operational lives.

The order backlog varies over time, based on the progressive recognition of revenues from these contracts, the increase in the age of the fleet and signature of new contracts.

At 30 June	2008	2009
Value of contracts *(in billions of euros)*	3.4	3.9
Weighted remaining duration of contracts	7.4	7.8
Portion relating to Video Applications	93%	92%

At 30 June 2009, the Group's order backlog totalled 3.9 billion euros representing 4.2 times annual revenues (excluding other revenues and one-off revenues), compared with 3.4 billion euros at 30 June 2008. The 15.5% increase in the order backlog between 30 June 2008 and 30 June 2009 mainly arose from the signature of new contracts in 2009. These more than offset natural erosion resulting from the increase in the fleet's average age, with most of the backlog consisting of contracts lasting for satellites' whole lives.

The portion of the order backlog relating to Video Applications at 30 June 2009 was 92%, stable relative to 30 June 2008, giving the Group good visibility on future revenues. Broadcasting platform operators have a recurring requirement for long-term capacity. The average remaining duration of the contracts in the backlog at 30 June 2009 (weighted by their value) was 7.8 years, compared with 7.4 years at 30 June 2008.

The breakdown of the backlog by year at 30 June 2009 was as follows:

Financial year ended 30 June	Backlog *(unaudited, in millions of euros)*
2010	765.3
2011	610.1
2012 and later	2,564.2
TOTAL	**3,939.6**

The majority of the Group's backlog is made up of contracts that can be terminated by payment of a penalty. The backlog is not adjusted for any terminations and resulting penalties. Long-term lease capacity agreements can generally be terminated after 2 years, subject to an additional notice period of one year and the payment of a penalty for early termination. Early termination penalties are based on the length of time the contract has been in force and the remaining contract duration. During the financial year, no capacity allotment agreement was terminated so as to require the payment of an early termination penalty.

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>> 6.8 Regulation

The provision of satellite capacity and services is highly regulated. As a satellite operator providing satellite capacity and services to a number of countries, the Group must comply with the national regulations of all countries in which it provides or seeks to provide its capacity and services, and is also governed, indirectly, by the international regulations with which these countries must comply. The various regulations fall into 6 categories:

- national regulations governing access to the radio frequency spectrum and related authorisations ("frequency assignments"), and international regulations governing the co-ordination of these authorisations at international level;
- national regulations governing the deployment and operation of telecommunications networks, the supply of telecommunications services and the operation of RF facilities on the ground ("earth stations");
- regulations governing content;
- French regulations governing space operations for which France could bear international liability;
- control requirements relating to US exports (regulations governing the activities of the Group's suppliers); and
- other requirements applicable to the Group, such as relations with Eutelsat IGO.

6.8.1 Regulations governing frequency assignments and international co-ordination

All radiocommunication involves the transmission of radio waves, which are characterised, inter alia, by their frequencies. Transmissions on identical frequencies or on frequencies that are insufficiently differentiated create a risk of disturbance between the transmissions, which can result in radio interference. This interference affects the quality of the communications to some degree and, depending on its severity, is deemed "permissible", "acceptable" or, if it affects the communications to the point of making them unusable, "harmful". It is because of these risks of interference and the effect on the quality of radiocommunications services that, in all countries, the installation and operation of radio facilities is subject to authorisation by the competent national public authorities. These authorisations, known as "frequency assignments" are delivered at the national level by governments exercising their sovereign rights, to allow usage of specified radio frequencies according to purposes and conditions specified by those authorisations. Governments must carry out international co-ordination to limit the risks of interference. The International Telecommunication Union (ITU), which is a specialised United Nations agency, has a body of rules to ensure such co-ordination. These rules are contained in the ITU's "Radio Regulations". For satellite radiocommunications, these rules make explicit provision for frequencies to be assigned to a group of countries, and it is the group of countries that then assumes joint responsibility and has joint rights and obligations in respect thereto.

The World Radiocommunication Conference held in Geneva from 22 October to 16 November 2007 (WRC-07) made several amendments to the Radio Regulations and their Appendices. The new amended Radio Regulations came into force on 1 January 2009.

6.8.1.1 International co-ordination of frequency assignments under the Radio Regulations

The purpose of co-ordinating frequency assignments at the international level is to ensure the co-existence of satellite operations authorised by countries in the exercise of their sovereign rights (or groups of countries in their capacity as Parties to an intergovernmental organisation, which is the case of the assignments the Group inherited from the IGO when the Transformation took place).

The rules governing co-ordination make it possible to determine whether satellite operations that have not yet commenced can be implemented as defined by the corresponding assignments or, if not, whether they have to be adjusted due to the risks of interference with other satellite operations. Similarly, when satellite operations have already started, and prove to cause harmful interference to other operations, the rules define to what extent such operations can be continued, with or without adjustments, or whether they must be terminated immediately to end the interference.

The Radio Regulations define 3 separate systems for frequency assignments to be used for space radiocommunications using geostationary satellites.

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The applicable system is determined by the frequency bands in which the frequencies to be assigned are located:

- a general system governs assignments in all frequency bands assigned to space radiocommunications services in the parts of the spectrum known as "C-band", "Ku-band", "S-band" and "Ka-band" with the exception of those explicitly governed by one of the 2 special systems described below;
- the first special system (referred to below as the "SRS System") governs assignments in the Ku-band spectrum assigned to the Broadcasting Satellite Service (BSS) and the corresponding resources in the Ka-and Ku-bands to be used for the uplinks to the broadcasting satellites; and
- the second special system (referred to below as the "FSS System") governs assignments in specific sections of the spectrum in the C-and Ku-bands, assigned to the Fixed Satellite Service (FSS).

Under these 3 systems, the countries that have international responsibility for the given assignments, either individually or jointly, must submit through their competent regulatory authority (the "Administration", which for France is the ANFR) certain information about the assignments to the ITU Radiocommunication Bureau (RB). The RB then publishes this information in circulars sent out periodically to the administrations of all ITU Member States.

General system

Under the general system, an initial submission ("Advance Publication") giving only limited general information about the assignments (orbital position, frequency bands), determines the start of the regulatory period during which operation of the assignments has to begin. For assignments filed under this initial submission before November 1997, the period is 9 years and for assignments filed after November 1997, the period is 7 years.

A second submission, known as the "Request for Co-ordination," which provides very detailed information on the assignments, marks the beginning of the actual co-ordination process. From the date it is received by the Radiocommunication Bureau, this Request for Co-ordination gives priority over all assignments covered by a subsequent Request for Co-ordination. By virtue of this priority, when co-ordination between assignments covered by a subsequent Request for Co-ordination proves problematic or impossible, the Administration that submitted its Request for Co-ordination first is not required to make adjustments to its frequency assignments in order to facilitate co-ordination with assignments covered by a subsequent Request or Requests for Co-ordination.

The general system does not prohibit the implementation or operation of frequency assignments for which the co-ordination process has not been completed. However, in such a case, operation of these frequency assignments may have to be interrupted or adjusted if such operation causes harmful interference to operations covered by assignments with a higher priority.

Priority continues to apply for the 7 or 9-year period during which assignments can be brought into use. If the assignments have not been brought in use when this time limit expires, the Advance Publication and Request for Co-ordination are both deemed never to have existed and the Administration responsible must then restart the process and present the 2 submissions again. The new Request for Co-ordination then gives these assignments a lower priority than the first, placing them behind all assignments for which a Request for Co-ordination has been submitted in the meantime.

Assignments that are brought into use before the deadline expires continue to enjoy the priority given by the Request for Co-ordination during the full term of validity of the assignments as declared by the relevant Administration in its Request for Co-ordination (thirty years for the Group's frequency assignments).

The special BSS and FSS systems

With these 2 special systems, the international community adopted "*a priori* plans" at the ITU's World Radio Conferences (WRCs). These plans have given all ITU Member States identical rights, irrespective of the size of their population and territory, to make predefined use of specified amounts of radio spectrum resources in the frequency bands governed by these 2 systems. These predefined uses have priority over any other use of these resources. Additionally, in contrast to the general method of co-ordination in which administrations that are parties to co-ordination can freely agree on the measures and technical conditions to be used for co-ordination, these special systems define highly detailed rules and technical conditions to be used for co-ordination.

The 2 systems do not involve an initial submission (the date of which, in the case of the general co-ordination system, determines the deadline for bringing the assignments into use), but instead call for a single detailed submission (a request for registration of "additional assignments"), which as in the general method of co-ordination, gives priority over subsequent submissions from the date it is received by the RB.

Under the BSS method, the submission date is the start of an 8-year period during which the assignments have to be brought into use, otherwise the entire process must be restarted with a new submission (request for registration) and a lower priority. Once operation has begun, it can continue for 15 years, and is renewable once, without loss of rights as long as the technical specifications of the uses remain the same. As under the general system of co-ordination, operation may begin before the end of the co-ordination process with priority uses that are predefined as being additional. In situations where there is harmful interference, the priority ranking will determine the uses that can be continued without adjustments and those which will have to be interrupted or adjusted, with pre-defined uses having the highest priority.

Under the FSS system, a submission does not grant priority over assignments covered by subsequent submissions. This right is acquired only if the BR finds, after reviewing the submission, that:

- the assignments do not affect the rights of any Member State, as predefined by the plan, or the rights acquired by a Member State for assignments covered by a submission on which the RB has previously reached a favourable finding; or, if the opposite is the case;

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- the administrations whose rights would have been affected have explicitly accepted that their rights can be affected.

If the RB reaches a negative finding, the submission is deemed null and void. In that case, the administration concerned has to make a new submission, which will be examined by the RB after all the other submissions that have been received by the RB in the meantime.

Until recently, the FSS system did not specify a deadline for bringing the additional assignments into use. However, since 2003, this deadline is 8 years from the date of the RB's findings (the date of acquisition of the priority right).

Most of the frequency assignments the Group uses for its activities, present and future, have been granted under the general system and have either been successfully co-ordinated or benefit from a high priority.

At certain orbital positions, the Group operates satellites under frequency assignments governed by the special BSS and FSS systems. Most of these assignments have been the subject of a successful co-ordination procedure. In a small number of cases, however, the Group began operation with such assignments without having completed the co-ordination process.

Resolution of disputes

The legal certainty obtained by satellite operators from the application of the Radio Regulations governing international co-ordination of frequency assignments depends on strict compliance with these procedures by all ITU Member States.

As a general rule, verified situations of harmful interference are handled through informal contacts at an operational level (control centres) between the operators concerned. In the majority of cases, the operators resolve the problem. Rare cases that cannot be settled by such means are handled through exchanges between the relevant administrations ("interference claims"). The administrations can also request the assistance of the RB to establish contacts or, in very rare cases, to conduct an investigation into the failure by an ITU Member State to comply with its obligations under the Radio Regulations.

However, the Radio Regulations do not contain any mechanism for mandatory resolution of disputes or compulsory enforcement. The ITU's arbitration procedure assumes the consent of the parties. No provision of the Radio Regulations or of international law in general offers a solution in cases where this spontaneous and voluntary arbitration process does not succeed in resolving the dispute.

6.8.1.2 Frequency assignments under joint responsibility

Most of the frequency assignments used by the Group in its business activities, both present and future, involve joint responsibility, and were issued to the IGO by the Member States collectively (the "Parties") prior to the Transformation. For all these frequency assignments, the Parties collectively discharged their joint obligations under the Radio Regulations through the Party of France, which was designated by them to act in their name and on their behalf.

The Agence Nationale des Fréquences (ANFR) is the French authority responsible for ensuring that France complies with its obligations under the Radio Regulations. Prior to the Transformation, therefore, ANFR was the entity responsible for applying the international rules governing the co-ordination of frequency assignments on behalf of all the Parties.

After the Transformation, all frequency assignments remained under the joint responsibility of the Parties.

6.8.1.3 Frequency assignments granted directly to Eutelsat S.A.

Since the Transformation, France is the sole authority needed by the Group for new frequency assignments (see the description of applicable French regulations below under "Access to frequencies"). Eutelsat S.A. has already requested and obtained new frequency assignments, both to supplement the collective frequency assignments that were transferred to it on 2 July 2001 and to plan for future development of its activities, particularly for "mobile" telecommunications services requiring access to specific radio frequency spectrum (see paragraph 6.8.1.5, "French regulations relating to satellite frequency assignments and their operation" below).

6.8.1.4 Frequency assignments granted to other satellite operators

At some orbital positions, the Group operates satellites with frequency assignments granted to third parties.

This is the case with the ATLANTIC BIRD™ 2 satellite and the ATLANTIC BIRD™ 3 satellite, at 8° West and 5° West respectively, which are operated under French frequency assignments granted to France Télécom. It is also the case with the EUROBIRD™ 1 satellite at 28.5° East operated under the German frequency assignments held by Deutsche Telekom, and the W4 satellite operated at 36° East under Russian frequency assignments held by RSCC. The Group uses these frequency assignments under agreements entered into with these operators.

6.8.1.5 French regulations relating to satellite frequency assignments and their operation

Before the adoption of French act no. 2004-575 on 21 June 2004, satellite frequency assignments were under the sole control of ANFR. They depended on ANFR submitting to the ITU's Radiocommunication Bureau information required under the Radio Regulations governing international co-ordination of frequency assignments. Relations between the operators and ANFR for the operation of frequency assignments were not legally formalised.

Act No. 2004-575 of 21 June 2004 concerning confidence in the digital economy (known as LCEN) contains a section on "satellite frequency assignments" and was transposed into the *Code des Postes et des Communications Électroniques* (Postal and Electronic Communications Code, hereinafer "CPCE") in Articles L. 97.2 and following. This act, together with decree no. 2006-1015 of 11 August 2006, transposed into the CPCE in Articles R.52-3-1 and following, establishes a new 2-stage system:

- **the assignment request** is sent to ANFR, which, after verifying that it complies with the national Table of Frequency Band Allocations, declares it to the ITU on behalf of France. A fee, equal to the amount invoiced by ITU to ANFR for processing the request submitted to ITU, is payable by the operator (Article R.52-3-1 of the CPCE);
- **operation of the assignment** is subject to authorisation by the minister responsible for electronic communications, after obtaining the opinion of the authorities involved in assigning the frequencies concerned (CSA, ARCEP, the French Ministry of Defence, etc.). This authorisation is granted on condition that the entity requesting the capacity provides proof of its ability to control the emissions of all RF stations, including earth stations, using the frequency assignment, and pays a fee to ANFR for services rendered corresponding to the cost to the government of processing the request. The amount of this fee is established jointly by the minister in charge of the budget and the minister in charge of electronic communications. The order of 11 August 2006 set this amount at 20,000 euros. Authorisation can be refused, for example "for the protection of public order, defence or public safety".

Persons who have asked the French government or ANFR to declare to the ITU a frequency assignment prior to the publication of the LCEN had to request, if they wanted to retain the rights to use the frequency assignment, the authorisation provided for in Article L. 97-2 of the CPCE within a period of one year from 12 August 2006, which was the publication date of decree No. 2006-1015 of 11 August 2006 on frequency assignments to satellite systems, which amended the CPCE. This was done by the Group on 10 August 2006, and a summary of the requests formulated on that occasion was published by ANFR.

Currently, Eutelsat S.A. has 6 authorisations to operate frequency assignments:

- for the ATLANTIC BIRD™ 4 satellite system at 7° West (order dated 27 March 2007; a new, more generic, authorisation request is currently being prepared);
- for a satellite system at 1° East (order of 3 December 2007);
- for a satellite system at 3° East (order of 5 February 2008);
- for a satellite system at 5° West (order of 5 February 2008);
- for a satellite system at 8° West (order of 5 February 2008);
- for a satellite system at 10° East – C-band – (order of 26 March 2009).

6.8.2 Regulations governing the operation of earth stations, the deployment of networks, the operation of electronic communications networks and the provision of electronic communications services

As a satellite operator offering its services in approximately 150 countries, the Group is subject to national laws and regulations on communications and broadcasting in a large number of different countries.

Most of these countries do not require satellite operators to obtain a licence or other authorisation if their role is limited to providing satellite capacity to other entities that are authorised to operate networks and/or communications services themselves. In these countries, the Group only needs a licence or other authorisation if it intends to deploy and operate its own communications networks or install and operate earth stations. Most European countries and many of the Member States of the World Trade Organisation (WTO) have been included in this category of countries since the liberalisation of their regulations, by virtue of the commitments made under the WTO Agreement on basic telecommunications services, which came into force in February 1998.

6.8.2.1 Regulations in France

The Autorité de Régulation des Communications Électroniques et des Postes (ARCEP) is the French authority responsible for ensuring that operators comply with the obligations contained in applicable legislative and regulatory requirements.

Operation of telecommunication networks

In France, the installation and operation of telecommunications networks open to the general public and the provision of telecommunications services required prior authorisation from the minister of telecommunications. Independent networks reserved for a closed group of users to exchange internal communications required prior authorisation by ARCEP. Under French act no. 2004-669 of 9 July 2004 on electronic communications and audiovisual communications services, the installation and operation of networks open to the general public are now unrestricted, provided a prior declaration is made to ARCEP. This formality does not apply to independent networks.

On 16 July 2001, the minister of telecommunications granted authorisation, under the previous system, for Eutelsat S.A. to establish and operate a telecommunications satellite network open to the general public in France for services other than public telephony for a period of 15 years. This authorisation also allows Eutelsat S.A. to operate and provide VSAT satellite networks and services in France. Eutelsat S.A. has deployed a certain number of bidirectional VSAT terminals on French territory. However, these activities still require payment of an administrative tax of 20,000 euros under Article L. 33-1 of the CPCE.

Access to frequencies

In addition, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments"). Under the terms of Article L. 42-1 of the CPCE, these authorisations cannot exceed 20 years. ARCEP also imposes a certain number of technical requirements that must be respected by the operators to which the frequencies have been assigned. In addition, operators are required to pay an annual fee to the government for the provision of frequencies and an annual fee for their management, under decree 2007-1532 and the order of 24 October 2007, as amended by decree 2008-656 and the order of 2 July 2008. They also have to take the necessary measures to protect the secrecy of private communications as well as the confidentiality of their customers' personal data. ARCEP has assigned to Eutelsat S.A. a certain number of frequencies for the operation of earth stations.

Non-compliance with the applicable telecommunication laws and regulations could result in administrative or criminal fines, and also sanctions imposed by ARCEP or other public authorities, including the suspension or withdrawal of the frequency assignment.

6.8.2.2 Regulation in other countries

Many countries, including most European countries, have liberalised their regulatory framework relating to the provision of voice, data and video services. They have also increased the scope for granting authorisations to own and operate earth station equipment and to choose a provider of satellite capacity. Most countries allow authorised providers of communications services to have their own transmission equipment and to purchase satellite capacity without restriction. This facilitates end-user access to the Group's services.

The Group has filed licensing applications to act as a network and earth station operator in Italy, Germany, Austria, the United Kingdom, Switzerland and Spain. The Group has obtained a network operator licence and 2 general authorisations to provide interactive satellite services in Italy.

Other countries, generally in emerging markets, have maintained strict monopolies. In these countries, a single state entity, generally the public postal, telephone and telegraph authority, often holds a monopoly on the ownership and operation of communications equipment or on the provision of communications or broadcasting services to or from that country, including *via* satellite. In order to provide services in these countries, the Group may have to negotiate an operating agreement with the state entity, which defines the services to be offered by each party, the contractual terms of the service and tariffs. Depending on national regulatory requirements, operating agreements between the Group and the service provider may require end-user customers to obtain the Group's services through the state entity, with all associated ground services provided by that entity. Alternatively, these operating agreements may allow customers to own and operate their own equipment, while requiring them to purchase the Group's services through the state entity.

Landing rights

Despite the liberalisation of national regulations following adoption of the WTO Agreement on Basic Telecommunications Services, some countries require authorisations to operate satellites in orbit. In these countries, the Group has to obtain authority to provide (i) downlink services from the satellite to the earth station terminals located in these countries ("landing rights") or (ii) uplink services from the earth station terminals to the satellite ("take-off rights").

The Group has obtained these authorisations for some of its satellites in Brazil, India, Pakistan and a number of other South American countries. The Brazilian regulatory authority granted Eutelsat S.A. landing rights in April 2002 for ATLANTIC BIRD™ 2 (at 8° West), W1 (at 10° East) and ATLANTIC BIRD™ 1 (12.5° West) and, in June 2003, for ATLANTIC BIRD™ 3 (at 5° West).

Access to the Group's satellites from the USA

The Federal Communications Commission, or FCC, is the governmental agency in the USA responsible for regulating satellite communications. In 1997, the FCC enacted regulations permitting non-US satellite operators to request access to the US market using non-US satellites, for the provision of both international and domestic services. In 1999, the FCC streamlined the process by creating the "Permitted Space Station List".

Where a non-US satellite is added to the FCC's Permitted Space Station List, earth station operators in the USA licensed to operate with US satellites are able to access that non-US satellite without additional authorisation from the FCC. These streamlined procedures are applicable only to frequency bands that the FCC considers "conventional". These do not include the full spectrum of Ku-band or C-band frequencies used for transmissions to and from the Group's satellites. Earth station operators in the USA must therefore still apply for FCC authorisations to transmit to or receive from the Group's satellites in certain frequency bands even though these satellites are on the FCC's Permitted Space Station List.

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Currently, 2 of the Group's satellites are included on the Permitted Space Station List.

Name of satellite	Orbital position	Date of inclusion on the Permitted Space Station List
ATLANTIC BIRD™ 2	8° West	30 August 2001
ATLANTIC BIRD™ 1	12.5° West	30 August 2001

6.8.2.3 European Union regulations

Current regulatory framework

Over the last decade, the regulatory environment for satellite communications in the European Union (EU) has changed drastically. Gradual liberalisation of this sector, as well as the transformation of the IGO and the privatisation of international satellite organisations such as Intelsat and Inmarsat, have created a more open and more competitive market. This trend towards liberalisation has also occurred in a number of other European countries. In particular, countries seeking admission to the EU are adapting their national legislation to align it with EU regulations.

EU Member States were required to adapt their national regulations by July 2003 to incorporate the provisions of 5 new EU directives adopted in 2002, which make up the "Telecom Package":

- European Directive 2002/19/EC of 7 March 2002 concerning access to, and interconnection of, electronic communications networks and associated facilities (the "Access" Directive);
- European Directive 2002/20/EC of 7 March 2002 on the authorisation of electronic communications networks and services (the "Authorisation" Directive);
- European Directive 2002/21/EC of 7 March 2002 on a common regulatory framework for electronic communications networks and services (the "Framework" Directive);
- European Directive 2002/22/EC of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services (the "Universal Service" Directive);
- European Directive 2002/58/EC of 12 July 2002 concerning the handling of personal data and protection of privacy in the electronic communications sector (the "Privacy and Electronic Communications" Directive);
- Decision No. 676/2002/EC of 7 March 2002 on a regulatory framework for radio spectrum policy in the European Union (the "Radio Spectrum" Decision).

These new regulations apply to electronic communications networks and services and generally reduce regulatory requirements in these areas. These directives were transposed into France's national law by the adoption of act No. 2004-669 of 9 July 2004, which amended the CPCE.

In this regulatory context, the European Union organised the first process for selecting and authorising satellite operators at the European level to provide mobile services *via* satellite.

A joint decision by the European Parliament and Council on 30 June 2008 established the principles applicable to this process, including the selection criteria.

On 7 August 2008, the Commission published a call for applications "for pan-European systems providing mobile satellite services". Solaris Mobile Ltd applied on 7 October 2008.

After the first phase of selection, involving checks to ensure compliance with various steps during the project's progress, the European Commission in the absence of spectrum shortage made its decision on 13 May 2009. Demand for spectrum did not exceed the amount available. Solaris Mobile Ltd was selected and will be authorised by the member states to use the 1995-2010 MHz (earth to space) and 2185-2200 MHz (space to earth) frequencies.

As a result of this decision, Solaris Mobile Ltd must comply with the joint requirements set out in the European Parliament and Council Decision of 30 June 2008, else it will face penalties.

Regulatory reform

Further reforms to the framework applicable to the telecoms sector are being prepared by the European institutions, and should lead to the adoption of new directives in 2009/2010.

The draft directive aims to rationalise and harmonise frequency management in Europe.

Furthermore, authorisation to use the frequencies should in theory be neutral in terms of technology and services. As a result, any administrative decision as to the choice of technologies and services will be exceptional.

Mechanisms guaranteeing free competition will be created. More specifically, operators determined as exercising significant influence in a given market will be subject to more stringent obligations. As a last resort to end anti-competitive conduct, they may be ordered by the national regulator, subject to the Commission's control, to separate their businesses. This means that network operations and the provision of services could be separated into 2 separate entities.

To date, Eutelsat has not been identified as exercising significant influence in a given market. According to ARCEP, the European institutions (the Commission or the new European regulator where applicable) are responsible for determining whether the Group exercises a significant influence, since the Group operates in a transnational market. To our knowledge, no consultation is currently pending at a European level on this issue. In the future, the question of whether the Group has significant influence could be investigated, for example with respect to the satellite TV broadcasting market.

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6.8.3 Regulations governing content

6.8.3.1 "Television without Frontiers" Directive

TV broadcasting in the European Union is regulated by Directive 89/552/EEC of 3 October 1989, also known as the "Television without Frontiers" Directive. This Directive has been substantially changed through 2 amendments:

- European Directive 97/36/EEC of 30 June 1997, on the co-ordination of certain legislative, regulatory or administrative provisions in Member States relating to the performance of television broadcasting activities, and,
- European Directive 2007/65/EC of 11 December 2007 known as the "Audiovisual Media Services" Directive. This Directive (i) extends the scope of the "Television Without Frontiers" Directive to on-demand audiovisual media services, (ii) promotes the production of and access to European works and (iii) relaxes the rules governing audiovisual advertising. The Directive must be transposed into the national laws of Member States by 19 December 2009, and was transposed into French law by the act of 5 March 2009 relating to audiovisual communication and the new public television service.

According to this regulation, each EU Member State has to ensure that programmes transmitted by TV broadcasters under its jurisdiction comply with laws applicable to broadcasts intended for the general public.

Channels established in an EU member state

If the television channel is established in an EU Member State, then that Member State is automatically the competent regulatory authority. Under the regulations of most EU Member States, producers of television programmes that can be viewed by the general public must be authorised by the regulatory body. After being approved by the regulator in its home country, a channel can then broadcast its content freely in other EU states, provided that it continues to comply with its home country's laws. These laws include the provisions of Directives in force, including those relating to the protection of children and banning the promotion of hatred and racial discrimination.

Channels not established in an EU member state

In the case of channels outside the EU that are broadcast by satellite and, by definition, are established in a country that is not an EU member, the amended "Television Without Frontiers" Directive provides for the determination of an EU Member State to regulate these channels on behalf of the other Member States.

Until the "Audiovisual Media Services" Directive came into force, the EU Member State responsible was the one that granted the frequency used (criterion 1), otherwise the one with authority over the satellite capacity used (criterion 2), otherwise the one from whose territory the signal was uplinked to the satellite (criterion 3).

According to European Commission's written interpretation of the "Television Without Frontiers" Directive, France and its regulatory authority (Conseil Supérieur de l'Audiovisuel, or CSA) were the default regulator for all channels transmitted by the Group's satellites based in non-EU countries, in accordance with criterion 2. The frequencies used for broadcasting were deemed to be jointly owned by the countries party to the Eutelsat IGO and not allocated to any country in particular, and so criterion 1 was not applicable. As a result, criterion 2 applied, since the Group's satellites were registered on the French register of satellites with the United Nations under the 1975 Convention on the registration of space objects.

A major change was made in the new Audiovisual Media Services Directive, which deleted criterion 1 and reversed criteria 2 and 3.

In accordance with the French act of 5 March 2009, which transposed that Directive, the member state from whose territory the signal is uplinked to the satellite is the one responsible for regulating channels not established in an EU country. Only by default is it the country with authority over the satellite capacity used.

This provision of the European Directive should come into force simultaneously across all European countries, including France, on 19 December 2009, in order to avoid any conflict of competency between countries.

As a result, on that date, a large proportion of non-European channels broadcast by the Group in Europe using an uplink in an EU country will now be covered by other European regulators, and not longer by France's CSA.

6.8.3.2 France's freedom of communication act

In accordance with the freedom of communication act No. 86-1067 of 30 September 1986, as amended, French TV channels broadcast by the Group are subject to a convention with CSA. However, since the anti-terrorism act 2006-64 of 23 January 2006, which introduced various provisions relating to security and border controls, all prior formalities (*i.e.* all authorisation (conventionnement) procedures) relating to the broadcasting of non-EU channels for which France has authority, and relating to any channels that come under the authority of any other EU Member State or party to the European Economic Area Agreement, have been discontinued. Nevertheless, like French channels, they remain subject to French law and all restrictions on content imposed by the 1986 act, particularly regarding human dignity, protection of minors and the safeguarding of public order, as defined in Article 1, and the incitement of hatred and violence for reasons of race, sex, religion or nationality, as established in Article 15.

At 30 June 2009, the Group broadcast approximately 1,000 non-EU channels, including programmes from the Middle East and North Africa.

As a satellite operator, the Group is not a provider of television programmes and does not therefore have to obtain authorisation from the CSA.

However, it is subject to certain obligations under the act of 30 September 1986:

- it is required under Article 19 to provide the CSA with all information required to identify the producers of the channels it broadcasts;
- it is required under Article 33-1, III to inform channel producers of the regime applicable to them, including the aforementioned restrictions on the freedom of communication. Since Eutelsat S.A. has no direct contractual link with most of the channels it broadcasts, it fulfils its obligation by including in its contracts a clause stating that content broadcast on leased capacity must comply with the law in force in the country of reception.

The CSA's powers of sanction are defined in Article 42: it can serve a notice directly on Eutelsat to comply with its legal obligations. The CSA can serve a notice on Eutelsat not only to fulfil its obligations as defined in Articles 19 and 33-1, but also to cease broadcasting any non-EU TV channel that does not comply with the principles set out in the act. In practice, this provision has so far been used only to address threats against public order and incitement to racial hatred.

If Eutelsat S.A. were to fail to cease such transmissions by the specified deadline, the CSA would have the right to punish the company by imposing a fine of up to 3% of its annual revenues and 5% in the event of a further violation of the same obligation (Articles 42-1 and 42-2).

The CSA has another legal method of ensuring compliance with a notice, *i.e.* a summary application (*référé*) to the *Conseil d'État* for an interim order requiring Eutelsat to fulfil its legal obligations. Since this method is more cumbersome than the service of a notice and direct penalties, it lacks effectiveness and is falling into disuse.

These specific powers, which enable the CSA to bring pressure to bear on the satellite operator, are not expressly provided for in the Directive. The Directive does accept, however, that Member States can take this type of action.

In technical terms, to cease transmission of an uplinked signal on a given transponder, the Group has to switch off the corresponding transponder on board the satellite, even if this transponder is carrying other, authorised television channels (a 36 MHz transponder can broadcast up to 10 television channels in digital mode). For this reason, it could be difficult to comply with any CSA injunctions without being forced to terminate contracts with other distributors that lease capacity to duly authorised channels (see section 4.5.5 "The Group is subject to strict regulations on the content of the programmes broadcast *via* its satellites").

6.8.4 Regulations governing space operations

The French space operations act was published in the France's *Journal Officiel* on 4 June 2008. This act results directly from France's international obligations, imposed by various UN treaties including:

- the 1967 Treaty on principles governing the activities of states in the exploration and use of outer space, including the moon and other celestial bodies; and,
- the 1972 Convention on international liability for damage caused by space objects.

The Group is mainly affected by decree 2009-643 relating to authorisations. The system will come into force one year after the publication of the associated technical regulations, which are currently being prepared, and at the latest 18 months after the decrees were published, *i.e.* 10 December 2010.

The act creates an authorisation regime for space operations that may incur France's international liability, such as the launch of a space object from France and, for a French operator, the launch of a space object from abroad, the launch or control of a space object in outer space or the transfer of control of a space object that has already been authorised. These authorisations will be given by the Minister in charge of space within a period of 4 months, which may be extended by 2 months if a valid reason exists.

The act also creates a licensing regime for operators involving certain guarantees. 3 levels of licence will exist: licences that only involve moral, financial and professional guarantees, licences that, in addition, require that systems and procedures comply with technical regulations and licences that provide authorisation for certain operations, in which case there is only a case-by-case reporting obligation. In the first and second levels, case-by-case authorisation will remain necessary for each operation, but will take less time to obtain than with the old procedure. The third level of licences will only exist for in-orbit control operations, and will not cover launch operations.

The act also requires insurance (or another financial guarantee) throughout the space operation. Nevertheless, the decree relating to authorisations states that the Minister in charge of space may waive this obligation for an operator during the station-keeping phase of a geostationary satellite if it can produce a document confirming its solvency.

If, as a result of an operation authorised under this act, any operator is required to compensate a third party for damage caused by a space object during and/or after launch, the operator may claim under its guarantee an amount over and above the amounts set out in the authorisation and enshrined by the applicable finance act. However, the operator will not be able to claim in the event of intentional fault, and will only be able to claim if the operation is conducted from France or any EU or EEA country, or using resources or facilities under the jurisdiction of any such country.

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6.8.5 US export control requirements (regulations governing the activities of the Group's suppliers)

US companies and companies located in the USA must comply with US export control laws and regulations, specifically the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Act and the trade sanctions laws and regulations administered by the US Treasury's Office of Foreign Asset Control, in connection with any information, product or material that is regulated by US law and that is provided to non-US companies. The export of satellites, satellite hardware, defence services and technical information relating to satellites to non-US satellite manufacturing firms, launch services providers, insurers, customers, non-US employees and other persons who do not have US nationality is regulated by the Office of Defense Trade Controls under the International Traffic in Arms Regulations of the US Department of State. Since the Group is not a US company, its service providers, distributors, suppliers and sub-contractors that use US technologies (including for communications), export US components for the construction of the Group's satellites or provide launch services outside the USA are required to obtain permits for the export of technical data and material (under technical assistance agreements) for any material they purchase for the construction of satellites or for satellite launches outside the USA.

6.8.6 Other provisions applicable to the Group

Eutelsat S.A.'s activities were originally carried out by an intergovernmental organisation, the European Telecommunications Satellite Organisation (the "IGO"). The IGO was founded by certain countries in Western Europe (the "Signatories") on 1 September 1985 (under the "Convention") to develop and operate a telecommunications satellite system for trans-European telecommunications purposes. On 2 July 2001, all the IGO's operating activities were transferred to Eutelsat S.A. (the "Transformation"). Because of the Transformation, the Convention was amended to adjust the IGO's missions (the "Amended Convention").

Eutelsat IGO has been maintained as an intergovernmental organisation and currently covers 48 European countries.

Role of Eutelsat IGO

The main purpose of Eutelsat IGO is to ensure that Eutelsat S.A. complies with the following basic principles ("Basic Principles"):

- public service/universal service obligations: these obligations apply to the space segment and to its use to provide services connected to the public switched telephone network. Audiovisual services and future services will be provided in compliance with the relevant national regulations and international agreements, in particular the provisions of the European Convention on Transfrontier Television, taking account of those applying to the universal service concept and the information society;
- pan-European coverage by the satellite system: Eutelsat S.A. shall, on an economic basis, seek through the pan-European coverage of its satellite system to serve all areas where there is a need for communications services in Member States;
- non-discrimination: services shall be provided to users on an equitable basis, subject to commercial flexibility and consistent with applicable laws and regulations; and,
- fair competition: Eutelsat S.A. shall comply with all applicable laws and regulations relating to competition.

Current relationship between Eutelsat S.A. and Eutelsat IGO

The relationship between Eutelsat S.A. and EUTELSAT IGO is governed by an agreement that came into force on 2 July 2001 and was amended on 10 December 2004 (the "Arrangement"). The Arrangement states that, on the understanding that the management of Eutelsat S.A. is carried out on a sound economic and financial basis, Eutelsat S.A.'s principal obligation under the Arrangement shall be to observe the Basic Principles. The principal provisions of the Arrangement are as follows:

Eutelsat S.A.'s obligations

- Eutelsat IGO shall be given 60 days' notice of any proposal to change its By-laws which would materially affect the observance of the Basic Principles.
- Eutelsat S.A. shall inform Eutelsat IGO, and take into account any recommendation made by Eutelsat IGO, in the event of any major changes to its operating, technical, marketing or financial policy that might materially affect the observance of the Basic Principles.
- Eutelsat S.A. shall obtain written prior approval from Eutelsat IGO if it intends to go into voluntary liquidation, or if it intends to merge or combine with another entity.
- Eutelsat IGO's Executive Secretary shall be named as a non-voting director on Eutelsat S.A.'s Board of Directors, subject to certain conditions.
- Eutelsat S.A. shall finance Eutelsat IGO's annual operating costs (as an illustration, the budget for this was approximately 780,000 euros for the year ended 30 June 2009).

Eutelsat IGO's obligations

- Eutelsat IGO shall make every effort to ensure that Eutelsat S.A. can make use of all frequency assignments acquired or filed with the ITU Radiocommunication Bureau as of 2 July 2001.
- Any proposed amendment to the Amended Convention that is liable to affect Eutelsat IGO's performance of its activities shall be submitted to Eutelsat S.A., which shall have 6 weeks in which to communicate its observations to Eutelsat IGO.

Liaison and information

- A joint committee made up of representatives of Eutelsat IGO and Eutelsat S.A. shall meet at least once per quarter to make sure that Eutelsat S.A. is observing the Basic Principles. In this regard, Eutelsat S.A. shall send Eutelsat IGO extracts from its 5-year strategic plan and its certified annual accounts and shall examine with Eutelsat IGO the impact on its activity or on its observance of the Basic Principles caused by any changes in regulations, particularly European or French, applicable to it.
- In his capacity as non-voting director, the Executive Secretary of Eutelsat IGO shall have access to information under the same conditions as those which apply to a director and shall attend, but not vote at, meetings of Eutelsat S.A.'s Board of Directors.

The Arrangement also provides a mechanism for settling disputes, including by arbitration.

Relationship between Eutelsat Communications and Eutelsat IGO

At the time of Eutelsat Communications' IPO, Eutelsat Communications and Eutelsat IGO signed a Letter-Agreement on 2 September 2005, which came into force on 6 December 2005 (the "Letter-Agreement"). Under the Letter-Agreement, Eutelsat Communications undertook:

- to give Eutelsat IGO's Executive Secretary a seat as non-voting director on the Board of Directors of Eutelsat Communications from the date of the latter's IPO;
- to ensure that Eutelsat S.A. is at all times able to honour its undertakings made pursuant to the Arrangement and not to take any decision which might entail any breach of the said undertakings by Eutelsat S.A.;
- in any event, and without constituting an exception to or a reduction of the undertaking set out in the above paragraph, to inform the Executive Secretary, in his capacity as non-voting director, of any decision taken by Eutelsat Communications which might affect Eutelsat S.A.'s compliance with the Basic Principles and to communicate to him all useful information on such matters;
- to inform Eutelsat IGO, through its Executive Secretary, of any crossing of a legal threshold or of a threshold contained in the By-laws, which has been notified to it by a shareholder;
- not to propose or vote for any proposal that Eutelsat S.A. distribute dividends in excess of the amount of Eutelsat S.A.'s annual net income and/or annual net income plus retained earnings and/or which would result in Eutelsat S.A.'s net debt/EBITDA ratio rise above 3.75/1, given that this ratio will not be considered as having been exceeded where any excess comes as a result of any external growth operation and that the notion of dividends is that defined under Article L. 232-12 of the French Commercial Code;
- to take all steps necessary so that the undertakings given by Eutelsat Communications, or those that Eutelsat Communications may give, in particular in relation to its financial needs, present or future, cannot in any way result in cross default by Eutelsat S.A., unless such undertakings given by Eutelsat Communications were also given in Eutelsat S.A.'s direct interest;
- to maintain a level of consolidated Group debt that is not contrary to market practice and sound management of the Eutelsat Group; and
- to maintain within Eutelsat S.A. a minimum amount of equity in compliance with sound financial management of Eutelsat S.A. and allowing it continue complying with the Basic Principles.

The role, position, remuneration and right to information of the non-voting director, as well as the right to supply information to the Parties and the settlement of any disputes relating to such supply of information, are specified in the Letter-Agreement (see section 21.2.2 "Board of Directors, Committees and non-voting director" for further information on the clause in Eutelsat Communications' By-laws concerning the non-voting director).

The Letter-Agreement also provides for the creation of a Co-ordination Committee, whose main tasks are (i) to exchange useful information and views for the proper implementation of the Letter-Agreement, (ii) to examine any request for the removal of confidentiality restrictions on information received by the non-voting director, and (iii) to examine in particular the annual accounts and the list of third-party experts designated to resolve any problem arising as to what information may be circulated by the non-voting director to the Parties to the Convention.

The Letter-Agreement will become null and void by operation of law upon the expiry of the Arrangement pursuant to its terms and conditions (it should be noted that the Arrangement may only be terminated by mutual agreement). Eutelsat IGO and Eutelsat Communications may, however, terminate or amend the Letter-Agreement at any time upon mutual agreement, in particular in the event where such termination or amendment turns out to be helpful to facilitate the development of the Group.

In the event of a transfer of Eutelsat S.A. shares by Eutelsat Communications, the latter shall inform the proposed transferee of the content of the Letter-Agreement, it being understood that Eutelsat Communications shall remain bound, in any event, by its undertakings until the expiry of the Letter-Agreement in accordance with the paragraph above.

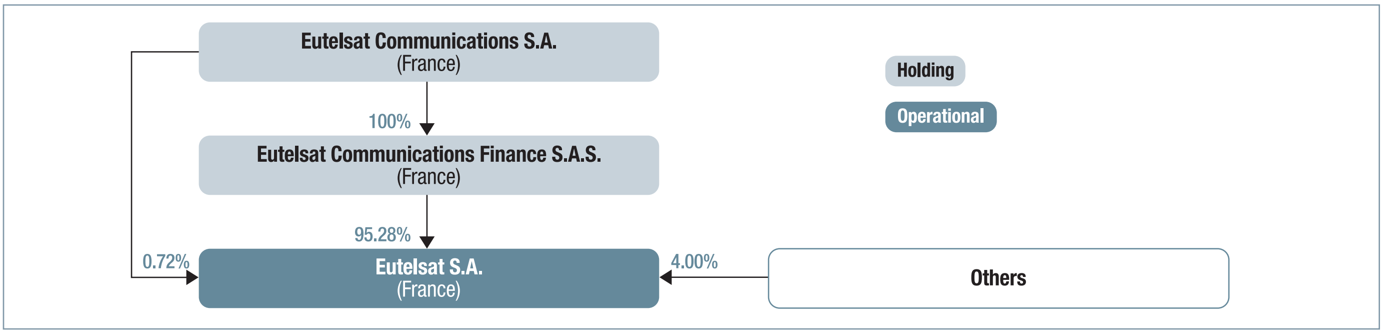
The Letter-Agreement also contains a mechanism for settling disputes by arbitration.

7 ORGANISATIONAL CHART

>> 7.1 The Group's Organisational Chart

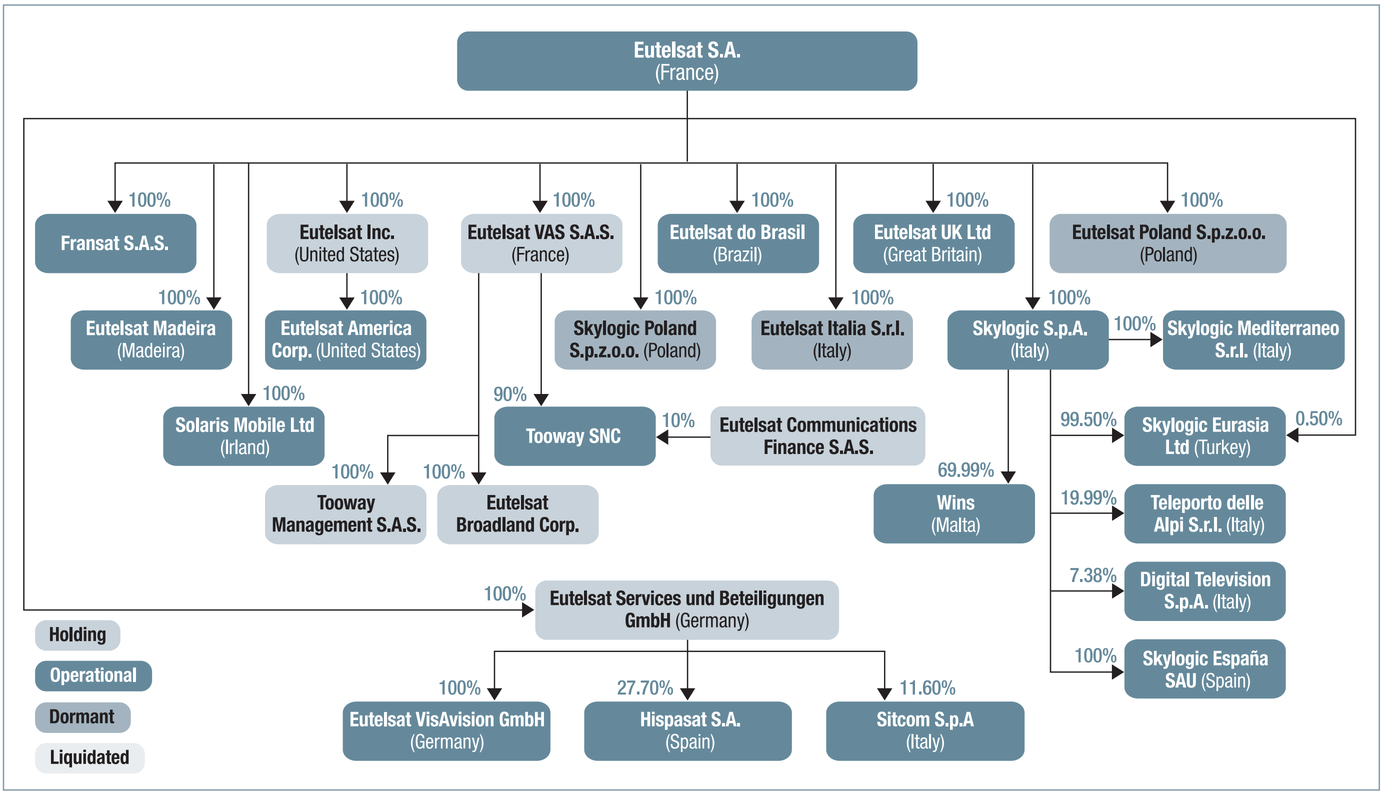
The 2 charts below show the Group's operating organisation at 30 June 2009.

GROUP ORGANISATIONAL CHART AT 30 JUNE 2009 (PART 1)



The "Others" item includes all Eutelsat S.A.'s minority shareholders, *i.e.* Eutelsat S.A.'s long-standing institutional shareholders, mainly telecom operators, Central European, Eastern European and Central Asian governments, as well as Eutelsat S.A. employees.

GROUP ORGANISATIONAL CHART AT 30 JUNE 2009 (PART 2)



Information on the agreements between the Company and its various subsidiaries are described in Chapter 19, "Transactions with related parties" in this reference document.

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The revenues and performance of the companies shown below in section 7.2 "Subsidiaries and equity interests", are established on the basis of the annual accounts of the companies in question and according to local applicable accounting standards. These data are not representative of these companies' contribution to the Group's consolidated financial indicators.

>> 7.2 Subsidiaries and equity interests

The Group's main operating subsidiaries are Eutelsat S.A. (France) and Skylogic S.p.A. (Italy), itself a subsidiary of Eutelsat S.A.

7.2.1 Subsidiaries managing the Group's equity interests

Eutelsat Communications Finance SAS (France)

This French *société par actions simplifiée* (simplified joint-stock company) is wholly owned by Eutelsat Communications. It was created in June 2006 and is located at 70, rue Balard, 75015 Paris. Its purpose was to receive financing arising from the refinancing of the Revolver and Senior Credits, underwritten by some of the Group's subsidiaries.

Following the reorganisation of the Group's structures during the financial year 2006-2007, the share capital of Eutelsat Communications Finance S.A.S. was increased to 5 million euros, made up of 500,000 ordinary shares with a par value of 10 euros per share.

In December 2008, Eutelsat Communications Finance S.A.S. acquired SatBirds 2 S.A.S. (France), which had in October 2008 acquired WhiteBirds S.A.S. (France). SatBirds 2 S.A.S. (France) and WhiteBirds S.A.S. were the last 2 holding companies existing between Eutelsat Communications Finance S.A.S. and Eutelsat S.A.

At the filing date of this reference document, Eutelsat Communications Finance S.A.S.'s only activity consisted of holding an indirect equity interest in Eutelsat S.A. At 30 June 2009, no revenues were reported and it made net income of 236.3 million euros arising from flows received from its subsidiaries.

Eutelsat S.A. (France)

Eutelsat S.A. is a *société anonyme* (limited company) whose registered offices are at 70, rue Balard, 75015 Paris. Eutelsat S.A. is the Group's principal operating company. At 30 June 2009, revenues[11] totalled 935.5 million euros, and net income was 277.4 million euros.

At 30 June 2009, Eutelsat Communications indirectly held a 96% stake in Eutelsat S.A., the Group's main operating company, through which it had control of several subsidiaries and sub-subsidiaries of Eutelsat S.A. as well as indirect interests, including Hispasat S.A. and Solaris Mobile Ltd.

7.2.2 Subsidiaries of Eutelsat S.A.

7.2.2.1 Representation and promotion of Eutelsat S.A.'s activities

In the context of its international development, Eutelsat S.A. has subsidiaries whose principal activity is to promote the Group's products and services and to represent Eutelsat S.A.

Eutelsat Inc. (USA)

Eutelsat Inc. is in charge of promoting Eutelsat S.A.'s services and satellite capacity in the USA. At 30 June 2009, Eutelsat Inc. generated revenues of 0.857 million euros and net income of 0.068 million euros.

Additionally, Eutelsat Inc. holds 100% of the Eutelsat America Corp. subsidiary.

11 Non-consolidated revenues based on annual accounts for the period ended 30 June 2009, including billings to subsidiaries, equity interests and affiliates, but excluding revenues from subsidiaries, equity interests or affiliates of Eutelsat S.A.

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Eutelsat America Corp. (USA)

Created on 28 November 2006, Eutelsat America Corp's role is to distribute Eutelsat S.A.'s capacity throughout the North American market. At 30 June 2009, it generated revenues of 70 million euros and net income of 2.2 million euros.

Eutelsat do Brasil (Brazil)

Eutelsat do Brasil is in charge of promoting and marketing Eutelsat's capacity and services in Latin America. Additionally, Eutelsat do Brasil has been granted landing rights by the Brazilian authorities, meaning it can provide satellite capacity for the Brazilian market with the W1, ATLANTIC BIRD™ 1 and ATLANTIC BIRD™ 2 satellites. At 30 June 2009, this company generated revenues of 1.178 million euros and net income of 0.862 million euros.

Eutelsat UK Ltd (Great Britain)

This company is in charge of promoting Eutelsat S.A.'s activity in the United Kingdom and Ireland. At 30 June 2009, Eutelsat UK Ltd generated revenues of 0.677 million euros and net income of 0.031 million euros.

Eutelsat Poland s.p.z.o.o. (Poland)

Created in January 2004, this company's purpose is to promote Eutelsat's services in Poland and Central Europe. At 30 June 2009, Eutelsat Poland s.p.Z.o.o. generated revenues of 0.839 million euros and net income of 0.079 million euros.

Skylogic Poland s.p.z.o.o. (Poland)

This company was set up in January 2004, and was dormant at 30 June 2009.

Eutelsat Italie S.R.L. (Italy)

This company was dormant at 30 June 2009.

7.2.2.2 Other subsidiaries of Eutelsat S.A.

Skylogic S.p.A. (Italy)

Skylogic S.p.A. is wholly owned by Eutelsat S.A. Skylogic S.p.A.'s role is to operate the Turin teleport and sell Value-Added Services including satellite Internet access solutions.

At 30 June 2009, Skylogic S.p.A. owned a 7.38% stake in Digital TV S.p.A, a 19.9% stake in Teleporto delle Alpi S.R.L. and a 100% stake in Skylogic España SAU.

At 30 June 2009, Skylogic generated non-consolidated revenues (annual accounts) of 23.8 million euros. Its non-consolidated net income (annual accounts) was over 6.7 million euros. At 30 June 2009, Skylogic S.p.A. employed 94 people.

Wins (Malta)

Wins is 70%-owned by Skylogic S.p.A. and 30%-owned by Maltese operator MALTASAT. This company is responsible for marketing the D-STAR™ service to cruise ships and ferries in the Mediterranean Basin, providing the cruise ships and ferries with telephony services (GSM) and broadband access.

At 30 June 2009, Wins generated revenues of 1.242 million euros and made a net loss of 0.043 million euros, because of the expenditure required to continue launching its services.

Skylogic Mediterraneo S.R.L. (Italy)

This company, which is wholly owned by Skylogic S.p.A., was created on 7 July 2006 and its purpose is the operation of a teleport in Sardinia. At 30 June 2009, the company did not generate any revenues, and it made a net loss of 0.233 million euros.

Skylogic Eurasia Ltd (Turkey)

This company, 99.5% owned by Skylogic S.p.A. and 0.5% by Eutelsat S.A., created on 26 January 2007, is in charge of promoting and marketing satellite services in Turkey.

At 30 June 2009, this company generated revenues of 0.115 million euros and a net loss of 0.033 million euros.

Skylogic España SAU (Spain)

Skylogic España SAU's main activity is selling the Value-Added Services of Skylogic, including satellite Internet access solutions. It is wholly owned by Skylogic S.p.A, which is itself a wholly owned subsidiary of Eutelsat S.A.

At 30 June 2009, Skylogic España SAU generated revenues of 0.156 million euros and a net loss of 0.069 million euros.

Eutelsat Services und Beteiligungen GmbH (Germany)

In April 2002, Eutelsat S.A. acquired a company that was renamed Eutelsat Services und Beteiligungen GmbH (Eutelsat GmbH), which is 100% owned.

Among other things, Eutelsat GmbH holds a 27.69% stake in the capital of the Spanish operator Hispasat and has a role in promoting and representing Eutelsat S.A. in Germany.

At 30 June 2009, it generated revenues of 1.6 million euros and net income of 17.7 million euros.

Eutelsat VisAvision GmbH (Germany)

Eutelsat VisAvision GmbH, 100% owned by Eutelsat Services und Beteiligungen GmbH and created in April 2004, is in charge of promoting the KabelKiosk service in Germany. This service consists of providing satellite capacity and associated dedicated services to a TV package (including ethnic channels) marketed by regional cable operators to their subscribers.

At 30 June 2009, this company generated revenues (annual accounts) of 2.3 million euros and a net loss of 0.168 million euros.

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Eutelsat VAS S.A.S.

This is a dormant shell company that is wholly owned by Eutelsat S.A. At 30 June 2009, it generated net income of 0.641 million euros.

In the context of the structuring of the KA-SAT TOOWAY™ project, this company holds a 90% stake in TOOWAY SNC, a French general partnership (*société en nom collectif*) created in July 2008, with the remaining 10% stake being held by Eutelsat Communications Finance S.A.S.

TOOWAY Management S.A.S. (France)

This company was set up in July 2008, and manages TOOWAY SNC. It is wholly owned by Eutelsat VAS SAS. Its role is to sell the Ka-band TOOWAY™ service to consumers, companies, local authorities, government agencies and humanitarian organisations.

TOOWAY S.N.C. (France)

TOOWAY S.N.C. is a French general partnership (*société en nom collectif*). Its role is to own the KA-SAT satellite and to handle marketing of the TOOWAY™ service. It is 90%-owned by Eutelsat VAS S.A.S.

Eutelsat BroadBand Corp. (USA)

Eutelsat BroadBand Corporation was set up in 2008, and its role is to increase the Group's interest in the VIASAT subsidiary in charge of operating and marketing the VIASAT 1 Ka-band satellite in North America, whose launch is expected in 2011.

Eutelsat Madeira Unipessoal Lda (Portugal)

Eutelsat Madeira Unipessoal Lda is wholly owned by Eutelsat S.A. and owns 10 C-band and 15 Ku-band transponders on the W2A satellite. This capacity is mainly intended to be sold in Portuguese-speaking regions, including in Africa.

Eutelsat Madeira is also in charge of building and developing a new satellite control centre in the island of Madeira.

Eutelsat Madeira has capital of 78,805,000 euros. At 30 June 2009, it generated revenues (annual accounts) of 1.814 million euros and a net profit of 0.688 million euros.

Fransat S.A.S. (France)

Fransat S.A.S. was set up in May 2009, and is wholly owned by Eutelsat S.A. It has capital of 500,000 euros and its role is to develop and market a new package of satellite TV channels, consisting mainly of encrypted free-to-air and pay-TV channels. Fransat SAS activities also include marketing the conditional access cards required to receive the package, and more generally all other equipment needed to broadcast and receive the package's TV channels.

At 30 June 2009, the company generated revenues (annual accounts) of 0.235 million euros and a net loss of 0.295 million euros.

7.2.2.3 Equity interests

Hispasat S.A. (Spain)

At 30 June 2009, the Group indirectly held 27.69% of the voting rights of Hispasat Group, a private unlisted Spanish satellite operator. A 21.15% stake was acquired on 28 December 2001 and a further 6.54% stake was acquired on 8 April 2002.

The table below shows a summary of Hispasat Group's annual data for the year ended 31 December 2008 (latest data published by Hispasat):

(In thousands of euros)	31 December 2008
Assets	722,597
Equity	390,562
Operating income	137,389
Net income	47,512

Solaris Mobile Ltd (Ireland)

At 30 June 2009, the Company indirectly held 50% of the voting rights and capital of Solaris Mobile Ltd, a company incorporated in Ireland and headquartered in Dublin, with share capital of 150,000,000 euros. Solaris Mobile Ltd was created in March 2008 and is jointly owned by the Company and SES Astra SA. Its role is to operate and market the W2A satellite's S-band payload, which suffered a fault during in-orbit testing. In June 2009, Solaris Mobile Ltd made a claim to its insurers to be compensated for the S-band payload's non-compliance with contractual conditions. This matter is currently being dealt with.

In May 2009, the European Commission authorised Solaris Mobile Ltd to use 15 MHz of S-band frequencies (out of the 30 MHz allocated), subject to rights being allocated by member states, in order to provide services on those frequencies across the European Union.

At 30 June 2009, Solaris Mobile Ltd did not generate any revenues and it made a net loss of 3.954 million euros.

Sitcom S.p.A. (Italy)

At 30 June 2009, the Company indirectly held 11.6% of Sitcom S.p.A.'s voting rights. Sitcom S.p.A. was created in 1997 and is an operator and producer of audiovisual programmes and television channels in Italy. The channels produced by Sitcom S.p.A. are broadcast mainly in Italy, *via* the Sky Italia package.

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>> 7.3 Group cash flows

At the filing date of this reference document, no contractual relationships generate significant cash flows apart from the cash flows generated under the service agreements or centralised cash management agreements signed within the group.

The table below summarises relations between the Company and its subsidiaries at 30 June 2009:

Consolidated items (except dividends) *(In millions of euros)*	**Eutelsat S.A. (sub-group)**	**Other subsidiaries**	**Eutelsat Communications**	**Consolidated total**
Non-current assets (incl. goodwill)	4,104	-	35	4,139
Debt (owed to non-Group entities)	853	-	1,615	2,468
Cash assets on balance sheet	138	1	2	141
Cash flow from operating activities	581	5	69	655
Dividends/issue premium paid during the 2008/2009 financial year and accruing to Eutelsat Communications	2	170	-	172

8 PROPERTY, PLANT AND EQUIPMENT

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>> 8.1 The Group's property and equipment

The registered office of the Company and Eutelsat S.A. is located at 70, rue Balard, 75015 Paris.

In 2004, Eutelsat S.A. renewed the lease on the building for 9 years, which includes a period of 6 years during which the lease cannot be terminated.

On 1 September 2004, Eutelsat S.A. entered into an agreement to acquire the Rambouillet teleport facilities from France Télécom for 5.3 million euros. The Rambouillet teleport is used as a back-up control and satellite telecommunications centre, to be used in the event of a failure at the control centres located in Eutelsat S.A.'s technical control centre in Paris. This teleport also has the technical resources required to provide value-added services. It hosts in particular a D-STAR™ platform and the EUTELTRACS platform. The teleport also allows the Group to provide uplink/downlink services to its customers, including for Video Applications or hosting of operator platforms for satellite communications networks. The Rambouillet teleport also hosts Eutelsat's Low Earth Orbit Phase centre, which is in charge of positioning the satellites on station after their launch.

In January 2005, Skylogic S.p.A. acquired a new site in Turin, Italy, for a total amount of 930,000 euros, for its Skyparc teleport and it has invested around 40 million euros in building and equipping this new teleport. In addition, Skylogic Mediterraneo S.r.l., a company based in Cagliari, Italy and wholly owned by Skylogic S.p.a. acquired a plot of land in February 2008 for an amount of 423,000 euros. A teleport, which will operate C-band and S-band services among others, is under construction on that plot.

The Group owned 23 satellites in geostationary orbit at the filing date of this document. These are described in section 6.6.1.2 "Group-owned in-orbit satellites".

>> 8.2 Environment, health and safety

The Group's activities are subject to health and safety regulations, including regulations on exposing workers and the public to electromagnetic fields. The activities performed at the Group's registered office in Paris and at the Rambouillet teleport are conducted in compliance with the rules governing RF exposure. Personnel working at those installations have specific training and are provided with equipment to measure and detect potential malfunctions.

Furthermore, some facilities operated by the Group also come under the regime governing facilities classified for environmental protection (Articles L. 511-1 *et seq.* of the French Environmental Code). Indeed, some of the Group's operations require continuous electrical power. The Rambouillet teleport, in particular, has stores of fuel and batteries for emergency generators, which are subject to a reporting regime.

The Group also uses an inspection company to map electromagnetic fields.

As an owner or operator, and in relation with the current or past operation of some of its sites, the Group could incur high costs, including the cost of clean-up operations, fines, sanctions or third-party claims, resulting from non-compliance or liabilities under environmental, health and safety laws and regulations. However, the Group considers that its operations are carried out in compliance with these laws and regulations.

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9 REVIEW OF FINANCIAL POSITION AND RESULTS

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>> 9.1 Preliminary note on the presentation of the financial statements

The Company is a holding company without any business activities of its own, other than its indirect equity interest in Eutelsat S.A. At 30 June 2009, the Company held 96% of Eutelsat S.A.'s share capital.

The following paragraphs are mainly dedicated to a presentation and analysis of Eutelsat Communications' consolidated results for the financial year ended 30 June 2009.

Readers are invited to read the following presentation together with the reference document as a whole, including Eutelsat Communications' consolidated financial statements for the financial year ended 30 June 2009, prepared according to the International Financial Reporting Standards ("IFRS"), and the Notes to those financial statements in section 20.1 "Financial information for the financial year ended 30 June 2009" of this reference document.

The review of the Company's financial position and results for the financial years ended 30 June 2008 and 2007 is incorporated by reference in this reference document and is shown respectively in section 9.4 (pages 74 to 77) of the Company's 2007-2008 *Document de Référence* and section 9.4 (pages 97 to 108) of the 2006-2007 *Document de Référence*.

>> 9.2 Overview

The Group is one of the European leaders in satellite services. It operates a fleet of 27 satellites in geostationary orbit (or GEO). The Group provides capacity for Video Applications, Data Services and Value-added Services, as well as Multi-Usage Services. With its fleet of satellites located from 15° West to 70.5° East, the Group covers the whole of Extended Europe, sub-Saharan Africa and a substantial portion of Asia and the Americas, giving it potential access to 90% of the global population. This fleet represents a total of 589 operational transponders in stable orbit at 30 June 2009, compared with 501 transponders in stable orbit at 30 June 2008.

The Group provides 3 types of services (the percentages shown below are based on Group estimates, excluding other revenues and one-off revenues):

BUSINESS PORTFOLIO (STATED AS A PERCENTAGE OF REVENUES) (1)

12 months ended 30 June	2008	2009
Video Applications	75.5%	73.3%
Data and Value-Added Services	17.7%	18.6%
of which Data Services	13.7%	14.4%
of which Value-Added Services	4.0%	4.2%
Multi-Usage Services	6.8%	8.1%
TOTAL	**100%**	**100%**

(1) Excluding other revenues and one-off revenues in respective amounts of 17.8 million euros in the financial year ended 30 June 2008 and 12.5 million euros in the financial year ended 30 June 2009.

>> 9.3 Analysis of income statement elements

Revenues

The Group's revenues derive mainly from the supply of satellite capacity. The Group's customer base includes both customers (distributors who resell satellite capacity to end users) and user-customers (who use the Group's satellite capacity for their own needs). The Group's ability to generate revenues depends largely on its tariffs, which vary mainly according to the type of capacity offered and the orbital neighbourhood of the satellites. However, the prices charged by the Group also depend on the rates charged by the competition (see section 6.4 "Competition").

In addition, a modest portion of the Group's revenues ("Others") principally derives from: (i) the sale or lease of terminals and equipment for business networks and mobile services; (ii) from compensation paid on the settlement of business related litigation; (iii) from the financing of certain research programmes by the European Union and other organisations, and (iv) from the recognition of euro/USD foreign exchange gains. It is difficult to predict trends in most of these factors.

In addition, a modest portion of revenues ("One-off revenues") comes from the compensation paid by satellite constructors in the event of a significant delay or interruption in the transmission capacity of the satellites in orbit.

Operating costs

Operating costs mainly include staff costs and other costs related to controlling and operating the Group's satellites, as well as satellite in-orbit lifetime insurance premiums:

- **staff costs.** These costs include wages and payroll charges of employees responsible for supplying, operating and maintaining the satellites (including the Group's statutory employee profit-sharing costs);
- **satellite operating and control costs.** These costs include the cost of running ground stations and the costs of equipment, notably range finding, control, positioning, payload management, maintenance of software applications and satellite control centre equipment, and also traffic supervision and management. The size of these costs depends on the number of satellites and satellite families operated, any possible repositioning of satellites and on the number and type of services offered.

  These costs also include subcontracting costs for range-finding, control and monitoring operations for a number of satellites in orbit as well as service contracts for satellite communications systems control.
- **satellite in-orbit lifetime insurance premiums.** A satellite's in-orbit lifetime insurance generally takes effect when the launch insurance policy expires (generally one year after the satellite's launch). When the Group takes out launch insurance providing in-orbit lifetime coverage, the premiums for periods subsequent to the first anniversary of the launch date are treated as in-orbit lifetime insurance costs. Almost all satellites in orbit belonging to the Group are covered for amounts defined under an insurance policy structured in tranches. Depending on the chosen risk-management policy and the conditions in the space insurance market, insurance premium costs may vary from one financial year to another (see section 4.7.2 "Insurance").

Operating costs also include a portion of the business tax ("*taxe professionnelle*"), which is divided up between operating costs and selling, general and administrative expenses (based on the corresponding staff head-count).

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Selling, general and administrative expenses

Selling, general and administrative expenses include:

- costs related to commercial and administrative staff (including statutory employee profit-sharing);
- marketing expenses, such as advertising and co-marketing expenses with client-distributors and users;
- overheads for leasing of premises, external studies and logistics;
- expenses related to developing and marketing new products;
- a portion of the operating taxes (including a portion of the business tax); and,
- impairment allowances for trade and other receivables.

Depreciation and amortisation

The depreciation charge is the Group's largest expense item and includes costs related to the depreciation of non-current assets.

The Group's non-current assets mainly consist of its satellites and ground facilities. Capitalised satellite costs include (i) satellite construction and launch costs, (ii) launch insurance premiums (which generally include in-orbit coverage until the first anniversary of the launch date), (iii) charges for associated capitalised interest, (iv) net present value (at launch) of the incentives payable to the manufacturer throughout the satellite's operation, depending on its compliance with technical and contractual specifications, as well as (v) costs associated directly with procurement programme monitoring (research costs, employee salaries and consultancy fees).

Satellites are depreciated on a straight-line basis over their period of operation in stable orbit, which is generally 10 to 17 years.

The Group reviews at least once a year the remaining service life of its satellites, according to forecast use and a technical assessment of their operational performance. If a change in operational life occurs, future depreciation charges are calculated on the basis of the satellite's new remaining operational life.

The Group's non-current assets also include the 36 transponders, including 18 transponders on satellites in inclined orbit which are covered by contracts, according to which its subsidiary Eutelsat S.A. has capacity on all or some of the transponders of the third-party satellites, since the risks and benefits of ownership have been transferred to it.

The satellites concerned are SESAT™ 2, Express A4, Telstar 12, Telecom 2C and Telecom 2D. The aggregate capitalised amount depends on the present value of the lease payments. Capitalised capacity costs are amortised over the duration of the contract.

Operating income

Operating income reflects revenues less operating costs, selling, general and administrative expenses, depreciation and amortisation, and other operating income and charges.

Financial result

Financial result principally reflect (i) interest expense and bond issuance costs related to the Group's borrowings, less borrowing costs set of against the value of eligible assets, (ii) changes in the fair value of the financial instruments (primarily including changes in time value and changes in the fair value of derivatives not eligible for hedge accounting) and (iii) foreign exchange gains and losses.

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Consolidated net income

Consolidated net income reflects the sum of operating income, financial result and income from equity investments, less income tax.

Group share of net income

Group share of net income represents the Group's consolidated net income less the income from subsidiaries attributable to minority interests in these subsidiaries.

>> 9.4 Comparative analysis of the income statements for the financial years ended 30 June 2008 and 2009

CONDENSED CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEARS ENDED 30 JUNE 2008 AND 2009

IFRS *(In thousands of euros)*	12-month financial year ended 30 June 2008	12-month financial year ended 30 June 2009
REVENUES	**877,765**	**940,541**
Operating costs	(69,239)	(72,104)
Selling, general and administrative expenses	(112,780)	(126,325)
Depreciation and amortisation	**(300,886)**	**(294,271)**
Other operating income	3,858	145,769
Other operating charges	(19,870)	(121,968)
OPERATING INCOME	**378,848**	**471,642**
Financial result	(109,088)	(99,624)
NET INCOME BEFORE TAXES	**280,953**	**387,972**
Income tax expense	(97,509)	(127,988)
NET INCOME	**183,434**	**259,984**
Group share of net income	172,276	247,348
Minority interests' share of net income	11,168	12,636

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9.4.1 Revenues

The following table shows revenues by service for the financial years ended 30 June 2008 and 2009:

(In million of euros)	30 June 2008	30 June 2009	Change	*(in %)*
Video Applications	649.4	679.7	+30.3	+4.7
Data & Value-Added Services	152.5	173.0	+20.5	+13.4
of which Data Services	117.8	134.1	+16.4	+13.9
of which Value-Added Services	34.7	38.8	+4.1	+11.9
Multi-Usage Services	58.1	75.4	+17.3	+29.8
Other	17.8	10.7	(7.1)	nm
Subtotal	**877.8**	**938.8**	**+61.0**	**+7.0**
One-off revenues	-	1.8	+1.8	nm
TOTAL	**877.8**	**940.5**	**+62.8**	**+7.2**

Revenues rose from 877.8 million euros at 30 June 2008 to 940.5 million euros at 30 June 2009, representing an increase of 7.2%. Excluding other revenues and one-off items, including late delivery penalties and outage penalties, revenues grew by 7.9%. At constant exchange rates and excluding “Other” and “One-off revenues”, revenue growth ran at 6.7%.

Video Applications

Video Applications posted a revenue increase of 30.3 million euros during 2008-2009, representing growth of 4.7%, moving up from 649.4 million euros at 30 June 2008 to 679.7 million euros at 30 June 2009.

The main growth drivers were as follows:

- the price increase for the contracts renewed during the financial year concerning the Hot Bird™ neighbourhood;
- sustained demand for capacity, notably at 4 orbital neighbourhoods:
  - 9° East, serving Europe, with the number of channels doubling as a consequence of expansion by existing customers and the arrival of new TV platforms including Platforma in Russia,
  - 36° East, serving Russia and sub-Saharan Africa, with the continued growth of the Russian TV platforms NTV+ and Tricolor and African TV platform MultiChoice,
  - 16° East where growth was driven by the extension of TV platforms for Central Europe including Digitalb (Albania), Total TV (Balkans) and TVR (Romania),
  - 7° West which is jointly operated with the Egyptian satellite operator Nilesat serving North Africa and the Middle East, and whose resources of which were increased with the entry into service at the new Atlantic Bird™ 4A satellite at the beginning of the fourth quarter;
- a significant increase of 75% in the number of high-definition (HDTV) channels broadcast by the Group’s satellites. The number grew from 49 to 86 HDTV channels during the financial year, with the launch of channels by the major existing platforms, including Sky Italia, Cyfra+, Cyfrowy Polsat and NTV+ and the arrival of new services, such as Platforma HD in Russia. Given that high-definition requires 2.5 times more bandwidth than standard definition digital television, this increase is equivalent to the broadcasting of close to 100 new standard-television TV channels.

At 30 June 2009, the number of TV channels broadcast by Eutelsat stood at 3,191, including 86 high-definition channels.

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NUMBER OF TV CHANNELS BROADCAST BY EUTELSAT'S FLEET:

	At 30 June		
	2008	2009	in %
Flagship orbital neighbourhoods(1)	1,422	1,369	-5.4%
Major orbital neighbourhoods(2)	1,535	1,708	+11.2%
Other orbital neighbourhoods(3)	166	114	-3.1%
TOTAL	**3,123**	**3,191**	**+2.2%**

(1) Hot Bird™ at 13° East (Europe) and Eurobird™ 1 at 28.5° East (United Kingdom & Ireland).
(2) 7°West (Middle East, North Africa), 36° East (Russia, Africa), 16° East (Central Europe), 7° East (Turkey), 5° West (France), 9° East (Europe), 25.5° East (Middle East).
(3) Used for video contributions and professional video networks.

Reflecting the dynamism of the video applications market, particularly in Second Continent markets, the global audience of the Group's broadcasting satellites has grown by 10% over the past 2 years, rising from 173 million to 190 million homes.

Data and Value-Added Services

Data Services recorded a strong increase of 13.9% ranging from 117.8 million euros at 30 June 2008 to 134.1 million euros at 30 June 2009. This confirmed sustained demand from fixed and mobile telecommunication and Internet markets, particularly in Africa, central Asia and the Middle East. In these markets, satellites remain the most cost-effective way of feeding or interconnecting local networks spread over large territories.

The performance of Data Services also reflects the entry into service in the fourth quarter of the Ku-and C-band payloads on the W2A satellite providing prime interconnection coverage between Europe, Africa, central and southern Asia and South America. The commissioning of these resources helped immediately to activate a set of contracts with major telecom operators, such as France Télécom and PCCW Global.

With the strong coverage provided by its satellites operating at 10° East, 7° East, 21.5° East and 12.5° West, this business signed numerous new long-term contracts with major companies, such as Algérie Telecom, Hughes Network Systems, Telespazio, Horizon Satellite Services, London Satellite Exchange, ORG and Etisalat.

Value-Added Services, the division's second business segment, registered a growth of 11.9% during the 2008-2009 financial year, recording revenues of 38.8 million euros at 30 June 2009, up from 34.7 million euros at 30 June 2008. This growth was driven in particular by direct Internet access services, which increased by 24% during the 2008-2009 financial year. Direct Internet access services for enterprises and communities remains the leading engine of growth for these activities. The installed base of D-STAR™ terminals thus grew by 11% to 9,914 terminals at 30 June 2009, with Africa and the Middle East representing its 2 principal areas of expansion. The deployment by SNCF of D-STAR™ equipment across its TGV Est network to deliver Internet connections in its high-speed trains contributed as well to this growth.

At the same time, the Group continued to develop the distribution network for its TOOWAY™ consumer broadband service. Numerous distribution agreements were signed, notably with Telecom Italia and Fastweb in Italy, 3 in Ireland, El Corte Inglés in Spain and Hellas On Line in Greece. Eutelsat's objective is to prepare for the arrival of its KA-SAT satellite in late 2010.

Multi-Usage Services: almost all contracts renewed

Multi-Usage Services recorded an increase in revenues of 29.8% ranging from 58.1 million euros at 30 June 2008 to 75.4 million euros at 30 June 2009 owing to the combined impact of 2 factors:

- demand for additional capacity, notably in central Asia and the Middle East, for government services, combined with a price increase upon the renewal of contracts that expired during the financial year; and,
- significant appreciation in the US dollar against the euro. At constant exchange rates, growth in Multi-Usage Services ran at 18%.

Other revenues and one-off revenues

Other revenues came to 10.7 million euros at 30 June 2009, down from 17.8 million euros at 30 June 2008. The reduction of 7.1 million euros was attributable to the exceptionally high levels of gains on currency hedges realised during the previous financial year.

One-off revenues correspond to late delivery penalties of 1.8 million euros for the W2M satellite.

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Geographical breakdown of revenues

The Group generated around 20% of its revenues in US dollars. The Group's policy is to hedge the foreign exchange risk on its sales, using forward exchange or options contracts (see section 4.6.1 on "Currency risk").

The table below shows a breakdown of the Group's revenues by geographical area during the financial years ended 30 June 2008 and 2009. This table has been created from billing addresses and does not show the geographical origin of the satellite capacity's end users, mainly owing to the substantial proportion of the Group's customer portfolio accounted for by distributor-customers.

Regions	12-month financial year ended 30 June 2008		12-month financial year ended 30 June 2009	
(In million of euros and as a percentage)	Amount	%	Amount	%
Italy	137.3	15.6	147.1	15.6
United Kingdom	106.9	12.2	105.5	11.2
France	117.7	13.4	124.2	13.2
Europe (Rest of)	322.7	36.8	337.1	35.8
Americas	74.8	8.5	94.3	10.0
Middle East	60.1	6.8	74.1	7.9
Other	58.3	6.6	58.3	6.2
TOTAL	**877.8**	**100**	**940.5**	**100**

Owing to the Group's satellite resource distribution model and to the long duration of the contracts in its backlog, the geographical breakdown of revenues remained relatively stable during the 2009 financial year. The slight increase in revenues in (Rest of) Europe was notably attributable to the Group's leasing of additional satellite capacity from its major video orbital neighbourhoods and namely from the 9° East neighbourhood.

9.4.2 Operating costs and selling, general and administrative expenses

Operating costs and selling, general and administrative expenses came to 21.1% of 2008-2009 revenues compared with 20.7% for the 2007-2008 financial year.

The increase of 9% (+16 million euros) compared with the previous year reflects:

- a comparison effect due to the exceptionally high level of provision write-backs during the previous financial year. Restated for this non-recurring item, the variation in operating charges is not higher than 6.8%;
- increased expenses of the Group on the development of its new products and growth in its sales and marketing activities linked notably to the marketing of its new capacity;
- an increase in business tax following the improvement in the Group's results during the previous financial year.

9.4.3 Depreciation and amortisation, other operating charges and other operating income

A breakdown of trends in this line item is presented in Notes 5 and 6 to the consolidated financial statements shown in section 20.1.1.

Depreciation and amortisation principally represents the depreciation of satellites and ground facilities, as well as the amortisation of intangible assets recorded under "Customer Contracts and associated relationships"; this item amounted to of 44 million euros per year.

It represents the Group's largest expense item.

At 30 June 2009, depreciation and amortisation expense came to 294.3 million euros, down 6.6 million euros compared with the financial year to 30 June 2008 given the end of the depreciation of the Eurobird™ 9 and Express A3 satellites, as well as the reduction in depreciation charges for the Eurobird™ 3 satellite, which more than offset the depreciation charge corresponding to the new satellites put into operation during the financial year.

"Other operating income (charges)" advanced very sharply compared with the previous year to reach 23.8 million euros (up from 16 million euros in the previous financial year). This increase was predominantly attributable to (i) one-off income of 25 million euros received in consideration for the sale of certain rights in Hispasat S.A.; (ii) the non-recurring impairment recognised in January 2009 following the anomaly experienced by the W2M satellite, which was offset by an insurance compensation of the same amount; and (iii) a relatively small expense corresponding to the dilution from the exercise of stock subscription options granted by Eutelsat S.A.

9.4.4 Operating income

Driven by the Group's strong performances and the sharp rise in "Other operating revenues", operating income for the financial year to 30 June 2008 came to 471.6 million euros representing 50.1% of revenues, compared with 378.8 million euros at 30 June 2008 and 43.2% of revenues, with an increase of over 90 million euros.

9.4.5 Financial result

The Group recorded a financial result of 99.6 million euros at 30 June 2009, compared with 109 million euros in the previous financial year.

This improvement in financial result was attributable, in spite of higher interest cast, to an increase in capitalised borrowing costs associated with the major investment programme implemented during the financial year.

9.4.6 Income tax

Income tax expense moved up 31.3% to 128.0 million euros during the financial year ended 30 June 2009, compared with 97.5 million euros at 30 June 2008. This increase was attributable to the Group's very strong performance during the financial year. At the same time, the Group's effective tax rate was cut to 34.4% at 30 June 2009 down from 36.1% at 30 June 2008 (see Note 21.1 "Income tax" to the consolidated financial statements in section 20.1.1 "Consolidated financial statements of Eutelsat Communications prepared under IFRS for the financial year ended 30 June 2009).

9.4.7 Consolidated net income

At 30 June 2009, consolidated net income came to 260.0 million euros, up from 183.4 million euros at 30 June 2008.

This significant rise in net income reflected the Group's excellent operating performance, which was the result of improvement in all income statement line items, in particular in operating income, as well as the reduction in the Group's effective tax rate and firm operating performance recorded by its Hispasat shareholding.

9.4.8 Group share of net income

Group share of net income came to 247.3 million euros at 30 June 2009, compared with 172.3 million euros at 30 June 2008, representing an increase of 43.6%.

10 LIQUIDITY AND CAPITAL RESOURCES

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>> 10.1 Eutelsat Communications' equity

Investors should refer to Note 15 to the consolidated financial statements for the financial year ended 30 June 2009 shown in section 20.1 of this reference document, which contains information on the issuer's equity.

>> 10.2 Changes in Eutelsat Communications' cash flows

The following table shows changes in cash flows for the financial years ended 30 June 2008 and 2009.

(In millions of euros)	Financial year ended 30 June 2008	Financial year ended 30 June 2009
Cash flow from operating activities	566.6	654.7
Cash flow from investing activities	(467.5)	(301.1)
Cash flow from financing activities	(130.3)	(217.8)
Impact of exchange rate on cash and cash equivalents	0.5	(0.6)
Increase (decrease) in cash and cash equivalents	**(30.7)**	**135.3**
Cash and cash equivalents at beginning of financial year	36.8	6.1
Cash and cash equivalents at end of financial year	6.1	141.4

Cash flow from operating activities

During the financial year ended 30 June 2009, the Group continued to generate a very strong cash flow from operating activities. These cash flows from operating activities increased by 15.6% from 566.6 million euros to 654.7 million euros, representing 69.6% of revenues.

This rise reflected (i) income of 25 million euros received in return for the sale of certain rights in Hispasat, and (ii) a repayment of a corporate income tax downpayment of 21.6 million euros.

Cash flow from investing activities

Investing activities here mainly relate to the satellites ("Acquisitions of satellites") and ground equipment ("Other property and equipment").

Satellite acquisitions reflect the costs of satellite construction, launch, and entry into operational service. These expenses comprise construction costs (including performance-related incentive payments), launch costs, launch -plus- one-year insurance premiums, capitalised interest, and other costs associated with programme supervision and deployment (research, staff costs and consultancy). Some of the Group's procurement and launch contracts state that the Group has to pay incentives according to whether the satellite launch is successful and on the basis of certain technical specifications. The Group recognises the present value of these payments as a liability, and capitalises them under satellite costs. Payment of satellite performance incentives are subject to reductions or to reimbursement if the satellite does not meet the predefined criteria.

Acquisitions of satellites are the largest component of the Group's capital investments. The cost of procuring and launching a satellite is generally spread over the 2 or 3 years preceding the satellite's launch.

Other property and equipment essentially comprises satellite control and monitoring equipment. A large portion of these expenses is for the 3 control and monitoring sites as well as equipment for the Group's registered office (such as technical facilities, office furniture and IT equipment). Investments in on-ground equipment closely mirror trends in the satellite launch programme.

The level of investments depends essentially on the satellite launch programme and may fluctuate substantially from one year to the next.

During the financial year ended 30 June 2009, cash flow from investing activities decreased by 35.6% from 467.5 million euros at 30 June 2008 to 301.1 million euros at 30 June 2009. This sharp contraction was primarily the result of the 120.5 million euros insurance payout received owing to the major anomaly recorded in January 2009 on the W2M satellite and deducted from cash flow allocated to acquisitions of property and equipment, the repayment by Solaris Mobile Ltd of the 33.0 million euros in costs incurred by the Group on its behalf and a reduction in purchases of minority interests.

The table below shows cash flows from investing activities, as well as the number of satellites launched during the financial years ended 30 June 2008 and 2009.

Financial year ended 30 June	12-month period	
(In millions of euros)	2008	2009
Acquisition of Eutelsat, net of cash acquired	(45.2)	(29.7)
Acquisitions of satellites and property and equipment	(377.2)	(386.8)
Proceeds from sale of assets	0.6	0.2
Insurance indemnities on property and equipment	-	120.5
Acquisition of minority interests	(47.7)	(7.5)
Changes in other long-life assets	2.1	2.2
Cash flows from investing activities	**(467.5)**	**(301.1)**
Satellites launched	-	4

Cash flow from financing activities

During the financial year ended 30 June 2009, cash flow from financing activities went from a negative amount of 130.3 million euros, to a negative amount of 217.8 million euros. The 87.5 million euros decrease in cash flow from financing activities was driven primarily by an increase in paid interests, as well as an increase in gross debt, that was far smaller than in the previous financial year.

>> 10.3 Changes in debt and the Group's financing structure

The following paragraphs primarily describe the Group's liquidity needs and financial resources. Please refer to the Company's historical consolidated financial statements for the years ended 30 June 2008 and 2009 prepared under IFRS standards and also to the Notes to these financial statements.

The Group's liquidity needs mainly comprise:

- financing for satellite construction and launches;
- servicing of the Group's debt;
- financing for its working capital.

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The Group's financial resources

The Group's financial resources primarily comprise cash flows generated by Eutelsat S.A.'s operating activities. The Group possesses additional financial resources owing to the credit facilities that it has been granted.

Trend in the Group's net debt

The following table shows a breakdown of the Group's net debt at 30 June 2008 and 2009.

Net debt	At 30 June	
(In millions of euros)	2008	2009
Eutelsat Communications' long-term bank debt	1,615.0	1,615.0
Eutelsat S.A.'s long-term bank debt	650.8	650.6
Eutelsat S.A.'s short-term bank debt(1)	160.1	200.2
Bank debt	**2,426.0**	**2,465.8**
Cash, cash equivalents and marketable securities net of bank overdrafts(2)	(6.1)	(141.4)
Net bank debt	**2,419.9**	**2,324.4**
Long-life leases(3)	2.0	2.1
Net debt	**2,421.9**	**2,326.5**

(1) Including the short-term portion of long-term bank debt.
(2) Bank overdrafts stood at 15.2 million euros at 30 June 2008 and 2.4 million euros at 30 June 2009.
(3) Including the short-term portion of these leases.

The Group's net debt includes all bank debt, as well as debt related to satellite financing leases, less cash, cash equivalents and marketable securities net of bank overdrafts (see Note 16 to the consolidated financial statements for the year ended 30 June 2009).

The Group's net debt at 30 June 2008

At 30 June 2008, the Group's total net debt stood at 2,421.9 million euros and principally comprised: (i) 1,615 million euros debt related to the Term Loan, (ii) 810 million euros in respect of Eutelsat S.A.'s bank debt, (iii) 2 million euros in debt linked to satellite financing agreements, and (iv) 6.1 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also had a further 790 million euros available under various credit facilities that had not yet been drawn down.

GROUP'S PRINCIPAL CREDIT FACILITIES AT 30 JUNE 2008

(In millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications Term Loan ("Refinancing")	1,615	1,615	8 June 2013
Eutelsat Communications Revolving Credit facility ("Refinancing")	300	0	8 June 2013
Eutelsat S.A. Revolving Credit facility	650	160	24 November 2011
Eutelsat S.A. Term Loan	650	650	24 November 2011
TOTAL	**3,215**	**2,425**	

The weighted average rate of interest on amounts drawn down under the Revolving Credit facilities was 5.1% for the financial year ended 30 June 2008. Effective interest rates on the Eutelsat Communications term loan and the Eutelsat S.A. term loan were 5.7% and 4.7%, respectively, at 30 June 2008.

At 30 June 2008, all of the Group's debt carried interest at a floating rate (generally Euribor plus margins).

An increase of 10 basis points (+0.1%) in the Euribor interest rate would have an impact of 61,000 euros on an annual basis on the Group's consolidated income statement at 30 June 2008.

The changes in the Group's net debt during the financial year were mainly the result of the additional 100 million euros drawdown on Eutelsat S.A.'s Revolving Credit facility in the course of the financial year ended 30 June 2008.

The Group's net debt at 30 June 2009

At 30 June 2009, the Group's consolidated net debt came to 2,326.5 million euros, primarily comprising: (i) 1,615 million euros in debt under the Term Loan (see section 10.3 paragraphe on the "Eutelsat Communications Refinancing Loan"), (ii) 850 million euros representing Eutelsat S.A. bank debt and 0.8 million euros under its subsidiaries' bank debt, (iii) 2.1 million euros under satellite financing contracts and (iv) 141.4 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also had a further 750 million euros available under various credit facilities that had not yet been drawn down.

GROUP'S PRINCIPAL CREDIT FACILITIES AT 30 JUNE 2009

(In millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications Term Loan ("Refinancing")	1,615	1,615	8 June 2013
Eutelsat Communications Revolving Credit facility ("Refinancing")	300	0	8 June 2013
Eutelsat S.A. Revolving Credit facility	650	200	24 November 2011
Eutelsat S.A. Term Loan	650	650	24 November 2011
TOTAL	**3,215**	**2,465**	

The weighted average rate of interest on amounts drawn under the revolving credit facilities was 5.1% for the financial year ended 30 June 2009. Effective interest rates on the Eutelsat Communications' term loan and the Eutelsat S.A. term loan were 3.8% and 3.2% respectively, at 30 June 2009.

At 30 June 2009, almost all of the Group's debt carried interest at a floating rate (generally Euribor plus a margin).

An increase of 10 basis points (+0.1%) in the Euribor interest rate would have an impact of 807,000 euros on an annual basis on the Group's consolidated income statement at 30 June 2009.

The trend in the Group's net debt during the financial year was principally the result of an increase in the amount paid out to Eutelsat S.A. and the Company's shareholders in November 2008 and a modest increase in financing requirements for the programmes of satellites under construction or ordered during the financial year, which were more than offset by non-recurring items linked to insurance payouts and the repayment by Solaris Mobile Ltd of investment costs incurred by the Group on its behalf.

The Group's financing structure

Eutelsat S.A.'s Credit facilities

On 24 November 2004, Eutelsat S.A. entered into a 7-year, 1.3 billion euros syndicated credit facility agreement comprising (i) a 650 million euros term loan repayable at maturity, and (ii) a revolving credit facility of 650 million euros to refinance existing debt and cover the Company's financing needs in general.

The amounts drawn on this credit facility bear interest at EURIBOR (or LIBOR for amounts drawn in US dollars) plus a margin of between 0.25% and 0.75%, depending on Eutelsat S.A.'s long-term debt rating assigned by Standard & Poor's. Eutelsat S.A. has put in place hedging instruments for some of the amounts drawn down on this credit facility.

Under the terms of this credit facility, Eutelsat S.A. is required to maintain a ratio between its total net debt and its EBITDA ratio (contractually defined ratio) of less than or equal to 3.75 to 1; compliance with this ratio is verified at 30 June and 31 December each year (see Note 16 to the consolidated financial statements for the financial year ended 30 June 2009 in section 20.1.1 of this reference document).

At 30 June 2009, the drawdowns made under these credit facilities amounted to 200 million euros.

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Eutelsat Communications Refinancing Loan

On 8 June 2006, Eutelsat Communications entered into a loan agreement with a Banking Pool for a syndicated credit facility of 1,915 million euros for 7 years, consisting of 2 parts:

- tranche A: a long-term loan of 1,615 million euros, bearing interest at EURIBOR plus a margin of between 75 basis points and 162.5 basis points depending on the financial ratio of consolidated net debt to consolidated EBITDA;
- tranche B: a revolving credit facility for 300 million euros. Drawdowns with a maximum term of 6 months bear interest at EURIBOR plus a margin of between 75 basis points and 162.5 basis points depending on the financial ratio of consolidated net debt to consolidated EBITDA.

This loan agreement enabled the Group to prepay the SatBirds Finance S.à.r.l.'s credit facilities.

The "Refinancing" loan agreement of 8 June 2006 carries no guarantee from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders. This loan agreement includes certain restrictive clauses, subject to the usual exceptions contained in loan agreements. The agreement allows each lender who is a party to the agreement to request prepayment of all monies owed in the event of a change in control of Eutelsat Communications and/or of Eutelsat S.A.

Additionally, Eutelsat Communications has undertaken to hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan.

The credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in IFRS format:

- Leverage ratio: consolidated net debt/consolidated EBITDA less than or equal to 5.5 for the half-year and full-year periods defined in the agreement, with the first being 30 June 2006. This ratio then gradually reduces to 5.25 at 31 December 2008, to 5 at 31 December 2009, to 4.75 at 31 December 2010 and then to 4.50 at 31 December 2011;
- Interest Cover Ratio: Consolidated EBITDA/due and payable interest greater than or equal to 2.75 (if Leverage Ratio greater than 3.5).

At 30 June 2009, Eutelsat Communications complied with the Leverage Ratio and with the Interest Coverage Ratio requirement.

This credit agreement includes restrictive clauses (subject to the usual exceptions contained in loan agreements) limiting the capacity of Group companies, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional debt;
- grant loans and carry out certain types of investments;
- enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly authorised for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

In addition, interest rate hedging is required for a minimum period of 3 years to limit exposure to interest rate risk to no less than 50% of the amounts drawn under the term loan facility. On 19 June 2006, SatBirds Finance S.à.r.l. consequently transferred to Eutelsat Communications the interest-rate hedge put in place for the previous loan.

Moreover, in September 2006, Eutelsat Communications acquired a new interest-rate hedging instrument to hedge the loans over the 2010-2013 period.

The issuance costs paid when the 1,915 million euros "Refinancing" syndicated loan was set up, representing close to a year's applicable margin on the basis of a "Net Debt/EBITDA leverage ratio" of between 3.5 and 4, were recognised on a deferred basis over the term of the loan.

The fees still to be deferred at 30 June 2009 were set off against the book value of the loans. At 30 June 2009, they amounted to 10.9 million euros.

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Other Group commitments

The table below summarises the Group's contractual obligations (not including long-term debt) and commercial commitments at 30 June 2009 (see the Notes to Eutelsat Communications S.A.'s Consolidated Financial statements for the financial year ended 30 June 2009 in Chapter 20.1 of this reference document).

		Payments by period			
(In millions of euros)	Total	< 1 year	1-3 years	3-5 years	> 5 years
Long-life lease obligations	**2.1**	1.6	0.5	-	-
In-orbit incentive payments	**44.6**	14.5	16.7	9.6	3.9
Operating lease commitments	**18.1**	3.6	7.2	7.2	-
Satellite construction and launch contracts	**408.3**	269.7	138.5	-	-
Operating agreements(1)	**75.0**	41.0	28.6	5.2	0.2
Customer contracts	**28.2**	12.9	15.3	-	-
Retirement indemnities and other post-employment benefits(2)	**7.4**	-	-	-	7.4
TOTAL CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS	**583.6**	**343.4**	**206.7**	**22.0**	**11.4**

(1) Primarily includes costs of controlling satellites in orbit.
(2) Mainly includes long-term obligations (more than 5 years).

At 30 June 2009, the Eutelsat S.A.'s contractual and commercial commitments comprised the following:

Long-life lease obligations

SESAT™ Satellite 2

In March 2004, Eutelsat S.A. entered into a lease with RSCC for 12 transponders on the SESAT™ 2 satellite for its entire operating life (with a contractual minimum of 12 years). These transponders were recognised as assets with a value of 65.7 million euros, based on the present value of future payments.

Telecom 2C Satellite

In April 2007, Eutelsat S.A. entered into a lease with France Télécom for 11 transponders on the Telecom 2C satellite until that satellite is de-orbited. These transponders were recognised as assets with a value of 7.0 million euros, based on the present value of future payments.

In-orbit incentive payments

Eutelsat S.A.'s satellite construction contracts provide for certain payment obligations based on satellite performance. In certain contracts, a portion of the purchase price is paid to the manufacturer in instalments throughout the satellite's operating life, according to its compliance with technical and contract specifications. For the most recent contracts, Eutelsat S.A. has agreed to pay the entire satellite price upon its initial entry into operational use, including in-orbit incentives. If the satellite does not comply with technical operating requirements, the constructor has to repay Eutelsat S.A. a portion of the incentive payments, or reduce their amount. Repayments by the constructor are generally guaranteed up to the amount of the incentive payments by a bank guarantee or a shareholders' guarantee.

Eutelsat S.A. recognises the present value of payments to be made in the future as a liability and includes those costs in the total cost of the satellite (posted to assets). If an incentive payment is repaid, the cost of the satellite is adjusted, as well as the associated liability. Depreciation is then reviewed prospectively.

Operating leases

During the financial year ended 30 June 2005, Eutelsat S.A. renewed the lease for its registered office in Paris for a 9-year period. The agreement provides for the option of terminating the lease at the end of a 3-year period, in consideration for one year's advance notice and payment of a termination penalty equal to one year's rent, or at the end of a 6-year period with no penalty. At 30 June 2009, future minimum rental payments came to 18.1 million euros.

Financial guarantee granted to the IGO's Closed Pension Fund

Before the Transformation, the IGO managed the Closed Pension Fund for its staff members. Subsequently, Eutelsat S.A. took over the unlimited financial guarantee arranged by the IGO to cover any financing shortfall in the Closed Pension Fund. During the financial year ended 30 June 2003, recognition of a difference between the value of the assets in the Pension Fund and the value of the corresponding pension obligations led the administrators of the Trust to invoke Eutelsat S.A.'s guarantee to call on 18 million euros, paid by Eutelsat S.A.

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In November 2004, the Trust's administrators in charge of the Pension Fund requested payment of 22.3 million euros from Eutelsat S.A. under the guarantee to cover the estimated gap between the fair value of the Pension Fund's assets and the amount of the pension commitments. In July 2005, Eutelsat S.A. decided to pay this amount. The payment will be paid in 20% instalments over a 5-year period.

In line with its July 2005 undertakings, Eutelsat S.A. had already made payments totalling 22.3 million euros at 30 June 2009.

At 30 June 2009, the present value of the trust's obligations in respect of the pension commitments amounted to 134.2 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets to 148.0 million euros (see Note 22.1 to Eutelsat Communications' consolidated financial statements in section 20.1.1 "Consolidated financial statements of Eutelsat Communications prepared under IFRS for the financial year ended 30 June 2009"). Calculation of total pension commitments is based on actuarial assumptions, including the discount rate, the long-term yield on assets invested and the estimated life expectancy of Pension Fund beneficiaries. The estimated amount of pension commitments can be greater or smaller depending on the scenarios applied (see section 4.4.5 "Eutelsat S.A., the Group's main operational subsidiary, could be subject to new financing requests related to the financial guarantee it provides to IGO's Closed Pension Fund").

Liquidity offers

The Group made an offer to all beneficiaries of options granted under the Partners and the Managers I, II, III and IV plans, and to beneficiaries under the stock purchase plans of March and April 2004 (see section 17.2 "Options granted to employees on shares of the Company or of other companies in the Group") to buy back their Eutelsat S.A. shares, except as regards the Eutelsat S.A. shares subject to commitments to buy or sell granted to the corporate officers and some of the Group's key managers (see section 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group" for more details).

Through its SatBirds 2 SAS subsidiary, the Group made an initial liquidity offer, for which the subscription period began on 1 December 2008 and closed on 12 December 2008. Final settlement of the transaction took place on 15 December 2008. Pursuant to this transaction, 127,699 shares were purchased at a unit price of 5.01 euros per Eutelsat S.A. share.

In addition, in line with its prior commitments, the Company made a second liquidity offer during the 2008-2009 financial year, *via* its Eutelsat Communications Finance subsidiary. The Company made an offer to all the beneficiaries of the stock options granted under the Partners and Managers I, II, III and IV plans (with the exception of managers who had entered into a commitment to sell) and to the beneficiaries of the March and April 2004 stock purchase options plans to purchase their shares at a unit price of 4.88 euros per Eutelsat S.A. share. This liquidity offer began on 27 April 2009 and the subscription period ended on 11 May 2009. Final settlement of the transaction took place on 15 May 2009. Pursuant to this transaction, 179,779 Eutelsat S.A. shares were sold to Eutelsat Communications Finances, a subsidiary of Eutelsat Communications.

In connection with the liquidity offers that were made during the financial year ended on 30 June 2008, 72,735 shares were sold at a price of 5.20 euros per Eutelsat S.A. share and 1,993,134 shares were sold at a price of 5.48 euros per Eutelsat S.A. share.

This commitment was assessed at 22 million euros at 30 June 2006 and recognised as a debt, with a corresponding reduction in equity based on the assumption that all the remaining shares would be purchased during 2010.

>> 10.4 Expected financing sources for future investments

The Group believes that the cash flows generated by its operating activities, its cash and cash equivalents and the funds available under its credit facilities will be sufficient for it to meet its future financial obligations as currently anticipated, to satisfy its working capital requirements and to implement its investment programme. However, the Group's financial performance depends on the general economic situation, the competitive, legislative and regulatory environment and other factors that do not necessarily depend on the Group. The Group cannot guarantee that its anticipated investment and working capital needs will materialise, nor can it guarantee that the funds made available to it under the resources mentioned above will be sufficient to meet its financial expenses and honour its obligations.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

When the IGO was operating as an intergovernmental organisation, its strategy was to obtain for itself and for its Signatories, on conditions that varied in accordance with the use of the intellectual property, a free licence for any intellectual property (notably in respect of invention patents and software) developed under contracts financed by the IGO. Its status as an international organisation prevented it from filing patent applications for technologies developed jointly with third parties. At the time of the Transformation on 2 July 2001, all the intellectual property developed by the IGO was transferred to Eutelsat S.A., which is now the owner.

As regards the trademarks, the IGO had assembled a portfolio prior to July 2001. This portfolio was transferred to Eutelsat S.A. under the contribution agreement.

At the date of this reference document, the Group owned 20 patent families, 2 of which are held on a co-ownership basis with the European Space Agency and one with Invacom Ltd (UK), and 54 trademarks.

12 TREND INFORMATION

>> 12.1 Recent developments

Redeployment of the EUROBIRD™ 9 and EUROBIRD 4™ satellites

At the date of this reference document, the EUROBIRD™ 9 satellite (formerly known as Hot Bird™ 2) is located at the 48° East orbital position where it is operated in inclined orbit under the name of W48.

The EUROBIRD™ 4 satellite (formerly known as Hot Bird™ 3) is located at the 76° East orbital position where it is operated in inclined orbit under the name of W76.

Signature of a launch contract with ILS for the launch of satellite W7 initially scheduled with Sea Launch

On 7 September 2009, Eutelsat Communications announced that it had signed a contract with International Launch Services (ILS) to put its W7 satellite into orbit in mid-November 2009 using an ILS Proton rocket. Initially scheduled to be made on a Sea Launch launch vehicle, the selection of the Proton launch vehicle came after Sea Launch confirmed that it would be unable to meet the agreed timetable to put the W7 satellite into orbit.

The selection of the new launch vehicle will enable the Company to meet the target of putting the W7 satellite into service prior to the end of 2009. The W7 satellite will be located alongside Eutelsat's W4 satellite at 36° East. Meanwhile, the Group is holding further talks with Sea Launch to reassign this launch to a future satellite.

>> 12.2 Future Prospects

Achievement of the objectives set at the time of the IPO

At the time of Group's initial public offering, the Company presented its objectives for the 2007-2009 period, notably including average annual revenue growth rate of 4% and an EBITDA margin holding up above 76%. These objectives were achieved for the financial years ended 30 June 2007, 2008 and 2009 with respectively an increase in consolidated revenues of 4.8%, 5.9% and 7.2% and an EBITDA margin of 78.7%, 79.3% and 78.9%.

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Objectives for the 2009-2012 period

Given the development prospects for its markets and the operating performance achieved in 2008-2009 and despite the global economic downturn, the Group has revised up its growth objectives for the next 3 financial years (2009-2010 to 2011-2012). The Group is targeting a CAGR in revenues of 7% for the next 3 financial years (2009-2010 to 2011-2012) and of more than 1 billion euros; of revenues for the 2009-2010 financial year.

In addition, the Group intends to keep its profitability at the highest level among the leading fixed satellite service operators, with an EBITDA margin in the range of 77% for the next 3 financial years. The Group is targeting EBITDA in excess of 780 million euros in the 2009-2010 financial year.

In addition, the Group expects to continue its investment policy over the same period with capital expenditure averaging 450 million euros per year for the period from June 2009 to June 2012 (see section 5.2.3 "Main scheduled capital investments and external growth policy").

Over the 2009-2012 period, the Group intends to strengthen its financial structure with a net debt to EBITDA ratio maintained between 3 and 4.

Lastly, the Group's dividend policy is to pay out an average of around 50% to 75% of Group share of its net income. This objective does not in any circumstances represent a commitment by the Group, and future dividend payments will depend on the Group's results, financial position and a certain number of restrictions.

These objectives are notably based on the following assumptions: (i) the successful launch and commissioning in line with the timeframe expected by the Group of the 5 satellites currently being purchased in each of the years over the period from June 2009 to June 2012, (ii) further growth in demand for satellites in Western Europe and in the Second Continent on satisfactory pricing terms, (iii) maintenance of the existing operational capacity of the Group's fleet, (iv) no incident concerning any of its satellites in orbit, (v) continuation of a policy of controlling operating costs and their future trends, (vi) maintenance of the general conditions of the space insurance market and in the space industry, and (vii) emergence of brisk demand for broadband Internet access services, particularly for consumers.

The objectives, statements and projections summarised above are based on the data, assumptions and estimates previously stated and considered reasonable by Eutelsat Communications at the date of this reference document.

Investors' attention is drawn to the fact that these forward-looking statements depend on circumstances and events that are expected to occur in the future. These statements are not based on historical data and must not be interpreted as guarantees that the facts and information will occur or that the objectives will be achieved. By their nature, these facts, assumptions and objectives, as well as all the elements taken into consideration to determine these forward-looking statements, objectives and data, may prove to be incorrect or not occur and are subject to change or may be modified as result of uncertainties linked in particular to the economic, financial, competitive and regulatory environment.

Moreover, some of the data, assumptions and objectives are based on or come from, in whole or in part, assessments or decisions of Eutelsat Communications' management bodies, which could change or be modified in the future.

Furthermore, the occurrence of certain risks described in Chapter 4 "Risk factors" of this reference document could have an impact on the Group's business activities, financial position and results, and on its ability to achieve its objectives.

13 PROFIT FORECASTS OR ESTIMATES

The Company does not forecast or estimate profits.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

>> 14.1 Composition of the Board of Directors

The Company was established on 15 February 2005, as a *société par actions simplifiée* [simplified joint-stock company] and was transformed into a *société anonyme* [limited company] with a Board of Directors on 31 August 2005.

The Company is managed by a Board of Directors composed of 9 directors at the date of this reference document. Directors have a term of office of 6 years, which is renewable.

At the registration date of this reference document, the directors of the Company are as follows:

Surname, first name, business address	Office	Date of first appointment and expiry date of the office	Terms of office and positions held in the Eutelsat Group over the past 5 years	Terms of office and positions held outside the Eutelsat Group over the past 5 years
Giuliano Berretta **Eutelsat Communications** 70 rue Balard 75015 Paris	Chairman of the Board of Directors and CEO	*First appointment:* 31 August 2005	*Terms of office in progress:* • Chairman of the Board of Directors • Chief Executive Officer of Eutelsat S.A.	*Terms of office in progress:* • Director of Hispasat
		Expiry date of the term of office: General Meeting convened to rule on the financial statements for the year ended 30 June 2011	*Office and positions that have expired:* None	*Office and positions that have expired:* • Director of the International Council of the National Academy of Television, Arts and Sciences
Jean-Luc Archambault, **Lysios,** 52, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	Director	*First appointment:* 10 May 2007	*Terms of office in progress:* • Director of Eutelsat S.A.	*Terms of office in progress:* • Chairman of Lysios SAS
		Expiry date of the term of office: General Meeting convened to rule on the financial statements for the year ended 30 June 2011	*Office and positions that have expired:* None	*Office and positions that have expired:* None
CDC Infrastructure whose head office is at 56 rue de Lille 75007 Paris represented by **Jean Bensaïd**	Director	*First appointment:* 14 February 2007	*Terms of office in progress:* • Director of Eutelsat S.A.	*Terms of office in progress:* • Chairman and Representative of CDC MAP SUB • Deputy Director of CDC • Director of CDC Infrastructure, GALAXY • Permanent representative of CDC on the Tower Participations' Supervisory Board • Permanent representative of CDC on the Board of Directors of Seche, TDF (TéléDiffusion de France) and SANEF (Société des Autoroutes du Nord et de l'Est de la France)
		Expiry date of the term of office: General Meeting convened to rule on the financial statements for the year ended 30 June 2011	*Office and positions that have expired:* • None	*Office and positions that have expired:* • Representative (as a natural person) on the Board of Directors of FINANCIÈRE TRANSDEV • CDC representative of the FOND CARBONE EUROPÉEN • Member of the Supervisory Board (as a natural person) of IXIS CIB • Member of the Supervisory Board as CDC representative of the IXIS AM GROUP • Member of the Supervisory Board as CDC representative of SANTOLINE • Director of CDC ECI • CDC Representative on the Board of Directors of SOCIÉTÉ FORESTIÈRE • CDC Representative on the Supervisory Board of SOGÉPOSTE • Permanent CDC Representative and C3D Representative of TRANSDEV S.A • CEO of CDC Holding Finance • Director of EGIS • Permanent representative of CDC on the Supervisory Board of Société d'Epargne Forestière "Forêts Durables SC" • Chairman representing CDC, BAC Gestion

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Surname, first name, business address	Office	Date of first appointment and expiry date of the office	Terms of office and positions held in the Eutelsat Group over the past 5 years	Terms of office and positions held outside the Eutelsat Group over the past 5 years
Lord John Birt Fielden House 13 Little College St. SW1P 3SH London, UK	Director	*First appointment:* 10 November 2006	*Terms of office in progress:* None	*Terms of office in progress:* • Chairman and Chief Executive Officer of Maltby Capital Ltd • Non-executive director of Infinis and Paypal Europe • Consultant for Capgemini and Terra Firma
		Expiry date of the term of office: General Meeting convened to rule on the financial statements for the year ended 30 June 2012	*Office and positions that have expired:* None	*Office and positions that have expired:* • Chairman and Chief Executive Officer of Infinis and Waste Recycling Group • Consultant for McKinsey Global Media Practice • Strategy advisor to Prime Minister Tony Blair
Carlos Espinos Gomez **Abertis Telecom** Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	*First appointment:* 23 January 2007	*Terms of office in progress:* • Director of Eutelsat S.A.	*Terms of office in progress:* • Deputy CEO of Albertis Telecom • Director of Sales and Technology of Albertis Telecom • Director of Hispasat
		Expiry date of the term of office: General Meeting convened to rule on the financial statements for the year ended 30 June 2011	*Office and positions that have expired:* None	*Office and positions that have expired:* None
Andrea Luminari **Abertis Telecom** Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	*First appointment:* 23 January 2007	*Terms of office in progress:* • Director of Eutelsat S.A.	*Terms of office in progress:* • Director of Strategic Development of Albertis Telecom • Director of Hispasat
		Expiry date of the term of office: General Meeting convened to rule on the financial statements for the year ended 30 June 2011	*Office and positions* that have expired:* None	*Office and positions that have expired:* None
Bertrand Mabille **Carlson Wagonlit** Travel - Direction France 31, rue du Colonel Pierre Avia 75015 Paris	Director	*First appointment:* 10 May 2007	*Terms of office in progress:* • Director of Eutelsat S.A.	*Terms of office in progress:* • Chairman of the Supervisory Board of Adeuza • Member of the Supervisory board of Cofitel • Chief Executive Officer of CWT France • Director, representative of CWT Voyages • Director, representative of CWT Meetings & events • Director, representative of SETA (Voyages forum) • Director, representative of Acta Voyages • Director, representative of Comevat
		Expiry date of the term of office: General Meeting convened to rule on the financial statements for the year ended 30 June 2011	*Office and positions that have expired:* None	*Office and positions that have expired:* • Chairman of the Supervisory Board of Jet Multimédia
Tobias Martinez Gimeno **Abertis Telecom** Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	*First appointment:* 23 January 2007	*Terms of office in progress:* • Director of Eutelsat S.A.	*Terms of office in progress:* • Chief Executive Officer of Abertis Telecom • Director of Hispasat
		Expiry date of the term of office: General Meeting convened to rule on the financial statements for the year ended 30 June 2011	*Office and positions that have expired:* None	*Office and positions that have expired:* None
Carlos Sagasta Reussi **Abertis Telecom** Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	*First appointment:* 23 January 2007	*Terms of office in progress:* • Director of Eutelsat S.A.	*Terms of office in progress:* • CFO and Director of Management Control Abertis Telecom • Director of Hispasat
		Expiry date of the term of office: General Meeting convened to rule on the financial statements for the year ended 30 June 2011	*Office and positions that have expired:* None	*Office and positions that have expired:* None

Giuliano Berretta (DoB: 17 July 1940) joined Eutelsat S.A. as its first Commercial Director in 1990. From January 1999 to July 2001, Mr Berretta was Director General of the Intergovernmental Organisation. From July 2001 to September 2004, Mr Berretta was Chairman of Eutelsat S.A.'s Management Board. In September 2004, he was elected Chairman of the Board of Directors and Chief Executive Officer of Eutelsat S.A. During his career with Eutelsat S.A., Mr Berretta has injected fresh commercial impetus into the company and, set in motion a policy of expansion beyond the frontiers of Europe and into the Americas, Africa and Asia, positioning Eutelsat S.A. as a leader in the supply of capacity for satellite TV and playing a pioneering role in the development of broadband services. Before he joined Eutelsat S.A., Mr Berretta worked at the European Space Agency in Paris, as well as the Agency's Technical Centre (ESTEC) in the Netherlands, where he played an active part in drawing up the first communications satellite programmes in Europe. Previously, he had spent the first 7 years of his career in Italian industry, using his skills in the field of civil and military radio links and broadcasting. Mr Berretta was elected Leading Executive in the satellite industry in 2000 by the editors and analysts of PBI Média, one of the top publishing groups in the sector. In June 2002, Business Week Europe cited Mr Berretta one of the fifty European businessmen recognised as "leaders of change". He also sits on the Board of Directors of Hispasat. With a doctorate in electronic engineering from the University of Padua, Italy, Mr Berretta is also a doctor *honoris causa* in management sciences at the University of Bologna, Italy, and honorary professor at the University Ricardo Palma de Lima, Peru. Mr Berretta has been made a "Cavaliere del Lavoro", a Commander of the Order of Merit of the Italian Republic, and a Knight (Chevalier) of the Order of the Legion of Honour of the French Republic.

Jean-Luc Archambault (DoB: 28 April 1960) is the founder and Chairman of Lysios, an institutional strategy consulting company. He was Director of Strategy and External Relations for SFR-Cegetel, the No. 1 private telecommunications carrier in France. Previously, he was Associate Director of BNP Private Equity, where he managed investments in the telecommunications and technology sector. Jean-Luc Archambault was also Regional Network Director at France Télécom, adviser to the Minister of Industry, and Director of Information Technology Services. Mr Archambault is a graduate of the École Normale Supérieure and the École Nationale Supérieure des Télécommunications.

Jean Bensaïd (DoB: 19 June 1961) is Deputy Director of the Caisse des Dépôts et Consignations and was Director of the Employment and Social Affairs Department of the Ministry of Finance, Economic and Tax Adviser in the Office of the Prime Minister, Financial Attaché to the French Embassy in the United States, Director of the Tax Department at the Ministry of Finance and an economist at INSEE. He is a graduate of the École Normale Supérieur, ENSEA and Harvard University.

Lord John Birt (DoB: 10 December 1944), Chairman and Chief Executive Officer of Infinis Ltd from 2006 to 2007 and of Waste Recycling Group in 2006, and currently Chairman and Chief Executive Officer of Maltby Capital Ltd. and non-executive Director of Infinis Ltd and PayPal Europe, is also a consultant for Capgemini and Terra Firma. Previously, he was a Strategy Adviser to the British Prime Minister Tony Blair from 2000 to 2005. Prior to that, Lord Birt was a consultant for McKinsey's Global Media Practice from 2000 to 2005 after his career at the BBC as Deputy Director General from 1987 to 1992 and then Director General from 1992 to 2000. He began his career as LWT's Director of Programming from 1982-1987. Lord Birt is a graduate of Oxford University.

Carlos Espinós Gomez (DoB: 4 April 1964) joined the Abertis group during 1997 in the highway sector (Acesa) and led new telecommunications systems projects in Spain and South America. He joined Abertis Telecom (Retevisión/Tradia) in 2001. He initially held several positions of responsibility at Tradia. After the acquisition of Retevisión Audiovisual in 2003, he was named Deputy CEO and Commercial and Technology Director for Abertis Telecom, positions that he still holds today. He is a member of the Executive Committee of Abertis Telecom. Before joining the Abertis group, he was responsible for the Technology division of Andersen Consulting (Barcelona). Carlos Espinós has a degree in Telecommunications Engineering from the Polytechnic University of Catalonia in Barcelona. He has also taken an advanced-development programme in management at the IESE business school.

Andrea Luminari (DoB: 25 July 1966) joined Retevisión in 1998 as Director of Strategic Planning and Development. After Retevisión Audiovisual's acquisition by the Abertis group, in 2003, he became Director of Strategic Development for Abertis Telecom, the position he currently occupies. Before joining Retevisión Audiovisual, he held various positions at Telecom Italia for 6 years. First he was appointed Internal Controller, then Project Manager in the International Affairs Division. Andrea Luminari has a degree in economic and industrial politics from the University L.U.I.S.S. of Rome and an MBA from the Institut Guglielmo Tagliacarne in Rome.

Bertrand Mabille (DoB: 18 March 1964) has been Chief Executive Officer of Carlson Wagonlit France since October 2008. He was briefly Chairman of the Supervisory Board of Jet Multimedia in late 2008, after having successively been Chief Executive Officer of SFR Entreprises in 2005 and Director of Strategy and Regulatory Affairs for the SFR Cegetel Group since 2003. From 2000 to 2003, he worked for Thomson as the Group's Director for Strategic Partnerships, then Chairman and Chief Executive Officer of Nextream, a joint subsidiary of Thomson and Alcatel. From 1995 to 2000, Bertrand Mabille worked for the French Prime Minister's office. Mr Mabille is a graduate of the École Normale Supérieure and the École Nationale Supérieure des Télécommunications.

Tobias Martínez Gimeno (DoB: 27 April 1959) joined the Abertis Group (formerly Acesa) in 2000, to promote diversification of its business activities, especially in telecommunications infrastructure. Firstly, he was Chief Executive Officer of Tradia, after its acquisition in 2001. After the takeover of Retevisión Audiovisual in December 2003, he was appointed CEO of Abertis Telecom, which includes Retevisión and Tradia Telecom. He is a member of the Executive Committee of Abertis Telecom. Before joining the Abertis Group, he held various positions of responsibility in consulting and technology companies. Mr Martínez holds a degree in telecommunications engineering and marketing management from the Instituto Superior de Marketing de Barcelone.

Carlos Sagasta Reussi (DoB: 30 March 1970) is Director of Financial Planning and Control for Abertis Telecom. He joined Retevisión in 2003, on behalf of Abertis, as Director of Strategic Planning and Control in order to direct the transition process after the company's takeover by the Abertis group. In 2004, he was appointed Director of Strategic Planning and Control for Abertis Telecom, which includes Retevisión and Tradia. He is a member of the Executive Committee of Abertis Telecom. Before joining Retevisión, he held various positions of responsibility at Salomon Smith Barney (New York), then Gramercy Communications Partners (New York) and E-La Caixa (Barcelona), a subsidiary of the La Caixa group, which is one of the major shareholders of the Abertis group. Mr Sagasta has a degree in business/financial management from the University of Saint Louis (Missouri) and an MBA in finance and strategy from the Anderson School at UCLA (Los Angeles, California).

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>> 14.2 Principal Executives

Surname, first name, business address	Office	Date of first appointment and expiry date of the office	Terms of office and positions held in the Eutelsat Group over the past 5 years	Terms of office and positions held outside the Eutelsat Group over the past 5 years
Jean-Paul Brillaud **Eutelsat Communications** 70 rue Balard 75015 Paris	Deputy CEO	*First appointment:* 22 December 2005	*Terms of office in progress:* • Director of Eutelsat GmbH • Director of Eutelsat Inc. • Director of Solaris Mobile Ltd	*Terms of office in progress:* • Director of Hispasat SA
			Office and positions that have expired: None	*Office and positions that have expired:* None
Michel de Rosen **Eutelsat Communications** 70 rue Balard 75015 Paris	Deputy CEO	*First appointment:* 1 July 2009	*Terms of office in progress:* None	*Terms of office in progress:* • Director of ABB
			Office and positions that have expired: None	*Office and positions that have expired:* • Chairman and Chief Executive Officer of SGD • Chief Executive Officer of US company ViroPharma

Giuliano Berretta (see summary of his experience in the previous section) is the Company's Chairman and Chief Executive Officer.

Jean-Paul Brillaud (DoB: 29 October 1950) is the Company's Deputy CEO and is also a Director of Hispasat S.A. He joined the Group in 1999 as Director of Strategic Affairs and Institutional Relationships. Jean-Paul Brillaud was appointed to the Management Board in 2001 and named Deputy CEO in 2005. In the course of his career with the Company, he has overseen the transformation of Eutelsat from its status as an international organisation to a *société anonyme* [limited company], led its strategic development and steered it through the initial public offering of its shares. Before joining the Group, Jean-Paul Brillaud was Deputy Director of Space Telecommunications at France Télécom. He was specifically in charge of managing France Télécom's space segment investments and of the operations of the satellite telecommunications centre. He began his career with the CNET (*Centre National d'Études des Télécommunications* – National Centre for Telecommunications Research). Jean-Paul Brillaud is a graduate of the École Nationale Supérieure des Télécommunications.

Michel de Rosen was appointed as Deputy CEO of Eutelsat Communications on 1 July 2009 and will take over as Chief Executive Officer at the close of the Annual General Meeting due to be held on 10 November 2009. Michel de Rosen is a graduate of the HEC business school and of the École Nationale d'Administration. He began his career as an inspector general with the French finance ministry (Inspection Générale des Finances) and was Director of the French industry and telecommunications minister's office from 1986 to 1988. After joining the Rhône-Poulenc group, Michel de Rosen was appointed as Chief Executive Officer of Rhône-Poulenc Fibres et Polymères (1988-1993) and then Chairman and Chief Executive Officer of Rhône Poulenc Rorer (US, 1995-1999). During 2000, Michel de Rosen took over as Chief Executive Officer of US company ViroPharma before returning to France in 2008 as Chairman and Chief Executive Officer of SGD.

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>> 14.3 Relations within the administrative and management bodies

There are, to the best of the Company's knowledge, no family ties between the Company's corporate officers.

Furthermore, to the Company's knowledge, no corporate officer has been the subject of a:

- conviction for fraud within at least the last 5 years;
- bankruptcy, sequestration or liquidation within at least the last 5 years;
- official public charge and/or sanction handed down by statutory or regulatory authorities within at least the last 5 years.

Finally, to the best of the Company's knowledge, no corporate officer has been forbidden by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from taking part in the management or running of the affairs of an issuer within at least the last 5 years.

>> 14.4 Conflicts of interest in the administrative and management bodies

At the registration date of this reference document, there are, to the best of the Company's knowledge, no potential conflicts of interest between the duties carried out by the members of the Board of Directors and the Deputy CEOs on behalf of the Company, and their private interests.

15 COMPENSATION AND BENEFITS

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>> 15.1 Compensation and other benefits paid to the Company's corporate officers and senior management

At its meeting on 10 December 2008, the Board of Directors of Eutelsat Communications decided, to comply with the practices recommended in the AFEP-MEDEF code on the compensation paid to officers and directors after familiarising itself with this code. All the standard information in line with the AFEP-MEDEF recommendations, together with that required by the AMF recommendation of 22 December 2008 is presented in Chapters 15 and 17 of this reference document.

Summary of the compensation and benefits paid to officers and directors (Table 1 – AMF Recommendation)

(In euros)	2007-2008 financial year	2008-2009 financial year
G. BERRETTA **CHAIRMAN & CHIEF EXECUTIVE OFFICER**		
Compensation (broken down in table 2)	1,614,871	1,470,625
Valuation of the options granted during the 2008-2009 financial year		
Valuation of the performance shares granted during the 2008-2009 financial year		
TOTAL	**1,614,871**	**1,470,625**
J-P. BRILLAUD **DEPUTY CEO**		
Compensation (broken down in table 2)	627,641	576,385
Valuation of the options granted during the 2008-2009 financial year		
Valuation of the performance shares granted during the 2008-2009 financial year		
TOTAL	**627,641**	**576,385**

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The following table shows the compensation paid to members of the management during the financial years ended 30 June 2008 and 2009:

Summary of the compensation paid to each officer and director (Table 2 – AMF Recommendation)

	2007-2008 financial year		2008-2009 financial year	
(In euros)	Amounts payable	Amounts paid	Amounts payable	Amounts paid
G. BERRETTA CHAIRMAN & CHIEF EXECUTIVE OFFICER				
Fixed salary	550,000	550,000	550,000	550,000
Variable portion of compensation	1,010,655	1,010,655	865,676	865,676
Attendance Fees	50,000	50,000	50,000	50,000
Benefits in Kind	4,216	4,216	4,949	4,949
Exceptional compensation	-	-	-	-
TOTAL	**1,614,871**	**1,614,871**	**1,470,625**	**1,470,625**
J-P. BRILLAUD DEPUTY CEO				
Fixed salary	311,720	311,720	311,720	311,720
Variable portion of compensation	310,851	310,851	257,957	257,957
Attendance Fees	0	0	0	0
Benefits in Kind	5,070	5,070	6,708	6,708
Exceptional compensation	-	-	-	-
TOTAL	**627,641**	**627,641**	**576,835**	**576,835**

Mr Berretta's compensation

Fixed salary

The amount of Mr Berretta's fixed salary stated here is equal to the total compensation paid by Eutelsat S.A. and Eutelsat Communications to Mr Berretta during the financial years ended 30 June 2008 and 2009 for his duties as Chairman and Chief Executive Officer of Eutelsat Communications and under his employment contract with Eutelsat S.A. as Director of International Development.

Variable portion of compensation

The variable compensation paid to Mr Berretta comprises:

- a variable discretionary bonus based on objectives, which amounted to 325,000 euros for the financial year ended 30 June 2008, and was paid during the first half of the financial year ended 30 June 2009;
- a bonus whose amount varies according to objectives to be reached, which take into account the Company's performance by reference to predetermined key financial indicators for the Group. The amount paid as a bonus for the financial year ended 30 June 2008 was 500,000 euros, and payment was made during the first half of the financial year ended 30 June 2009.
- a sum of 20,320 euros paid under the employee profit-sharing and incentive scheme for the financial year ended 30 June 2008.

Mr Berretta earned no other sum from any of the Group's other companies. More specifically, Mr Berretta received no compensation for his duties as Chairman and Chief Executive Officer of Eutelsat S.A.

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Mr Brillaud's compensation

Fixed salary

The amount of Mr Brillaud's fixed salary stated here is equal to the total compensation paid by Eutelsat S.A. to Mr Brillaud during the financial years 30 June 2008 and 30 June 2009 for his duties as Deputy CEO of Eutelsat Communications and under his employment contract with Eutelsat S.A. Furthermore, Mr Brillaud received no compensation for his duties as an officer of Eutelsat Communications or as Deputy CEO of Eutelsat S.A.

Variable portion of compensation

The variable compensation paid to Mr Brillaud comprises:

- a variable discretionary bonus based on objectives, which amounted to 48,628 euros for the financial year ended 30 June 2008, and was paid during the first half of the financial year ended 30 June 2009;
- a bonus whose amount varies according to objectives to be reached, which take into account the Company's performance by reference to predetermined key financial indicators for the Group. The amount paid as a bonus for the financial year ended 30 June 2008 was 187,943 euros, and payment was made during the first half of the financial year ended 30 June 2009.
- a sum of 20,986 euros paid under the employee profit-sharing and incentive scheme for the financial year ended 30 June 2008.

Mr Brillaud earned no other sum from any of the Group's other companies.

Evaluation criteria for the variable portion of the compensation

The evaluation criteria for the variable portion of Mr Berretta's and Mr Brillaud's compensation were the same for the financial years ended 30 June 2008 and 2009.

Upon the recommendation of the Selection and Remuneration Committee, the Board of Directors reviewed and set at its meeting on 25 September 2007 the assessment criteria used to determine Mr Berretta's and Mr Brillaud's variable compensation. Variable compensation is based on performance assessed in relation to the Group's key financial indicators such as revenues, EBITDA and net income. In addition, the Board of Directors set on 30 September 2008 qualitative criteria for assessing the Board's work during the financial year ended 30 June 2009.

The following table shows the attendance fees and other compensation payable to each of the members of Group's Board of Directors in respect of the financial years ended 30 June 2008 and 30 June 2009 by the Company and the companies it controls.

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Attendance fees and other compensation received by non-executive officers and directors (Table 3 – AMF Recommendation)

Members of the Board of Directors	2007-2008 financial year *(in euros)*	2008-2009 financial year *(in euros)*
Lord J. Birt **Director**		
Attendance Fees	52,500	52,500
Other compensation	0	0
CDC Infrastructure **Director** **represented by J. Bensaïd**		
Attendance Fees	59,000	70,000
Other compensation	0	0
C. Espinós Gomez **Director**		
Attendance Fees	52,500	52,500
Other compensation	0	0
A. Luminari **Director**		
Attendance Fees	37,500	37,500
Other compensation	0	0
T. Martínez Gimeno **Director**		
Attendance Fees	51,000	52,500
Other compensation	0	0
C. Sagasta Reussi **Director**		
Attendance Fees	51,750	52,500
Other compensation	0	0
B. Mabille **Director**		
Attendance Fees	50,000	50,000
Other compensation	0	0
J.L. Archambault **Director**		
Attendance Fees	70,000	70,000
Other compensation	0	0
P.F. Guarguaglini **Director(1)**		
Attendance Fees	33,750	11,250
Other compensation	0	0

(1) Mr Guarguaglini resigned during the 2008-2009 financial year.

Total directors' attendance fees payable by the Company or the companies it controls to its directors for the financial year ended 30 June 2009 amounted to 448,750 euros.

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>> 15.2 Compensation and other benefits due or likely to be payable because of or pursuant to the termination of the appointment of a senior Group manager

The Group contributes to a supplementary retirement plan with defined and supplemental benefits (Article 39 pension) for its currently serving corporate officers, which corresponds to 10% of their fixed remuneration and which is payable to them upon retirement. To qualify for this defined benefit retirement benefit, corporate officers must satisfy criteria based on presence and on the attainment of objectives during the 3 financial years prior to their retirement. This commitment is covered by a pension provision.

Moreover, in a decision by the Supervisory Board of Eutelsat S.A. on 5 November 2002, based on the opinion of the Nomination and Remuneration Committee, compensation for the involuntary termination of Mr Berretta's corporate office was determined.

This commitment was initially made by Eutelsat S.A. and was transferred to Eutelsat Communications on 28 June 2006 based on a decision made by its Board of Directors.

At present, this compensation amounts to 1 million euros and is payable to Mr Berretta in the event of the termination of his corporate office by a decision made by the Eutelsat Communications' Board of Directors or General Meeting (except in the event of gross misconduct).

The severance payment was not previously subject to any performance-related criteria, and so in order to comply with the law No. 2007-1223 dated 21 August 2007 to promote work, employment and purchasing power (TEPA law), codified in the French Commercial Code under Article L. 225-42-1, performance-related criteria were introduced for this payment.

The Company's Board of Directors of 30 September 2008, in accordance with the opinion of the Selection and Remuneration Committee, decided to subject Mr Berretta's severance payment in the event of the involuntary termination of his term of office in the Company to the following performance condition: during each of the 3 financial years ended preceding the cessation of his duties, attainment of the quantitative objective giving right to variable compensation (precisely the EBITDA objective) has exceeded the budget for the relevant year.

In addition, this commitment was contained in a specific resolution adopted at the General Meeting of the shareholders on 6 November 2008.

Employment contract and pensions (Table 10 – AMF Recommendation)

	Employment contract		Supplementary pension scheme		Payments of benefits due or likely to be payable owing to the termination or change in duties		Payments under a no-compete clause	
Officers and directors	Yes	No	Yes	No	Yes	No	Yes	No
G. Berretta **Chairman & Chief Executive Officer** Start date of appointment: 31 August 2005 End of appointment: General Meeting convened to rule on the financial statements for the year ended 30 June 2011	X(1)		X		X(2)		X	
J.P. Brillaud **Deputy CEO** Start date of appointment: 2004	X(1)		X			X		X

(1) Mr Berretta and Mr Brillaud hold an employment contract with Eutelsat S.A.
Mr Berretta, Chairman of the Board of Directors of the Company, has a labour contract with Eutelsat S.A since his arrival in the Group. Given the fact that he will retire as of the date of the general meeting of the shareholders of Eutelsat Communications, on 10 November 2009, Mr Berretta will no longer be an employee of Eutelsat S.A. As from such date, Mr Beretta will remain Chairman of the Board of Directors of the Company and will not be linked any longer by a labour contract with any of the Group's companies, in accordance with the provisions of the AFEP-MEDEF Code.
(2) The conditions of payments of the benefits due or likely to be payable due to the termination or change in duties of Mr Berretta are described in this paragraph 15.2.

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>> 15.3 Corporate officers' equity interests in the Company and stock subscription or purchase options

No stock subscription or purchase option plans were set up by the Company during the financial years ended 30 June 2007, 2008 and 2009.

However, in the course of previous financial years, operational subsidiary Eutelsat S.A. had introduced stock subscription or purchase options plans.

At the date of this reference document, Mr Berretta, Mr Brillaud and their relatives no longer held any Eutelsat S.A. stock subscription options.

Messrs Berretta and Brillaud were granted freely shares during the 2008-2009 financial year, which are described in detail in Chapter 17 of this reference document.

16 OPERATION OF ADMINISTRATIVE AND MANAGEMENT BODIES

>> 16.1 Term of office of members of the administrative and management bodies

This information can be found in section 14.1 "Composition of the Board of Directors" of this reference document.

>> 16.2 Information concerning the service contracts binding members of the administrative and management bodies of the Company

To the best of the Company's knowledge, with the exception of the employment contract between Mr Berretta and Eutelsat S.A., there is no employment contract or service contract between the other directors of the Company and any of its subsidiaries that provides for the grant of benefits of whatsoever kind.

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>> 16.3 Operation of the Board of Directors and its Committees

The statutory provisions relating to the Board of Directors are summarised in section 21.2.2 entitled "Board of Directors, Committees and Non-voting directors" of this reference document.

Duties of the Board of Directors

The Board of Directors determines the priorities for the Company's business activities and ensures that they are implemented. Subject to the powers expressly reserved for General Meetings of shareholders, the Board of Directors may examine any question that affects the proper operation of the Company.

In addition, pursuant to the Board's internal rules adopted on 19 December 2006, a number of strategic decisions and undertakings require the prior approval of the Board of Directors.

These decisions can be classified under the following headings:

Transactions affecting the Company

Any operation that results in an increase in the Company's capital or a modification of the Company's By-laws is submitted for prior approval by the Board of Directors.

Any plan for the buy-out or merger of the Company or any tender offer for the acquisition of other companies that would be payable in full or in part in Company shares and all draft reference documents and offering circulars intended for investors are to be submitted for approval by the Board of Directors.

Strategic transactions

Any amendment to the Group's 5-Year Strategic Plan, as well as any acquisition of securities in another company or any operations or mergers with a substantial effect on the Company's structure or strategy, is submitted for prior approval by the Board of Directors. The same applies to any investment in the share capital of another company in an amount of over 50 million euros or 25 million euros should this transaction not be included in the 5-Year Strategic Plan or in the annual investment plan approved by the Board of Directors.

Investments and financial undertakings

The Group's consolidated annual budget is subject to prior approval by the Board of Directors, as well as any modification thereof, at the beginning of each financial year. All capital expenditure in excess of 50 million euros (or in excess of 25 million euros if not included in the annual budget) is subject to prior approval by the Board of Directors. Any loan or financing contract that results in an increase in the Group's debt by more than 50 million euros that is not included in the annual budget approved by the Board is subject to prior approval by the Board of Directors. Any decision to dispose of, lend, lease or transfer assets belonging to the Group (excluding commercial transactions) or any decision to divest any amount in excess of 50 million euros that is not included the annual budget is subject to prior approval by the Board of Directors.

The provision of any guarantee or pledge is subject to prior approval by the Board of Directors.

Management of the Company

The Board of Directors is in charge of defining the requirements for independence and selection of the independent directors, and its prior approval is needed before any recruitment or dismissal of a manager working for the Group whose compensation ranks among the 6 highest packages in the Group.

Meetings of the Board of Directors

The Board of Directors meets as often as the interests of the Company or the Group require.

The Board of Directors met 10 times during the 2008-2009 financial year. The average attendance rate by directors at meetings during the financial year exceeded 98%, with just one director not being able to attend all the meetings of the Board of Directors during the period.

Barring emergencies, invitations to attend meetings of the Board of Directors are sent out to Board members at least 5 days before the meeting concerned.

Information communicated to the Board of Directors

In accordance with the relevant provisions of the By-laws and the internal rules of the Board of Directors and the recommendations approved during the 2007-2008 financial year to introduce a unique documentation format, documents for the Board meeting are sent to its members at least 5 days before the meeting of the Board takes place. For an emergency meeting of the Board, documents are sent out in a shorter timeframe.

Evaluation of the Board of Directors and independence of Company directors

In line with the corporate governance best practices, the Board of Directors had initiated a selection process for independent directors, *i.e.* directors having no conflict of interests or any business relationship with the Eutelsat group liable to cloud their judgement.

At the Ordinary General Meetings of the shareholders on 10 November 2006 and 9 November 2007, 2 independent directors were elected for a 6-year term of office to expire at the end of the General Meeting of the shareholders called upon to examine the financial statements of the Company for the year ending 30 June 2012.

They were: Lord John Birt, former Director General of the BBC, and Mr Guarguaglini, Chairman of the Finmeccanica Group, who was co-opted to replace Mr Dangeard, who resigned. Mr Guarguaglini's appointment was ratified by the General Meeting of the Shareholders on 9 November 2007.

At 30 June 2009, no decision had been made concerning a replacement for Mr Guarguaglini, an independent director who resigned.

The Board of Directors believes that its composition, which featured the presence of independent directors alongside directors with an executive role within the Group or representing significant shareholders almost throughout the 2008-2009 financial year, represents a factor conducive to good governance.

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Internal rules of the Board of Directors

In addition to the provisions of law and the regulations, the Board of Directors operates in accordance with a set of internal rules, which the Board of Directors adopted on 18 December 2007.

The internal rules stipulate that each director must devote the necessary time and attention to the performance of his duties. In addition, when accepting a new job or position, he must ensure that he is always in a position to fulfil that assignment. In this respect, the internal rules set out the provisions of law and the regulations applicable to directors (number of concurrent directorships, disclosure of appointments held, etc.). Unless genuinely prevented from attending, every director must attend every Board Meeting, every meeting of each Committee on which he sits, and every General Meeting of the shareholders.

The internal rules also state that the way in which the Board of Directors operates must be assessed at least once each year. The result of this assessment, as well as the measures being envisaged to improve the way in which the Board operates, are published in the Annual Report. In addition, every 3 years, an independent director has to carry out a formal assessment of how the Board operates, and an external consultant may assist him.

The internal rules also specify provisions for preventing any conflicts of interest and for managing contracts with related parties. Each director must inform the Company of any conflict of interest of which he is aware, and take all necessary measures to avoid it. Any agreement between a director and the Company must comply with the provisions applicable to related party agreements.

The internal rules also specify measures applying to transactions undertaken by senior managers and their related parties in relation to Company securities, as well as the rules intended to prevent insider dealing. Each director must therefore comply with the legal provisions in force and with the General Regulation of the Autorité des marchés financiers (AMF), and must make the necessary disclosures required under these texts for transactions in relation to Company securities. No director may divulge information about the Company obtained by him during the performance of his duties.

Non-voting director

Since the initial public offering of the Company, the Executive Secretary of Eutelsat IGO has performed the duties of Non-voting director on the Board of Directors of Eutelsat Communications.

See section 6.8.6 “Other provisions applicable to the Group”, in the paragraph on “Current relationships between Eutelsat Communications and Eutelsat IGO” for further details.

Committees of the Board of Directors

During the 2008 financial year, the Board of Directors decided to set up an Audit Committee alongside the Selection and Remuneration Committee and the “Strategy and Investment” working group responsible for advising it in their respective areas of expertise.

Selection and Remuneration Committee

This Committee is notably responsible for studying and making any relevant recommendation to the Board of Directors with respect to (i) the compensation of the Chairman and Chief Executive Officer and the Deputy CEO (ii) the implementation of subscription or purchase option, and bonus share allotment plans within the Group, (iii) the allocation of attendance fees between members of the Board of Directors, (iv) the selection of independent directors and (v) the recruitment or dismissal of any employee earning one of the 6 highest compensation packages in the Group.

The Committee is currently chaired by Mr Martinez Gimeno. Messrs Bensaid, Espinos-Gomez and Lord John Birt are also members of the committee. The Secretary to the Committee is Mr Izy Béhar, Director of Human Resources at Eutelsat S.A.

This Committee was very active during the 2008-2009 financial year (with 19 meetings held during the 2008-2009 financial year and an attendance rate of 97% for its members) owing in particular to the definition, implementation and supervision of the selection process for a new Chief Executive Officer during the financial year, with the current Chief Executive Officer, Mr Berretta, reaching the age limit for his term of office as Chief Executive Officer.

On the recommendation of the Committee, the Board of Directors decided at its meeting on 11 June 2009 to:

- approve the draft resolutions intended to alter certain provisions of the By-laws in order to clarify the expiry dates of the terms of office of directors, Chief Executive Officer, Deputy CEOs and Chairman, where they have reached the statutory age limits and to raise from 70 to 71 years old the age limit for the duties of the Chairman of the Board of Directors and to convene an Extraordinary General Meeting, which was held on 6 July 2009 and which approved the proposed changes to the By-laws;
- approve the selection of Mr de Rosen as Deputy CEO of the Company and then as a future Chief Executive Officer of the Company following the expiry of Mr Berretta's term of office and thus to split the duties of the Chief Executive Officer from those of the Chairman of the Board of Directors with effect from the Ordinary General Meeting of the Shareholders to be held on 10 November 2009;
- approve the compensation package offered to Mr de Rosen in line with the recommendations of the AFEP-MEDEF's code of conduct, to which the Company adheres.

At the date of this reference document, upon Mr Berretta's recommendation, Mr de Rosen had held the position of Deputy CEO since 1 July 2009 to help ensure a smooth transition phase.

Furthermore, during the 2008-2009 financial year, the Committee continued its work concerning the employee share ownership policy and efforts to secure the loyalty of the Group's key employees. Based on a Committee recommendation, the Board of Directors formally acknowledged at its meeting of 27 May 2009 the expiry of the vesting period for the Bonus Share Allotment plan dated 10 May 2007 for Group employees and managers and, upon its recommendation, the Board of Directors drew up a list of beneficiaries at the same meeting. In accordance with the provisions of Article L. 225-197 of the French Commercial Code, these bonus shares were acquired definitively by the beneficiaries satisfying the length of service criterion of 2 years with the Group. These shares will not be available until after expiry of an additional lock-up period of 2 years, that is until 27 May 2011.

Strategy and Investment Working Group

Set up in April 2007 and meeting on an *ad hoc* basis, this working group is responsible for making all recommendations to the Board of Directors in respect of the external growth operations being envisaged, as well as capital investment projects presented in the Strategic Plan or Annual Budget.

The members of the working group are Jean Bensaïd and Carlos Espinós-Gómez. They are assisted by the other directors, as required.

As part of its activities, the working group oversaw in particular the preparation of the Group's 2009-2014 Strategic Plan and of the consolidated Annual Budget for 2009-2010, in conjunction with the Audit Committee.

To this end, the working group notably followed up on implementation of the KA-Sat-Tooway™ programme, which aims to deliver broadband Internet access to all homes across Europe from the 2010-2011 financial year onwards.

In addition, the working group examined in detail the strategy of securing the deployment plan for the satellite fleet following the failed launch of the W2M satellite. Implementation of the alternative solutions studied and recommended by the working group to remedy this failure prompted the Group to order a new W3C satellite aimed to perform the original role of the W7 and W3B satellites in the event of a launch failure and to guarantee the development and security of the 7° East orbital neighbourhood in accordance with the fully secured policy devised by the Group during the 2008-2009 financial year.

Audit Committee

The role of the Audit Committee, which was set up during the 2008-2009 financial year, is to assist the Board of Directors in (i) reviewing draft interim and full-year financial statements (annual and consolidated financial statements), (ii) to make recommendations on the draft consolidated budget submitted to the Management before the Board of Directors convenes, (iii) to make recommendations to the Management or the Board of Directors about the policies and methods to ensure reliable and fair financial reporting, (iv) to ensure that internal control processes within the Group are implemented as required and (v) to make recommendations to the Board of Directors and Company Management as to the appropriate risk management processes for all risks which may affect the Group's operations.

The Audit Committee comprises Mr Archambault, the Committee's Chairman, Lord Birt and Mr Sagasta-Reussi. Mrs Lallement, General Counsel, is Secretary to the Audit Committee.

The Committee played a very active role during the 2008-2009 financial year, meeting on 11 occasions. Its members attended almost all the Committee's meetings, with an attendance rate of 93%. In addition, Mrs Guillouard, the Chief Financial Officer, attended all the meetings of the Audit Committee.

The work of the Audit Committee takes place principally in the second half of the financial year owing in particular to the review of the interim financial statements, which takes place in February and the consolidated budget preparation cycle, which begins in March so that a presentation can be made to the Board of Directors for its approval before the end of the financial year.

In addition, the Audit Committee maintained an ongoing dialogue with the Company's Statutory Auditors, who are present at the Audit Committee meetings when the interim and full-year financial statements are prepared before their submission to the Board of Directors for approval.

The Audit Committee also reviewed the priorities, consequences and measures to be or indeed already implemented by the Group to minimise the potential knock-on effects of the global financial crisis on the Group's business activities. This study by the finance department notably resulted in a tightening up of customer risk control and management procedures, as well as the arrangement of a new credit insurance policy.

In addition, the Audit Committee reviewed the work programme for the Internal Audit function during the financial year and the objectives set for it.

Lastly, following the implementation of the Risk Management function, the Audit Committee instituted regular dialogue with the Director of Risk Management as part of the latter's duties and drew up his annual work programme.

Internal control

The report of the Chairman of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code and the auditors' report relating thereto are shown in the annex to this reference document.

>> 16.4 Operation of the management bodies

Amalgamation of the positions of Chairman of the Board of Directors and Chief Executive Officer

Following a decision by the Board of Directors on 31 August 2005, the tasks of CEO of the Company were performed by the Chairman of the Board of Directors.

From the Ordinary General Meeting of the Shareholders, which is due to be held on 10 November 2009, the duties of Chief Executive Officer and of Chairman of the Board of Directors will be split up. The duties of Chairman will be held by Mr Berretta and Mr de Rosen will be appointed as Chief Executive Officer.

Powers of the CEO

The Chief Executive Officer holds the broadest powers to act under any circumstance on behalf of the Company. He exercises his powers within the limits of the corporate purpose and subject to the powers that the law expressly vests in Meetings of the Shareholders and the Board of Directors.

He represents the Company in its dealings with third parties. The Company is bound even by the acts of the CEO that do not fall under the corporate purpose, unless it proves that the third party knew that the act exceeded that purpose or if the third party could not have been ignorant of that fact, considering the circumstances; the mere publication of the By-laws is not sufficient for constituting such proof.

The provisions of the By-laws or the decisions of the Board of Directors limiting the powers of the CEO may not be invoked against third parties.

The Board of Directors determines the compensation of the CEO under the conditions set by law.

The CEO may not be older than 69 years old.

Limitations stated in the By-laws

The Company's By-laws do not restrict the powers of the CEO.

Limitations decided by the Board of Directors

The Board of Directors has not stipulated any further restrictions on the CEO's powers other than the provisions of law and the regulations applicable to directors, particularly as regards restrictions on the number of directorships held concurrently, which are specified in the internal rules for Eutelsat Communications' Board of Directors.

Deputy CEO or CEOs

Upon a proposal by the CEO, the Board of Directors may authorise one or more natural persons to assist the CEO, with the title of "Deputy CEO" or "Deputy CEOs". A Deputy CEO may be dismissed at any time by the Board of Directors upon a proposal by the CEO.

In conjunction with the CEO, the Board determines the extent and duration of the powers vested in the Deputy CEOs. The Board determines his compensation under the conditions set by law.

With respect to third parties, the Deputy CEOs have the same powers as the CEO. The Deputy CEOs shall, in particular, have the power to take part in court proceedings.

A Deputy CEO may not be older than 67 years old.

The maximum number of Deputy CEOs may not exceed 5.

On 22 December 2005, the Board of Directors decided to appoint Mr Jean-Paul Brillaud as Deputy CEO, based on the Chairman & CEO's proposal.

At its meeting on 11 June 2009, the Board of Directors decided to appoint Mr de Rosen as Deputy CEO of the Company.

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>> 16.5 Corporate governance

Following the admission of its shares to trading on the Eurolist of Euronext Paris market, the Company implemented internal control procedures intended to prevent and curb risk resulting from the Company's business activities, as well as accounting and financial risks, in accordance with the laws and regulations applicable to listed companies.

Accordingly, the Company implemented a series of measures resulting from report recommendations on corporate governance improvements made by the working groups chaired by Mr Marc Vienot and Mr Daniel Bouton. These findings were made public in July 1995, July 1999 and on 23 September 2002. They concerned the creation of various committees as described above and the appointment of 2 independent directors to sit on the Board of Directors.

Furthermore, to strengthen the Group's employer-employee communication policy, the Company reached an agreement with the Works Council at Eutelsat S.A., the Group's main operational subsidiary. This agreement aims to give Eutelsat S.A.'s Works Council and thereby all of Eutelsat S.A.'s employees greater insight into the Company's operations and decisions.

This resulted in the implementation of a notification procedure for Eutelsat S.A.'s Works Council should the Company go ahead with transactions likely to affect its operations or the scope of the Eutelsat S.A. operational subsidiary. In addition, the 2 representatives of Eutelsat S.A.'s Works Council on the Board of Directors of Eutelsat S.A. are asked to participate in the meetings of the Company's Board of Directors and receive the same information as the directors.

The internal control measures are described in the special report of the Chairman of the Board of Directors, which is included in an annex to this reference document.

Adopted on 18 December 2007, the internal rules of the Board of Directors of the Company are intended to guarantee the transparency of the Board of Directors in its operations. The main provisions of these internal rules are summarised in section 16.3 "Operation of the Board of Directors and its Committees" in the paragraph entitled the "Internal rules of the Board of Directors".

The Board of Directors of Eutelsat Communications decided at its meeting on 10 December 2008 to comply with the recommendations of the AFEP-MEDEF Code of October 2008 concerning the compensation paid to the corporate officers and directors of companies listed on a regulated market.

17 EMPLOYEES

>> 17.1 Number of employees

At 30 June 2009, the Company did not have any employees and the Group had 610 employees.

The table below illustrates the breakdown of the average number of Group employees into operational activities and commercial and administrative activities:

	Average number of employees for the financial years ended 30 June		
	2007	2008	2009
Operations	222	226	251
Commercial and administrative activities	298	314	354
TOTAL	520	540	605

The number of staff employed by the Group has risen over the last 3 financial years. The change in the number of staff can be explained in part by the increase in the staff employed by the Group's foreign subsidiaries between June 2007 and June 2009, which rose from 81 to 93 during the 2007-2008 financial year and from 93 to 134 during the 2008-2009 financial year. This rise in staff memberts mainly concerned the Italian subsidiary Skylogic S.p.A.

Each year, Eutelsat S.A. prepares a social audit report recapitulating key data in a single document to enable an assessment of the Company's labour profile. This social audit report is prepared with reference to a calendar year. Each year, the Company's Works' Council issues an opinion on this social audit report. The social report and the opinion of the Works' Council are then made available to employees and to the Company's shareholders upon request, in accordance with Articles L. 225-108 and L. 225-115 of the French Commercial Code.

In 2008, Eutelsat S.A. employed an average of approximately 9 temporary staff per month. Temporary staff worked for an average of 15 days. In 2008, Eutelsat S.A. employees had an average length of service of 9.6 years, with managers representing approximately 80% of Company staff as a whole.

The Group believes that its relations with its employees are good.

However, the Group cannot rule out future costs arising from disputes with its personnel.

>> 17.2 Options granted to employees on shares of the Company or of other companies in the Group

At the registration date of this reference document, no stock subscription option or stock purchase option plans had been set up by the Company.

The table below shows the stock subscription or purchase option plans set up by Eutelsat S.A. for its corporate officers and employees.

The only 2 corporate officers to have received stock subscription options were Mr Berretta and Mr Brillaud. At the date of this reference document, they no longer held any Eutelsat S.A. stock subscription options. (see section 15.3 “Corporate officers’ equity interests in the Company and stock subscription or purchase options” for more details).

Previous grants of stock options and stock purchase options by Eutelsat S.A. (Table 8 – AMF Recommendation)

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8	Plan No. 9
Date of Board of Directors or Management Board, as appropriate	07/04/2001 Partners plan[3]	10/25/2001 Managers I plan[3]	12/13/2002 Managers II plan[3]	02/24/2003 Managers II plan[3]	12/17/2003 Managers III plan[3]	03/22/2004 and 9/04/2004 Stock purchase option plan	04/08/2004 Managers III plan[3]	06/28/2004 Managers III bis plan[3]	11/23/2004 Managers IV plan[3]
Total number of options granted (one option giving right to one share) including:	4,233,788	2,010,000	3,150,180	56,000	8,011,938	754,000 call options	1,102,000	325,000	3,000,000
• to Company officers and directors[1]	172,275	1,060,000	1,953,180	-	8,011,938	138,483	-	-	325,000
• granted to the top 10 employees who are not officers or directors	262,566	550,000	645,000	56,000	-	137,583	710,000	325,000	1,675,000
Options exercisable from	All options are exercisable	All options are exercisable	All options are exercisable	All options are exercisable	All options are exercisable	03/22/2004	All options are exercisable	All options are exercisable	All options are exercisable
Expiry date	07/03/2009	10/24/2009	12/12/2010	03/23/2011	12/16/2011	05/14/2004	04/07/2012	06/27/2012	11/22/2012
Exercise price:									
• at grant	€1.10	€2.00	€1.79		€1.70	€1,615	€1.70	€2.00	€2.20
• after the December 2004 adjustment	€1	€1.54	€1.38		€1.31		€1.31	€1.54	€1.70
• after the December 2005 adjustment[2]	€1	€1.48	€1.33		€1.26		€1.26	€1.48	€1.64
Number of options exercised by 30 June 2009	4,121,688	2,612,083	4,254,308		10,782,178	668,020	1,370,985	437,374	3,829,347
Number of shares underlying stock subscription options or stock purchase options outstanding at 30 June 2009[3][4]	40,749	53,831	18,961	-	0	There were no more stock purchase options exercisable (85,980 options became null and void at 14 May 2004)	40,374	0	158,494

(1) For the Partners, Managers I, Managers II, Managers III plans and the stock purchase option plan, all the members of the Management Board were granted options. For the Managers Plan IV, only one company officer was granted options.

(2) In accordance with the French Commercial Code, Eutelsat SA made an adjustment to the existing options subsequent in December 2006, to the exceptional distribution authorised by the Combined General Meeting held on 10 November 2006. The conditions of the adjustment prompted a change in the exercise price of the existing options and the number of shares for which these options provided subscription rights.

(3) Some beneficiaries under the Managers Plans signed commitments with the Company to buy and sell their underlying shares. Furthermore, the Company undertook, subject to certain conditions, to provide liquidity for the shares resulting from the exercise of options for beneficiaries who had not signed buy and sell commitments (see sections 15.3 “Corporate officers’ equity interests in the Company and stock options and stock purchase options” and 21.1.6 “Options or agreements concerning the capital of the Company or of a member of the Group” for further information).

(4) Options granted under Plan no. 1 have been null and void since 4 July 2009.

Stock subscription or purchase options granted to the 10 employees who are not Company officers who received the greatest number of options and options exercised by the latter during the 2008-2009 financial year (Table 9 – AMF Recommendation)

	Total number of options granted/ shares subscribed or purchased	Weighted average price	Plan no. 1	Plan no. 2	Plan no. 3	Plan no. 4	Plan no. 7	Plan no. 8	Plan no. 9
Options granted by Eutelsat S.A. and all companies concerned by the grant of options during the financial year to the 10 employees of the issuer and all companies included in the scope who received the greatest number of options (aggregate information)	None								
Options held on Eutelsat S.A and the above-mentioned companies, exercised during the financial year, by the 10 employees of the issuer and its subsidiaries, who purchased and subscribed the greatest number of options (aggregate information)	1,225,489	1.63	16,438	0	0	0	0	0	1,209,051

Liquidity offers

The Company gave an undertaking to employees who are shareholders in Eutelsat S.A. or who hold Eutelsat S.A. stock subscription or stock purchase options, apart from officers and directors and executives who made commitments to sell their shares (see section 21.1.6 “Options or agreements concerning the capital of the Company or of a member of the Group” for more extensive details about the commitments to sell shares made by Group officers, directors and managers) to put in place a liquidity mechanism for their Eutelsat S.A. shares should Eutelsat Communications be floated on the stock market.

The Group consequently provided a semi-annual liquidity “window” after publication of the half-year and annual results.

Eutelsat Communications made a proposal, *via* its SatBirds 2 S.A.S. subsidiary, to all the beneficiaries of the stock subscription options granted under the Partners, Managers I, II, III and IV plans (with the exception of managing employees who granted commitments to sell shares) and to beneficiaries of the stock purchase plans of March and April 2004 to purchase the shares they acquired under such plans. This liquidity offer opened on 1 December 2008 and closed on 12 December 2008. Final settlement of the transaction took place on 15 December 2008. Pursuant to this transaction, 127,699 shares were repurchased at a unit price of 5.01 euros per Eutelsat S.A. share at the registration date of this reference document.

In addition, the Company made a second liquidity offer, *via* its Eutelsat Communications Finances S.A.S. subsidiary, and offered all the beneficiaries of the stock options granted under the Partners and Managers I, II, III and IV plans (with the exception of managing employees who granted commitments to sell shares) and beneficiaries of the stock purchase plans of March and April 2004, to purchase their shares at a unit price of 4.88 euros per Eutelsat S.A. share. This liquidity offer began on 27 April 2009 and the subscription period ended on 11 May 2009. Final settlement of the transaction took place on 15 May 2009. At the registration date of this reference document, 179,779 Eutelsat S.A. shares had been sold to Eutelsat Communications Finances S.A.S., Eutelsat Communications’ subsidiary, under this second liquidity offer.

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>> 17.3 Free grants of the Group's shares

At the time of the Company's initial public offering on 2 December 2005, the Board of Directors decided to grant freely shares to employees of the Group, with the exception of any employee who became a shareholder of the Company before 29 November 2005. A total of 341 shares were allocated to each beneficiary, and the number of beneficiaries was set at 439. The definitive acquisition period for the shares was set at 2 years from this date and was subject to a condition of continuous presence. The qualifying period for definitive vesting of the shares was set at 2 years from that date.

On 18 December 2007, the Board of Directors noted the Chairman and CEO's decision dated 29 November 2007, to grant final allocation of 133,331 shares under the first free grants of shares, and took note of the resulting capital increase of 133,331 euros deducted from the "share premium account".

In a decision made on 10 May 2007, the Board of Directors decided to go ahead with a plan to grant freely 181,825 shares to be issued to the Group's employees, subject to a definitive acquisition period of 2 years and to a condition of continued presence throughout this period. Furthermore, the beneficiaries are then required to retain these shares for a further period of 2 years from the effective acquisition date. Under this plan, Mr Berretta is entitled to 30,000 shares freely granted and Mr Brillaud to 10,000 shares freely granted.

In a decision made on 27 May 2009, the Company's Board of Directors decided to allot 162,010 shares to 433 of the Group's employees and managers (including officers and directors).

On 25 July 2007, the Board of Directors decided to set up a free grant of shares plan for the benefit of all Group employees including corporate officers and directors. In accordance with the provisions of Article L. 225-197-1 of the French Commercial Code, freely granted shares have been definitively acquired by the beneficiaries subject to the condition of continuous presence within the Group for a period of 2 years (*i.e.* until 25 July 2009), and the shares will be available at the end of another 2 year period, *i.e.* from 26 July 2011. Under this plan, the final allocation of these shares freely granted is subject to the attainment of performance targets over the 2-year period. Under this plan, Mr Berretta is entitled to 76,431 shares freely granted and Mr Brillaud to 25,991 shares freely granted.

In a decision made on 30 July 2009, the Company's Board of Directors decided to grant definitively 310,017 shares to 437 of the Group's employees and managers (including officers and directors) at the close of the aforementioned 2-year reference period. Pursuant to this plan, the shares may vest definitively on 26 July 2011, subject to satisfaction of service and performance conditions. Upon a recommendation by the Selection and Remuneration Committee, the Company's Board of Directors granted freely Mr Berretta, Chairman and Chief Executive Officer, and Mr Brillaud, Deputy CEO, 38,216 and 12,996 shares respectively in accordance with the provisions of the Free Grant of Shares Plan dated 25 July 2007.

The free grant of shares plans of 10 March 2007 and 25 July 2007 expired at the date of this reference document.

Performance shares granted to each officer and director (Table 6 – AMF Recommendation)

Performance shares granted definitively by the Board of Directors following the delegation of powers by the General Meeting of the Shareholders to each officer and director by the issuer and by each Group company since 30 June 2008	Number and date of plan	Number of shares allotted since 30 June 2008	Valuation of shares using the method adopted for the consolidated financial statements	Vesting date	End of lock-up period	Plan's performance conditions
G. Berretta **Chairman & Chief Executive Officer**	25 July 2007 for 2 years	38,216(1)	€536,934.80	26 July 2009	26 July 2011	50% of the grant based on an EBITDA performance target by financial year and 50% of the grant based on a share price appreciation objective of over 20% (i.e. €21.58) compared with the price at grant (i.e. €17.99)
J-P. Brillaud **Deputy CEO**	25 July 2007 for 2 years	12,996(1)	€182,593.80	26 July 2009	26 July 2011	
TOTAL		**51,212**	**€719,528.60**			

(1) Shares granted definitively on 30 July 2009.

No performance shares became available to officers and directors during the 2008-2009 financial year.

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>> 17.4 Employee profit-sharing and incentives and Company savings plan

At the registration date of this reference document, there were no employee profit-sharing or incentive agreements governed by the provisions of Titles I and II of Book III of the French Labour Code in force at the Company because the Company had no employees. The Company has not set up a Company savings plan.

Employee incentive plan at Eutelsat S.A.:

- A Company savings plan was set up at Eutelsat S.A. in July 2000.

  A savings plan is a collective savings-system that provides member employees with an opportunity to build up a portfolio of securities with the help of their employer. The money invested in a savings plan is unavailable for 5 years, except in the cases of early release specified in the rules.

  The Company savings plan offers a number of different investment vehicles (corporate mutual funds governed by Article L. 214-39 of the French Monetary and Financial Code) allowing its members to choose the investment vehicle best suited to their savings strategy.

  A *fonds commun de placement d'entreprise* (FCPE, corporate mutual fund), which allows investments in the securities of a Group company (FCPE governed by Article L. 214-40 of the French Monetary and Financial Code), is also offered within the savings plan. Through this FCPE, savings plan members can acquire securities of a Company within the Group under Article L. 3332-18 *et seq.* of the French Labour Code.

  The Company savings plan also allows beneficiaries of stock subscription or purchase options to exercise, as the case may be, these options through their unavailable assets in the savings plan and to keep the shares they obtain by exercising their options in the savings plan. The shares are locked up for 5 years in the savings plan with no possibility of taking advantage of one of the cases of early release.

- A new employee incentive agreement governed by Articles L. 3311-1 *et seq.* of the French Labour Code was entered into by Eutelsat S.A. on 11 December 2008 to allow Eutelsat S.A. employees to share in the performance of the Company. The size of the incentive payments to employees is determined using the performance criteria stated in the agreement, which take into account the improvement in the Company's financial performance (financial ratio and operating costs).

  Employees are able to pay all or part of their incentive payment into their Company savings plan; the amounts paid in are locked up for 5 years and may then qualify for the preferential tax treatment applicable to savings plans.

The table below shows the average amount of incentive payment per employee beneficiary:

(In euros)	2006-2007	2007-2008	2008-2009
Average amount of the incentive payment	1,850	1,004	2,192

- An employee profit-sharing agreement, governed by Articles L. 3322-1 *et seq.* of the French Labour Code, was entered into on 13 November 2002 within Eutelsat S.A. A statutory employee profit-sharing plan gives employees access to a portion of the profits recorded by the company. The Eutelsat S.A. profit-sharing agreement uses the legally prescribed method of calculating the profit-share reserve set out in Article L. 3324-1 of the French Labour Code.

  The Eutelsat S.A. profit-sharing agreement provided that the amounts allocated to employees should be invested in corporate mutual funds. Amounts paid into the savings plan under the profit-sharing agreement previously remained locked-up for 5 years unless early release of such sums became possible in accordance with the rules,. The French law of 3 December 2008 on income from labour amended the legislative framework and Eutelsat S.A.'s labour partners signed an amendment to the profit-sharing agreement enabling employees who so desired to gain access immediately to all or part of their profit-sharing reserve. In addition, there are no plans to grant shares in the business in connection with the allocation of the profit-sharing reserve.

The table below shows the total amount of the special profit-sharing reserve determined in accordance with the profit-sharing agreement in force:

(In euros)	2006-2007	2007-2008	2008-2009
Amount of the special profit-sharing reserve	3,852,804	3,971,879	4,797,609

18 PRINCIPAL SHAREHOLDERS

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>> 18.1 Breakdown of the ownership structure and voting rights

The following table provides disclosures about changes in Eutelsat Communications' ownership structure reported to the Company over the past 3 financial years:

	At 30 September 2009		At 30 June 2009		At 30 June 2008		At 30 June 2007	
Shareholders	Number of shares and voting rights	Percentage	Number of shares and voting rights	Percentage	Number of shares and voting rights	Percentage	Number of shares and voting rights	Percentage
Abertis Telecom S.a.u.	69,022,989	31.36%	69,022,989	31.40%	69,022,989	31.43%	69,022,989	31.96%
CDC Infrastructure S.A.	-	-	56,399,660	25.66%	56,399,660	25.68%	56,399,660	26.12%
Fonds Stratégique d'Investissement (FSI)	56,399,660	25.62%	-	-	-	-	-	-
Radio Televizija Slovenia	2,468,724	1.12%	2,468,724	1.12%	2,468,724	1.12%	2,468,724	1.14%
Entreprise des Postes et Telecoms (Luxembourg)	2,395,886	1.09%	2,395,886	1.09%	2,395,886	1.09%	2,395,886	1.11%
Other minority shareholders	3,227,577(1)	1.47%	3,227,577(1)	1.47%	3,227,577(2)	1.47%	1,365,074(3)	0.63%
Free float	83,219,953	37.81%	83,157,602	37.83%	83,631,726	38.08%	80,735,237	37.38%
Employees and senior managers	3,379,193	1.53%	3,129,537	1.42%	2,495,393	1.14%	3,576,201	1.66%
TOTAL SHARES	**220,113,982**	**100%**	**219,803,965**	**100%**	**219,641,955**	**100%**	**215,963,771**	**100%**

(1) This category includes a number of Eutelsat Communications' minority shareholders, such as notably the Croatian ministry of the sea, transportation and infrastructure, Turksat Satellite Communications and the national telecommunications of Bosnia-Herzegovina, Bulgaria and Albania.
(2) This category includes a number of Eutelsat Communications' minority shareholders, such as notably the Croatian ministry of the sea, transportation and infrastructure, Turksat Satellite Communications and the national telecommunications of Bosnia-Herzegovina, Bulgaria and Albania.
(3) This category includes a number of Eutelsat Communications' minority shareholders such as Turksat Satellite Communications, the Macedonian Ministry of transport and communications and the Cyprus telecommunications authority.

At the registration date of this reference document, the share capital is made up of ordinary shares, all of the same class. For this reason, there is no different voting rights to the benefit of principal shareholders in the Company.

To the best of the Company's knowledge, no other shareholders directly or indirectly hold over 5% of its share capital or voting rights at the date of this reference document.

To the best of the Company's knowledge, there are no other shareholders holding registered shares who own more than 1% of the Company's share capital at the date of this reference document. However, other bearer shareholders have reported to the Company that they have crossed thresholds exceeding 1% of the share capital and may therefore hold at least 1% of the capital of the Company (see the annual information document in Chapter 23 "Documents available to the public" in this reference document for declarations regarding the crossing of thresholds in the 2008-2009 financial year).

18.1.1 Crossing of disclosure thresholds

In a letter dated 21 July 2009, Fonds Stratégique d'Investissement (FSI), a subsidiary of CDC that received a transfer from CDC of its entire shareholding in the Company, declared that it had individually crossed above the 5%, 10%, 15%, 20% and 25% thresholds of the Company's share capital and voting rights on 15 July 2009 and held 56,399,660 Eutelsat Communications shares, or 25.66% of the share capital and the same proportion of the voting rights.

In a letter dated 7 July 2009, CDC reported that it had directly crossed above and indirectly crossed below *via* its CDC Infrastructure subsidiary the 5%, 10%, 15%, 20% and 25% thresholds on 1 July 2009 following the off-market sale by CDC Infrastructure to CDC of its entire shareholding in Eutelsat Communications, representing 56,399,660 shares and the same number of voting rights.

In a letter dated 20 March 2009, Franklin Resources Inc., acting on its own behalf and on behalf of its affiliates, reported that it had crossed above on 16 March 2009 the 7% threshold of the Company's share capital and voting rights and held 15,535,240 Eutelsat Communications shares through investment funds and client accounts under its management, or 7.07% of the share capital and the same proportion of voting rights.

>> 18.2 Shareholders' agreements

To the best of the Company's knowledge, there are no shareholders' agreements, actions in concert or any other form of agreement whose subsequent implementation might lead to a change in the control of the Company.

19 RELATED PARTY TRANSACTIONS

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The disclosures relating to related party agreements cited in Article L. 225-38 of the French Commercial Code are presented in the auditors' report on related party agreements in the Annex to this reference document.

>> 19.1 Service agreements within the Group

Eutelsat Communications has signed several service agreements with its various subsidiaries, notably:

- a centralised cash management agreement with Eutelsat S.A. and Eutelsat Communications Finance S.A.S.[12];
- an administrative assistance service agreement with Eutelsat S.A. pursuant to which Eutelsat S.A. provides services to Eutelsat Communications; and,
- a group promotion agreement with its main operational subsidiaries Eutelsat S.A. and Skylogic S.p.A, whereby the Company provides services to Eutelsat S.A. and Skylogic S.p.A.

>> 19.2 Other agreements

Commitments to sell and to purchase were entered into (i) between Mr Berretta and the Company relating to the shares of Eutelsat S.A. resulting from the exercise of stock subscription options, and (ii) between Mr Brillaud and the Company relating to the shares of Eutelsat S.A. resulting from the exercise of stock subscription options granted by Eutelsat S.A. under the various "Managers" plans (see section 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group").

12 Eutelsat Communications Finances merged with SatBirds 2 SAS in December 2008, which had previously merged with WhiteBirds SAS in October 2008. SatBirds 2 SAS and WhiteBirds SAS were parties to the central cash management agreement

20 FINANCIAL INFORMATION ABOUT THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

>> 20.1 Financial information for the financial year ended 30 June 2009

20.1.1 Eutelsat Communications' consolidated financial statements prepared under IFRS for the financial year ended 30 June 2009

Consolidated balance sheet

(In thousands of euros)	Note	30 June 2008	30 June 2009
ASSETS			
Non-current assets			
Goodwill	5	804,869	807,752
Intangible assets	5	793,322	751,484
Satellites and other property and equipment, net	6	1,441,751	1,780,519
Assets under constructions	6	777,608	543,717
Investments in associates	7	177,169	216,502
Non-current financial assets	8,14	2,498	2,561
Deferred tax assets	21	2,255	36,937
Total non-current assets		**3,999,473**	**4,139,472**
Current assets			
Inventories	9	2,013	1,771
Accounts receivable	10	239,435	298,792
Other current assets	11	17,148	17,203
Current tax receivable	21	23,579	3,407
Current financial assets	12	193,005	5,053
Cash and cash equivalents	13	21,321	143,745
Total current assets		**496,501**	**469,971**
TOTAL ASSETS		**4,495,974**	**4,609,443**

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(In thousands of euros)	Note	30 June 2008	30 June 2009
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	15	219,642	219,804
Additional paid-in capital		662,566	526,047
Reserves and retained earnings		469,511	584,913
Minority interests		65,525	67,070
Total shareholders' equity		**1,417,244**	**1,397,834**
Non-current liabilities			
Non-current bank debt	16	2,412,189	2,454,678
Other non-current financial liabilities	17,18	60,150	51,775
Other non-current debt	20	20,603	20,332
Non-current provisions	22	35,631	30,095
Deferred tax liabilities	21	311,417	266,874
Total non-current liabilities		**2,839,990**	**2,823,754**
Current liabilities			
Current bank debt	16	31,333	14,090
Other current financial liabilities	17,18	33,799	138,428
Accounts payable		50,909	41,508
Fixed assets payable		35,668	72,036
Taxes payable		9	33,638
Other current payables	20	77,022	77,318
Current provisions	22	10,000	10,837
Total current liabilities		**238,740**	**387,855**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,495,974**	**4,609,443**

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Consolidated income statement

(In thousands of euros, except per share data)	Note	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Revenues	23	877,765	940,541
Revenues from operations		**877,765**	**940,541**
Operating costs		(69,239)	(72,104)
Selling, general and administrative expenses		(112,780)	(126,325)
Depreciation and amortisation	5,6	(300,886)	(294,271)
Other operating income	27.2, 28	3,858	145,769
Other operating charges	6,15.3	(19,870)	(121,968)
Operating income		**378,848**	**471,642**
Financial income		19,586	29,938
Financial expenses		(128,675)	(129,562)
Financial result	**24**	**(109,088)**	**(99,624)**
Income from associates	7	11,193	15,954
Net income before tax		**280,953**	**387,972**
Income tax expense	21	(97,509)	(127,988)
Net income		**183,444**	**259,984**
Group share of net income (loss)		172,276	247,348
Minority interests' share of net income		11,168	12,636
Earnings per share attributable to Eutelsat Communications' shareholders	**25**		
Basic earnings per share in euros		0.790	1.126
Diluted earnings per share in euros		0.789	1.126

Consolidated statement of cash flows

(In thousands of euros)	Note	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Cash flow from operating activities			
Net income		183,444	259,984
Income from equity investments	7	(11,193)	(15,954)
(Gain)/loss on disposal of assets		84	20
Other non-operating items		209,408	100,137
Depreciation, amortisation and provisions		311,462	411,335
Deferred taxes	21	(144)	(4,944)
Changes in accounts receivable		(20,075)	(73,851)
Changes in other assets		(9,855)	20,945
Changes in accounts payable		8,564	5,650
Changes in other debt		5,936	27,788
Taxes paid		(111,039)	(76,378)
Net cash flow from operating activities		**566,592**	**654,732**
Cash flow from investing activities			
Acquisitions of satellites, other property and equipment and intangible assets	6	(377,224)	(386,802)
Acquisitions of equity investments	7.1	(45,250)	(29,750)
Proceeds from sale of assets		589	198
Insurance indemnities on property and equipment	27.2	-	120,545
Acquisition of minority interests	5	(47,680)	(7,458)
Changes in other non-current financial assets		563	(279)
Dividends received from associates		1,535	2,473
Net cash flow used by investing activities		**(467,467)**	**(301,073)**
Cash flow from financing activities			
Changes in capital		150	-
Distributions		(138,920)	(141,737)
Increase in debt		100,000	39,843
Repayment of debt		(168)	-
Repayment in respect of performance incentives and long-term leases		(21,232)	(15,994)
Interest and other fees paid		(91,623)	(108,626)
Interest received		4,314	5,791
Other changes		17,204	2,946
Net cash flow used by financing activities		**(130,275)**	**(217,777)**
Impact of exchange rate on cash and cash equivalents		501	(619)
Increase (decrease) in cash and cash equivalents		**(30,649)**	**135,263**
Cash and cash equivalents, beginning of period		**36,758**	**6,109**
Cash and cash equivalents, end of period		**6,109**	**141,372**
Cash reconciliation			
Cash	13	21,318	143,745
Overdraft included in debt[1]		(15,209)	(2,373)
CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT		**6,109**	**141,372**

(1) Overdrafts are included in determining "Cash and cash equivalents" in the cash flow statement as they are repayable on demand and form an integral part of the Group's cash flow management. They are shown as "Current bank debt" under "Current liabilities" in the balance sheet.

Consolidated statement of changes in shareholders' equity

	Share capital					
(In thousands of euros, except share data)	**Number**	**Amount**	**Additional paid-in capital**	**Reserves and retained earnings**	**Minority interests**	**Total**
30 June 2007	**217,401,082**	**217,401**	**776,135**	**242,523,**	**75,454**	**1,311,513,**
Translation adjustment						
Changes in fair value of cash flow hedges				16,546	171	16,717
Tax impact				(5,697)	(59)	(5,756)
Income and expenses recognised directly in equity				**10,849**	**112**	**10,961**
Net income for the period				172,276	11,168	183,444
Total income and expenses recognised for the period				**183,125**	**11,280**	**194,405**
Transactions affecting share capital(1)	2,240,873	2,241	13,144	20,080		35,465
Loan set-up fees						
Treasury stock				(655)		(655)
Changes in scope of consolidation					(10,882)	(10,882)
Distributions			(126,713)		(12,206)	(138,919)
Benefits for employees upon exercising options and free shares granted				3,829	(1)	3,829
ABSA commitments				18,194	(6,328)	11,866
Liquidity offer				2,415	8,208	10,623
30 June 2008	**219,641,955**	**219,642**	**662,566**	**469,511**	**65,525**	**1,417,244**
Translation adjustment				(670)	(27)	(697)
Changes in fair value of cash flow hedges				(216,736)	(2,996)	(219,732)
Tax impact				74,662	1,032	75,694
Income and expenses recognised directly in equity				**(142,744)**	**(1,991)**	**(144,735)**
Net income for the period				247,348	12,636	259,984
Total income and expenses recognised for the period				**104,604**	**10,645,**	**115,249**
Transactions affecting share capital(1)	162,010	162	(4,772)	4,610	-	-
Treasury stock			-	(215)	-	(215)
Changes in scope of consolidation				(626)	(696)	(1,322)
Distributions			(131,747)	-	(9,990)	(141,737)
Employee benefits for subscription of shares and free shares				3,667		3,667
ABSA commitments				2,913	538	3,451
Liquidity offer				448	1,049	1,497
30 JUNE 2009	**219,803,965**	**219,804**	**526,047**	**584,913**	**67,070**	**1,397,834**

(1) The amount shown as additional paid-in capital includes negative retained earnings of 20,080 thousand euros for this item at 31 December 2007 and 4,610 euros at 31 December 2008.

Notes to the annual financial statements

Detailed contents

NOTE 1 KEY EVENTS DURING THE FINANCIAL YEAR

- During the first half of FY 2008-2009, the Eutelsat Communications Group (also called "the Group" or "Eutelsat") continued and finalised the process of simplifying its legal structure. The WhiteBirds France S.A.S. company was merged into a merger-absorption arrangement by the SatBirds 2 S.A.S. company, with SatBirds 2 S.A.S. subsequently being merged into a merger-absorption arrangement by Eutelsat Communications Finance S.A.S.

  Eutelsat Communications Finance S.A.S., which is wholly owned by Eutelsat Communications, therefore directly owns 95.28% of the Eutelsat S.A. sub-group, with 0.72% of the latter being held by Eutelsat Communications S.A.

  These operations do not affect the Group's consolidated financial statements.

- During the night of 16 to 17 June 2008, the W5 satellite suffered an anomaly affecting part of its power supply sub-system and compelling the Group to reduce the number of transponders in service by four. Following an inquiry into the anomaly with Thales Alenia Space, the satellite's estimated remaining in-orbit life was reduced by 3 years as of 30 June 2009. Corrective action was undertaken during the period. This resulted in a new assessment of the satellite's remaining in-orbit life, which was now estimated as having been reduced by one year instead of three. (see Note 6 – *Satellites and other property and equipment*).

- Four satellites (HOT BIRD™ 9, W2M, HOT BIRD™ 10 and W2A) were launched during the financial year. 3 of the satellites have entered operational service, with the fourth, the W2M satellite, having suffered a major anomaly affecting its electrical sub-system. As of the date of preparing the financial statements, this was continuing to make its commercial operation impossible. An insurance indemnity has been paid for this satellite, corresponding to the total amount insured. (see Note 6 – *Satellites and other property and equipment* and Note 27.2 – *In-orbit insurance and launch insurance*).

- In May 2009, the Solaris Mobile Ltd Company (Solaris), a company owned jointly by the Group and by SES Astra to provide services in S band, obtained the utilisation of 15 MHz of S-band frequencies (out of a total of 30 MHz assigned) from the European Commission, subject to the assignment of rights by the Member States. During the same period, operation of Solaris's S-band payload on the W2A satellite was damaged. Solaris has filed an insurance claim for non-compliance of the S-band payload with the contractual specifications, and this is currently being processed.

  However, the Company remains confident in its ability to meet the commitments entered into with the European Commission. (see Note 7 – *Investments in associates*).

- As of 30 June 2007, the Group and a related party had signed an agreement whereby, if certain conditions came together, the Group could receive 25 million euros in return for transferring certain rights within an equity interest.

  All the necessary conditions were fulfilled during July 2008, including completion of a transaction triggering effective payment of the 25 million euros. The relevant amount was recognised within "Other operating income" for the period (see Note 28 – *Related-party transactions*).

NOTE 2 GENERAL OVERVIEW

2.1 – Incorporation

SatBirds was incorporated as a simplified joint stock company (*société par actions simplifiée*) on 25 February 2005. It is registered in the Register of Commerce and Companies (*Registre du Commerce et des Sociétés*) and its listing will expire on 25 February 2104.

On 4 April 2005, the main direct and indirect shareholders of Eutelsat S.A. contributed and sold their Eutelsat S.A. shares to SatBirds S.A.S., hereinafter referred to as "the Group".

On 31 August 2005, SatBirds changed its corporate name to Eutelsat Communications S.A. Simultaneously, the Company changed its legal form and became a French *société anonyme*.

2.2 – Business

The Eutelsat Communications Group (Eutelsat S.A. and its subsidiaries) is a private telecommunications satellite operator involved in the design, establishment, operation and maintenance of satellite telecommunications systems covering a large geographical area (extended Europe – including North Africa, Russia and the Middle East – the east of North America, Latin America, sub-Saharan Africa and Asia).

Eutelsat S.A. itself derives from the transfer on 2 July 2001 of all of the operating activities, assets, liabilities and commitments of the Eutelsat Intergovernmental Organisation (IGO). Since then the assignment of frequencies for the use of the frequency spectrum resources and space orbits used by Eutelsat S.A. in regard to the operation of these satellites continue to be under the joint responsibility of the member countries of the IGO, and of the IGO.

As of 30 June 2009, the Group owns and operates, *via* Eutelsat S.A., 22 satellites in geostationary orbit to provide capacity (assignment and availability) to major international telecommunications operators and international broadcasting companies for television and radio broadcasting services, analogue and digital, for business telecommunications services, multimedia applications and messaging and positioning services. In

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 A

addition, the Group uses additional capacity on 5 satellites belonging to third parties or related parties.

5 more satellites (W7, W3B, Ka-Sat, W3C and ATLANTIC BIRD™ 7) are currently under construction. The first is expected to be launched in 2009-2010, the second and third in 2010-2011 and the last two in 2011-2012.

2.3 – Approval of the financial statements

The consolidated financial statements at 30 June 2009 have been prepared under the responsibility of the Board of Directors, which adopted them at its meeting of 30 July 2009.

They will be submitted for the approval of the Ordinary General Meeting of Shareholders to be held on 10 November 2009.

NOTE 3 BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

3.1 – Compliance with IFRS

In accordance with Regulation 1602-2002 of the European Union regarding the application of international accounting standards, the Company elected, as of its creation, to issue its consolidated financial statements under the combined framework commonly referred to as IFRS.

The consolidated financial statements at 30 June 2009 have been prepared in accordance with the IFRS, as adopted by the European Union and effective as of that date. The relevant texts are available for consultation at the following website:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission

The financial statements have been prepared under the a historical cost basis convention, except for certain items for which the standards require measurement at fair value.

3.2 – Published standards and interpretations

The following standards and interpretations, whose application is compulsory for financial periods commencing on or after 1 July 2008 and ending on or after 30 June 2009, have been taken into account and reviewed by the Group:

- Amendments to IAS 39 "Financial instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures", on the reclassification of financial assets;
- IFRIC 13 "Customer Loyalty Programmes";
- IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

None of these texts has had an impact on previous financial periods nor on the consolidated financial statements at 30 June 2009.

Additionally, no standard or interpretation has been applied in advance, and the Group is currently carrying out an analysis of the practical consequences of these new texts published by the IASB and adopted by the European Union and of the effects of applying them in the financial statements:

- Amendment to IAS 1 "Presentation of Financial Statements", applicable for financial reporting periods beginning on or after 1 January 2009 or later;
- IFRS 8 "Operating Segments", for which application is compulsory in respect of financial reporting periods beginning on or after 1 January 2009 or later;
- Amendment to IAS 23 "Borrowing Costs", for which application is compulsory for reporting periods beginning on or after 1 January 2009 or later;
- Amendment to IFRS 2 "Vesting Conditions and Cancellations", applicable for reporting periods beginning on or after 1 January 2009 or later;
- Amendment to IAS 32 and IAS 1: Financial instruments reimbursable at the discretion of the Noteholder, following liquidation, applicable for reporting periods beginning on or after 1 January 2009 or later;
- Improvement of IFRS for financial periods beginning on or after 1 January 2009, apart from the IFRS 5 amendment on the interpretation of the notion of "held for sale" in the event of a partial transfer and applicable for financial periods beginning on or after 1 July 2009;
- IAS 27 (revised) "Consolidated and separate financial statements", applicable for financial periods beginning on or after 1 July 2009;
- IFRS 3 (revised) "Business combinations", applicable to business combinations whose date of acquisition occurs during the first financial period beginning on or after 1 July 2009;
- IFRIC 16 "Hedges of a net investment in a foreign operation", applicable for financial periods beginning on or after 1 October 2008.

3.3 – Accounting procedures applied by the Group in the absence of specific accounting standards

Where no standard or interpretation was applicable to the situations described below, and pending application of the texts published by the IASB in January 2008 or clarifications on these matters, the Group's Management used its judgment to define and apply the accounting procedures that were the most appropriate. These accounting procedures or options based on the judgment of the Group related to additional acquisitions of shares in entities it already controlled (see Note 4.3 – *Acquisition of minority interests*) and firm or conditional commitments to purchase minority interests (see Note 4.10.7 – *Firm or conditional commitments to purchase minority interests*).

3.4 – Presentation of the income statement

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites, as well as in-orbit insurance premiums for satellite in-orbit lives:

Selling, general and administrative expenses are mainly composed of costs for administrative and commercial staff, all marketing and publicity expenses and related general expenses.

3.5 – Significant judgements and estimates

Preparation of the Group's consolidated financial statements requires Management to make judgements and estimates that are liable to affect certain assets and liabilities, as well as the amounts shown for the corresponding income and expenses in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments by using past experience and other relevant factors related to the economic environment. The eventual outcome of the operations underpinning these estimates and assumptions could, due to the uncertainty that surrounds them, result in a need for significant adjustment in a subsequent financial period to amounts recognised.

Judgements

In preparing the financial statements for the period ended 30 June 2009, Management has exercised its judgement with regard to the following points in particular:

- Whether the Sea Launch company, given its decision to place itself under Chapter 11 bankruptcy protection, can honour its contractual commitments towards the Eutelsat Group in terms of the two Sea Launch launchers. (see Note 6 – *Satellites and other property and equipment*);
- The recognition by Solaris of an item of accrued income representing the full amount of harm sustained, in the context of insurance claim for the total amount of the damage affecting the S-band payload on-board the W2A satellite. (see Note 7 – *Investments in associates*).

Estimates

Key estimates relating to future occurrences, and the other main sources of uncertainty as of the balance-sheet date, are presented below:

- an assessment of the recoverability of accounts receivable (see Note 10 – *Accounts receivable*), exposure to credit risk, risk profile;
- provisions for risks and for employee benefits (see Note 22 – *Provisions*);
- the income tax expense and an assessment of the amounts corresponding to deferred tax assets (see Note 21 – *Current and deferred tax*);
- the possibility of an impairment of goodwill and other intangible assets (see Note 5 – *Goodwill and other intangibles*);
- appraisal of satellites' useful lives and their impairment (see Note 6 – *Satellites and other property and equipment*).

3.6 – Periods presented and comparatives

Eutelsat Communications's financial year runs for 12 months and ends on 30 June.

The functional currency, and the currency used in the presentation of the financial statements, is the euro.

NOTE 4 SIGNIFICANT ACCOUNTING POLICIES

4.1 – Consolidation method

The companies controlled directly or indirectly by Eutelsat Communications, even if the Company does not directly own any of the equity of these companies, are fully consolidated. Control is the power to direct financial and operational policies and is presumed to exist where the Group directly or indirectly holds more than 50% of the voting rights. Determination of control takes into account the existence of potential voting rights, provided that these are immediately exercisable or convertible.

Companies over which the Group exercises joint control with a limited number of partners under a contractual agreement are consolidated using the equity method of accounting.

Associated entities over which the Group exerts significant influence (generally between 20% and 50% of voting rights), are accounted for using the equity method. Significant influence is defined as the power to participate in the financial and operational policies of the investee without having joint or sole control over them.

Companies are consolidated as of the date when control, joint control or significant influence is transferred to the Group. The Group's share in the earnings of these companies subsequent to acquisition is recorded in its income statement as of the same date. Similarly, the changes in their reserves following the acquisition that are not related to operations that had an impact on the income statement are recorded in the consolidated reserves up to the limit of the Group's share. Companies cease to be consolidated as of the date when the Group transfers control or significant influence.

Intra-Group balances and transactions are eliminated on consolidation.

4.2 – Accounting treatment for business combinations

In accordance with IFRS 3, business combinations are recognised using the purchase accounting method. Under this method, the identifiable assets, liabilities and contingent liabilities of the acquired entity which meet the criteria defined under IFRS are recognised at their fair values at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are measured at fair value less costs to sell.

Only the acquiree's identifiable liabilities satisfying the recognition criteria specified by IFRS are recognised following a business combination. Restructuring costs are recognised as liabilities of the acquired entity if and only if it has a present obligation to restructure at the date of acquisition.

Provisional fair values assigned at the date of acquisition to identifiable assets and liabilities may require adjustment as additional evidence becomes available to assist with the estimation (expert assessments still in progress at the acquisition date or additional analyses). When such adjustments are made prior to the end of a twelve-month period commencing on the date of acquisition, goodwill or negative goodwill is adjusted to the amount that would have been determined if the adjusted fair values had been available at the date of acquisition. When the carrying amounts are adjusted following the end of the twelve-month period, income or expense is recognised rather than an adjustment to goodwill or negative goodwill, except where these adjustments correspond to corrections of errors.

Minority interests are recognised on the basis of the fair value of the net assets acquired.

4.3 – Acquisition of minority interests

Although IFRS 3 "*Business Combinations*" and IAS 27 "*Consolidated and Separate Financial Statements*", as revised, now indicate how acquisitions of minority interests are to be recognised, these texts wich have just been adopted by the EU, will be compulsory only for periods beginning on or after 1 July 2009. For this reason, and in order to ensure the same accounting methods are applied from one financial period to the next, the Group is continuing to apply the same accounting treatment, and the difference between the purchase price and the carrying amount of acquired minority interests as indicated in the Group's consolidated financial statements prior to the acquisition, continues to be recognised as goodwill. This method will be reviewed when the relevant compulsory texts become applicable.

4.4 – Foreign currency operations

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transactions.

Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the functional currency at end of period using the balance sheet rate. Resulting foreign-exchange gains and losses are recorded in the income statement for the period.

Conversely, foreign exchange gains and losses arising from the translation of capitalisable advances made to foreign subsidiaries and forming part of the net investment in the consolidated subsidiary are recognised directly as "Cumulative translation adjustment" within shareholders' equity.

The principal foreign currency used is the US dollars. The closing exchange rate used is 1.41 US dollar per euro and the average exchange rate used for the period is 1.36 US dollar per euro.

Translation of foreign subsidiaries' financial statements

Each subsidiary outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Their financial statements are translated into euros using the closing-rate method. All assets and liabilities, including goodwill, are translated into euros using the exchange rate prevailing at the balance sheet date. Income and expenses are translated using a weighted-average exchange rate for the period. The resulting translation difference is included under a separate component of shareholders' equity under "Translation adjustments".

4.5 – Intangible assets

Intangible assets purchased separately or acquired in the context of a business combination

Intangible assets purchased separately are recorded at their historical cost and those purchased in a business combination are recorded at fair value at the acquisition date as part of the process of allocation of the acquisition cost of the entity. The fair value is determined with reference to the generally accepted methods, such as those based on revenues or market value.

Intangible assets consist of the "Eutelsat" brand and the associated "Customer Contracts and Relationships" assets. Because its lifetime is indefinite, the "Eutelsat" brand is not amortised but is systematically tested for impairment on a yearly basis.

The "Customer Contracts and Relationships" assets are amortised on a straight-line basis over 20 years.

This useful life was estimated on the basis of the average length of the contractual relationships existing at the date of acquisition of Eutelsat and taking account of anticipated contract renewal rates (see Note 4.8 – *Impairment of non-current assets*).

Research and development costs

Development costs are recorded as intangible assets if the capitalisation criteria defined under IAS 38, "Intangible Assets" are met. Otherwise, they are expensed in the period in which they are incurred. Research costs are recorded as incurred.

For the periods ended 30 June 2008 and 2009, no development costs were capitalised by the Group.

Research expenses were mainly incurred for multimedia activities. They are recorded in the income statement under "Selling, general and administrative expenses".

4.6 – Goodwill

Goodwill is valued at the date of the business combination at cost, representing the difference between the cost of the business combination, including directly attributable costs, and the fair value of the Group's share of the acquired identifiable assets and assumed liabilities.

Goodwill arising on the acquisition of a subsidiary is separately identified in the consolidated balance sheet, under "Goodwill." Goodwill arising on the acquisition of an associated company is included in the book value of the investment within the line item "Investments in associates."

After initial recognition at cost, goodwill is measured at cost less any cumulative impairment losses.

Goodwill is tested for impairment at least annually or whenever events or circumstances indicate that the carrying amount may be impaired. Such events or circumstances arise when there are significant adverse developments that call into question the recoverable amount of the initial investment.

4.7 – Satellites and other property and equipment

Satellites and other property and equipment acquired separately ("Tangible fixed assets") are recognised at their acquisition cost, which includes all costs directly attributable to making the asset ready for use, less accumulated depreciation and any impairment.

Borrowing costs related to the financing of tangible fixed assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan related specifically to the asset under construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the Company's borrowing costs during the period after taking into account the Group's financing structure.

Satellites – Satellite costs include all expenses incurred in bringing individual satellites into operational use, and comprise manufacturing, launch and attributable launch insurance costs, capitalised interest, performance incentives, and costs directly associated with the monitoring of the satellite programme (studies, staff and consultancy costs).

Satellite performance incentives – The Group has certain contracts with its satellite manufacturers that require it to make certain performance incentive payments upon the initial entry into operational service of the satellites and with respect to future periods of successful satellite operation in orbit. These elements are part of the cost of the satellite and are recognised as an asset offsetting a liability equal to the NPV of the expected payments. Any subsequent modification to the amount of such an incentive payment with respect to one or more periods is recognised as an adjustment of the cost of the satellite. The new value of the satellite is amortised on a prospective basis over the remaining useful life.

Ground equipment – Ground equipment comprises the monitoring and control equipment at various European locations, and equipment at the Group's headquarters, including machinery, office furniture and computer equipment.

Depreciation and amortisation – This is calculated on a straight-line basis over the estimated useful lives of assets, which are determined on the basis of the expected use of the assets. Depreciation takes account, as appropriate, of the residual value of each asset or group of assets, starting from the date each asset enters into operational use.

The useful lives of the principal categories of fixed assets are as follows:

Satellites	10 – 17 years
Traffic monitoring equipment	5 – 10 years
Computer equipment	2 – 5 years
Leasehold improvements	3 – 10 years

The Group performs an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. When a significant change occurs, depreciation is charged for the years to come by taking into account the asset's new remaining useful life.

Assets under construction – Assets under construction consist primarily of percentage of completion payments for the construction of future satellites, and advances paid in respect of launch vehicles and related launch-insurance costs. Studies, staff and consultancy costs, interest and other costs incurred directly in connection with the acquisition of satellites are also capitalised.

Assets under finance leases – Agreements for the Group to use capacity on all or part of a satellite's transponders are recognised in accordance with IAS 17 "Leases." Under this standard, leases that transfer substantially all risks and rewards incidental to ownership to the Group are recognised as finance leases and accounted for by recognising the asset, and the corresponding obligation as a liability, in the balance sheet. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

4.8 – Impairment of non-current assets

Goodwill and other intangible assets with an indefinite useful life, such as the Eutelsat brand, are systematically tested annually for impairment in December, or more frequently when an event or circumstance occurs indicating a potential decline in its value.

For tangible fixed assets and intangible assets with finite useful lives, such as the "Customer Contracts & Relationships" asset, an impairment test is performed when there is an external or internal indication that their recoverable values may be lower than their carrying amounts (for example, the loss of a major customer or a technical incident affecting a satellite).

An impairment test consists of assessing the recoverable amount of an asset, which is the higher of its fair value net of selling costs and its value in use. If it is not practicable to estimate the recoverable value of a particular asset, the Group determines the recoverable amount of the cash generating unit (CGU) with which it is associated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets.

It is not always necessary to estimate both the fair value of an asset net of selling costs and its value in use. If either of these amounts is greater than the carrying amount of the asset, its value has not been impaired and it is not necessary to estimate the other amount.

The Group estimates value in use on the basis of the estimated future pre-tax cash flows to be generated by an asset or CGU during its useful life, based upon the medium-term plan approved by Management and reviewed by the Board of Directors. Revenues in the medium-term plan are based upon the order backlog for each satellite, market studies, and the deployment plan for existing and future satellites. Costs given in the plan that are used for the impairment test consist mainly of in-orbit insurance costs and also satellite operation and control costs directly attributable to the satellites tested. Beyond a maximum 5-year period, cash flows are estimated on the basis of stable rates of growth or decline.

Future cash flows are discounted using the long-term pre-tax interest rates that, in the opinion of the Group, best reflect the time value of money and the specific risks associated with the related assets or CGU.

The fair value net of selling costs is equal to the amount that could be received from the sale of the asset (or of one CGU) in the course of an arm's length transaction between knowledgeable, willing parties, less the costs relating to the transactions.

Impairment losses and reversals of impairment losses are recognised in the income statement captions under "Other operating costs" and "Other operating income" respectively. An impairment of goodwill cannot be reversed.

As of 30 June 2008 and 2009, the following CGUs have been identified for the purpose of impairment tests:

- each of the satellites, *i.e.* 27 as of 30 June 2009;
- the investment in the Hispasat group;
- each of the four assets related to "Customer Contracts and Relationships".

4.9 – Inventories

Inventories are measured at the lower of acquisition cost and net realisable value. The calculation is at cost. The cost is calculated on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling costs.

4.10 – Financial instruments

Financial assets in respect of which changes in fair value are recorded in the income statement, including held-for-trading financial assets and derivative instruments, are initially recorded at fair value. Other financial assets and liabilities are recorded at their cost, which corresponds to their fair value plus costs directly attributable to the transaction.

In accordance with IAS 39 "*Financial Instruments: Recognition and Measurement*", IAS 32 "*Financial Instruments: Presentation*", and IFRS 7 "*Financial Instruments: Disclosures*", the Group has adopted the following classification for financial assets and liabilities, which is based upon the objectives determined by Management at the time of their purchase. The designation and classification of these instruments are determined at initial recognition.

4.10.1 – Financial assets

Financial assets are classified, reported and measured as follows:

Financial assets measured at fair value through the income statement

Financial assets measured at fair value through the income statement include financial instruments designated as being measured at fair value through the income statement at initial recognition. This category includes derivative instruments unless they are designated as hedges, and mutual fund investments (OPCVMs) measured by applying the fair value option through the income statement.

These financial assets are recognised at fair value. Realised or unrealised gains and losses arising from changes in the fair value of these assets are recorded as financial income or expense.

Assets held for sale

Available-for-sale financial assets are financial assets, other than derivatives, which have been designated as available for sale by Management or which have not been classified under the "Financial assets measured at fair value through the income statement" or "Assets held to maturity" categories. Available-for-sale financial assets include investments other than investments in companies accounted for under the equity method of accounting, which management intends to hold for an indefinite period of time. These investments are classified as financial assets under "Non-current financial assets."

They are subsequently revalued at their fair value, with the gains and losses resulting from the changes in fair value being recognised under shareholders' equity. When they are sold or when an impairment loss is recognised, the cumulative gains and losses previously included under shareholders' equity are recognised in the financial result.

Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at their acquisition cost.

Loans and receivables

Loans and receivables are composed mainly of employee loans, guarantee deposits and accounts receivable, which generally have a maturity of less than 12 months.

Accounts receivable are measured initially at their nominal value, on account of the immaterial impact of discounting. Accounts receivable are subsequently recognised at cost less provisions for bad debts, as appropriate, booked as a result of the irrecoverable nature of the amounts in question.

Other loans and receivables are measured at amortised cost, using the effective interest method.

4.10.2 – Financial liabilities

Financial liabilities comprise bank borrowings and other debt instruments. They are initially measured at the fair value of the consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost, using the effective interest method. Any differences between initial capital amounts (net of transaction costs) and repayable amounts are recorded as financial expense over the duration of the loans, using the effective interest method.

4.10.3 – Derivative instruments

Derivative instruments that are not designated as hedging instruments are recognised at fair value, and any subsequent changes in fair value are recorded in the financial result.

Where a derivative instrument can be qualified as a hedging instrument, it is valued and recorded in accordance with the hedge accounting rules in IAS 39 "*Financial Instruments*: *Recognition and Measurement*" (see Note 4.10.5 – *Hedging transactions*).

4.10.4 – Impairment

At each balance sheet date, the Group applies impairment tests to all financial assets in order to determine if there is an indication of impairment. Impairment is recognised in the income statement where there is objective evidence that the asset is impaired. Examples of target impairment indicators include the following: breach of contract involving default in payment terms, significant financial difficulty of the lender or borrower, a likelihood of bankruptcy or a significant decline, other than temporary, in the share price of the listed shares.

Impairment losses, other than those related to accounts receivable and other debit operator balances, are recorded as financial expenses.

The Group's customers comprise mainly international telecommunications operators, broadcasters and other users of commercial satellite communications. Management regularly monitors its exposure to credit risk and recognises allowances for bad customer debt and doubtful payments of other receivables, based on expected cash-flows, within "Selling, general and administrative expenses". The method of recognising allowances for bad debt is founded on experience and is applied periodically so that a percentage amount recoverable can be determined, based on the age of the relevant receivables.

Impairment of investments in equity securities that do not have a quoted market price in an active market and are valued at cost, and of investments in equity instruments classified as held-for-sale financial assets measured at fair value, cannot be reversed.

4.10.5 – Hedging transactions

Hedging transactions are carried out using derivatives. Changes in the fair value of the derivative instrument are used to offset the exposure of the hedged item to changes in fair value.

Derivative instruments are designated as hedging instruments and recorded according to hedge accounting rules when the following conditions are met by the Group: (a) at the inception of the hedge, there is a formal designation and documentation of the hedging relationship and of Management's risk management objective and strategy for undertaking the hedge; (b) Management expects the hedge to be highly effective in offsetting risk; (c) for hedges of forecast transactions, the forecast transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported income; (d) the effectiveness of the hedge should be capable of reliable measurement; and (e) the effectiveness of the hedge is assessed on an ongoing basis and determined to be highly effective throughout the period for which the hedge was designated.

These criteria are applied where the Group uses derivative instruments designated as cash flow hedging instruments.

Cash flow hedging

Cash flow hedging involves a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable anticipated future transaction that might affect reported income.

Changes in the fair value of a hedging instrument relating to the effective portion of a hedge are recognised in shareholders' equity. Changes in fair value relating to the ineffective portion of a hedge are recognised in the income statement under "Other operating income" or under "Other operating costs" in the case of cash flow hedges of operational exposures and under "financial result" in the case of cash flow hedges of investment and financing exposures.

The cumulative changes in the fair value of a hedging instrument previously recognised in shareholders' equity are reclassified in the income statement when the hedged item affects profit or loss. Reclassified gains and losses are recorded under "Other operating income" or "Other operating costs" in the case of cash flow hedges of operational exposures and under "financial result" in the case of cash flow hedges of investment and financing exposures.

Where a hedging relationship is put in place with a derivative instrument that has a non-zero fair value (for example, where a new debt is issued that is hedged by an interest rate swap contracted before the date the new debt is issued), the non-zero fair value of the hedging instrument measured as of the date the hedging relationship is put in place is amortised over the remaining life of the instrument concerned.

Where the anticipated transaction leads to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of the hedging instrument previously recognised in shareholders' equity are incorporated into the initial measurement of the asset or liability concerned.

4.10.6 – Fair value of financial instruments

Fair value is the amount for which an extinguished asset could be exchanged, or an extinguished liability, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial assets and liabilities traded on active markets (this is the case of certain equity interests and certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date.

The fair value of other financial instruments, assets or liabilities, not quoted on an active market is determined by the Group using appropriate valuation methods and hypotheses reflecting market conditions at the balance sheet date.

4.10.7 – Firm or conditional commitments to purchase minority interests

Under International Accounting Standards IAS 27 – "*Consolidated and Separate Financial Statements*" and IAS 32 "*Financial Instruments: Disclosure and Presentation*", the Group recognises the fair value of firm or conditional commitments to purchase minority interests as financial debt, offset by a reduction in minority interests. When the value of the commitment exceeds the amount of the minority interests, the Group, in the absence of any clear indication of accounting treatment under IFRS on this point, recognises the amount of the excess as goodwill, applying the same reasoning as set out above regarding the acquisition of minority interests.

Any change in the fair value of the obligation subsequent to its initial recognition is considered as an adjustment of the amount initially recognised as goodwill.

4.11 – Cash and cash equivalents

Cash and cash equivalents consist mainly of cash in hand and at bank, as well as highly liquid investments or deposit warrants with original maturities of 3 months or less, and also mutual fund investments (OPCVMs) that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and where the risk of a change in value is negligible.

4.12 – Shareholders' equity

Treasury stock

Treasury stock is recognised by reducing shareholders' equity on the basis of the acquisition cost. When the shares are sold, any gains and losses are recognised directly in consolidated reserves net of tax and are not included under income for the year.

Costs for capital increases

External costs related directly to increases in capital, reduction of capital and treasury stock buy-backs are allocated to additional paid-in capital, net of taxes when an income tax saving is generated.

Grant of stock options

Benefits granted to employees under stock-option plans are measured at the grant date of the options and constitute additional compensation awarded to employees. This is recognised under staff costs over the vesting period of the rights corresponding to the benefits granted, and offset by increases in equity (equity settled plans) or by recognition of a debt (for plans deemed to be cash-settled plans).

Similarly, in accordance with IFRS 2 "*Share-based payment*", benefits granted to employees in the form of offers are measured at the date the offers are granted. They constitute additional compensation, which is recorded during the period as an expense recognised as and when the corresponding rights are acquired by the employees.

4.13 – Revenue recognition

The Group's revenues are mainly attributable to the leasing of space segment capacity on the basis of terms and conditions set out in the lease contracts.

These contracts are mainly over periods ranging from one year to the end of life of the satellite. Contracts usually provide for the right to free-of-charge time in cases of service interruptions caused by under-performing transponders. Pursuant to certain contractual termination rights, the agreement can usually be terminated after 2 years with a one-year notice period and, depending on the type of lease, payment of the difference between the contractual price and the price that would have been paid for a lease with a duration similar to the expired period, plus interest for late payment, or by paying a percentage of the annual price applied to the remaining duration of the lease. The revenues initially recognised are then adjusted to reflect the overall economic outcome of the contract.

Revenues are recognised over the contractual period during which services are rendered, provided that a contract exists and the price is fixed or determinable, and provided that, as of the date it is reported in the accounts, it is probable that the amount receivable will be recovered.

Deferred revenues include unearned balances of amounts for a period of no more than one year received in advance from customers. Such amounts are recorded as revenue on a straight-line basis over the corresponding duration of the relevant transponder leases or of the services provided.

4.14 – Deferred taxes

Deferred taxes are the result of temporary differences arising between the tax base of an asset or liability and its carrying amount. Deferred taxes in respect of all temporary differences without exception are recognised for each fiscal entity, using the balance sheet liability method.

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

- where the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes or from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and,
- where the deferred tax liability arises from undistributed profits from investments in subsidiaries, associated companies or joint ventures for which the Group is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. However, a deferred tax asset is not recognised if it arises from a deductible temporary difference generated by the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss.

The carrying amount of deferred 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 the benefit of part or all of that deferred tax asset to be utilised.

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

Deferred taxes are not discounted and are recorded under non-current assets and liabilities.

4.15 – Earnings per share

Earnings per share are calculated by dividing the net income for the period attributable to ordinary shareholders of the entity by the weighted average number of common shares outstanding during the period.

Diluted earnings per share are calculated using the share repurchase method, based on the assumptions (i) that all potentially dilutive instruments are converted (*i.e.* assuming the exercise of all outstanding options and the conversion of any financial instruments giving access to the Company's capital, after taking into account the theoretical impact of these transactions on net income) and (ii) that the expected proceeds from these instruments are received when ordinary shares are issued at the average market rate for ordinary shares during the period.

4.16 – Post-employment benefits

The Group's retirement schemes and other post-employment benefits consist of defined contribution plans and defined benefit plans.

Defined benefit plans are plans for which the Group, or any of its entities, has contractually agreed to provide a specific amount or level of benefits following retirement. The cost of this defined benefit obligation, including lump sum retirement indemnities and other post-employment benefits is entered as a liability on the basis of an actuarial valuation of the obligations to employees at year-end, using the projected unit credit method. This method accrues the employee's pension benefit by periods of service according to the formula for entitlement to benefits under the plan.

The present value of expected future payments is determined on the basis of demographic and financial assumptions such as mortality, staff turnover, salary growth, and age at retirement. The rate used to discount estimated cash flows is determined with reference to long term market yields on high quality corporate bonds.

A complete assessment of the present value of the obligation is conducted each year and reviewed at intervening periods to identify any significant changes.

When actuarial gains and losses arising as a result of changes in actuarial assumptions exceed by more than 10% the greater of the following amounts, the relevant net gains or losses are amortised over the expected average remaining working lives of the employees benefiting from these plans:

- the present value of the defined benefit obligation at the balance sheet date;
- the fair value of plan assets at that date.

The pension cost for the period, consisting of service cost, is recognised within operating income. The net expense (income) corresponds to the interest expense on unwinding the discount less the expected return on plan assets, and is fully recognised under financial result.

Defined contribution plans are managed by an independent entity to which the Group has the obligation to make regular contributions. All payments made by the Group with respect to these plans are recognised under operating costs as incurred.

4.17 – Financial guarantee granted to a pension fund

Following the acquisition of Eutelsat S.A. in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a trust prior to the contribution transactions that led to the creation of Eutelsat S.A. This defined-benefit pension scheme was closed and the vested pension rights frozen prior to the transfer. The risk resulting from this financial guarantee has been analysed, assessed and reported in the same way as defined benefit plan obligations described in Note 4.18 – *Provisions*, despite the fact that the Group has not assumed the legal commitments entered into by the Intergovernmental Organisation ("IGO") in respect of the pension fund.

4.18 – Provisions

A provision is recognised when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate of the amount involved can be made.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Where the effect of the time value of money is material, the amount of the provision recognised corresponds to the discounted value of anticipated cash flows expected to be necessary to settle the obligation. This discounted value is calculated using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Increases in provisions due to the passage of time and the unwinding of the discount are recognised as financial expenses in the income statement.

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NOTE 5 GOODWILL AND OTHER INTANGIBLES

"Goodwill and Other Intangibles" breaks down as follows:

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
30 June 2007	**758,179**	**889,000**	**40,800**	**20,676**	**1,708,655**
Effect of the changes in the scope of consolidation	46,690	-	-	1,491	48,181
Separate acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	1,626	1,626
30 June 2008	**804,869**	**889,000**	**40,800**	**23,793**	**1,758,462**
Effect of the changes in the scope of consolidation	-	-	-	-	-
Separate acquisitions	2,883	-	-	4,517	7,400
Disposals	-	-	-	-	-
Transfers	-	-	-	1,708	1,708
30 JUNE 2009	**807,752**	**889,000**	**40,800**	**30,018**	**1,767,570**

During the year ended 30 June 2008, under liquidity offers and the Eutelsat S.A. stock purchase options (shares subscribed for by managers under the "Managers III" plan (see Note 15.3 – *Share-based compensation*)), the Group acquired some of the Eutelsat S.A. shares, overall representing 1.25% of its share capital. The Group also acquired some of the Eutelsat S.A. shares held by institutional investors, amounting to 0.69% of its share capital (see Note 15 – *Shareholders' equity*).

These acquisitions of minority interests resulted in the recognition of goodwill totalling 46,690 thousand euros. The acquisition cost was 47,680 thousand euros.

During the financial year ended 30 June 2009, the Group acquired a number of Eutelsat S.A. shares .from Eutelsat S.A. employees, deriving from the offers referred to above and also the Eutelsat S.A. stock purchase options (shares subscribed for by managers or corporate officers under the "Managers III" and "Managers IV" plans (see Note 15.3 – *Share-based compensation*)). In total, the shares so acquired represented 0.25% of Eutelsat S.A.'s share capital.

These acquisitions of minority interests resulted in the recognition of goodwill totalling 2,883 thousand euros. The acquisition cost was 7,458 thousand euros.

CHANGES IN ACCUMULATED DEPRECIATION AND IMPAIRMENT

(In thousands of euros)	Goodwill	Customer contracts and relation-ships	Eutelsat brand	Other intangibles	Total
Accumulated depreciation at 30 June 2007	**-**	**(100,013)**	**-**	**(12,155)**	**(112,168)**
Annual allowance	-	(44,450)	-	(3,652)	(48,102)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation at 30 June 2008	**-**	**(144,463)**	**-**	**(15,807)**	**(160,270)**
Annual allowance	-	(44,450)	-	(3,614)	(48,064)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
ACCUMULATED DEPRECIATION AT 30 JUNE 2009	**-**	**(188,913)**	**-**	**(19,421)**	**(208,334)**

NET ASSETS

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Net value at 30 June 2007	758,179	788,987	40,800	8,521	1,596,487
Net value at 30 June 2008	804,869	744,537	40,800	7,986	1,598,192
Net value at 30 June 2009	807,752	700,087	40,800	10,597	1,559,236

The economic conditions observed as prevailing as of 30 June 2009 did not lead Management to review the annual goodwill impairment test of the goodwill, carried out at 31 December 2008. At that date, the recoverable value as measured by analysing the implied market value (fair value) of Eutelsat S.A. based on the stock-exchange value of Eutelsat Communications S.A. (and taking into account the Company's debt) compared with/corroborated by the latest private transactions involving Eutelsat S.A. shares, did not call into question the amount shown on the balance sheet.

As market capitalisation was still relatively stable with respect to the figure used for the latest impairment test, the Group's Management took the view that current condition did not alter the assumptions made at 31 December 2008.

A drop in the share price on the stock exchange of at least 60% would be necessary for the fair value to fall below the carrying amount. Should such an event occur, a test would be developed based on the value in use.

Finally, the technical incident that affected the W5 satellite during the year ended 30 June 2008 (see Note 6 – *Satellites and other property and equipment*) had no impact on the value of the intangible asset "Customer Contracts and Relationships". This satellite is not positioned at any of the orbital locations used for the original valuation of this intangible asset, and the Group has therefore not lost any contract whose value was included in within "Customer contracts and relationships".

NOTE 6 SATELLITES AND OTHER PROPERTY AND EQUIPMENT

"Satellites and other property and equipment" is broken down as follows (including assets acquired under finance leases):

CHANGES IN GROSS ASSETS

(In thousands of euros)	Satellites[1]	Other property and equipment	Assets under construction	Total
Gross value at 30 June 2007	**2,189,640**	**92,912**	**471,804**	**2,754,356**
Change in gross value	-	-	-	-
Effect of the changes in the scope of consolidation	-	-	-	-
Acquisitions	(956)	19,897	308,587	327,528
Disposals and scrapping of assets	(1,765)	(1,945)	-	(3,710)
Transfers	-	1,157	(2,783)	(1,626)
Gross value at 30 June 2008	**2,186,919**	**112,021**	**777,608**	**3,076,548**
Change in gross value	(10,632)	-	-	(10,632)
Effect of the changes in the scope of consolidation	-	-	-	-
Acquisitions	80,027	20,496	384,822	485,345
Disposals and scrapping of assets	(26,010)	(758)	-	(26,768)
Transfers	613,477	3,528	(618,713)	(1,708)
GROSS VALUE AT 30 JUNE 2009	**2,843,781**	**135,287**	**543,717**	**3,522,785**

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CHANGES IN ACCUMULATED DEPRECIATION AND IMPAIRMENT

(In thousands of euros)	Satellites[(1)]	Other property and equipment	Assets under construction	Total
Accumulated depreciation at 30 June 2007	**(559,658)**	**(36,101)**	**-**	**(595,759)**
Annual allowance	(233,796)	(19,339)	-	(253,135)
Reversals	1,765	1,940	-	3,705
Impairment	(12,000)	-	-	(12,000)
Accumulated depreciation at 30 June 2008	**(803,689)**	**(53,500)**	**-**	**(871,189)**
Annual allowance	(225,063)	(21,143)	-	(246,206)
Reversals	26,010	336	-	26,346
Impairment	(121,500)	-	-	(121,500)
ACCUMULATED DEPRECIATION AT 30 JUNE 2009	**(1,124,242)**	**(74,307)**	**-**	**(1,198,549)**

NET ASSETS

(In thousands of euros)	Satellites[(1)]	Other property and equipment	Assets under construction	Total
Net value at 30 June 2007	1,629,982	56,811	471,804	2,158,597
Net value at 30 June 2008	1,383,230	58,521	777,608	2,219,359
Net value at 30 June 2009	1,714,501	60,980	543,717	2,324,236

(1) Including satellites subject to finance leases:

(In thousands of euros)	
Gross value	85,496
Net value at 30 June 2009	**45,182**

In particular, this item refers to 4 satellites for which capacity is leased, with the relevant agreements being considered as finance leases and thus being recognised as assets.

	Gross value	Net value		
SESAT 2[(1)]	59,959	36,710	12 transponders	Contract dated March 2004 related to the satellite's remaining useful life
Telstar 12[(1)]	15,068	5,576	4 transponders	Agreement dated June 1999 related to the satellite's remaining useful life
Telecom 2C	7,000	1,319	11 transponders	Agreement dated April 2007 related to the satellite's remaining useful life
Express A4	2,231	1,577	2 transponders	Contracts dated 2008 for a period of one year, renewable for one year

(1) Gross value corresponding to the fair value of the satellites as of 4 April 2005, the date Eutelsat S.A. was acquired by Eutelsat Communications.

Changes in satellite gross values are the result of cancelling part of the satellite performance incentive payments for W5, following the incident in June 2008 (see below).

Satellite-related acquisitions and transfers at 30 June 2009 correspond to placing the HOT BIRD™ 9, W2M, HOT BIRD™ 10 and W2A satellites (all launched during the financial year) into geostationary orbit.

6.1 – W5 satellite

During the night of 16 to 17 June 2008, the W5 satellite suffered an anomaly affecting part of its power supply sub-system, compelling the Group to reduce the number of transponders in service by 4. Following an inquiry into the anomaly with Thales Alenia Space, the satellite's estimated remaining in-orbit life was reduced by 3 years.

Following this incident, the Group carried out an impairment test based on the present value of the future cash flows generated by this satellite, using a discount rate of 7.5%. This showed no need to adjust the value recognised on the balance sheet.

Corrective action was undertaken during the financial year ended 30 June 2009. This resulted in a new assessment of the satellite's remaining in-orbit life, which was now estimated as having been reduced by one year instead of 3 years.

The adjustment in gross value (see above) and the reduction in lifetime have been accounted for prospectively by modifying the depreciation charge.

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6.2 – EUROBIRD™ 3 satellite

At 30 June 2008, the medium-term plan was updated and it became apparent that future revenue flows generated by the EUROBIRD™ 3 satellite were lower than initially foreseen. This led to the performance of an impairment test. An impairment loss of 12 million euros was recognised under "Other operating costs", based on revised and discounted future cash flows, using a discount rate of 7.5%.

At 30 June 2009, the updating of the medium-term plan has no impact on the revenue assumptions which led to the impairment of the satellite at the end of 2007-2008.

6.3 – W2M satellite

On 22 January 2009, the W2M satellite suffered a major anomaly which affected its electrical power-supply sub-system. As of the date of this document, this was continuing to make its commercial operation impossible. On 27 February 2009, a claim for the satellite's constructive total loss was sent to the insurers (see. Note 27.2 – *In-orbit insurance and launch insurance*). This event has not affected continuity of service for the Group's customers, but has resulted in Eutelsat recognising impairment corresponding to the full value of the satellite under "Other operating costs". Eutelsat had received the full indemnity as of 30 June 2009.

As of 30 June 2009, 5 satellites were under construction compared with 7 as of 30 June 2008. 2 of the scheduled launches for these 5 satellites will be undertaken by Sea Launch Limited Partnership. This company elected for protection under Chapter 11 of the US Bankruptcy Code on 22 June 2009, the purpose of which is to reorganise the company in difficulty so that it can continue to carry out its business activities. Sea Launch has 120 days, beginning on 22 June 2009, in which to submit a draft reorganisation plan to the tribunal. Once the draft plan has been filed and registered by the competent tribunal, it will be voted upon by the creditor committee within a further period of 180 days. The relevant launch costs already paid as shown under assets under construction amount to 79.9 million euros. Based on information available when the financial statements were made up, the Group considers Sea Launch will be in a position to continue to fulfil its contractual commitments towards Eutelsat.

Note 7 Investments in associates

At 30 June 2008 and 30 June 2009, "Investments in associates" were as follows:

(In thousands of euros)	30 June 2008	30 June 2009
Solaris Mobile	45,007	71,878
Hispasat	132,162	144,625
TOTAL	**177,169**	**216,502**

7.1 – Solaris Mobile Ltd

During the 2007-2008 financial year, the Group founded a company in partnership with SES Astra called Solaris Mobile Ltd. (Solaris) in Dublin in Ireland to provide services in S-band.

This frequency band is able to distribute television, video and radio services, as well as bidirectional communications for portable mobile equipment such as telephones, computers and multimedia readers.

On 14 May 2009, the European Commission announced that Solaris Mobile Ltd was being awarded 15 MHz of S-band frequency spectrum in Europe, with the other 15 MHz of frequency sprectrum in Europe being awarded to Inmarsat.

On 22 June 2009, after definitively observing that its S-band payload on Eutelsat's W2A satellite was suffering from an anomaly, Solaris sent a submission to the insurers with proof of the loss and quantification of the claim, and a request for an insurance indemnity to be paid amounting to the total value of the asset. Due to the anomaly, the value of the S-band capacity was fully impaired as of 30 June 2009. Given the information at its disposal, the Company considered that it had the evidence required to recognise an item of accrued income as of the same date, covering the full amount of the harm sustained.

However, the Company remains confident in its ability to meet the commitments entered into with the European Commission.

Solaris is 50% owned by Eutelsat, which has joint control with its partner.

Change in the carrying amount of the equity investment in the balance sheet

(In thousands of euros)	30 June 2009
Value of equity investment, beginning of period	**45,007**
Participation in capital increases	29,750
Share of income	(2,879)
Impact of Income and expenses recognised directly under equity	-
VALUE OF THE EQUITY INVESTMENT, END OF PERIOD	**71,878**

The following table shows Solaris's half-year accounts:

(In thousands of euros)	30 June 2009
Non-current assets	3,581
Current assets	142,472
Non-current liabilities	-
Current liabilities	2,295
TOTAL NET ASSETS	**143,756**
Operating income	-
Net income	(3,954)

No financial summary is presented for the joint venture at 30 June 2008 as this information is not material.

7.2 – Hispasat group

At 30 June 2008 and 2009, the Group owned, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the Hispasat group, the private unlisted Spanish satellite operator. At 30 June 2008, certain rights related to the stability of the shareholding structure were attached to this equity investment.

Change in the carrying amount of the equity investment in the balance sheet

(In thousands of euros)	30 June 2008	30 June 2009
Value of equity investment, beginning of period	**124,599**	**132,162**
Share of income	11,436	18,833
Impact of income and expenses recognised directly under equity	(3,873)	(6,370)
VALUE OF EQUITY INVESTMENT, END OF PERIOD	**132,162**	**144,625**

The following amounts represent the Group's share of the assets, liabilities and income of the Hispasat group:

(In millions of euros)	30 June 2008	30 June 2009
Intangible rights[(1)]	27.7	27.7
Service contract[(2)]	1.5	1.4
Investment in Hisdesat	5.0	5.0
Sub-total	**34.2**	**34.1**
Hispasat net assets	97.9	110.5
TOTAL	**132.1**	**144.6**

(1) These relate to rights to the use of frequencies at the 30°West orbital position, together with long-term contractual relationships with customers. The useful life of this intangible asset is considered indefinite, given the high probability of renewal of the administrative authorisations for the use of frequencies (which are given for a period of 75 years) and the specific nature of existing customer contracts. An impairment test is performed by the Company each year.
(2) The useful lives of the other identified intangible assets have been estimated at 15 years.

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The following table presents the annual accounts of the Hispasat group, in accordance with applicable local standards:

(In thousands of euros)	31 December 2007	31 December 2008
Non-current assets	517,015	514,667
Current assets	104,672	207,930
Non-current liabilities	213,221	254,243
Current liabilities	60,966	77,792
TOTAL NET ASSETS	**347,500**	**390,562**
Operating income	128,312	137,389
Net income	36,213	47,512

At 30 June 2008 and 2009, "Income from equity investments" in the consolidated income statement corresponds to the Group's share of IFRS income from:

- Hispasat, after amortisation of the intangible assets identified for these 2 financial years;
- Solaris Mobile Ltd.

Note 8 Non-current financial assets

Non-current financial assets comprise mainly:

(In thousands of euros)	30 June 2008	30 June 2009
Non-consolidated equity investments[1]	436	437
Long-term loans and advances	2,062	2,124
TOTAL	**2,498**	**2,561**

(1) Non-listed investments valued at cost less impairment.

Non-consolidated equity investments

Non-consolidated investments comprise mainly an investment in Sitcom Spa representing an 11.56% stake. This investment was acquired by Eutelsat Services und Beteiligungen GmbH and had a net value of 370 thousand euros as of 31 March 2005. These investments are not listed on any active market and available information does not allow for a reliable fair value to be determined. The relevant amounts therefore continue to be recognised on an historical cost basis.

No impairment has been recognised on these investments as of 30 June 2008 and 2009.

Long-term loans and advances

Long-term loans and advances consist mainly of loans to social welfare bodies for 0.8 million euros at 30 June 2008. The balance represents rental guarantee deposits for Eutelsat S.A.'s Paris premises of 0.3 million euros and the "cash account" for the liquidity agreement relating to treasury stock, first set up by Eutelsat Communications during the 2005-2006 financial period (0.6 million euros).

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Note 9 Inventories

Gross and net inventories amount to 4,250 thousand euros and 2,013 thousand euros at 30 June 2008 and 3,867 thousand euros and 1,771 thousand euros at 30 June 2009. They comprise mainly receive antennas and modems.

The allowance for stock depletion was 2,237 thousand euros and 2 096 thousand euros respectively for the financial periods ended 30 June 2008 and 2009.

Note 10 Accounts receivable

Credit risk is the risk that the person responsible for a customer debit carried by the Group will not honour the debt when it matures. This is a risk that mainly affects the "accounts receivable" category and is followed up for each entity under the supervision of the financial staff responsible. In the most important cases, the relevant financial staff are assisted by a credit manager, acting in accordance with the instructions of the Group's debt recovery service. This follow-up activity is based mainly on an analysis of the amounts due and can be accompanied by a more detailed study of the creditworthiness of certain customers in debit. Depending on the assessment made by the financial staff, the entities concerned may, after validation by the Group, be asked to hedge the credit risk by taking out credit insurance or obtaining guarantees compatible with the evaluation of the risk.

Customers are mainly international telecommunications operators, broadcasters and other users of commercial satellite communications.

At 30 June 2008, the net carrying value of these accounts receivable was 239,435 thousand euros and the corresponding impairment charge was 16,766 thousand euros.

As of 30 June 2009, the net value of these receivables was 298,792 thousand euros. The allowance for bad debts was 19,011 thousand euros.

Accounts receivable at 30 June 2008 and 2009 are for short-term amounts and bear no interest.

The Group considers that it is not subject to concentration risk, owing to the diversity of its customer portfolio at 30 June 2009 and the fact that no legal entity billed individually accounts for more than 10% of its revenues. Credit risk is managed primarily through bank guarantees with leading financial institutions, deposits and credit insurance.

Despite the volatile environment, the Group has not so far observed any significant deterioration in payment times, and the amount of bad debt represents 213 thousand euros. The temporary increase observed at 30 June 2009 does not reflect any particular risk with respect to deterioration in the balance of payments. The Group considers that recoverable debt poses no particular risk, except for the possibility of risk due to customers in the geographical areas that are deemed to be potentially the most exposed to the effects of the financial crisis. This risk is estimated at approximately 4% of the value of accounts receivable at 30 June 2009.

10.1 – Evolution of the allowance for bad debt

(In thousands of euros)	Group total
Value at 30 June 2007	**17,345**
Annual allowance	10,972
Reversals (used)	1,604
Reversals (unused)	9,948
Translation adjustments and other movements	-
Value at 30 June 2008	**16,766**
Annual allowance	10,861
Reversals (used)	1,146
Reversals (unused)	7,470
Translation adjustments and other movements	-
VALUE AT 30 JUNE 2009	**19,011**

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10.2 – Analysis of accounts receivable (matured and unmatured)

(In thousands of euros)	30 June 2008	30 June 2009
Unmatured receivables	194,406	218,605
Unimpaired receivables	36,627	72,837
Between 0 and 30 days	*30,965*	*40,078*
Between 30 and 90 days	*1,777*	*19,870*
More than 90 days	*3,885*	*12,889*
Matured and impaired receivables	25,145	26,359
Between 0 and 30 days	*242*	*0*
Between 30 and 90 days	*14,834*	*9,712*
More than 90 days	*10,069*	*16,647*
Impairment	(16,766)	(19,011)
TOTAL	**239,435**	**298,792**

10.3 – Guarantees and commitments received which reduce the credit risk

(In thousands of euros)	30 June 2008		30 June 2009	
	Value of accounts receivable	Value of the guarantee	Value of accounts receivable	Value of the guarantee
Guarantee deposits	50,314	12,426	52,976	18,895
Bank guarantees	23,709	23,709	36,471	36,471
Guarantees from the parent company	22,791	22,791	30,838	30,838
TOTAL	**96,814**	**58,926**	**120,286**	**86,205**

NOTE 11 OTHER CURRENT ASSETS

Other current assets are as follows:

(In thousands of euros)	30 June 2008	30 June 2009
Prepaid expenses	7,191	9,024
Tax and employee-related receivable	9,957	8,179
TOTAL	**17,148**	**17,203**

At 30 June 2008, prepaid expenses comprised mainly 2.6 million euros of prepaid satellite insurance and 0.7 million euros of satellite operating costs.

At 30 June 2009, prepaid expenses comprised mainly 2.6 million euros of prepaid satellite insurance and 0.8 million euros of satellite operating costs.

NOTE 12 CURRENT FINANCIAL ASSETS

(In thousands of euros)	30 June 2008	30 June 2009
Hedging instruments[1]	139,385	382
Other receivables	53,620	4,671
TOTAL	**193,005**	**5,053**

(1) See Note 26 – Financial instruments.

NOTE 13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(In thousands of euros)	30 June 2008	30 June 2009
Cash	11,776	41,529
Accrued interest	3	-
Cash equivalents	9,542	102,216
TOTAL	**21,321**	**143,745**

Cash equivalents are composed mainly of deposit warrants, the great majority of which mature less than one month after the date of acquisition, and mutual fund investments (OPCVMs) meeting the qualification of "cash equivalents" (see Note 4.11 – *Cash and cash equivalents*).

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Note 14 Financial assets

The following table gives a breakdown of each balance sheet item that corresponds to financial instruments by category, and indicates its fair value. This applies whether or not the instrument was recognised at fair value when the balance sheet was prepared.

(In thousands of euros)	Category of financial instruments	Net carrying amount at 30 June 2008 Total	Instruments measured at amortised cost	Instruments at cost	Fair value through equity	Instruments measured at fair value through the income statement	Fair value at 30 June 2008
ASSETS							
Non-current financial assets							
Unconsolidated investments	Available-for sale	436	-	436	-	-	436
Long-term loans and advances	Receivables	2,062	2,062	-	-	-	2,062
Accounts receivable	Receivables	239,435	239,435	-	-	-	239,435
Current financial assets							
Other receivables	Receivables	53,620	53,620	-	-	-	53,620
Financial instruments							
• Qualified as cash flow hedges	N/A	127,931	-	-	127,931	-	127,931
• Qualified as trading instruments	Held for trading purposes	11,454	-	-	-	11,454	11,454
Cash and cash equivalents							
Cash	N/A	11,776	11,776	-	-	-	11,776
Cash equivalents	Receivables	9,542	9,542	-	-	-	9,542

(In thousands of euros)	Category of financial instruments	Net carrying amount at 30 June 2009 Total	Instruments measured at amortised cost	Instruments at cost	Fair value through equity	Instruments measured at fair value through the income statement	Fair value at 30 June 2009
ASSETS							
Non-current financial assets							
Unconsolidated investments	Available-for sale	437	-	437	-	-	437
Long-term loans and advances	Receivables	2,124	2,124	-	-	-	2,124
Accounts receivable	Receivables	298,792	298,792	-	-	-	298,792
Current financial assets							
Other receivables	Receivables	4,671	4,671	-	-	-	4,671
Financial instruments							
• Qualified as cash flow hedges	N/A	191	-	-	191	-	191
• Qualified as trading instruments	Held for trading purposes	191	-	-	-	191	191
Cash and cash equivalents							
Cash	N/A	41,529	41,529	-	-	-	41,529
OPCVM	Fair value option	95,277	95,277	-	-	-	95,277
Cash equivalents	Receivables	6,939	6,939	-	-	-	6,939

NOTE 15 SHAREHOLDERS' EQUITY

15.1 – Shareholders' equity

As of 30 June 2009, Eutelsat Communications S.A.'s share capital comprised 219,803,965 ordinary shares with a par value of 1 euro per share. In terms of treasury stock, the Group hold 67,179 shares as of the same date, amounting to 1,202 thousand euros under a liquidity agreement. As of 30 June 2008, the Group held 46,473 such shares corresponding to a total amount of 873 thousand euros. Treasury stock is deducted from shareholders' equity.

Changes in the Company's share capital and additional paid-in capital since 30 June 2008 are presented below:

Definitive date of each operation	Operations	Number of shares issued/ cancelled	Nominal capital increase/reduction *(in thousands of euros)*	Additional paid-in capital *(in thousands of euros)*	Nominal share capital after each operation *(in thousands of euros)*	Cumulative number of shares	Nominal value of shares *(in euros)*
Position at 06/30/2008		**-**	**-**	**662,566**	**219,642**	**219,641,955**	**1**
11/06/2008	Allocation earnings at 06/30/2008 (GM of 11/06/2008)	-	-	(4,610)	219,642	219,641,955	1
11/06/2008	Distribution of dividends (GM of 11/06/2008)	-	-	(131,747)	219,642	219,641,955	1
05/27/2009	Right issue (grant of free shares - Decision of the Chairman of 05/27/2009)	162,010	162	(162)	219,804	219,803,965	1
POSITION AT 06/30/2009		**162,010**	**162**	**526,047**	**219,804**	**219,803,965**	**1**

15.2 – Dividends

On 6 November 2008, the Ordinary and Extraordinary General Meeting of Shareholders decided to pay a gross dividend of 0.60 euro per share, *i.e.* a total of 131,747 thousand euros, taken from "Additional paid-in capital".

The amount of the distribution for the financial year ended 30 June 2009, which is being proposed to the General Meeting of 10 November 2009, is 145,026 thousand euros, *i.e.* 0.66 euro per share.

15.3 – Share-based compensation

Free allotment of shares

An allotment of free shares was offered to the Group's employees in November 2005, with each beneficiary being granted 341 shares. The number of beneficiaries was fixed at 439 and the vesting period for definitive acquisition of the shares was fixed at 2 years thereafter. Beneficiaries are then required to keep their shares for a further period of 2 years after the effective date of acquisition.

The amount offset for this operation within shareholders' equity as of 30 June 2008 was 305 thousand euros.

On the anniversary date of the plan, *i.e.* 29 November 2007, 133,331 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 391 beneficiaries. The subsequent capital increase of 133,331 euros was taken from "Additional paid-in capital".

During the financial year ended 30 June 2007, there was an allocation of free shares to the Group's employees as a result of a decision by the Board of Directors on 10 May 2007. The offer concerned 181,825 new shares. The vesting period for definitive acquisition of the shares was fixed at 2 years after this date, with a requirement that the employee should still be working for the Group. Beneficiaries meeting these conditions are subject to a further requirement to keep their shares for an additional period of 2 years after the effective date of acquisition.

The fair value of the equity instrument took into account the market price of the share at the grant date, market expectations of the dividend payout at the valuation date, staff turnover of 5% and a non-transferability cost of 1.5%.

The value of the benefit was estimated at 2.5 million euros spread over the 2-year acquisition period. The expense recognised for the periods ended 30 June 2008 and 2009, with a corresponding entry to shareholders' equity, was 1,210 thousand euros and 1,006 thousand euros respectively.

On the anniversary date of the plan, *i.e.* 10 May 2009, 162,010 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 433 beneficiaries. The subsequent capital increase of 162,010 euros was taken from "Additional paid-in capital".

On 25 July 2007, the Board of Directors decided to introduce a plan for the allocation of free shares to all employees of the Group, including the *mandataires sociaux*, representing a total of 474,831 free shares. Allotment of these free shares will become absolute provided the beneficiaries are still with the Group in 2 years time and will be available after a further period of 2 years has expired after the effective date of acquisition. It should be noted that, under this plan, definitive acquisition of the free shares is subject to

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the achievement of certain objectives over a 2-year period, linked to an objective in terms of the annual EBITDA (50% of the relevant portion) and to a target linked to the Company's share price at the end of the 2-year period (the remaining 50%). As of 30 June 2008, the annual performance condition had been attained for the first year and at 30 June 2009 it had been attained for the second year.

The fair value of the equity instrument took into account the same criteria described above, and was in part approximated by using Monte Carlo simulations based on the previous criteria, a risk-free rate of 4.43% and share price volatility of 20.77%.

The value of the benefit granted under this plan was estimated at 5.0 million euros spread over the 2-year vesting period. The expense recognised for the periods ended 30 June 2008 and 2009, with a corresponding entry to shareholders' equity, was 2,323 thousand euros and 2,677 thousand euros respectively.

Description of Eutelsat S.A. stock-option plans

The information contained in this Note concerns only the Eutelsat S.A. sub-group and the governing bodies of that sub-group.

Summary of movements in respect of the stock-option plans

	Shares reserved for future grants	Stock options outstanding	Weighted average exercise price *(in euros)* after distribution
Balance at 1 July 2008	**-**	**1,986,056**	**1.57**
Authorised	-	-	-
Granted	-	-	-
Exercised	-	1,673,648	1.59
Cancelled	-	-	-
BALANCE AT 30 JUNE 2009	**-**	**312,409**	**1.46**

Changes in stock option plans

Plans 06/30/2008	Granted	Exercised	Cancelled	Balance	Exercise price *(in euros)*
Partners	4,389,963	(4,094,465)	(227,526)	67,972	1.00
Managers I	2,665,914	(2,612,083)	-	53,831	1.48
Managers II					
• 12/13/2002	4,198,094	(4,179,133)	-	18,961	1.33
• 02/24/2003	75,175	(75,175)	-	-	1.33
Managers III					
• 12/17/2003	10,782,178	(10,782,178)	-	-	1.26
• 04/08/2004	1,476,126	(1,370,985)	(64,767)	40,374	1.26
• 06/28/2004	437,374	-	-	437,374	1.48
Managers IV	4,028,215	(2,620,296)	(40,375)	1,367,544	1.64
TOTAL	**28,053,039**	**25,734,315**	**(332,668)**	**1,986,056**	

Plans 06/30/2009	Granted	Exercised	Cancelled	Balance	Exercise price *(in euros)*
Partners	4,389,963	(4,121,688)	(277,526)	40,749	1.00
Managers I	2,665,914	(2,612,083)	-	53,831	1.48
Managers II					
• 12/13/2002	4,198,094	(4,179,133)	-	18,961	1.33
• 02/24/2003	75,175	(75,175)	-	-	1.33
Managers III					
• 12/17/2003	10,782,178	(10,782,178)	-	-	1.26
• 04/08/2004	1,476,126	(1,370,985)	(64,767)	40,374	1.26
• 06/28/2004	437,374	(437,374)	-	-	1.48
Managers IV	4,028,215	(3,829,347)	(40,374)	158,494	1.64
TOTAL	**28,053,039**	**(27,407,963)**	**(332,667)**	**312,409**	**-**

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Assumptions used to determine the fair value of the stock-option plans

The weighted average remaining contractual life of options outstanding is 2.23 years: 0.01 year for "Partners" plan options; 0.32 year for "Managers" plan options; 1.45 year for "Managers II" plan options; 2.78 years for "Managers III" plan options and 3.40 years for "Managers IV" plan options.

Eutelsat S.A. uses the Black & Scholes method for measuring the fair value of options, based on the following data:

- calculated volatility of 26.30%;
- a risk-free rate of 2.98%;
- a cancellation rate estimated at 37.5% over 3 years;
- a weighted average unit cost of 1.68 euro per option.

This valuation was performed when the options were issued and has not been modified by the acquisition of Eutelsat S.A.

During the periods ended 30 June 2008 and 2009 respectively, 13,597,863 options and 1,673,648 options were exercised. These capital increases generated a dilution loss of 7,870 thousand euros and 468 thousand euros respectively, recognised under "Other operating costs".

Commitments to buy and to sell Eutelsat S.A. shares

In August 2005, the Group entered into commitments with certain key managers and *mandataires sociaux* of Eutelsat S.A. for the purchase and sale of Eutelsat S.A. shares derived from the exercise of the stock options granted by Eutelsat S.A. before the acquisition under the various "Managers" plans (*i.e.* a total of nearly 18.3 million Eutelsat S.A. shares), and in return issued ABSAs to the managers concerned.

In accordance with IFRS 2 "*Share-based payment*", the Company's liquidity obligation has been recognised as a forward repayment of a shareholders' equity instrument. The obligation measured at 19,553 thousand euros as of the date of the operation was recognised as debt, offset by an equivalent reduction in shareholders' equity. The debt measured at present value as of 30 June 2008 and 30 June 2009 on the basis of the timetable for the purchase of the securities and exercise of the stock options was 8,681 thousand euros and 5,230 thousand euros respectively. The effect of unwinding the discount on the debt was recognised in financial expenses in the amount of 694 thousand euros as of 30 June 2008.

The above resulted in the Group acquiring 2,200,328 Eutelsat S.A. shares during the financial year ended 30 June 2009 (see Note 5 – *Goodwill and other intangibles*).

Liquidity offer for Group employees who are Eutelsat S.A. shareholders

In a similar fashion to the liquidity obligation described above, the Board of Directors decided at its meeting of 28 June 2006 to introduce a liquidity offer for employees of the Group who are Eutelsat S.A. shareholders in the form of an offer to purchase their Eutelsat S.A. shares for cash.

The liquidity offer provides for a purchase price determined with reference to the Eutelsat Communications' share price and takes account of all net bank debt of Group companies not included in the Eutelsat S.A. sub-group.

In similar fashion to the operation described above, the liquidity obligation has been treated as a change to the initial plans and recognised as a forward repayment of a shareholders' equity instrument. The obligation was measured as of 30 June 2006 and recognised as debt, offset by an equivalent reduction in shareholders' equity in the amount of 22.0 million euros. The amount recognised at 30 June 2008 and 30 June 2009 with respect to the unwinding of the discount (on the basis of buying all the shares in 2010) and a reassessment of the repurchase value of the debt was an expense of 1,261 thousand euros and an item of income of 304 thousand euros respectively.

It should be noted that the offers to purchase the shares of the Group's employees during the financial year ended 30 June 2009 resulted in the purchase of 307,478 Eutelsat S.A. shares for 1,517 thousand euros (see Note 5 – *Goodwill and other intangibles*).

15.4 – Change in the revaluation surplus of financial instruments

All financial instruments that have an impact on the revaluation surplus are cash flow hedges.

(In thousands of euros)	Total
Balance at 30 June 2008	**119,357**
Changes in fair value within equity	(205,263)
Transfer into the income statement	(14,469)
BALANCE AT 30 JUNE 2009	**(100,375)**

15.5 – Information on equity management

With a view to maintaining or adjusting its capital structure, the Group may buy back existing shares, issue new shares or issue securities giving access to its capital. The objectives of such share buy-back programmes may be to:

- make shares available so that the Group can honour its obligations with respect to securities convertible into shares;
- make shares available for transfer to the Group's senior managers and employees, or to those of related companies, under stock-purchase plans and operations for the free allocation of existing shares as provided for in Articles L. 225-197-1 to L. 225-197-3;
- make shares available to an investment services provider for purposes of animating the market or the liquidity of the share under a liquidity agreement complying with the charter of professional ethics recognised by the Autorité des marchés financiers;
- keep the shares so as to be able to use them as a means of payment or exchange in relation to acquisitions;
- cancel the shares.

In addition, the Group's objective is to distribute between 50% and 75% of the Group share of consolidated net income as dividend each year.

15.6 – Nature and purpose of the other reserves

"Translation adjustment" is used to record the foreign exchange gains and losses arising from translation into euros of the financial statements of foreign subsidiaries.

Note 16 Bank debt

16.1 – Non-current portion

At 30 June 2008 and 2009, all debt was denominated in euros.

Since 30 June 2007, the structure of the Group's debt has remained identical.

At 30 June 2009, the Group had access to the following credit facilities:

- a syndicated credit facility of 1,915 million euros entered into by Eutelsat Communications on 8 June 2006 for a period of 7 years and consisting of 2 parts:
  - Tranche A: a long-life term loan of 1,615 million euros, bearing interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below),
  - Tranche B: a revolving credit facility of 300 million euros; amounts are drawn for a maximum period of 6 months and bear interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below). A fee for non-use representing 30% to 35% of the margin mentioned above is payable.

  The agreement of 8 June 2006 includes neither a guarantee by Eutelsat Communications' subsidiaries nor the pledging of assets to the lenders.

  This credit agreement includes restrictive clauses (subject to the usual exceptions contained in loan agreements) limiting the capacity of Group companies, in particular to:

  - grant security interests or guarantees,
  - enter into agreements resulting in additional liabilities,
  - grant loans and carry out certain types of investments,
  - enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement),
  - modify the nature of the business of the Company or its subsidiaries.

  The agreement allows each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action. The Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan. The agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13°East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

  The credit facilities are subject to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in accordance with IFRS;

- Leverage Ratio: consolidated net debt/consolidated EBITDA less than or equal to 5.5 for the half-year and full-year periods defined in the agreement, with the first being 30 June 2006; this ratio is then gradually reduced to 5.25 at 31 December 2008, to 5 at 31 December 2009, to 4.75 at 31 December 2010 and then to 4.50 at 31 December 2011;
- Interest Coverage Ratio: Consolidated EBITDA/interest payable (due and matured) greater than or equal to 2.75 (if the Leverage Ratio is greater than 3.5).

  In addition, interest rate hedging is required for a minimum period of 3 years to limit exposure to interest rate risk for no less than 50% of the amounts drawn under the term loan facility.

  On 19 June 2006, Eutelsat Communications therefore acquired from its SatBirds Finance subsidiary the interest rate hedge put in place for the previous loan.

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Eutelsat Communications has also put in place a new instrument for the period 2010 – 2013 (see Note 26 – *Financial Instruments*):

The interest periods for the Eutelsat Communications term loan are periods of 6 months beginning 29 April and 29 October each calendar year, except for the final period which runs from 29 April 2013 to 8 June 2013;

- a 7-year syndicated credit facility entered into in November 2004 by its subsidiary Eutelsat S.A. for an amount of 1,300 million euros and comprising:
  - a 650 million euros term loan repayable at maturity,
  - a revolving credit facility of 650 million euros (200 million euros used as of 30 June 2009).

The amounts drawn on this credit facility bear interest at EURIBOR (or LIBOR for amounts drawn in US dollars) plus a margin of between 0.25% and 0.75% depending on Eutelsat S.A.'s long-term debt rating assigned by Standard & Poor's. A fee for non-use representing 30% to 45% of the margin mentioned above is payable.

The selected interest periods for the Eutelsat S.A. term loan are periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

As from 31 December 2007, EURIBOR 1 month-3 month basis swaps have been in place, the interest periods having been reduced to periods of 1 month beginning 31 December, 31 January, 28 February, 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October and 30 November.

Amounts are drawn on these revolving credit facilities in periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

Under the terms of this credit facility, Eutelsat S.A. is required to maintain a total net debt to EBITDA ratio (as defined contractually) less than or equal to 3.75 to 1 and this ratio is tested at 30 June and 31 December each year.

As of 30 June 2009, the Group complied with these ratios.

Financial information as of 30 June 2008 and 2009

The non-current portion of the Group's bank debt at 30 June 2008 and 2009 breaks down as follows:

	30 June 2008		30 June 2009	
(In thousands of euros)	Fair value	Carrying amount	Fair value	Carrying amount
Eutelsat Communications term loan (Variable rate)	1,615,000	1,615,000	1,615,000	1,615,000
Eutelsat S.A. revolving credit facility (Variable rate)	160,000	160,000	200,000	200,000
Eutelsat S.A. term loan (Variable rate)	650,000	650,000	650,000	650,000
Fixed rate loan (Wins Ltd.)	338	338	191	191
Variable rate loan (Wins Ltd.)	500	500	390	390
Sub-total of debt (non-current portion)	**2,425,838**	**2,425,838**	**2,465,581**	**2,465,581**
Loan set-up fees		(13,649)		(10,903)
TOTAL		**2,412,189**		**2,454,678**

The weighted average rate of interest on amounts drawn under these revolving credit facilities for the period ended 30 June 2009 was 5.05% (5.11% after the effects of hedging activities are included).

The effective interest rate on the term loans of 1,615 million euros and 650 million euros was 3.83% and de 3.24% respectively at 30 June 2008 and 4.45% and 3.90% after the effects of the hedging activities are taken into account.

At 30 June 2009, the Group had access to the following main credit facilities:

(In thousands of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan	1,615,000	1,615,000	8 June 2013
Eutelsat Communications revolving credit facility	300,000	-	8 June 2013
Eutelsat S.A. revolving credit facility	650,000	200,000	24 November 2011
Eutelsat S.A. term loan	650,000	650,000	24 November 2011
Wins Ltd. fixed rate loan	900	318	31 December 2011
Wins Ltd. variable rate loan	500	489	31 December 2010
TOTAL	**3,216,400**	**2,465,807**	

At 30 June 2009, the breakdown by debt maturity was as follows:

(In thousands of euros)	30 June 2009	Maturing within one year	Maturing between 1 and 5 years
Eutelsat Communications term loan	1,615,000	-	1,615,000
Eutelsat S.A. term loan	650,000	-	650,000
Eutelsat S.A. revolving credit facility	200,000	200,000	-
Wins Ltd. fixed rate loan	318	127	191
Wins Ltd. variable rate loan	489	99	390
TOTAL	**2,465,807**	**200,226**	**2,265,581**

16.2 – Current portion

Current bank debt includes accrued interest not yet due on the debt described in Note 16.1 at 30 June 2009. Current bank debt is as follows:

(In thousands of euros)	30 June 2008	30 June 2009
Bank overdrafts	15,209	2,373
Accrued interest not yet due	15,997	11,491
Portion of the loans due within one year (excluding revolving credit)	127	226
TOTAL	**31,333**	**14,090**

NOTE 17 OTHER FINANCIAL LIABILITIES

Other financial liabilities break down as follows:

(In thousands of euros)	30 June 2008	30 June 2009
Financial instruments[(1)]	-	100,345
Performance incentives[(2)]	65,371	39,729
Finance leases[(3)]	2,027	2,093
Other liabilities	26,551	48,036
TOTAL	**93,949**	**190,203**
current part	*33,799*	*138,428*
non-current part	*60,150*	*51,775*

(1) See Note 26 – Financial instruments.
(2) Including interest related to "Performance incentives" of 19,821 thousand euros at 30 June 2008 and 13,053 thousand euros at 30 June 2009.
(3) Including interest related to finance leases of 44 thousand euros at 30 June 2009. At 30 June 2008, mounts of interest related to the finance leases for the T2C and Express A3 satellites were not material.

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Note 18 Financial liabilities

18.1 – Breakdown by category

(In thousands of euros)	Category of financial instruments	Net carrying amount at 30 June 2008				Fair value at 30 June 2008
		Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	
LIABILITIES						
Bank debt						
Credit Lines	At amortised cost	2,251,351	2,251,351	-	-	2,251,351
Revolving credit	At amortised cost	160,000	160,000	-	-	160,000
Fixed rate loans	At amortised cost	338	338	-	-	338
Variable rate loans	At amortised cost	500	500			500
Bank overdrafts	N/A	15,209	15,209	-	-	15,209
Other financial liabilities						
Non-current	At amortised cost	60,150	60,150	-	-	60,150
Current	At amortised cost	33,799	33,799	-	-	33,799
Accounts payable	At amortised cost	50,909	50,909	-	-	50,909
Fixed assets payable	At amortised cost	35,668	35,668	-	-	35,668

(In thousands of euros)	Category of financial instruments	Net carrying amount at 30 June 2009				Fair value at 30 June 2009
		Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	
LIABILITIES						
Bank debt						
Credit Lines	At amortised cost	2,254,097	2,254,097	-	-	2,254,097
Revolving credit	At amortised cost	200,000	200,000	-	-	200,000
Fixed rate loans	At amortised cost	318	318	-	-	318
Variable rate loans	At amortised cost	489	489	-	-	489
Bank overdrafts	N/A	2,373	2,373	-	-	2,373
Other financial liabilities						
Non-current	At amortised cost	51,775	51,775	-	-	51,775
Current	At amortised cost	38,083	38,083	-	-	38,083
Financial instruments						
Qualified as cash-flow hedges		92,280	-	92,280	-	92,280
No hedging		8,065	-	-	8,065	8,065
Other	At amortised cost					
Accounts payable	At amortised cost	41,508	41,508	-	-	41,508
Fixed assets payable	At amortised cost	72,036	72,036	-	-	72,036

18.2 – Breakdown of net financial liabilities by maturity

	30 June 2008							
(In thousands of euros)	Balance-sheet value	Total contractual cash flows	06/2009	06/2010	06/2011	06/2012	06/2013	More than 5 years
Eutelsat Com. Term loan	(1,615,000)	(2,022,345)	(82,850)	(82,850)	(82,850)	(82,850)	(1,690,945)	-
Eutelsat S.A. Term loan	(650,000)	(763,929)	(33,345)	(33,345)	(33,345)	(663,894)	-	
Eutelsat S.A. revolver loan	(160,000)	(187,060)	(7,920)	(7,920)	(7,920)	(163,300)	-	-
Wins Ltd. loan	(838)	(838)	(127)	(127)	(541)	(43)	-	-
Bank overdrafts	(15,209)	(15,209)	(15,209)	-	-	-	-	-
TOTAL BANK DEBT	**(2,441,047)**	**(2,989,381)**	**(139,451)**	**(124,242)**	**(124,656)**	**(910,087)**	**(1,690,945)**	**-**
Other financial liabilities	(93,949)	(105,540)	(30,796)	(16,163)	(12,570)	(9,868)	(8,476)	(27,667)
TOTAL FINANCIAL LIABILITIES	**(2,534,996)**	**(3,094,921)**	**(170,247)**	**(140,405)**	**(137,226)**	**(919,955)**	**(1,699,421)**	**(27,667)**
Eutelsat S.A. foreign exchange derivatives	1,589	1,589	1,589	-	-	-	-	-
Qualifying Eutelsat S.A. interest rate derivatives	35,978	35,978	21,298	5,518	7,009	2,153	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives	11,454	11,454	3,080	3,187	3,915	1,272	-	-
Eutelsat Communications interest rate derivatives	90,364	90,364	14,534	16,812	16,721	20,035	22,262	-
Financial assets	56,118	56,118	56,118	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**195,504**	**195,504**	**96,619**	**25,517**	**27,645**	**23,461**	**22,262**	**-**
Net position	**(2,339,492)**	**(2,899,418)**	**(73,628)**	**(114,888)**	**(109,581)**	**(896,494)**	**(1,677,159)**	**(27,667)**

	30 June 2009							
(In thousands of euros)	Balance-sheet value	Total contractual cash flows	06/2010	06/2011	06/2012	06/2013	06/2014	More than 5 years
Term loan Eutelsat Com.	(1,615,000)	(1,746,880)	(33,317)	(33,317)	(33,317)	(1,646,929)	-	-
Term loan Eutelsat S.A.	(650,000)	(672,794)	(9,432)	(9,432)	(653,930)	-	-	-
Eutelsat S.A. revolver loan	(200,000)	(210,794)	(3,598)	(3,598)	(203,598)	-	-	-
Wins Ltd. Loan	(807)	(876)	(267)	(389)	(220)	-	-	-
Eutelsat S.A. foreign exchange derivatives	(286)	(286)	(286)	-	-	-	-	-
Eutelsat Communications interest rate derivatives qualifying	(62,295)	(62,295)	20,638	(12,690)	(28,006)	(42,237)	-	-
Eutelsat S.A. interest rate derivatives	(29,700)	(29,700)	(10,138)	(12,708)	(6,854)	-	-	-
Eutelsat S.A. interest rate derivatives not qualified	(8,065)	(8,065)	(2,934)	(3,407)	(1,724)	-	-	-
Bank overdrafts	(2,373)	(2,373)	(2,373)	-	-	-	-	-
TOTAL BANK DEBT	**(2,568,526)**	**(2,734,063)**	**(41,707)**	**(75,541)**	**(927,649)**	**(1,689,166)**	**-**	**-**
Other financial liabilities	(89,858)	(94,710)	(42,145)	(10,144)	(6,988)	(5,596)	(3,980)	(25,857)
TOTAL FINANCIAL LIABILITIES	**(2,658,384)**	**(2,828,773)**	**(83,852)**	**(85,685)**	**(934,637)**	**(1,694,762)**	**(3,980)**	**(25,857)**

(In thousands of euros)	30 June 2009							
	Balance-sheet value	**Total contractual cash flows**	**06/2010**	**06/2011**	**06/2012**	**06/2013**	**06/2014**	**More than 5 years**
TOTAL FINANCIAL LIABILITIES	**(2,658,384)**	**(2,828,773)**	**(83,852)**	**(85,685)**	**(934,637)**	**(1,694,762)**	**(3,980)**	**(25,857)**
Qualifying Eutelsat S.A. interest rate derivatives	191	191	3,636	(2,289)	(1,156)	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives	191	191	3,636	(2,289)	(1,156)	-	-	-
Financial assets	7,232	7,232	7,232	-	-	-	-	-
Cash	41,529	41,529	41,529	-	-	-	-	-
OPCVM	95,277	95,277	95,277	-	-	-	-	-
Cash equivalents	6,939	6,939	6,939	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**151,359**	**151,359**	**158,249**	**(4,578)**	**(2,312)**	**-**	**-**	**-**
Net position	**(2,507,025)**	**(2,677,414)**	**74,397**	**(90,263)**	**(936,949)**	**(1,694,762)**	**(3,980)**	**(25,857)**

Note 19 Operating and finance leases

19.1 – Operating leases

Eutelsat S.A. pays rent for use of its registered office located in Paris. The lease was renewed on 21 June 2005 for a period of 9 years. Rental costs amounted to 4,002 thousand euros and 4,205 thousand euros for the periods ended 30 June 2008 and 2009 respectively. Future lease payments are shown in the following table:

(In thousands of euros)	**Total**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**
Future payments for operating leases	18,060	3,612	14,448	-

19.2 – Finance leases

The Group operates 5 satellites under finance leases. None of the finance leases contains a purchase option at the expiry of the lease term.

The last finance lease contract expires in 2016.

At 30 June 2009, 3 of the 5 finance leases were pre-paid and the 2 other leases will be paid during the year to come.

Financial expenses for satellites operated under finance leases amounted to 53 thousand euros at 30 June 2009.

Due to the low liability under this item and to the shortness of the remaining lease periods, financial expenses at 30 June 2008 were zero.

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Note 20 Other payables and deferred revenues

20.1 – Non-current portion

Details of the non-current portion of other payables and deferred revenues as of 30 June 2008 and 2009 are as follows:

(In thousands of euros)	30 June 2008	30 June 2009
Deferred revenues	5,771	3,440
Social securities liabilities[1]	14,832	16,892
TOTAL	**20,603**	**20,332**

(1) Including debt related to the ABSA liability (respectively 63 thousand euros and 3,924 thousand euros at 30 June 2008 and 2009) and the liquidity offer (respectively 14,769 thousand euros and 12,968 thousand euros at 30 June 2008 and 2009) – See Note 15.3 – Share-based compensation.

20.2 – Current portion

Other current payables and deferred revenues were as follows at 30 June 2008 and 2009:

(In thousands of euros)	30 June 2008	30 June 2009
Deferred revenues	32,714	34,177
Tax liabilities	15,759	19,916
Social securities liabilities[1]	28,549	23,225
TOTAL	**77,022**	**77,318**

(1) Including the liability related to the ABSA commitment of 8,618 thousand euros at 30 June 2008 and 1,306 thousand euros at 30 June 2009 respectively (see Note 15.3 – Share-based compensation).

Note 21 Current and deferred tax

Since 1 July 2008, the scope of the tax consolidation for the Group headed by Eutelsat Communications includes the following subsidiaries: Eutelsat S.A., Eutelsat VAS S.A.S. and Eutelsat Communications Finance S.A.S.

21.1 – Income-statement tax balances

"Income tax expense" comprises current and deferred tax expenses of consolidated entities.

The Group's income tax expense is as follows:

(In thousands of euros)	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Current tax expense	(97,653)	(132,931)
Deferred tax expense (income)	144	4,944
TOTAL INCOME TAX EXPENSE	**(97,509)**	**127,987**

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The theoretical income tax expense, based on application to the pre-tax income (excluding the share of net income from equity investments) of the standard French corporate income tax rate, can be reconciled to the actual expense as follows:

(In thousands of euros)	30 June 2008	30 June 2009
Income before tax and income from equity investments	269 760	372 017
Standard French corporate income-tax rate	*34.43%*	*34.43%*
Theoretical income-tax expense	(92,878)	(128,085)
Permanent differences and other items	(4,631)	98
CORPORATE INCOME TAX EXPENSE IN THE INCOME STATEMENT	**(97,509)**	**(127,987)**
Actual corporate income tax rate	*36%*	*34%*

At 30 June 2009, the tax rate was 36%. The discrepancy between the rates of tax is mainly explained by the non-deductible calculated charges.

21.2 – Balance-sheet tax balances

Deferred tax assets and liabilities correspond to the aggregate net financial positions of the consolidated entities. Changes in the deferred tax balances between 30 June 2008 and 30 June 2009 were as follows:

(In thousands of euros)	30 June 2008	Net income for the period	Recognised in equity	30 June 2009
Basis of deferred tax assets				
Provisions for impairment of assets	16,353	(1,198)	-	15,155
Capitalisation of losses carried forward	11,394	-	-	11,394
Bad-debt provisions	13,457	3,009	-	16,466
Financial guarantee granted to the pension fund	8,214	(390)	-	7,824
Capitalised salaries and performance incentives	5,648	(2,236)	-	3,412
Provisions for liabilities and charges	2,403	(572)	-	1,831
Accrued liabilities	3,888	212	-	4,100
Pension provision	2,104	(27)	-	2,077
Sub-total (a)	**63,461**	**(1,202)**	**-**	**62,259**
Basis of deferred tax liabilities				
Intangible assets	(270,392)	15,304	-	(255,088)
Exceptional depreciation	(47,872)	(16,474)	-	(64,346)
Financial instruments(1)	(45,514)	6,922	74,283	35,691
Capitalised interest	(4,829)	605	-	(4,224)
Finance leases	(1,507)	283	-	(1,224)
Other	(2,512)	(493)	-	(3,005)
Sub-total (b)	**(372,626)**	**6,147**	**74,283**	**(292,196)**
TOTAL = (a)+(b)	**(309,165)**	**4,945**	**74,283**	**(229,937)**
Reflected as follows in the financial statements:				
Deferred tax assets	2,255			36,937
Deferred tax liabilities	(311,419)			(266,874)
TOTAL	**(309,165)**			**(229,937)**

(1) This figure does not include the change due to the companies accounted for using the equity method. This amounts to 1,411 thousand euros for the period.

Deferred tax assets and liabilities break down as follows:

(In thousands of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	6,376	(14,994)
Due after one year	30,561	(251,880)
TOTAL	**36,937**	**(266,874)**

Deferred tax liabilities relate mainly to the taxable temporary difference generated by the accounting treatment at fair value of Customer contracts and relationships and of the Eutelsat brand, valued at 929,800 thousand euros (see Note 5 - Goodwill and other intangibles), giving rise on the occasion of the business combination to a deferred tax liability of 320,130 thousand euros. The amortisation of customer contracts over 20 years, amounting to 44,452 thousand euros, generated deferred tax income of 15,304 thousand euros.

Note 22 Provisions

(In thousands of euros)	30 June 2008	Charge expense	Reversal Used	Reversal Unused	30 June 2009
Financial guarantee granted to a pension fund	28,318	-	(5,595)	-	22,723
Retirement indemnities	6,027	762	(690)	-	6,099
Post-employment benefits(1)	1,290	219	(202)	(34)	1,273
TOTAL POST-EMPLOYMENT BENEFITS	**35,635**	**981**	**(6,487)**	**(34)**	**30,095**
Litigation(2)	6,266	4,217	(135)	(1,177)	9,171
Other	3,730	680	(2,549)	(195)	1,666
TOTAL PROVISIONS	**45,631**	**5,878**	**(9,171)**	**(1,406)**	**40,932**
non-current part	**35,631**	**985**	**(6,487)**	**(34)**	**30,095**
current part	**10,000**	**4,893**	**(2,684)**	**(1,372)**	**10,837**

(1) The other post-employment benefits relate to end-of-contract indemnity payments within various subsidiaries and also to the balance of a provision entered in respect of a fixed contractual contribution to the health-insurance "mutuelle" for former employees of the IGO who had taken pension as of the date the business was transferred to Eutelsat S.A.

(2) Litigation recorded at period-end corresponds to business and employee litigation.

22.1 – Financial guarantee granted to a pension fund

Eutelsat S.A., as a result of the transfer by the IGO of its operational business as of 2 July 2001, granted its financial guarantee to the Trust managing the pension fund established by the IGO. Before this date, the pension fund was closed and the accrued rights frozen.

This guarantee can be called under certain conditions to compensate for future under-funding of the plan. During the year ended 30 June 2005, as a result of the significant decline in long-term interest rates, the guarantee was called upon in an amount of 22.3 million euros. This amount was valued on the basis of the Trust's projections of future market developments. At 30 June 2005, no payments had yet been made.

In November 2005, an agreement was reached with the Trust to spread payment of the amount called as follows: 4.46 million euros when the agreement was signed, and a further 4.46 million euros at 30 June 2006, 2007, 2008 and 2009. It was agreed that the Trust would carry out a new valuation at 30 June 2007 and that, depending on the results of that valuation, subsequent contributions could be revised downwards or upwards. A valuation was subsequently made in November 2007, which confirmed the present level of contributions. At 30 June 2008 and 2009, 4.46 million euros had been paid.

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The actuarial valuation performed at 30 June 2008 and 2009 used the following assumptions:

	30 June 2008	30 June 2009
Discount rate	5.50%	5.50%
Expected rate of return on plan assets	4.00%	4.00%
Rate for pension increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Overall expenses *(as a % of assets)*	0.58%	0.58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	age 61	age 61

As of 30 June 2008 and 2009, the position was as follows:

COMPARATIVE SUMMARY

	30 June				
(In thousands of euros)	2005	2006	2007	2008	2009
Present value of benefit obligations wholly or partly funded	168,714	140,889	152,792	133,436	134,182
Fair value of plan assets	(125,585)	(135,378)	(138,358)	(145,847)	147,983
Net financing	**43,129**	**5,511**	**14,434**	**(12,411)**	**(13,801)**
Actuarial and other gains/(losses) - amortised	-	30,423	16,860	40,729	36,523
Net (asset)/liability recognised in the balance sheet	**43,129**	**35,934**	**31,294**	**28,318**	**22,723**

RECONCILIATION BETWEEN THE PRESENT VALUE OF THE OBLIGATIONS AT BEGINNING AND END OF PERIOD

(In thousands of euros)	30 June 2008	30 June 2009
Present value of the obligations at beginning of period	**152,792**	**133,436**
Service cost for the period	-	-
Finance cost	7,182	7,280
Actuarial and other (gains)/losses	(24,242)	(3,450)
Benefits paid	(2,296)	(3,084)
Present value of the obligations at end of period	**133,436**	**134,182**

The lack of service costs is explained by the fact that rights were frozen and that the IGO pension fund was closed prior to the transfer of business on 2 July 2001.

RECONCILIATION BETWEEN THE FAIR VALUE OF PLAN ASSETS AT BEGINNING AND END OF PERIOD

(In thousands of euros)	30 June 2008	30 June 2009
Fair value of plan assets at beginning of period	**138,358**	**145,847**
Expected return on plan assets	5,560	5,923
Actuarial and other gains/(losses)	(235)	(5,163)
Contributions paid	4,460	4,460
Benefits paid	(2,296)	(3,084)
Fair value of plan assets at end of period	**145,874**	**147,983**

The fair value of plan assets includes no amounts relating to any financial instruments issued by Eutelsat S.A. nor any property occupied by, or other assets used by, Eutelsat S.A.

The actual return on plan assets was 5.3 million euros and 0.8 million euros at 30 June 2008 and 2009 respectively.

NET EXPENSE (NET GAINS) RECOGNISED IN THE INCOME STATEMENT

(In thousands of euros)	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Service cost for the period	-	-
Finance cost	7,183	7,280
Expected return on plan assets	(5,560)	(5,923)
Actuarial (gains)/losses	(139)	(2,492)
Net expense (net gains) recognised in the income statement	**1,484**	**(1,135)**

RECONCILIATION OF ASSETS AND OBLIGATIONS RECOGNISED IN THE BALANCE SHEET

(In thousands of euros)	30 June 2008	30 June 2009
Provision at beginning of period	**31,294**	**28,318**
Net expense (net gains) recognised in the income statement	1,484	(1,135)
Contributions paid	(4,460)	(4,460)
Provisions at end of period	**28,318**	**22,723**

HISTORY OF EXPERIENCE AND CHANGES IN ASSUMPTIONS

(In thousands of euros)	30 June 2009
Gain/loss between expected return and actual return on plan assets	5,163
History of experience with respect to the value of the obligations: (gains)/losses	(3,450)
Impact of changes in assumptions	-
	(3,450)

22.2 – Post-employment benefits

a) Retirement indemnities

French law requires payment of a lump sum retirement indemnity, where appropriate. This indemnity is paid to employees based upon years of service and compensation at retirement. Benefits only vest when an employee retires from Eutelsat. This scheme is not financed.

The French Act entitled "*Loi de Financement de la Sécurité sociale*" for 2008 introduced a special contribution by the employer of 25% of the retirement indemnity for any compulsory retirement before 31 December 2008 and of 50% after that date. As for the previous *lois de financements*, this new obligation has been treated as a change to the actuarial assumption.

The actuarial valuations performed at 30 June 2008 and 2009 were based on the following assumptions:

	30 June 2008	30 June 2009
Discount rate	5.50%	5.50%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Mortality table	TF/TH00-02	TF/TH00-02
Retirement age	age 65	age 65
Type of retirement	Compulsory retirement	Voluntary retirement
Rate for employer's contributions	N/A	52%

Staff turnover per age bracket is based on the history of experience within Eutelsat S.A.

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As of 30 June 2008 and 2009, the position was as follows:

COMPARATIVE SUMMARY

	30 June				
(In thousands of euros)	2005	2006	2007	2008	2009
Present value of obligations not financed	3,740	3,425	3,876	6,390	7,125
Past-service cost (amortised)	1,419	1,354	1,290	1,225	1,160
Actuarial and other gains/(losses) - amortised	(29)	674	610	(1,588)	(2,186)
Liability recognised in the balance sheet	**5,130**	**5,453**	**5,776**	**6,027**	**6,099**

RECONCILIATION BETWEEN THE PRESENT VALUE OF THE OBLIGATIONS AT BEGINNING AND END OF PERIOD

(In thousands of euros)	30 June 2008	30 June 2009
Present value of the obligations at beginning of period	**3,876**	**6,390**
Service cost for the period	268	431
Finance cost	181	348
Actuarial and other (gains)/losses	2,188	646
Benefits paid	(123)	(690)
Present value of the obligations at end of period	**6,390**	**7,125**

NET EXPENSE RECOGNISED IN THE INCOME STATEMENT

(In thousands of euros)	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Service cost of the period	268	431
Finance cost	181	348
Amortisation of past service cost	(65)	(65)
Actuarial (gains)/losses	(10)	48
Net expense recognised in the income statement	**374**	**762**

RECONCILIATION BETWEEN THE AMOUNT RECOGNISED IN THE BALANCE SHEET AT BEGINNING AND END OF PERIOD

(In thousands of euros)	30 June 2008	30 June 2009
Provision, beginning of period	**5,776**	**6,027**
Net expense recognised in the income statement	374	762
Benefits paid	(123)	(690)
Provision, end of period	**6,027**	**6,099**

HISTORY OF EXPERIENCE AND CHANGES IN ASSUMPTIONS

(In thousands of euros)	30 June 2009
History of experience with respect to the value of the obligations: (gains)/losses	568
Impact of changes in assumptions	78
	646

b) Supplementary schemes

The Group also has a defined-contribution funded plan for its employees (excluding *mandataires sociaux* who are employees), financed by employees' and employer's contributions of 6% of gross annual salary, limited to 8 times the social security threshold. There are no other commitments in relation to these contributions. Employer's contributions paid for this purpose amounted to 1,311 thousand euros and 1,467 thousand euros at 30 June 2008 and 2009 respectively.

The *mandataires sociaux* (corporate officers) of Eutelsat Communications S.A. and Eutelsat S.A. have a supplementary defined-benefits plan, which is financed by quarterly contributions to the fund managers. The present value of the obligations at 30 June 2008 and 2009 respectively was 1,021 thousand euros and 1,061 thousand euros, and the fair value of plan assets was 915 thousand euros and 1,106 thousand euros. At 30 June 2009, the Group recognised a liability of 45 thousand euros.

c) Mandatory schemes

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant entities that manage mandatory pension schemes. There are no other commitments in relation to these contributions. Employer's contributions paid for this purpose were 5,326 thousand euros and 5,780 thousand euros at 30 June 2008 and 2009 respectively.

NOTE 23 SEGMENT REPORTING

The Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their finality. This is the provision of satellite-based video, business and broadband networks, and mobile services to major international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs. With the exception of the Eutelsat satellites in orbit, most of the Group's assets are in France.

Group revenues by region, based on invoice addresses, for the twelve-month periods ended 30 June 2008 and 2009 are as follows:

Region	12-month period ended 30 June			
	2008		2009	
(In thousands of euros and as a percentage)	Amount	%	Amount	%
France	117,683	13.4	124,179	13.2
Italy	137,253	15.6	147,121	15.6
United Kingdom	106,875	12.2	105,527	11.2
Europe (other)	322,746	36.8	337,067	35.8
Americas	74,781	8.5	94,328	10.0
Middle East	60,083	6.8	74,053	7.9
Other(1)	58,344	6.6	58,267	6.2
TOTAL	**877,765**	**100.0**	**940,541**	**100.00**

(1) Including 1.8 million euros in indemnity payments for late delivery for the period ended 30 June 2009.

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Note 24 Financial result

Financial result is made up as follows:

(In thousands of euros)	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Interest expense (banks)(1)	(93,903)	(104,119)
Other interest expense (2)	1,405	25,925
Loan set-up fees	(2,974)	(3,081)
Commitment fees and other similar charges	(2,504)	(2,019)
Changes in financial instruments(3)	(18,384)	(25,419)
Provisions for liabilities and charges	(1,483)	-
Foreign-exchange losses(4)	(10,832)	(20,849)
Financial expenses	**(128,675)**	**(129,562)**
Change in financial instruments(3)	4,373	1,821
Interest income	4,313	3,967
Provision for financial assets	-	208
Reversal	-	1,134
Foreign-exchange gains(4)	10,900	22,808
Financial income	**19,586**	**29,938**
FINANCIAL RESULT	**(109,089)**	**(99,624)**

(1) Interest expense (banks) includes the effects of the interest-rate risk hedging instruments employed. Coupons due and matured on the swaps, caps and tunnels that are qualified as interest-rate risk hedges have affected the interest expense for the years ended 30 June 2008 and 2009 by 16,717 thousand euros and 14,469 thousand euros respectively.

(2) The amount shown is the interest expense net of loan costs charged to the value of the eligible assets. These capitalised costs amounted to 8,292 thousand euros at 30 June 2008 and 26,899 thousand euros at 30 June 2009. They are closely related to the progress and number of satellite construction programmes during the financial year concerned.

The paid portion of the capitalised interest expense is included in financing expenses in the consolidated cash flow statement under the heading "Interest and other fees paid".

The interest rates used to determine the amount of interest expense eligible for capitalisation were 4.3% and 4.1% for the financial years ended 30 June 2008 and 30 June 2009 respectively. "Other interest expense" also includes interest related to satellite performance incentives (4.5 million euros and 0.9 million euros for the years ended 30 June 2008 and 30 June 2009 respectively).

(3) Gains or losses in the fair value of the financial instruments mainly include changes in the time value of money for the tunnel and changes in the fair value of the non-qualifying derivative instruments in a hedging relationship. They represent a net expense of 23,599 thousand euros and are listed in Note 26 – Financial instruments.

(4) Foreign-exchange options' contracts are put in place with the objective of hedging future sales in dollars. Changes in the time value of these options (excluded from the hedging relationship) have a direct effect on financial result. The intrinsic value of options exercised during the year, taking into account that the hedged item has also affected financial result for the year, has similarly been recognised directly under income or expense (no net change in equity due to these options). Changes in the intrinsic value of options where the hedged item has not yet affected financial result have been recognised within equity and have not affected financial result for the year.

Note 25 Earnings per share

The following two tables show the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted):

(In thousands of euros)	30 June 2008	30 June 2009
Net income	183,434	259,984
Income from subsidiaries attributable to minority interests, before taking into account the dilutive instruments in the subsidiaries	(10,899)	(12,579)
NET EARNINGS USED TO COMPUTE BASIC EARNINGS PER SHARE	**172,535**	**247,405**

(In thousands of euros)	30 June 2008	30 June 2009
Net income	183,434	259,984
Income from subsidiaries attributable to minority interests, after taking into account the dilutive instruments in the subsidiaries	(11,212)	(12,645)
Net earnings used to compute diluted earnings per share	**172,222**	**247,339**

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Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 30 June 2008 and 2009 respectively:

	30 June 2008	30 June 2009
Restated weighted average number of shares used to compute basic earnings per share	218,328,597	219,657,046
Incremental number of additional shares that would result from the exercise of outstanding stock options[(1)]	-	-
RESTATED WEIGHTED AVERAGE NUMBER OF SHARES USED TO COMPUTE DILUTED EARNINGS PER SHARE[(1)]	**218,328,597**	**219,657,046**

(1) At 30 June 2008 and 2009, only the subsidiary Eutelsat S.A. had issued dilutive instruments. (see Note 15.3 – Share-based compensation) The incremental number of additional shares which could be issued upon the exercise of outstanding stock options is computed using the average market price during the related period.

As its subsidiary Eutelsat S.A. is not listed, Management estimated the average market price based on the latest evaluations performed and the latest transactions between shareholders.

Note 26 Financial instruments

The Group has exposure to market risks, particularly with regard to foreign exchange and interest rates. Exposure to such risks is actively managed by Management, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to manage such exposure. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset, *i.e.* the Group never sells assets it does not possess or does not know it will subsequently possess.

26.1 – Foreign-exchange risk

The Group's functional currency is the euro and the Group is therefore principally exposed to fluctuations in the value of the US dollar. As a means of preserving the value of assets, commitments and forecast transactions, the Group consequently enters into contracts whose value fluctuates in line with changes in the euro/dollar exchange rate. In particular, the Group hedges certain future US dollar revenues by means of financial instruments such as options contracts, forward currency transactions and foreign currency deposits. These instruments are traded over-the-counter with first-rate banking counterparties.

Purchase commitments relate to construction contracts for satellites and to launch contracts. They generally mature after three years and payments are made according to a pre-determined payment schedule. Commitments to sell relate to contracts denominated in US dollars.

During the financial year ended 30 June 2009, the Group only purchased foreign exchange options (euro calls/US dollar puts) and sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk at 30 June 2009 was as follows:

(In thousands of euros)	
Assets	106,382
Liabilities	30,145
Net position before risk management	**76,238**
Off-balance-sheet position (forward plus knock-in option (Europe))	14,150
Net position after risk management	**62,087**

Considering its exposure to foreign-exchange risk, the Group estimates that a 1% reduction in the value of the US dollar against the euro would have an immaterial impact on the Group's results and the Group's equity.

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26.2 – Interest rate risk

The Group's exposure to interest-rate risk is managed by hedging its variable rate debt.

To hedge its debt, the Group has set up the following interest rate hedges:

- a tunnel (purchase of a cap and sale of a floor) over 3 years until 29 April 2008 for a notional amount of 1,615 million euros to hedge the long-term Eutelsat Communications term loan;
- for a period of 2 years in April 2008, a forward pay fixed/receive variable swap for a notional amount of 807.5 million euros and the purchase of a forward cap for a notional amount of 807.5 million euros, to hedge the Eutelsat Communications' term loan.

At end-September 2006, a new forward interest-rate hedge (Years 6 and 7) was put in place:

- a pay fixed/receive variable interest rate swap for a notional amount of 1,615 million euros to hedge the Eutelsat Communications term loan.

For each of these instruments; the interest periods are periods of 6 months beginning 29 April and 29 October each calendar year, except for the final period which runs from 29 April 2013 to 8 June 2013.

In addition, at the level of the Eutelsat S.A. sub-group, the following corresponding derivatives have been put in place to hedge the syndicated credit facility entered into in November 2004 for a notional amount of 1,300 million euros:

- a pay fixed/receive variable interest rate swap entered into in November 2004 covering the long-term 650 million euros portion of the 7-year term loan until its maturity; and,
- a pay fixed/receive variable swap entered into in February 2007 for a notional amount of 250 million euros over 4 years until maturity of the 650 million euros revolving credit facility;
- purchase of a cap in March 2007 in return for payment of a premium (2 million euros) for a notional amount of 200 million euros over 4 years until maturity of the 650 million euros revolving credit facility;
- in November 2007, a pay 3-month EURIBOR/receive 1-month EURIBOR basis swap was put in place for a period of 6 months until 30 June 2008.

This "pay 3-month EURIBOR/receive 1-month EURIBOR" swap transaction has been renewed 3 times:

- on 11 June 2008 for a period of 6 months until 31 December 2008;
- on 21 November 2008 for a period of 6 months until 30 June 2009;
- on 15 May 2009 for a period of one year until 30 June 2010.

These last 3 basis swap transactions are combined with the pay fixed swap put in place to hedge the 650 million euros term loan.

For each of these instruments, with the exception of the basis swaps, the interest periods are periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

Sensitivity to interest-rate risk

Given how interest rates have evolved due to the financial crisis, the fair value of the Group's financial instruments has fallen substantially, and this has been recognised within equity. The effectiveness of these hedges, however, is not being called into question.

Considering the full range of financial instruments available to the Group at 30 June 2009, an increase of ten base points (+0.10%) above the EURIBOR interest rate would generate:

1. An additional interest expense, on an annual basis, of 807.5 thousand euros in the income statement, related to the portion not hedged against the risk of a change in interest charges on bank debt;
2. A change of 6,949 thousand euros in shareholders' equity, related to the change in the effective fair value of hedging instruments qualified as hedges of future cash flows.

26.3 – Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

The Eutelsat Communications banking syndicate was made up of 50 lenders as of 30 June 2009. The Eutelsat S.A. banking syndicate consists of 26.

If any of the lenders defaults on the term loan part of the credit facilities, the Group retains the amounts initially allocated in full.

If any counterpart defaults on the revolving part of a credit facility, the amount obtained may be less than the total amount requested. In this case, the Group has the possibility of drawing one or more additional amounts from the other counterparties in order to obtain the extra sums needed to make up the total amount required.

The Group does not foresee any loss resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded.

26.4 – Liquidity risk

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans and revolver lines of credit from banks, and satellite leases.

34% of the Group's debt matures in November 2011 and 66% in June 2013.

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26.5 – Key figures at 30 June 2009

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 30 June 2008 and 30 June 2009 by type of contract. The instruments are valued by the Group's banking counterparties, and this valuation is verified/validated by an independent expert.

(In thousands of euros)	Contractual or notional amounts	Fair value 30 June 2008	Change in fair value during the period	Impact on income	Impact on equity
Foreign exchange options (Eutelsat S.A.)	27,027	1,589	(2,049)	(3,702)	1,653
Total foreign exchange derivatives		**1,589**	**(2,049)**	**(3,702)**	**1,653**
Tunnel (Eutelsat Communications)	1,615,000	-	(21,425)	(13,282)	(8,143)
Forward swap (Eutelsat Communications)	807,500	29,143	7,716	1,807	5,909
Forward swap (Eutelsat Communications)	1,615,000	42,612	6,349	-	6,349
Purchased cap (Eutelsat Communications)	807,500	18,609	6,977	782	6,195
Swap (Eutelsat S.A.)(1)	650,000	33,196	1,541	-	1,541
Swap (Eutelsat S.A.)(1)	650,000	(217)	(217)	-	(217)
Swap (Eutelsat S.A.)(2)	250,000	7,499	2,031	(1,398)	3,429
Cap (Eutelsat S.A.)	200,000	6,956	1,784	1,784	-
Total interest rate derivatives		**137,796**	**4,756**	**(10,307)**	**15,064**
TOTAL DERIVATIVES		**139,385**	**2,707**	**(14,009)**	**16,717**

(1) Combined swaps.
(2) Swap qualifying as a hedge in the amount of 100 million euros since 1 April 2008.

(In thousands of euros)	Contractual or notional amounts	Fair value 30 June 2009	Change in fair value during the period	Impact on income	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	14,150	(286)	(286)	(128)	(158)
Foreign exchange options (Eutelsat S.A.)	0	-	(1,589)	64	(1,653)
Total foreign exchange derivatives	**14,150**	**(286)**	**(1,875)**	**(64)**	**(1,811)**
Swap (Eutelsat Communications)	807,500	(14,811)	(43,954)	(3,945)	(40,009)
Forward swap (Eutelsat Communications)	1,615,000	(47,484)	(90,096)	-	(90,096)
Purchased cap (Eutelsat Communications)	807,500	-	(18,609)	(2,273)	(16,336)
Swap (Eutelsat S.A.)(1)	650,000	(24,548)	(57,743)	1,494	(59,237)
Swap (Eutelsat S.A.)(1)	650,000	-	217	-	217
Swap (Eutelsat S.A.)(1)	650,000	225	225	-	225
Swap (Eutelsat S.A.)(2)	250,000	(13,442)	(20,940)	(12,237)	(8,703)
Cap (Eutelsat S.A.)(3)	200,000	382	(6,574)	(6,574)	-
Total interest rate derivatives		**(99,678)**	**(237,474)**	**(23,535)**	**(213,939)**
TOTAL DERIVATIVES		**(99,964)**	**(239,349)**	**(23,599)**	**(215,750)**
Equity affiliates					(3,982)
TOTAL					**(219,732)**

(1) Combined swaps.
(2) Swap qualifying as a hedge in the amount of 100 million euros since 1 April 2008.
(3) CAP qualifying as a hedge in the amount of 100 million euros since 1 January 2009.

At 30 June 2009, the cumulative fair value of financial instruments was negative at 99,964 thousand euros. This comprised of 382 thousand euros recognised under "Current financial assets" (see Note 12 – *Current financial assets*) and 100,346 thousand euros recognised as "Other current financial liabilities" (see Note 18.2 – *Other financial liabilities*).

At 30 June 2008 and 2009, the changes in fair value recognised within financial result in respect of financial instruments amounted to an expense of 14,009 thousand euros and 23,599 thousand euros respectively.

Breakdown of financial instruments qualifying as hedges as of 30 June 2008 and 30 June 2009:

(In thousands of euros)	Contractual or notional amounts	Fair value 30 June 2008	Change in fair value during the period	Impact Result(1)	Impact on equity
Foreign exchange options (Eutelsat S.A.)	27,027	1,589	795	(858)	1,653
Total foreign exchange derivatives		**1,589**	**795**	**(858)**	**1,653**
Tunnel (Eutelsat Communications)	1,615,000	-	(21,425)	(13,282)	(8,143)
Forward swap (Eutelsat Communications)	807,500	29,143	7,716	1,807	5,909
Forward swap (Eutelsat Communications)	1,615,000	42,612	6,349	-	6,349
Purchased cap (Eutelsat Communications)	807,500	18,609	6,977	782	6,195
Swap (Eutelsat S.A.)*	650,000	33,196	1,541	-	1,541
Swap (Eutelsat S.A.)*	650,000	(217)	(217)	-	(217)
Swap (Eutelsat S.A.)**	100,000	3,000	3,430	-	3,430
Total interest rate derivatives		**126,342**	**4,371**	**(10,693)**	**15,064**
TOTAL DERIVATIVES		**127,931**	**5,166**	**(11,551)**	**16,717**

** Combined swaps.*
*** Swap qualifying as a hedge in the amount of 100 million euros since 1 April 2008.*
(1) The ineffective portion of the hedges was immaterial and has not been isolated.

(In thousands of euros)	Contractual or notional amounts	Fair value 30 June 2009	Change in fair value during the period	Impact Result(1)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	14,150	(286)	(286)	(128)	(158)
Foreign exchange options (Eutelsat S.A.)	0	-	(1,589)	64	(1,653)
Total foreign exchange derivatives	**14,150**	**(286)**	**(1,875)**	**(64)**	**(1,811)**
Swap (Eutelsat Communications)	807,500	(14,811)	(43,954)	(3,945)	(40,009)
Forward swap (Eutelsat Communications)	1,615,000	(47,484)	(90,096)	-	(90,096)
Purchased cap (Eutelsat Communications)	807,500	0	(18,609)	(2,272)	(16,336)
Swap (Eutelsat S.A.)*	650,000	(24,548)	(57,743)	1,494	(59,237)
Swap (Eutelsat S.A.)*	650,000	-	217	-	217
Swap (Eutelsat S.A.)*	650,000	225	225	-	255
Swap (Eutelsat S.A.)**	100,000	(5,376)	(8,376)	327	(8,703)
CAP (Eutelsat S.A.)(*)	100,000	191	191	191	-
Total interest rate derivatives		**(91,803)**	**(218,145)**	**(4,205)**	**(213,939)**
TOTAL DERIVATIVES		**(92,089)**	**(220,020)**	**(4,270)**	**(215,750)**
Equity method companies					(3,982)
TOTAL					**(219,732)**

** Swap qualifying as a hedge in the amount of 100 million euros since 1 April 2008.*
*** Combined swaps.*
(*) CAP qualifying as a hedge in the amount of 100 million euros since 1 January 2009.

CASH FLOW HEDGES – FAIR VALUE RECOGNISED IN EQUITY AND TO BE RECLASSIFIED TO INCOME

		Fair value recognised in equity and to be reclassified to income					
(In thousands of euros)	Total	One year at most	One to two years	Two to three years	Three to four years	Four to five years	More than 5 years
Foreign exchange-risk hedges	(157)	(157)	-	-	-	-	-
Interest rate risk hedges	(97,969)	4,496	(25,158)	(35,061)	(42,246)	-	-
NET TOTAL AT 30 JUNE 2009	**(98,126)**	**4,339**	**(25,158)**	**(35,061)**	**(42,246)**	**-**	**-**

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NOTE 27 OTHER COMMITMENTS AND CONTINGENCIES

As of 30 June 2009, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial position with the exception of the following items:

27.1 – Purchase commitments

At 30 June 2009, future payments under satellite construction contracts amounted to 328 million euros, and future payments under launch agreements amounted to 80 million including 20 million euros for Sea Launch. These future payments are spread over 3 years.

The Group also has commitments with suppliers for the acquisition of assets and provision of services related to monitoring and control of its satellites.

Future payments in respect of such acquisition of assets and provision of services at 30 June 2008 and 30 June 2009 are scheduled as follows:

(In millions of euros)	30 June 2008	30 June 2009
2009	38	-
2010	20	58
2011	15	36
2012	9	15
2013 and thereafter(1)	11	7
2014 and thereafter	-	5
TOTAL	**93**	**121**

(1) For the period reported in respect of the financial year ended 30 June 2008.

The above total includes 3 million euros for purchase commitments entered into with related parties (see Note 28 – *Related-party transations*).

The Group may seek to benefit from penalty payments related to incidents affecting the functioning of its operational satellites.

27.2 – In-orbit insurance and launch insurance

As of 30 June 2009, the Group's existing L+1 insurance (launch + 1 year) and in-orbit insurance policies have been taken out with insurance syndicates of 27 insurers and 18 insurers respectively, generally with ratings of between AA- and A+. Counterparty risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

a) In-orbit insurance

The Group's in-orbit insurance programme expired on 26 November 2008 and was replaced by a new 12-month programme entered into with a group of 18 insurers. The programme was defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and income of losing one or more satellites. Under this programme, 14 of the satellites belonging to the Group (excluding the W1, ATLANTIC BIRD™ 1, EUROBIRD™ 4 and W5 satellites) are covered by insurance. The only reservation is a limitation of insurance cover for the W2, W4 and W6 satellites due to incidents caused by technical problems already identified.

The insurance policy taken out against damage under this programme covers any cumulative partial or total constructive losses of the 14 satellites insured, up to a maximum of 180 million euros per satellite, subject to a total maximum claim or claims each year of 390 million euros. The Group's satellites covered under this policy are insured for their net book value.

This insurance programme provides the same risk retention as before (limited in all circumstances to a cumulative annual amount of 80 million euros).

New cover against losses of between 50 euros and 80 million euros has been put in place on a co-insurance basis with the insurer LIBSAT (50%).

b) Launch insurance

In April 2008, the Group took out L+1 (launch + 1 year) insurance for maximum cover of 200 million euros per satellite, covering the 7 satellites under construction (HOT BIRD™ 9, HOT BIRD™ 10, W2M, W2A, W7, Ka-Sat and W3B).

This policy is valid for a period of 3 years, *i.e.* until 1 June 2011, and provides the necessary flexibility to assign any type of launcher to any of the 7 satellites insured.

The Group subsequently took out additional policies to cover the entire net book value of the satellites (HOT BIRD™ 9, HOT BIRD™ 10, W2M, W2A and W7).

On 22 January 2009, the W2M satellite suffered a major anomaly. On 27 February 2009, a submission was sent to the insurers with proof of the loss and quantification of the claim.

Constructive total loss was acknowledged by all the insurers. An insurance indemnity of 120.5 million euros representing the total sum insured was therefore paid to Eutelsat in June 2009 and recognised under "Other operating income".

The agreement with the insurers also provides for the fact that if, after all, the satellite could be brought into commercial service at some time in the future, part of the revenues (10% or 28.75% as the case may be) would be returned to the insurers, subject to a total maximum repayment of 30 million euros.

Any revenues would be computed annually from 1 July 2009 but the first annual payment of the insurers' portion would not be paid to them until August 2012, subject to the condition present of it still being possible to operate the satellite commercially as of 1 July 2012 (see Note 6 – *Satellites and other property and equipment*).

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27.3 – Commitments received

See Note 10 – *Accounts receivable*.

27.4 – Litigation

The Group is involved in certain cases of litigation in the normal course of its business. Expenses that can arise from litigation, estimated probable by the Company and its advisers, have been the subject of provisions considered to be sufficient to cover the expected costs of such litigation.

NOTE 28 RELATED-PARTY TRANSACTIONS

Related parties consist of the direct and indirect shareholders who have significant influence (which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of an entity of the Group), the companies in which the Group has an equity interest that it consolidates by using the equity method, and the "principal senior managers".

The Group considers that the notion of "principal senior managers" in the context of the governance of Eutelsat covers the members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEO and the other members of the Board of Directors.

28.1 – Related parties that are not principal senior managers

Amounts due by or owed to related parties and included on the balance sheet as of 30 June 2008 and 2009 within current assets and liabilities are as follows:

(In thousands of euros)	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Gross receivables including unbilled revenues[1]	54,546	13,002
Liabilities including accrued invoices[2]	411	723

(1) Including 49,528 thousand euros and 3,039 thousand euros for entities accounted for via the equity method as of 30 June 2008 and 30 June 2009 respectively.
(2) Including 38 thousand euros and 40 thousand euros for entities accounted for via the equity method as of 30 June 2008 and 2009 respectively.

Transactions with related parties included in the income statements for the periods ended 30 June 2008 and 2009 are as follows:

(In thousands of euros)	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Revenues[1]	20,824	45,099
Operating costs, selling, general and administrative expenses[2]	1,433	1,641
Financial result	51	(60)

(1) Including 1,813 thousand euros and 9,510 thousand euros for entities accounted for via the equity method as of 30 June 2008 and 30 June 2009 respectively.
(2) Including 76 thousand euros and 2 thousand euros for entities accounted for via the equity method as of 30 June 2008 and 2009 respectively.

For the year ended 30 June 2009, no related party accounts individually for more than 10% of revenues.

In addition, the Group entered into transactions with certain shareholders for services related to the provision of services for the monitoring and control of its satellites.

In addition, as of 30 June 2007, the Group and a related party had signed an agreement whereby, if certain conditions came together, the Group could receive 25 million euros in return for transferring certain rights within an equity interest.

All the necessary conditions were fulfilled by July 2008, including completion of a transaction triggering effective payment of the 25 million euros. The relevant amount was recognised within "Other operating income" for the period.

The Group also obtained a put option *vis-à-vis* the related party, with no limitation on validity, exercisable twice each year in respect of the equity interest concerned.

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28.2 – Compensation paid to the principal senior managers

(In thousands of euros)	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Compensation excluding employer's contributions	2,193	2,188
Short-term benefits: employer's contributions	656	726
Total short-term benefits	**2,849**	**2,914**
Post-employment benefits[1]	10% of annual salary at end of career	10% of annual salary at end of career
Other long-term benefits (indemnity payment in the event of involuntary termination of appointment)	1,000	1,000
Share-based compensation	See below	See below

(1) See Note 22.2 – Post-employment benefits, b) Supplementary schemes.

Share-based compensation

The Board of Directors, acting under delegations of authority granted by the Ordinary and Extraordinary General Meeting of 6 October 2005, made a free allotment of 40,000 new Eutelsat Communications shares on 10 May 2007 to the members of the Group's administrative and management bodies. The offer requires that beneficiaries should still be with the Group 2 years after the grant date and that they retain those shares for a further period of 2 years after the effective date of acquisition.

The value of the benefit was estimated at 550 thousand euros spread over the 2-year vesting period. The expense recognised for the periods ended 30 June 2008 and 2009, with a corresponding entry to shareholders' equity, was 266 thousand euros and 248 thousand euros respectively.

On the anniversary date of the plan, *i.e.* 10 May 2009, the 40,000 shares with a par value of 1 euro each were issued and definitively vested to the benefit of the members of the Group's administrative and management bodies.

Similarly, the Board of Directors meeting of 25 July 2007 decided on a free allotment of 102,422 new Eutelsat Communications shares to the members of the Group's administrative and management bodies, under the same conditions as set out above but subject also to the achievement of certain performance objectives over a 2-year period (see Note 15.3 – *Share-based compensation*).

The value of the benefit granted has been estimated at 1,031 thousand euros, spread over the period of acquisition when the rights vest. The expense recognised for the periods ended 30 June 2008 and 2009, with a corresponding entry to shareholders' equity, was 481 thousand euros and 530 thousand euros respectively.

NOTE 29 STAFF COSTS

Staff costs (including mandatory employee profit-sharing and employee-related fiscal charges) are as follows:

(In thousands of euros)	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Operating costs	25,511	30,213
Selling, general and administrative expenses	45,222	46,764
TOTAL[1]	**70,733**	**76,977**

(1) Including 3,838 thousand euros and 3,684 thousand euros at 30 June 2008 and 30 June 2009 respectively for expenses related to share-based payments.

The average number of employees is as follows:

	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Operations	195	251
Selling, general and administrative	345	354
TOTAL	**540**	**605**

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As of 30 June 2009, the Group had 610 employees, compared with 559 as of 30 June 2008.

Compensation paid to the *mandataires sociaux* of Eutelsat Communications employed by the Group is 2.0 million euros for the financial year ended 30 June 2009. The members of the Board members received 584 thousand euros in respect of their attendance at meetings during the year.

The Group has a corporate savings plan (*plan d'épargne d'entreprise* or *PEE*) reserved for Eutelsat S.A. employees with more than 3 months of service, funded by voluntary contributions by the employees.

Via its subsidiary Eutelsat S.A., the Group has an employee incentive scheme (*accord d'intéressement*), which was set up for a 3-year period. The incentive scheme is based on objectives renewable each year.

NOTE 30 SCOPE OF CONSOLIDATION

The list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% voting rights as of 30 June 2009	% interest as of 30 June 2009
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	96.00%	96.00%
Eutelsat S.A. Sub-Group				
• Eutelsat VAS S.A.S.	France	FC	100.00%	96.00%
• Tooway Management S.A.S.	France	FC	100.00%	96.00%
• Tooway S.N.C.[2]	France	FC	100.00%	96.40%
• Fransat S.A.S.	France	FC	100.00%	96.00%
• Eutelsat do Brasil S.A.[1]	Brazil	FC	100.00%	96.00%
• Eutelsat Italia S.r.l.	Italy	FC	100.00%	96.00%
• Skylogic Italia S.p.A.	Italy	FC	100.00%	96.00%
• Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.00%
• VisAvision GmbH	Germany	FC	100.00%	96.00%
• Eutelsat Inc.	United States	FC	100.00%	96.00%
• Eutelsat America Corp.	United States	FC	100.00%	96.00%
• Eutelsat Broadband Corp.	United States	FC	100.00%	96.00%
• Eutelsat UK Limited	United Kingdom	FC	100.00%	96.00%
• Eutelsat Polska s.p.z.o.o.	Poland	FC	100.00%	96.00%
• Skylogic Polska s.p.z.o.o.	Poland	FC	100.00%	96.00%
• Skylogic Mediterraneo S.r.l.	Italy	FC	100.00%	96.00%
• Skylogic Eurasia Ltd	Turkey	FC	100.00%	96.00%
• Skylogic Spagna S.A.V.	Spain	FC	100.00%	96.00%
• Eutelsat Madeira Unipessoal Ida	Madeira	FC	100.00%	96.00%
• Wins Ltd[1]	Malta	FC	70.00%	67.20%
• Hispasat S.A.[1]	Spain	EM	27.69%	26.58%
• Solaris Mobile Limited[1]	Ireland	EM	50.00%	48.00%

FC: Fully consolidated.
EM: Equity method.
(1) Companies whose financial year-end is 31 December.
(2) Company 90% owned by Eutelsat S.A. and 10% by Eutelsat Communications Finance S.A.S.
NB: The other companies' financial year ends on 30 June.

Consolidation of these subsidiaries under the full-consolidation method was performed using financials as of 30 June 2009.

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Note 31 Events after the balance-sheet date

None.

Note 32 Auditors' fees

The statement of auditors' fees is presented below:

	Ernst & Young				Mazars			
(In thousands of euros)	Amount N	%	Amount N-1	%	Amount N	%	Amount N-1	%
Audit								
Auditing, certification, review of individual and consolidated financial statements								
Eutelsat Communications	307	40%	207	33%	256	57%	215	100%
Other subsidiaries	353	46%	342	55%	190	43%	-	0%
Other diligence and services directly linked to the auditing mission								
Eutelsat Communications	-	0%	18	3%	-	0%	-	0%
Other subsidiaries	36	5%	19	3%	-	0%	-	0%
Sub-total	**696**	**91%**	**585**	**94%**	**446**	**100%**	**215**	**100%**
Provision of other services, as required								
Legal, tax, labour-law	66	9%	38	6%	-	0%	-	0%
Sub-total	**66**	**9%**	**38**	**6%**	**-**	**0%**	**-**	**0%**
TOTAL	**762**	**100%**	**624**	**100%**	**446**	**100%**	**215**	**100%**

20.1.2 Statutory Auditors' report on the consolidated financial statements of Eutelsat Communications prepared under IFRS for the financial year ended 30 June 2009

This is a free translation into English of the Statutory Auditors' report issued in French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the annual financial statements. The report also includes information relating to the specific verification of information in the management report.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

(Free translation of a French language original)

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting and your articles of association, we hereby report to you, for the year ended 30 June 2009, on:

- the audit of the accompanying consolidated financial statements of Eutelsat Communications;
- the justification of our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures, by audit sampling and other means of testing, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as of 30 June 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

As explained in Note 3.5 of the notes to the consolidated financial statements, the Company's management uses estimates and assumptions that affect amounts reported in the financial statements and the accompanying notes.

The significant accounting estimates likely to require a justification of our assessments are related to the following matters:

- As explained in Note 3.5 of the notes to the financial statements, your Company has exercised its judgement on Sea Launch's ability to fulfil its contractual commitments towards the Eutelsat Group in terms of the two Sea Launch launchers and on the recognition by Solaris Mobile Ltd of an item of accrued income representing the full amount of loss sustained, in the context of its insurance claim for compensation for the total amount of the damage affecting the S-band payload on-board the W2A satellite. We have found the judgments exercised by your Company to be reasonable.
- As explained in Note 4.7 of the notes to the financial statements, your Company performs an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecasted utilisation and their technically assessed lives. We have found the assumptions underlying the forecasted utilisation to be reasonable.

- As explained in Note 4.8 of the notes to the financial statements, the book value of long-term assets including goodwill, intangible assets, satellites and equity investments, are subjected to impairment test. Your Company compares the book value of these assets to their estimated recoverable value based on discounted future cash-flows. We have found the assumptions used by your Company to prepare the business plans and of the calculation of the recoverable value resulting from these assumptions to be reasonable.

The assessments were made as part of our audit of the consolidated financial statements taken as a whole and, therefore, contributed to our audit opinion expressed in the first part of this report.

III. Specific verification

We have also performed the specific verifications as acquired by French law of the information given in the group management report.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, 31 July 2009

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG AUDIT
Isabelle MASSA	Jean-Yves JÉGOUREL

20.1.3 Eutelsat Communications' annual financial statements for the financial year ended 30 June 2009

Balance sheets

(In thousands of euros)	Note	30 June 2008	30 June 2009
ASSETS			
Long-term assets			
Financial assets	3	2,442,280	2,442,466
Total long-term assets		**2,442,280**	**2,442,466**
Current assets			
Accounts receivable		-	504
Other receivables	5	44,784	64,146
Cash and marketable securities	6	4,787	2,070
Total current assets		**49,571**	**66,720**
Prepaid expenses	4	16,702	12,506
TOTAL ASSETS		**2,508,553**	**2,521,692**

(In thousands of euros)	Note	30 June 2008	30 June 2009
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock (219,803,965 ordinary shares as of 30 June 2009 with a nominal value of 1 euro per share)		219,642	219,804
Additional paid-in capital		662,566	526,046
Legal reserve		79	79
Retained earnings		1	1
Result for the year		(4,610)	122,908
Regulated provisions		16	109
Total shareholders' equity	7	**877,693**	**868,948**
Provisions for risks		13	13
Provisions for expenses		184	47
Total provisions for risks and expenses		**197**	**60**
Loans and bank debt	8	1,627,407	1,623,999
Other financial debt		-	-
Total bank debt		**1,627,407**	**1,623,999**
Accounts payable		2,003	1,829
Tax and employee-related payable	9	1,252	26,856
Fixed assets payable		-	-
Other payables		-	-
Total operating debt		**3,255**	**28,685**
Deferred revenues		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,508,553**	**2,521,692**

Income statement

(In thousands of euros)	Note	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Revenues		1,812	1,765
Costs eligible for capitalisation		-	-
Grants received		-	-
Release of provisions and reclassification of costs		135	147
Other income		-	-
Total operating income		**1,947**	**1,911**
Purchase of goods and changes in inventories		-	-
Other purchases and external expenses		5,410	5,708
Taxes and assimilated		62	40
Wages	10	1,263	1,123
Social charges		403	390
Depreciation, amortisation and provisions		2,837	2,749
Other charges		380	614
Total operating charges		**10,355**	**10,625**
Operating result		**(8,408)**	**(8,713)**
Financial income		38,323	173,676
Financial expenses		65,011	70,068
Financial result	**11**	**(26,688)**	**103,608**
Exceptional income		258	366
Exceptional charges		198	346
Exceptional result	**12**	**60**	**21**
Mandatory employee profit-sharing		-	-
Income tax	13	(30,426)	(27,993)
NET INCOME		**(4,610)**	**122,908**

Statements of cash flows

(In thousands of euros)	Note	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Cash flows from operating activities			
Net income		(4,610)	122,908
Adjustments for non-cash items:			
Capital (gain)/loss on disposal of assets			
Depreciation, amortisation and provisions		2,781	2,652
Other non-operating items		25,633	(104,914)
Changes in operating assets and liabilities:			
Accounts receivable		1,082	(504)
Other current assets		(27,957)	9,088
Accounts payable		(1,969)	(174)
Other payables		(87)	25,604
Net cash flows provided by operating activities		**(5,127)**	**54,661**
Net cash flows used in investing activities			
Acquisitions of intangible assets		-	-
Acquisitions of satellites and other property and equipment		-	-
Proceeds from sale of assets		-	-
Changes in other long-term assets		-	-
Equity investments and other movements in financial investments		75,901	(136)
Net cash flows used in investing activities		**75,901**	**(136)**
Net cash flows provided by (used in) financing activities			
Changes in capital		150	162
Distribution		(126,713)	(131,909)
Dividends received		36,035	171,740
Additional long-term and short-term debt		-	-
Reimbursements of long-term and short-term debt		-	-
Changes in borrowing		65,079	(27,000)
Interest paid		(61,384)	(71,884)
Interest received		1,674	1,649
Changes in other debt			
Net cash flows provided by (used in) financing activities		**(85,158)**	**(57,242)**
Increase (decrease) in cash and cash equivalents		**(14,384)**	**(2,717)**
Cash and cash equivalents, beginning of period		**19,171**	**4,787**
Cash and cash equivalents, end of period		**4,787**	**2,070**

Notes to the annual financial statements

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NOTE 1 PRESENTATION

1.1 – Business description

The role of Eutelsat Communications S.A. ("the Company") is to hold shares and provide services to its equity interests. It is the parent company of the Eutelsat Communications Group ("the Group").

The Company's fiscal year runs for twelve months and ends on 30 June.

1.2 – Key events during the period

During the first half of FY 2008-2009, the Group continued and finalised the process of simplifying its legal structure. The WhiteBirds France S.A.S. company was merged into a merger-absorption arrangement by the SatBirds 2 S.A.S. company, with SatBirds 2 S.A.S. subsequently being merged into a merger-absorption arrangement by Eutelsat Communications Finance S.A.S.

Eutelsat Communications Finance S.A.S., which is wholly owned by Eutelsat Communications, therefore directly owns 95.28% of the Eutelsat S.A. sub-group, with 0.72% of the latter being held directly by the Company.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 – Basis of presentation

The annual financial statements are prepared in accordance with the French Commercial Code (Articles L. 123-12 to L. 123-28) and Rule 99-03 of the *Comité de la Réglementation Comptable* (CRC).

The following conventions have been applied in observance of the principle of prudence and in accordance with the following basic rules:

- continuity of operations;
- separation of the financial periods;
- application of the same accounting methods to each financial period,

and in accordance with the general rules for preparing and presenting annual financial statements.

The basic method used to evaluate the items recorded is the historical cost method.

There have been no changes in accounting methods during the period.

The currency used in the presentation of the Company's accounts is the euro (in thousands).

2.2 – Use of estimates

The preparation of the annual financial statements requires Management to make estimates and assumptions that may affect the reported amounts shown in the financial statements and their accompanying Notes. Examples of these estimates and assumptions include provisions for liabilities and charges, provisions for bad debts, the fair value of financial instruments, and the values in use of the equity investments and similar. Actual results could vary from these estimates.

2.3 – Financial assets

Equity interests are recorded in the balance sheet at its acquisition value less incidental expenses.

Any excess of cost over fair value, as estimated by the Company's Management based on criteria such as the market value, expected development and profitability or shareholders' equity, and taking into account the specific nature of each investment, is recorded as an impairment charge to net income.

2.4 – Cash and marketable securities

Cash and marketable securities consist mainly of cash in hand and at bank, and deposit certificates with original maturities of three months or less.

2.5 – Receivables and debt

Receivables and debt have been evaluated at their nominal value.

Receivables are entered with a loss in value, where appropriate, to reflect any difficulties in recovering outstanding amounts.

2.6 – Apportionment of loan set-up costs

Loan set-up costs are amortised over the duration of the loan.

2.7 – Shareholders' equity

External costs directly related to capital increases, reductions in capital and share buybacks to reduce share capital, are written off against additional paid-in capital net of taxes when an income tax benefit is generated.

Under French law, Eutelsat Communications S.A. is obliged to allocate 5% of its annual net profit (after deduction of losses carried forward, if any) to a legal reserve. This minimum contribution is no longer mandatory if and when the legal reserve represents at least 10% of the share capital. The legal reserve can only be distributed upon the winding-up of the Company. As of 30 June 2009, the legal reserve is 79 thousand euros.

2.8 – Provisions

A provision is an item with a negative economic value for the Company, *i.e.* a Company obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely fixed.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Note 3 Financial assets

Financial assets break down as follows:

	30 June	
(In thousands of euros)	2008	2009
Equity interests	2,440,650	2,440,650
Other investments in securities	1,679	1,769
Loans and other financial assets	1	47
TOTAL GROSS VALUE	**2,442,331**	**2,442,466**
Less: provisions	(51)	
TOTAL NET VALUE	**2,442,280**	**2,442,466**

Changes in net carrying amounts between the beginning and the end of the period are as follows:

(In thousands of euros)	Other equity interests	Other investments in securities	Loans and other financial assets	Total
Net carrying values as of 1 July 2008	**2,440,650**	**1,628**	**1**	**2,442,280**
Acquisitions	-	16,533	16,579	33,112
Revaluation	-	-	-	-
Transfers	-	-	-	-
Reimbursement (of capital contribution) and disposals	-	(16,443)	(16,533)	(32,976)
Depreciation, amortisation and provisions	-	51	-	51
NET VALUE AS OF 30 JUNE 2009	**2,440,650**	**1,769**	**47**	**2,442,466**

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3.1 – Equity interests

"Other equity interests" comprises:

- Eutelsat Communications Finance shares:
  - 500,000 shares in Eutelsat Communications Finance for an amount of 2,401,488,322.14 euros, including:
  - 3,700 shares subscribed for when the Company was formed,
  - 100,000 shares subscribed for at the time of the cash increase of 19 June 2006,
  - 252,544 shares received as a result of the merger between SatBirds Finance and Eutelsat Communications Finance,
  - the 58.7 million euros of additional paid-in capital distributed by Eutelsat Communications Finance to Eutelsat Communications following the decision of the sole shareholder on 4 October 2006 was considered as repayment of a capital contribution. The value of the Eutelsat Communications Finance shares was reduced accordingly,
  - 143,756 shares received on the occasion of the capital increase of 15 June 2007, subscribed for in full by offsetting the cost against an outstanding repayment,
  - the 97.5 million euros of additional paid-in capital distributed by SatBirds Finance to Eutelsat Communications following the General Meeting of 25 September 2006 was considered as repayment of a capital contribution. The value of "Equity interests" was reduced accordingly,
  - the 45.5 million euros of additional paid-in capital distributed by SatBirds Finance to Eutelsat Finance following the General Meeting of 25 September 2006 was considered as a repayment of a capital contribution and by being dissolved into Eutelsat Communications the value of "Equity interests" was reduced accordingly,
  - the 79.8 million euros of additional paid-in capital distributed by Eutelsat Communications Finance following the decision of Eutelsat Communications, its sole shareholder, on 30 October 2007 was considered as repayment of a capital contribution. The value of the Eutelsat Communications Finance shares was reduced accordingly,
  - all distributions of additional paid-in capital have been treated in the accounts as repayment of a capital contribution. These have been reported as a reduction in the value of the shares, as following implementation of the Group's legal structure it was envisaged that most of the additional contributions would be recognised as additional paid-in capital to make it easier for liquidity to rise to the head company in the Group. This can be achieved by distributing amounts recognised as additional paid-in capital irrespective of whether or not a distributable profit is recognised in the books of the Group's subsidiaries;
- Eutelsat S.A. shares:
  - 7,248,478 shares in Eutelsat S.A. for an amount of 39,156,817.32 euros (including acquisition costs of 467,000 euros), including:
  - 3,216,183 shares derived from the liquidity offer of October 2007, as follows:
    - the Company's share exchange offer to employees, former employees, *mandataires sociaux* and historical shareholders resulted in the acquisition of 3,216,183 Eutelsat S.A. shares with a value of 16,570,977 euros for a contribution of 991,332 new shares in Eutelsat Communications,
    - the buyout of 572,735 Eutelsat S.A. shares from minority interests and institutional shareholders for an amount of 2,953,222 euros,
  - 3,459,560 shares derived from the Company's share exchange offer based on the contribution agreement relating to Eutelsat S.A. shares, as entered into between the Company and a historical shareholder in May 2008, and amounting to 19,165,962 euros in return for the contribution of 1,038,242 new shares in Eutelsat Communications.

3.2 – Other investments in securities:

"Other investments in securities" comprises:

- treasury stock held under a liquidity agreement for 873 thousand euros corresponding to 46,473 shares as of 30 June 2008 and for 1,202 thousand euros corresponding to 67,179 shares as of 30 June 2009;
- the *SICAV de trésorerie* (short-term marketable securities) held under the liquidity agreement for an amount of 806 thousand euros corresponding to 370 SICAV BNP Paribas as of 30 June 2008 and for an amount of 566 thousand euros corresponding to 252 SICAV BNP Paribas as of 30 June 2009.

3.3 – Loans and other financial assets

"Loans and other financial assets" comprises the cash account related to the liquidity agreement on treasury stock for 1 thousand euros as of 30 June 2008 and for 47 thousand euros as of 30 June 2009.

NOTE 4 PREPAID EXPENSES AND OTHERS

"Prepaid expenses and others" is composed as follows:

	30 June	
(In thousands of euros)	2008	2009
Prepaid expenses	3,053	1,603
Expenses to be accrued over several years and expenses to be apportioned	13,649	10,903
Translation adjustments for assets		-
TOTAL	**16,702**	**12,506**

Prepaid expenses are mainly composed of acquisition price of the hedge instrument (see Note 8) of 2,897.7 thousand euros as of 30 June 2008 and 1,314.3 thousand euros as of 30 June 2009.

The initial amount of 7,846 thousand euros, was reduced to 6,443 thousand euros in October 2006 when the definitive price was fixed, and is spread over the entire duration of the hedge (approximately 4 years).

To take account of the financial instruments sold during the year, part of this acquisition cost was charged to expenses for the year ended 30 June 2007.

Expenses for the loan set-up costs relate to an initial amount of 19,240 thousand euros and are accrued over 7 years, which is the lifetime of the loan taken out in June 2006. Loan set-up costs amount to 13,649 thousand euros as of 30 June 2008 and 10,903 thousand euros as of 30 June 2009.

NOTE 5 OTHER RECEIVABLES

"Other receivables" break down as follows:

	30 June	
(In thousands of euros)	2008	2009
Prepayments and advances	1	3
Credits to be received	-	23
Income tax	20,534	-
Deductible VAT	434	259
Inter-company accounts within the Group	23,815	63,861
Other debit balances	-	-
TOTAL	**44,784**	**64,146**

All other receivables are not later than one year.

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NOTE 6 CASH AND MARKETABLE SECURITIES

Cash and marketable securities are as follows:

	30 June	
(In thousands of euros)	2008	2009
Cash	85	170
Liquidity agreement reimbursement	-	-
Deposit warrants	4,702	1,900
Sub-total	**4,787**	**2,070**
TOTAL	**4,787**	**2,070**

NOTE 7 SHAREHOLDERS' EQUITY

7.1 – Statement of changes in shareholders' equity

		Movements affecting capital					
(In thousands of euros)	Carried forward	increase	reduction	Allocation of earnings	Distribution of dividends	Other movements	Balance 30 June 2009
Share capital	219,642	162	-	-	-	-	219,804
Additional paid-in capital	629,280	-	(162)	(4,610)	(131,747)	-	492,761
Contributions premium	33,285	-	-	-	-	-	33,285
Legal reserve	79	-	-	-	-	-	79
Retained earnings (-)	-	-	-	-	-	-	-
Retained earnings (+)	1	-	-	-	-	-	1
Earnings 06/30/2008	(4,610)	-	-	4,610	-	-	-
Regulated provisions	-	-	-	-	-	93	109
TOTAL	**877,677**	**162**	**(162)**	**0**	**(131,747)**	**93**	**746,039**
Shareholders' equity before income							746,039
Net income for the year							122,908
TOTAL SHAREHOLDERS' EQUITY							**868,948**

7.2 – Share capital

During the year ended 30 June 2008, as a result of the exercise of stock warrants (BSAs) recorded during the period, the Company created 77,968 shares with a nominal value of 1 each euro, including 51,979 resulting from the exercise BSA 1s and 25,989 resulting from the exercise BSA 2s.

The offers to exchange shares during the year ended 30 June 2008 had the following impact on the capital:

- the offers made to Group employees during the year ended 30 June 2008 to exchange their Eutelsat S.A. shares for new shares in Eutelsat Communications resulted in the contribution of 152,693 Eutelsat S.A. shares as a consideration for issuing 48,721 shares in Eutelsat Communications.
- in parallel to the offers made to the employees of the Group to exchange their shares for new shares in Eutelsat Communications, an identical offer was made to the historical shareholders of Eutelsat S.A. This operation resulted in the contribution of 6,523,050 Eutelsat S.A. shares as a consideration for issuing 1,980,853 shares in Eutelsat Communications.

Finally, the Board of Directors meeting of 18 December 2007 acknowledged the issue and definitive vesting of 133,331 free shares to the benefit of 391 Group beneficiary employees for a nominal amount of 1 euro each (see Note 7.3).

Share capital at 30 June 2008 was 219,641,955 euros.

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The Board of Directors meeting of 27 May 2009 acknowledged the definitive vesting of 162,010 shares to the benefit of 433 Group beneficiary employees for a nominal amount of 1 euro each in accordance with the plan for the allocation of free shares adopted by the Board of Directors on 10 May 2007, and also acknowledged the resulting capital increase for an amount of 162,010 euros taken from "Additional paid-in capital".

The share capital at 30 June 2009 was made up as follows:

	Number				Nominal value	
	At beginning of period	Created during the period	Consolidated during the period	At end of period	At beginning of period	At end of period
Shares	219,641,955	162,010	-	219,803,965	1 euro	1 euro

7.3 – Other securities giving access to capital

a) ABSAs

All the BSAs detached from the 835 200 ABSA1s and 882 380 ABSA2s (2.7 BSAs per ABSA) issued to the key managers of Eutelsat S.A by the Group in August 2005 and fully paid-up in cash had been exercised as of 31 October 2007.

As a remember, subscription conditions (1.9240 euro per share) and the conversion rate (2 BSAs for 1.03951 shares) were adjusted in November 2006 in accordance with the legal provisions protecting stock-warrant beneficiaries, following the decision of the Ordinary and Extraordinary General Meeting of Shareholders to pay a dividend by taking the required amount from "Additional paid-in capital".

b) Allocation of free shares

An allotment of free shares was offered to the Group's employees in November 2005, with each beneficiary being granted 341 shares. The number of beneficiaries was fixed at 439 and the qualifying period for vesting period for the shares was fixed at 2 years thereafter. Beneficiaries are then required to keep their shares for a further period of 2 years after the effective date of acquisition.

On the anniversary date of the plan, *i.e.* 29 November 2007, 133,331 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 391 beneficiaries. The subsequent capital increase of 133,331 euros was taken from "Additional paid-in capital".

During the financial year ended 30 June 2007, there was an allocation of free shares to the Group's employees as a result of a decision by the Board of Directors on 10 May 2007. The offer concerned 181,825 new shares. The vesting period for the shares was fixed at 2 years after this date, with a requirement that the employee should still be working for the Group. Beneficiaries meeting these conditions are subject to a further requirement to keep their shares for an additional period of 2 years after the effective date of acquisition.

On the anniversary date of the plan, *i.e.* 10 May 2009, 162,010 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 433 beneficiaries. The subsequent capital increase of 162,010 euros was taken from "Additional paid-in capital".

On 25 July 2007, the Board of Directors decided to introduce a plan for the allocation of free shares to all employees of the Group, including the *mandataires sociaux*, representing a total of 474,831 free shares. Allotment of these free shares will become absolute provided the beneficiaries are still with the Group in 2 years time and will be available after a further period of 2 years has expired after the effective date of acquisition. It should be noted that, under this plan, vesting of the free shares is subject to the achievement of certain objectives over a 2-year period, linked to an objective in terms of the annual EBITDA (50% of the relevant portion) and to a target linked to the Company's share price at the end of the 2-year period (the remaining 50%). As of 30 June 2008, the annual performance condition had been attained for the first year and at 30 June 2009 it had been attained for the second year.

7.4 – Additional paid-in capital

During the year ended 30 June 2008, the share premium account (additional paid-in capital) was reduced (i) by 133 thousand euros following the issue and definitive free grant of 133,331 shares (see above), and (ii) by 126,713 thousand euros as a result of the decision by the General Meeting of 9 November 2007 to pay a dividend 0.58 euro per share by taking the corresponding amount from this account. Prior to this dividend payment, the loss for the year ended 30 June 2007 of 20,081 thousand euros had been charged to additional paid-in capital.

Conversely, there was a 72 thousand euros increase under this heading as a result of the exercise of BSAs during the year ended 30 June 2008.

During the year ended 30 June 2009, the share premium account (additional paid-in capital) was reduced (i) by 162 thousand euros following the issue and definitive free grant of 162,010 shares (see above), (ii) by 4,610 thousand euros as a result of the decision by the Ordinary and Extraordinary General Meeting of 6 November 2008 to allocate the loss for the year ended 30 June 2008 to the "Additional paid-in capital" account, and (iii) by 131,747 thousand euros following the decision made on the same date to pay a dividend 0.60 euro per share by taking the corresponding amount from this account.

Note 8 Debt

Loans and bank debt are denominated in euros with a duration of seven years and are repayable at maturity. The breakdown is as follows:

	30 June	
(In thousands of euros)	2008	2009
Bank debt (up to 1 year)	-	-
Bank debt (between 1 and 5 years)	1,615,000	1,615,000
Accrued interest	12,407	8,999
TOTAL	**1,627,407**	**1,623,999**

On 19 June 2006, the Company refinanced the debt contracted by its subsidiary SatBirds Finance in the course of the previous period. This was reimbursed and replaced by two new credit facilities, namely "Term Loan" and "Revolving Credit Loans", which are not secured by collateral. The main characteristics are as follows:

These credit facilities are subject to restrictive clauses (with the usual exceptions contained in loan agreements) limiting the capacity of the Group's companies, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- grant loans and carry out certain types of investments;
- enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The agreement allows each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action.

The Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan.

The agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13°East, and for any satellite located at another orbital position, with a commitment not to have more than one satellite not covered by a launch insurance policy.

The credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in accordance with IFRS:

- Leverage Ratio: consolidated net debt/consolidated EBITDA less than or equal to 5.5 for the half-year and full-year periods defined in the agreement, with the first being 30 June 2006; this ratio is then gradually reduced to 5.25 at 31 December 2008, to 5 at 31 December 2009, to 4.75 at 31 December 2010 and then to 4.5 at 31 December 2011.

  At 30 June 2009, the Company was in compliance with this ratio;
- Interest Coverage Ratio: consolidated EBITDA/interest payable (due and matured) greater than or equal to 2.75 (if Leverage Ratio greater than 3.5).

In addition, interest rate hedging is required for a minimum period of 3 years in order to limit exposure to interest rate risk for no less than 50% of the amounts drawn under the Term Loan facility.

On 19 June 2006, subsidiary SatBirds Finance accordingly transferred to the Company the interest rate-hedge put in place for the previous loan (see Note 4).

Note 9 Tax and employee-related payables

Tax and employee-related payable is composed of the following:

(In thousands of euros)	30 June 2008	30 June 2009
State: accrued liabilities	29	43
Income tax	-	25,602
Output VAT	134	89
Staff: accrued liabilities	856	856
Social security charges payable	233	265
	1,252	**26,856**

All tax and employee-related payable are not later than one year.

Note 10 Compensation of senior staff

In order not to disclose individual remuneration, the compensation paid to senior staff cannot be divulged.

Note 11 Financial result

Financial result is made up as follows:

(In thousands of euros)	Period ended 30 June 2008	Period ended 30 June 2009
Interest expense	(64,948)	(70,061)
Interest income	2,264	1,858
Income from investments	36,035	171,740
Provisions for investments	(51)	51
Provisions for expenses	(11)	(7)
Investment income	17	21
Foreign-exchange losses	-	-
Realised foreign exchange gains	7	6
	(26,688)	**103,608**

Interest expense corresponds to the loans taken out on 19 June 2006 (see Note 8), net of the interest received on the hedges.

For the year ended 30 June 2008, income from investments consists mainly of an advance payment on dividends from subsidiary Eutelsat Communications Finance, and for the year ended 30 June 2009, it consists of the dividends from subsidiary Eutelsat Communications Finance (170.0 million euros) and subsidiary Eutelsat S.A. (1.7 million euros).

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NOTE 12 EXCEPTIONAL RESULT

Exceptional result comprises the following:

	Period ended 30 June	
(In thousands of euros)	2008	2009
Loss on repurchase of treasury stock	(182)	(252)
Gain on repurchase of treasury stock	258	366
Exceptional depreciation and amortisation	(16)	(93)
Allocation to provisions for risks	-	
	60	**21**

NOTE 13 TAX CONSOLIDATION

On 28 June 2006, the Company decided to apply a tax consolidation system to a group consisting of itself and its subsidiary Eutelsat Communications Finance.

Under a tax consolidation agreement, subsidiary companies bear an income tax, a social security contribution and lump-sum tax expense equal to the amount they would have had to bear if there were no tax consolidation agreement applying to the tax consolidation group, on the understanding that it is the Company at the head of the group that bears or benefits from any additional tax expense or tax saving resulting from such a system.

Since 1 July 2007, the scope of the tax consolidation group has been extended and comprises the following entities: Eutelsat S.A., Eutelsat Communications Finance S.A.S. and Eutelsat VAS S.A.S.

At 30 June 2008, the tax expense in respect of the tax consolidation group was 96.5 million euros and the amount due by the sub-subsidiaries under the tax consolidation agreement was 126.9 million euros, generating a profit of 30.4 million euros.

At 30 June 2009, the tax expense in respect of the tax consolidation group was 121.2 million euros and the amount due by the sub-subsidiaries under the tax consolidation agreement was 148.7 million euros, generating a profit of 27.6 million euros.

For information, Eutelsat Communications' losses prior to the tax consolidation system were 43.3 million euros.

NOTE 14 MARKET RISK

The Company has exposure to market risks, in particular with regard to interest rate risk. Exposure to such risks is actively managed by Management, and for this purpose the Company employs a certain number of derivatives, the objective of which is to limit, where appropriate, exposure of revenue and cash flows to interest rate risk. The Company's policy is to use derivatives to manage exposure to such risks. The Company does not engage in financial transactions whose associated risk cannot be quantified at the outset, *i.e.* the Company never sells assets it does not possess or does not know it will subsequently possess.

The Company manages its exposure to fluctuations in interest rates by setting up interest rate hedges for the entire duration of its term-loan credit facilities. Following the refinancing process in 2005/2006 of the debt related to the acquisition of Eutelsat S.A., the Company set up the following interest-rate hedges:

- a tunnel (purchase of a cap and sale of a floor) until 29 April 2008 for a notional amount of 1,700 million euros to hedge the term-loan facility. The notional amount of this tunnel was reduced on 12 April 2007 from 1,700 million euros to 1,615 million euros so that it would be the same as the exact amount borrowed. This partial sale generated a termination indemnity of 1,275 thousand euros for Eutelsat Communications;
- a forward pay fixed/receive variable swap for a notional amount of 850 million euros and a purchase of a forward cap for a notional amount of 850 million euros to hedge the term-loan facility, both covering an additional 2 years (between 29 April 2008 and 29 April 2010). The Company also undertook a partial sale on 12 April 2007, using these financial instruments to reduce the notional amount of 1,700 million euros to 1,615 million euros (*i.e.* reducing each one from 850 million euros to 807.5 million euros) and generating a termination indemnity for the Company of 925 thousand euros.

At end-September 2006, a new forward interest-rate hedge (April 2010 to June 2013) was put in place: a pay fixed/receive variable interest rate swap for 1,615 million euros to hedge the long-term Eutelsat Communications term loan.

14.1 – Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Company minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products exclusively from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits. The Company does not foresee any loss that would result from a failure by its counterparties to respect their commitments under the agreements concluded. The risks to which the Group is exposed are confined neither to the financial sector nor to any particular country.

14.2 – Key figures at 30 June 2008

The following table analyses the contractual or notional amounts and fair value of the derivatives at 30 June 2008 by type of contract:

Instrument *(In thousands of euros)*	**Contractual or notional amounts**	**Fair values at 30 June 2008**
Swap	807,500	29,143
Purchase of cap	807,500	18,609
Swap	1,615,000	42,612
		90,364

14.3 – Key figures at 30 June 2009

The following table analyses the contractual or notional amounts and fair value of the derivatives at 30 June 2009 by type of contract:

Instrument *(In thousands of euros)*	**Contractual or notional amounts**	**Fair values at 30 June 2009**
Swap	807,500	(14,811)
Purchase of cap	807,500	0
Swap	1,615,000	(47,484)
		(62,295)

NOTE 15 OTHER COMMITMENTS AND CONTINGENCIES

In accordance with the loan agreements and as mentioned in Note 8, Eutelsat Communications has undertaken to perform or not to perform certain actions.

This commitment cannot be quantified.

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Note 16 Related-party transactions

Related parties are defined as any third parties having a direct or indirect capital-based link with Eutelsat (subsidiaries included).

Amounts included in current assets and current liabilities on the balance sheet, due by and owed to related parties, are as follows:

	At 30 June	
(In thousands of euros)	2008	2009
Gross receivables (including unbilled revenues)	-	504
Inter-company accounts within the Group	23,815	(63,861)
Liabilities (including accrued invoices)	301	750

Current assets comprise trade receivable balances, inter-company accounts and unbilled revenues, but do not take into account any provisions for bad debts.

Transactions with related parties included in the income statement are as follows:

	Period ended	
(In thousands of euros)	30 June 2008	30 June 2009
Revenues	1,812	1,765
Operating expenses	1,008	1,476
Financial result	37,728	173,389

Revenues are composed of the services the Company provides to the other companies in the Group in terms of strategy, industrial policy and representation.

Note 17 Financial information related to subsidiaries and equity investments

The table below presents the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2009:

				Last financial period ended	
(In thousands of euros)	Capital	Other components of equity as of 30 June (local accounts)	Percentage of ownership	Revenues (local accounts)	Net income (local accounts)
Eutelsat Communications Finance RCS No. 490416674 Paris Headquarters in Paris (period ended 06/30/2009)	5,000	3,137,886	100%	-	236,278

The table below provides aggregate information for all investments held by Eutelsat Communications in subsidiaries and other companies at 30 June 2009:

(In thousands of euros)	Gross book value of the investments	Provision for impairment	Loans and advances	Guarantees granted	Dividends received
Investments in subsidiaries and other companies	2,401,488	-	5	-	170,000

Note 18 Subsequent events

None.

20.1.4 Statutory Auditors' report on the annual financial statements of Eutelsat Communications for the financial year ended 30 June 2009

This is a free translation into English of the Statutory Auditors' report issued in French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in such reports, whether qualified or not. This information is presented after the opinion on the financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the annual financial statements.

This report, together with the Statutory Auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

(Free translation of a French language original)

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting and your articles of association, we hereby report to you, for the year ended 30 June 2009, on:

- the audit of the accompanying annual financial statements of Eutelsat Communications;
- the justification of our assessments;
- the specific verifications and information required by French law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures, by audit sampling and other means of testing, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the annual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at 30 June 2009 and the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- As explained in Note 2.2 of the notes to the annual financial statements, the Company's management uses estimates and assumptions that affect amounts reported in the financial statements and the accompanying notes.

The significant accounting estimates likely to require a justification of our assessments are related to the following matters:

- The Company records impairments on financial investments according to the method described in Note 2.3 of the notes to the financial statements. Based on available information, we assessed the methods and assumptions considered by your Company to estimate the value of its investments. We also performed some tests to control the correct application of these methods. In the context of the justification of our assessments, we have found these assumptions to be reasonable.

The assessments were made as part of our audit of the annual financial statements taken as a whole and, therefore, contributed to our audit opinion expressed in the first part of this report.

III. Specific verifications and information

We have also performed the specific verifications required by French law.

We have no matters to report regarding the following:

- the fair presentation and consistency with the financial statements of the information given in the Directors' report and in the documents addressed to the shareholders with respect to the financial position and the annual financial statements;
- the fair presentation of the information given in the Directors' report in respect of remunerations and benefits granted to the relevant directors and any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in current function.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the name of the principal shareholders has been properly disclosed in the Directors' report.

Courbevoie and Paris-La Défense, 31 July 2009

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG AUDIT
Isabelle MASSA	Jean-Yves JÉGOUREL

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>> 20.2 Statutory Auditors' fees

See section 20.1.1 "Eutelsat Communications' consolidated financial statements prepared under IFRS for the financial year ended 30 June 2009", Note 32 – *Statutory Auditors' fees*, in the notes to the consolidated financial statements of Eutelsat Communications for the financial year ended 30 June 2009.

>> 20.3 Dividend payout policy

The dividend payout policy is set by the Board of Directors after an analysis notably examining the Group's results and financial position.

Given that it was created only recently, Eutelsat Communications has not paid a dividend since its incorporation. Even so, the Company paid out an amount of 0.54 euro per share in respect of the financial year ended on 30 June 2006, an amount of 0.58 euro per share in respect of the financial year ended on 30 June 2007 and an amount of 0.60 euro per share in respect of the financial year ended on 30 June 2008, these amounts were drawn from the "Share premiums" account.

For the financial year ended 30 June 2009, the Board of Directors will propose at the General Meeting on 10 November 2009 payment as a dividend of a total amount of 145,026,278.76 euros, *i.e.* 58.6% of Group share net income on the number of shares at 30 June 2009, *i.e.* 0.66 euro per share, to be drawn from profit available for distribution, with the remainder of 28,262,859.30 euros being taken from the "Share premiums" account.

>> 20.4 Legal and arbitrage proceedings

To the best of the Company's knowledge, for a period covering the past 12 months, there are no government, legal or arbitrage proceedings (including any proceedings of which the Company is aware, pending or with which it has been threatened), which may have or have recently had material adverse effects on the financial position or results of the Company and/or the Group.

>> 20.5 Significant changes in financial and commercial position

To the best of the Company's knowledge, there have been no significant changes affecting the Company's financial and commercial position since the end of the financial year ended 30 June 2009.

21 ADDITIONAL INFORMATION

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>> 21.1 General information concerning the share capital

21.1.1 Share capital

At the registration date of this reference document, the share capital stood at 220,113,982 euros. It is divided into 220,113,982 ordinary shares, each with a par value of 1 euro.

The Company's shares are fully subscribed, fully paid-up and are all of the same category.

The Company's shares have been admitted to trading in compartment A of Euronext Paris since 2 December 2005, under ISIN code FR0010221234.

21.1.2 Securities not representing capital

None.

21.1.3 Shares held by the Company or for its own account

At the registration date of this reference document, and excluding liquidity agreements, none of the Company's shares are held by the Company itself or in its name or by its subsidiaries.

Share buyback programme

The Company's Combined General Meeting of Shareholders held on 6 November 2008 authorised the Board of Directors, for a period of 12 months and with the possibility of sub-delegation in accordance with applicable laws and regulations, to have the Company purchase its own shares in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code and in accordance with the market practices admitted by the Autorité des marchés financiers, within the limit of 10% of the share capital on the basis of the existing share capital at the time of the purchase. This limit is reduced to 5% of the share capital in the circumstances referred to in the 3rd point below.

Shares shall be purchased in accordance with the applicable legal and statutory provisions and in accordance with the changes in positive law in order to:

- stimulate trading in the secondary market or the liquidity of Eutelsat Communications shares *via* a provider of investment services with which it has signed a liquidity agreement compliant with a charter of ethics recognised by the Autorité des marchés financiers;
- remit the shares at the time of the exercise of rights attached to securities giving access by any means, immediately or in the future, to the Company's share capital, and to perform any hedging transactions by virtue of the Company's obligations associated with the said securities, in accordance with the conditions stipulated by the market authorities, and at the times deemed appropriate by the Board of Directors;
- retain shares with a view to subsequently bringing them as a means of payment or exchange in the context of any possible operations relative to external growth, in accordance with market practices approved by the Autorité des marchés financiers, notably in connection with mergers, demergers or contributions. It is specified that the maximum number of shares acquired by the Company for subsequent remittance as payment or in exchange in connection with mergers, demergers or contributions, shall not exceed 5% of its share capital;
- allot or grant shares to employees, former employees or senior managers in the Company or companies of the Group, in accordance with the conditions and procedures provided for by the law, such as in connection with the free grant of shares provided for in Articles L. 225-197-1 to L. 225-197-3 of the French Commercial

Code, or in connection with the Company's employee profit-sharing plan, a stock purchase option plan or a Company savings scheme;

- cancel them and thus reduce the share capital;
- implement any market practice that has been approved either by the law or by the Autorité des marchés financiers.

These shares may be acquired, assigned or transferred by any means, in accordance with the conditions and limits, especially those with respect to volumes and prices, stipulated by the regulations applicable at the date of the operations under consideration, conducted either on the regulated market or privately, including the purchase or sale of blocks of shares, by means of derivative financial instruments or warrants or securities giving access to the share capital of the Company or by introducing optional strategies such as the sale or purchase of call options or put option-based under the conditions stipulated by the market authorities, at times deemed appropriate by the Board of Directors, including during a public tender and/or exchange offer, within the limits permitted by the applicable regulations.

The maximum amount that may be devoted to the share purchase programme was set at 400 million euros and the maximum purchase price was set at 30 euros per share, excluding acquisition costs.

The Board of Directors may, however, adjust the aforementioned purchase price in the event of the capitalisation of premiums, reserves or profits giving rise either to an increase in the par value of the shares, or to the issuance and free allotment of shares, and also in the event of a reduction in the par value of the share or consolidation of shares to take into account the impact of these transactions on the par value of the share.

The draft resolutions prepared by the Company's Board of Directors on 22 September 2009, which will be submitted for the shareholders' approval at their Combined General Meeting of 10 November 2009, provide for the renewal of the aforementioned authorisation and an increase in the theoretical maximum amount authorised for the purchase to 400 million euros and the maximum purchase price to 30 euros per share.

The Company did not directly buy any of its shares during the financial year ended 30 June 2009.

Liquidity agreement

After having terminated the liquidity agreement entered into with SG Securities (Paris) on 1 December 2007, the Company signed a contract with Exane BNP Paribas on 3 December 2007 for the implementation of a liquidity agreement in accordance with the charter of ethics published by the French Association of Investment Companies (AFEI) on 14 March 2005, as approved by the Autorité des marchés financiers in a decision dated 22 March 2005. This agreement was concluded for a period of one year, renewable by tacit agreement.

During the financial year ended 30 June 2009, the liquidity provider had purchased at 30 June 2009 in the name of and on behalf of the Company 67,179 shares with a unit value of 17.90 euros, *i.e.* a total amount of 1,202,463.63 euros.

21.1.4 Other securities giving access to the share capital

Free Grants of Shares Plans

In a decision made on 10 May 2007, the Company's Board of Directors decided to go ahead with a plan to grant freely 181,825 shares to be issued to the Group's employees, subject to a definitive vesting period of 2 years and to a condition of continued presence on the payroll throughout this period. Furthermore, the beneficiaries are then required to retain these shares for a further period of 2 years from the definitive vesting date. Under this plan, Mr Berretta is entitled to 30,000 free shares and Mr Brillaud to 10,000 free shares.

In a decision made on 27 May 2009, the Company's Board of Directors decided to allot definitively 162,010 shares to 433 of the Group's employees and managers (including officers and directors).

On 25 July 2007, the Board of Directors decided to set up a free grant of shares plan for the benefit of all Group employees including corporate officers and directors. In accordance with the provisions of Article L. 225-197 of the French Commercial Code, beneficiaries shall take final possession of their freely granted shares on condition that they remain within the Group for a period of 2 years (*i.e.* until 25 July 2009), and the shares must be kept for at least another 2 year period (*i.e.* from 26 July 2011). The final vesting of these shares freely granted is subject to the achieving of performance targets over a 2-year period. Under this plan, Mr Berretta is entitled to 76,431 freely granted shares and Mr Brillaud to 25,991 freely granted shares.

In a decision made on 30 July 2009, the Company's Board of Directors decided to grant definitively 310,017 shares to 437 of the Group's employees and managers (including officers and directors) at the close of the aforementioned 2-year reference period. Pursuant to this plan, the shares may vest definitively on 26 July 2011, subject to satisfaction of service and performance conditions. Upon a recommendation by the Selection and Remuneration Committee, the Company's Board of Directors granted Mr Berretta, Chairman and Chief Executive Officer, and Mr Brillaud, Deputy CEO, 38,216 and 12,996 shares respectively in accordance with the provisions of the Free Grant of Shares Plan dated 25 July 2007.

The free grant of shares plans of 10 May 2007 and 25 July 2007 expired at the date of this reference document.

21.1.5 Share capital authorised but not issued

The table below summarises the capital increase authorisations granted to the Board of Directors by the Combined General Meeting of the Company's shareholders on 9 November 2007 and 6 November 2008, at the registration date of this reference document:

	Operation concerned	Maximum nominal amount	Duration of the authorisation and expiry date
1.	Authorisation granted to the Board of Directors to purchase the Company's shares	10% of the shares constituting the share capital for a maximum amount of 400 million euros	12 months (OGM on November 2009)
2.	Delegation of powers to the Board of Directors to issue ordinary shares in the Company and securities giving access to ordinary shares of the Company or in one of its subsidiaries, with preferential subscription rights for shareholders	120 million euros	26 months (31 December 2009)
3.	Delegation of powers to the Board of Directors to issue ordinary shares in the Company and securities giving access to ordinary shares of the Company or in one of its subsidiaries, without preferential subscription rights for shareholders	120 million euros	26 months (31 December 2009)
4.	Authorisation for the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without preferential subscription rights	120 million euros	26 months (31 December 2009)
5.	Delegation of powers to the Board of Directors to increase the share capital through the capitalisation of reserves, profits, premiums or other amounts whose capitalisation would be permitted	100 million euros	26 months (31 December 2009)
6.	Delegation of powers to the Board of Directors to issue ordinary shares and securities giving access to ordinary shares in the Company, in the event of a public exchange offer initiated by the Company	120 million	26 months (31 December 2009)
7.	Delegation of powers to the Board of Directors to increase the share capital through the issuance of ordinary shares of the Company and securities giving access to ordinary shares of the Company as payment for contributions in kind not exceeding 10% of the Company's share capital	Up to 10% of the share capital	26 months (31 December 2009)
8.	Delegation of powers to the Board of Directors to issue ordinary shares following the issue by subsidiaries of the Company of securities giving access to ordinary shares of the Company	120 million euros	26 months (31 December 2009)
9.	Delegation of powers to the Board of Directors to issue securities giving right to debt securities	2 billion euros	26 months (31 December 2009)
10.	Authorisation for the Board of Directors to increase the share capital through an issue for members of a savings plan	2 million euros	26 months (31 December 2009)
11.	Authorisation granted to the Board of Directors for the free grant of shares in the Company	Up to 4% of the share capital	38 months (31 December 2010)
12.	Authorisation for the Board of Directors to grant companies stock subscription and/or purchase options	4% of the share capital (higher than or equal to 95% of the average price of the share over 20 trading days)	38 months (31 December 2010)
13.	Reduction in the share capital through the cancellation of repurchased shares	Up to 10% of the share capital	12 months (November 2009 OGM)

During the financial year ended 30 June 2009, the Board of Directors used the powers authorising it to:

- buy back the Company's shares under a liquidity agreement in order to stimulate trading in the secondary market (point 1 in the above table); and,
- allot freely shares in the Company to the Group's employees, managers and corporate officers (point 11 in the above table).

The draft resolutions drawn up by the Company's Board of Directors at its meeting on 22 September 2009, which will be submitted for the approval of the shareholders at the Combined General Meeting of 10 November 2009, provide for the renewal of the authorisations referred to in points 1 to 13 of the above table.

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21.1.6 Options or agreements concerning the share capital of the Company or of a member of the Group

The share transfer commitments made by corporate officers and directors and by certain key managers of the Group

Corporate officers and certain managers executives signed on 15 July 2005 formal commitments to buy and sell the Eutelsat S.A. shares that will or may result from the exercise of the stock subscription options granted by Eutelsat S.A. under the "Managers I", "Managers II", "Managers III" and "Managers IV" plans (see Note 15.3 of the consolidated financial statements for the financial year ended 30 June 2009), *i.e.* almost 18.3 million Eutelsat S.A. shares in total, as follows:

- commitment to sell:
  - given by each of the managers and corporate officers to Eutelsat Communications,
  - exercise price per share: 2.70 euros,
  - exercise period: for 3 months after the end of the lock-up period for tax purposes for each relevant tranche of shares;
- commitment to buy:
  - granted by Eutelsat Communications,
  - exercise price determined on the basis of a Eutelsat S.A. valuation of 8.5 times the Group's consolidated EBITDA, after deducting Eutelsat S.A.'s consolidated net debt (or adding back the net cash),
  - exercise period: for each relevant tranche of shares, for 1 month after the end of the exercise period for the corresponding sale undertaking.

In accordance with the aforementioned commitments to sell the shares, certain officers, directors and managers of Eutelsat S.A., who received shares issued upon the exercise of "Manager III" options, sold a total of 437,374 Eutelsat S.A. shares in July 2008 to SatBirds 2 SAS at a price of 2.70 euros per share.

In accordance with the same provisions, certain officers, directors and managers of Eutelsat S.A., who received shares issued upon the exercise of "Manager IV" options, sold to Eutelsat Communications Finance S.A.S a total of 1,762,954 Eutelsat S.A. shares in January 2009 at a price of 2.70 euros per share, including 437,374 shares by persons linked to Jean-Paul Brillaud, Deputy CEO.

21.1.7 Change in the share capital up to the registration date of this reference document

The table below shows changes in the Company's share capital since its incorporation on 15 February 2005, up to the registration date of this reference document.

Date of definitive completion of the operation	Operation	Number of shares issued/ cancelled	Nominal amount of the capital increase/ reduction *(in euros)*	Aggregate issue/merger premium *(in euros)*	Successive amounts of the nominal capital *(in euros)*	Cumulative number of shares	Par value of the shares *(in euros)*
02/15/2005	Incorporation of the Company	3,700	37,000	-	37,000	3,700	10
03/21/2005	Capital reduction (par value of the shares divided by 10)	-	(33,300)	-	3,700	3,700	1
03/21/2005	Capital increase	33,300	33,300	-	37,000	37,000	1
04/04/2005	Capital increase (contributions in kind)	256,620,482	256,620,482	-	256,657,482	256,657,482	1
06/30/2005	Capital increase (contributions in kind)	22,075,116	22,075,116	-	278,732,598	278,732,598	1
07/20/2005	Capital reduction (reduction in par value from 1 euro to 0.50 euro per share)	-	(139,366,299)	-	139,366,299	278,732,598	0.5
08/02/2005	Capital increase (issue of ABSAs - General Meeting of 06/30/2005)	1,717,580	858,790	792,190.80	140,225,089	280,450,178	0.5

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Date of definitive completion of the operation	Operation	Number of shares issued/ cancelled	Nominal amount of the capital increase/ reduction *(in euros)*	Aggregate issue/merger premium *(in euros)*	Successive amounts of the nominal capital *(in euros)*	Cumulative number of shares	Par value of the shares *(in euros)*
08/31/2005	Consolidation of shares	(140,225,089)	-	-	140,225,089	140,225,089	1
10/06/2005	Capital increase (consideration for contribution of receivables)	2,938,777	2,938,777	2,938,777	143,163,866	143,163,866	1
12/30/2005	Capital increase (IPO)	71,666,667	71,666,667	761,257,000 (less costs incurred in the transaction)	214,830,533	214,830,533	1
12/14/2005	Capital increase (exercise of BSAs)	600,000	600,000	600,000	215,430,533	215,430,533	1
12/19/2005	Capital increase (reserved for employees)	196,099	196,099	1,686,451	215,626,632	215,626,632	1
04/27/2006	Capital increase (transfer of Eutelsat S.A. shares)	65,960	65,960	65,960	215,692,592	215,692,592	1
during the 2006 financial year	Capital increase (exercise of BSA1s)	548,362	548,362	507,000	216,240,954	216,240,954	1
during the 2006 financial year	Capital increase (exercise of BSA2s)	1,160,128	1,160,128	1,072,000	217,401,082	217,401,082	1
10/15/2007	Capital increase (repurchase and exchange of Eutelsat S.A. shares)	991,332	991,332	15,157,466.3	218,392,414	218,392,414	1
10/31/2007	Capital increase (exercise of BSA2s)	77,968	77,968	72,042.84	218,470,382	218,470,382	1
11/29/2007	Capital increase (grant of free shares)	133,331	133,331	(133,331)	218,603,713	218,603,713	1
05/27/2008	Capital increase (transfer of Eutelsat S.A. shares)	1,038,242	1,038,242	18,127,705.3	219,641,955	219,641,955	1
05/27/2009	Capital increase (grant of free shares)	162,010	162,010	(162,010)	219,803,965	219,803,965	1
07/31/2009	Capital increase (grant of free shares)	310,017	310,017	(310,017)	220,113,982	220,113,982	1

21.1.8 Pledges, guarantees and securities

Pledges of Company shares

To the best of the Company's knowledge, at the registration date of this reference document, none of the Company's shares were pledged.

Pledges, guarantees and securities the Company's assets

To the best of the Company's knowledge, at the registration date of this reference document, none of the Company's assets were pledged or used as collateral or security deposits.

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>> 21.2 Organisational documents and By-laws

The provisions described in the following paragraphs provide a summary of the Company's By-laws applicable at the registration date of this reference document.

21.2.1 Corporate purpose (Article 3 of the Company's By-laws)

The Company's purpose in France and abroad shall be:

- to supply Space Segment capacity, and satellite communications systems and services. To that end, the Company shall undertake any activities relating to the design, development, construction, installation, operation and maintenance of its Space Segment and those satellite systems and services; and,
- more generally, to acquire an equity interest in any enterprise or company that has been formed or is to be formed and participate in any transactions of any nature, be they financial, commercial, industrial, civil, real-estate-related or other, pertaining directly or indirectly to that company purpose or to any similar, related or complementary purposes, and likely to promote, directly or indirectly, the aims pursued by the Company, its expansion into other fields, its growth and its assets.

The term "Space Segment" shall designate a set of telecommunications satellites, and the tracking, telemetry, command, control, monitoring and related facilities and equipment necessary for the operation of those satellites.

21.2.2 Board of Directors, Committees and Non-voting directors (Articles 13 to 19 of the By-laws)

The Company shall be administered by a Board of Directors composed of at least 3 members and at most 12 members, subject to the exceptions stipulated by law. Directors are appointed for a period of 6 years by the Ordinary Meeting of Shareholders.

Directors may be re-elected and their term of office may be revoked at any time by decision of the Ordinary General Meeting of Shareholders.

No one may be appointed to be a director if he has passed the age of 70 and if, as a result of his appointment, more than one third of the members of the Board will have exceeded that age.

From among its members, the Board of Directors shall elect a Chairman, who shall be an individual, failing which the appointment shall be null and void.

The Chairman shall be appointed for a period that may not exceed the duration of his term of office as a director. He may be re-elected.

The Board of Directors may revoke his appointment at any time.

No director aged 71 or over may be elected as Chairman of the Board of Directors. The term of office of the Chairman of the Board of Directors will automatically come to an end at the close of the Annual General Meeting held after the date on which the Chairman of the Board of Directors has reached the aforementioned age.

The Chairman of the Board of Directors shall organise and manage the work of the Board, about which he shall report to the General Meeting of the Shareholders. He shall see to it that the bodies of the Company function properly and shall make sure specifically that the directors are able to do their work.

Board Meetings

The Board of Directors shall meet as often as required by the Company's interest, in response to a notice from its Chairman. Moreover, if the Board has not met for more than 2 months, directors who constitute at least one third of the members of the Board may ask the Chairman to convene it for a specific agenda.

Notices of meetings shall be given by any means, even orally.

Quorum - Majority - Minutes of meetings

The Board of Directors may deliberate validly if at least half of its members are present.

Decisions are made by a majority of the members present or represented.

In the event of a tie, the Chairman's vote shall be decisive.

In accordance with statutory and regulatory provisions and except for the transactions indicated specifically by the applicable law, the internal regulations may provide that the directors who participate in the meeting by means of video conference or other telecommunications technologies permitting their identification and guaranteeing their actual participation under the conditions set by the applicable regulations, shall be considered present for calculating the quorum and the majority.

Meetings of the Board of Directors shall be recorded in minutes, written in a special register numbered and initialled and kept at the head office pursuant to the provisions of regulations.

Representation

Any director may, in writing, authorise another director to represent him at a meeting of the Board.

During one and the same meeting, each director may have only one of the proxies received under the preceding paragraph.

These provisions shall be applicable to the permanent representative of a legal entity appointed as a director.

Powers

The Board of Directors determines the priorities for the Company's business activities and ensures that they are implemented. Subject to the powers expressly vested in Meetings of the Shareholders and within the limit of the corporate purpose, it shall take up any question involving the proper operation of the Company and shall settle, by its deliberations, the matters that concern it.

In dealings with third parties, the Company shall be bound even by acts of the Board of Directors that do not fall within the corporate purpose, unless it can prove that the third party knew that the act exceeded that purpose or if the third party could not have been ignorant of that fact, considering the circumstances. Mere publication of the By-laws shall not be sufficient for constituting such proof.

Committees

The Board may decide to create committees to study the questions that it or its Chairman submits for examination and opinion. The Board shall set the composition and powers of the committees, which shall conduct their activity under its responsibility. It shall set the compensation of the persons who make up the Board.

Compensation

The Meeting of Shareholders may allocate to directors, in consideration for their activities, by way of directors' attendance fees, an annual fixed sum that the Meeting of Shareholders determines, without being bound by previous decisions.

The Board of Directors shall freely distribute among its members the total amounts allocated to the directors in the form of directors' fees.

The Board of Directors may allocate extraordinary compensation for duties or appointments assigned to Directors under the conditions provided by law.

Directors who are bound to the Company by an employment contract may receive compensation on the basis of that employment contract under the conditions provided by law.

The Board of Directors may authorise the reimbursement of travel costs and expenses incurred by the directors in the Company's interest.

Non-voting directors

The position of Non-voting director has been created.

This Non-voting director's position is reserved for the individual who holds the position of Executive Secretary of Eutelsat IGO and may only be exercised by such person.

No person may be a Non-voting director if he has any direct or indirect relationship with any direct or indirect competitor of any entity of the Eutelsat Group (Eutelsat Group being defined as Eutelsat Communications and all entities controlled directly or indirectly by Eutelsat Communications, including Eutelsat S.A., where "Control" has the meaning ascribed to such term in Article L. 233-3 of the French Commercial Code).

In the event of a vacancy in the position of Executive Secretary of Eutelsat IGO, the Non-voting director's position shall remain vacant as long as the Executive Secretary position remains vacant.

The Non-voting director shall be called to and may attend meetings of the Board of Directors and express his point of view on any item on the agenda, but he may not take part in the voting.

A Non-voting director may not be represented at a meeting of the Board of Directors, except, if it is impossible for him to attend a meeting, with the approval of the Chairman of the Board.

The Non-voting director shall receive the same information and the same documentation as the Directors, as said information and documentation shall be sent concurrently to the directors and Non-voting director.

All the information brought to the attention of the Non-voting director in connection with his duties shall be considered strictly confidential and he shall be held to the same obligations as the directors (unless such information has fallen into the public domain).

No confidential information may be disclosed to a third party by the Non-voting director without first having been authorised by the Chairman of the Board of Directors, the CEO, if he is not the Chairman, or the Deputy CEO.

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21.2.3 Form of shares – Identification of shareholders (Article 10 of the By-laws)

The shares shall be in registered or in bearer form, at the option of each shareholder. They shall be recorded in an account pursuant to laws and regulations.

For purposes of identifying the holders of bearer shares, the Company shall have the right, at any time, in return for compensation at its expense, to ask the central depositary that keeps the Company's securities account, under current statutory and regulatory conditions, for information about the holders of shares that immediately or ultimately confer the right to vote at Meetings of the Shareholders and the number of shares held by each of them and any restrictions that may affect such shares.

21.2.4 Rights and obligations attached to shares (Article 12 of the Company's By-laws)

The shares shall be indivisible with respect to the Company.

The co-owners of undivided shares shall be represented at Meetings of the Shareholders by one of them or a single agent. In the event of disagreement, the agent shall be designated by a court of law at the request of the co-owner who acts first.

Each share shall give right to one vote at Meetings of the Shareholders. The By-laws impose no limit on voting rights.

The voting right shall belong to the beneficial owner at Ordinary General Meetings of the Shareholders and to the owner of title at Extraordinary General Meetings. However, shareholders may agree among themselves to any other distribution for exercising the voting right at General Meetings, provided that the beneficial owner is not deprived of the right to vote on decisions concerning the profits. In this case, they must bring their agreement to the Company's attention by registered letter with return receipt requested sent to the head office. The Company shall be required to respect that agreement for any Meeting of Shareholders held at least 5 days after receipt of the notice of that agreement.

Even deprived of the voting right, the owner of title of the shares shall always have the right to participate in Meetings of the shareholders.

Each share shall give the right to a stake in the company's assets, the liquidation surplus and the profits, in proportion to the percentage of the share capital that it represents.

Possession of a share shall automatically entail adherence to these By-laws and the resolutions duly adopted by the General Meeting of Shareholders.

Whenever it is necessary to own several shares in order to exercise any right, the owners of isolated shares or a number of shares less than the required number may exercise those rights only on the condition that they personally see to the pooling and, possibly, the purchase or sale of the necessary number of shares.

21.2.5 Modification of the rights attached to shares

Modification of the rights attached to shares is subject to legal requirements, as the Company's By-laws do not contain any specific provisions in this respect.

21.2.6 General Meetings of the Shareholders (Article 22 of the By-laws)

The collective decisions of the shareholders shall be made in General Meetings under the conditions defined by law. Any General Meeting duly convened shall represent all shareholders of the Company.

The resolutions of the General Meetings shall be binding on all shareholders, even those who are absent, dissenting or deemed legally incapable.

General Meetings shall be called and convened under the conditions set by the law and the regulations.

Meetings shall take place at the head office or at any other location stated in the notice of meeting.

Shareholders will have to produce evidence of their right to take part in general meetings of the Company in accordance with the applicable regulations.

If not attending the Meeting of Shareholders in person, a shareholder may choose between one of the following 3 options: give a proxy to another

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shareholder or to his spouse, or vote by mail, or send a proxy to the Company without indicating any agent, under the conditions provided by law and regulations.

An intermediary who has satisfied the applicable statutory provisions may, under a general power of attorney for management of securities, convey for a Meeting of Shareholders the vote or the proxy of an owner of shares who does not have his domicile in French territory.

The Company shall have the right to ask the intermediary indicated in the preceding paragraph to furnish a list of the non-resident owners of the shares to which those voting rights are attached and the number of shares held by each of them.

Under the conditions set by law and regulations, shareholders may send their proxy form and voting form concerning any Meeting of Shareholders either in paper form or, by decision of the Board of Directors indicated in the notice of meeting, by remote transmission.

In the event of remote voting, only the forms received by the Company by 3.00 p.m., Paris time, at the latest on the day before the General Meeting is held, shall be counted.

The Board of Directors may shorten or eliminate the time period indicated in the preceding section.

Legal representatives of shareholders deemed legally incapable and individuals representing legal-entity shareholders shall participate at the Meeting of Shareholders, whether or not they are shareholders personally.

Meetings of the Shareholders shall be chaired by the Chairman of the Board of Directors or, in his absence, by a director specially delegated for that purpose by the Board. Otherwise, the Meeting of Shareholders itself shall elect its Chairman.

The duties of scrutineers shall be performed by the 2 members of the Meeting of Shareholders present and accepting those duties, who have the largest number of votes. A secretary shall be designated who may be chosen from those who are not shareholders.

An attendance sheet shall be kept under the conditions provided by law and regulations.

Minutes shall be kept and copies or extracts of the resolutions shall be issued and certified pursuant to law and regulations.

Ordinary General Meetings and Extraordinary General Meetings shall meet on first call and, if applicable, on second call under the quorum conditions provided by law.

Resolutions of General Meetings shall be adopted under the majority conditions provided for by law.

Shareholders who participate in the Meeting by video conference or by telecommunications media that enable their identification under the conditions set by regulations applicable at the time of its use shall also be considered present for calculating the quorum and majority.

Ordinary General Meetings and Extraordinary General Meetings shall exercise their respective powers under the conditions provided by law.

21.2.7 Crossing of statutory thresholds (Article 11 of the By-laws)

The shares shall be freely transferable, subject to statutory and regulatory provisions.

The conveyance of shares, regardless of their form, shall occur by transfer from account to account under the conditions and according to the terms provided by law.

In addition to the legal obligations to report the crossing of thresholds or declaration of intent, any individual or legal entity, acting alone or in concert, that comes to possess, in any way, pursuant to Articles L. 233-7 *et seq.* of the French Commercial Code, directly or indirectly, a number of shares representing a stake equal to 1% of the capital and/or voting rights of the Company, must inform the Company of the total number of shares and voting rights that it possesses, and the number of securities that it owns that ultimately give access to the capital and the voting rights that are attached thereto, by registered letter with return receipt requested sent to the head office, or by any equivalent means for shareholders or bearers of securities domiciled outside France, within 5 stock exchange business days after that threshold is crossed. This information shall be renewed for the holding of each additional stake of 1% of the capital or voting rights without limitation.

This disclosure obligation shall apply under the same conditions as those stipulated above whenever the percentage of the share capital and/or voting rights possessed becomes less than a multiple of 1% of the capital or voting rights.

If not duly disclosed under the conditions stipulated above, the shares that exceed the percentage that should have been reported shall, upon request, recorded in the minutes of the General Meeting, from one or more shareholders holding a percentage of the capital or the voting rights of the Company at least equal to 1%, be deprived of the voting right for any Meeting of Shareholders that is held until the expiry of a period of 2 years following the date of rectification of the notice.

21.2.8 Changes in the share capital (Article 8 of the Company's By-laws)

The share capital may be increased, reduced or redeemed under the conditions set by law.

22 MATERIAL CONTRACTS

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>> 22.1 Contracts relating to satellites

During the 2008-2009 financial year, the Group signed several satellite purchase contracts:

- **W3C** ordered in March 2009 from Thalès Alenia Space;
- **ATLANTIC BIRD™ 7** ordered in May 2009 from Astrium.

The Group also commissioned other satellites in previous years.

The Group ordered 2 new satellites in the 2007-2008 financial year:

- **KA-SAT** was ordered from EADS Astrium in November 2007; and,
- **W3B** was ordered from Thalès Alenia Space in February 2008.

During the 2006-2007 financial year, the Group ordered 3 satellites:

- **W2A** was ordered from Thales Alenia Space in September 2006;
- **HOT BIRD™ 10** was ordered from EADS Atrium in October 2006; and,
- **W7** was ordered from Thales Alenia Space in December 2006.

In addition, the Group ordered 2 further satellites during the 2005-2006 financial year:

- **HOT BIRD™ 9** was ordered from EADS Astrium; and,
- **W2M** was ordered from EADS Astrium – ISRO.

For further information on these satellites, see section 6.6.1.4 "Satellites ordered and in the course of construction".

Main provisions of the satellite procurement and launch contracts

The Group is entitled to closely monitor all the tasks carried out as part of these manufacturing contracts, including the design, assembly and testing phases as well as construction. For this purpose, certain Group engineers are assigned to the production site. This supervision allows the Group to make sure that its high quality standards and its technical specifications are complied with at all stages of the satellite's construction. In addition, by virtue of these procurement contracts, the constructors offer certain in-orbit support services.

The payment mechanism specified in the Group's procurement contracts with its suppliers breaks down into 4 parts: (i) progress payments related to the various technical reviews, (ii) payment of a lump-sum for the launch campaign (iii) in-orbit incentive payments, and (iv) reimbursements or penalty payments for late delivery or non-compliance with the technical specifications.

The contracts also contain clauses allowing the Group to terminate them with or without giving reasons. If a contract is cancelled and a reason is given, the Group is entitled to full reimbursement of any payment it may have made to the constructor. If the launch is cancelled without giving a reason, the Group will be required to pay significant cancellation indemnities that increase with time, based on the work completed by the constructor.

In-orbit incentive payments

The Group's satellite procurement contracts also contain a provision for in-orbit incentive payments whereby the manufacturer is paid a portion of the procurement cost throughout the estimated contractual life of the satellite on the basis of satellite's compliance with the technical and contractual specifications.

In the most recent contracts, the Group has agreed to pay the price for the satellite in full, including the amount allocated for incentive payments and the acceptance review at the time the satellite is brought into operation. However, the Group is entitled to reimbursement of part of the sums paid if the satellite does not meet the technical specifications, or in the event of malfunction.

The contracts also contain penalty clauses to apply in cases of late delivery. During the 2008-2009 financial year, the Group received 1.75 million euros in respect of the late delivery of the W2M satellite. During the financial year ended 30 June 2007, the Group received 11.4 million euros in consideration for the late delivery of the HOT BIRD™ 3 satellite, and during the financial year ended 30 June 2006 it received 5.9 million euros for the late delivery of the ATLANTIC BIRD™ 1 satellite.

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In cases where delivery is more than 6 months late, the Group can cancel the satellite procurement contracts on the grounds of the non-fulfilment of contractual obligations by the supplier.

Launch service contracts

The Group has assigned the launch services for its satellites under construction to Arianespace, Sea Launch and International Launch Services. The fact of having at least 3 launch service suppliers offers the Group additional flexibility and security to ensure that its satellites under construction will be launched within the scheduled time limits.

During the 2008-2009 financial year, Arianespace launched 3 of the Group's satellites: HOT BIRD™ 9, W2M and HOT BIRD™ 10, with HOT BIRD™ 9 and W2M both being carried in the same rocket. The W2A satellite was, however, launched in a Proton rocket by ILS International Launch Services.

Under a launch services contract between the Group and Arianespace, the Group is entitled to a new free launch if the launch fails. Following the failure of the HOT BIRD™ 7 launch in December 2003, and in accordance with the contract signed with Arianespace, the Group was offered a new launch, which was used for the launch of HOT BIRD™ 9. The cost of this launch for the Group will be limited to the cost of the additional satellite mass, the arrangement of insurance policies and costs incurred in positioning the satellite on-station.

Under the terms of these launch services contracts, the Group can delay or cancel a launch with or without giving reasons. In the event of a cancellation supported by a reason, the Group is entitled to full repayment of any sum it may have paid to the launch services provider. If the Group cancels the launch without giving a valid reason, it is required to pay the cancellation penalties, which could be substantial.

>> 22.2 Allotment agreements with third parties

The Group has signed allotment agreements with third parties (RSCC and ALS). These are described in section 6.6.1.3 “Capacity leased on third-party satellites” of this reference document.

>> 22.3 Financing agreements

The Group has entered into a number of financing agreements it considers significant (in particular the Refinancing Loan). These financing agreements are described in section 10.3 “Changes in debt and the Group's financing structure”.

23 DOCUMENTS AVAILABLE TO THE PUBLIC

All the legal documents concerning the Company, the Company's by-laws, the minutes of the General Meetings, individual and consolidated financial statements, the Statutory Auditors' reports and all the other corporate documents are available in hard copy at the Company's head office.

All the information made public by the Group under Article 221-1 of the General Regulations of the Autorité des marchés financiers can be accessed on the Company's web-site at the following address: http://www.eutelsat.com and a copy of the information may be obtained at the Company's head office, 70, rue Balard – 75015 Paris.

>> Person responsible for the information

Gilles Janvier
Investor relations
70, rue Balard - 75015 Paris

>> Indicative financial reporting timetable

The dates stated below are provided for information only and may be modified at any time by the Company:

- **5 November 2009:** Publication of 1st quarter revenues;
- **10 November 2009:** General meeting of the Shareholders;
- **18 February 2010:** Publication of 2nd quarter revenues and interim results;
- **May 2010:** Publication of 3rd quarter revenues;
- **Late July 2010:** Publication of the results for the financial year ended 30 June 2010.

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>> Annual information document

In accordance with Article 222-7 of the General Regulation of the Autorité des marchés financiers, an annual information document is provided below listing all the information published or made public by the Company in accordance with its legislative and statutory obligations in terms of financial instruments and financial instruments markets.

Publication date	Title of press release
29 September 2009	HOT BIRD™ TV awards 2009 record number of thematic TV channels take part in this year's event viewers now voting for popular people's choice award!
16 September 2009	Nortis Cimecom deploys Eutelsat D-STAR satellite broadband service for 470 schools across Morocco
10 September 2009	Eutelsat Communications receives award as fixed satellite services operator of the year for second consecutive year
7 September 2009	Eutelsat statement on launch of W7 satellite
7 September 2009	Globecast further strengthens resources on Eutelsat satellites for professional video services in Europe
31 July 2009	Eutelsat Communications reports revenue growth of 7.2% and net income increase of 43.6% for its 2008-2009 financial year The Group raises short and medium term growth objectives
29 July 2009	Globecast inks deal with Eutelsat to expand capacity for Romania's national Public broadcaster at Eutelsat's 16 degrees East neighbourhood
13 July 2009	Serbia Broadband (SBB) boosts the total TV platform with new capacity at Eutelsat 16 degrees East video neighbourhood
9 July 2009	Information concerning the total number of voting rights and shares making up the share capital
8 July 2009	Eutelsat Communications' Extraordinary General Meeting of Shareholders of 6 July 2009
29 June 2009	Eutelsat launches FRANSAT, the new satellite service offering french free DTT channels across mainland France
26 June 2009	State of Brandenburg and Eutelsat partner in initiative to deliver broadband to homes via satellite
18 June 2009	Astrium acquires capacity on Eutelsat's new W2A satellite
15 June 2009	Eurovision takes Ku-band capacity on Eutelsat W2A satellite and books first permanent C-band capacity for Africa coverage
11 June 2009	Michel de Rosen joins Eutelsat Communications as Deputy Chief Executive Officer
8 June 2009	Eutelsat's TOOWAY™ satellite broadband service raises speeds to 3.6 MBPS from 1 July 2009
2 June 2009	Skyvision concludes multi-year contract with Eutelsat for capacity on W2A satellite
19 May 2009	Eutelsat W2A satellite in C and Ku-band goes live and captures new business at 10 degrees East
14 May 2009	Eutelsat selects Astrium to deliver ATLANTIC BIRD™ 7 satellite for 7 degrees West video neighbourhood
14 May 2009	Eutelsat Communications reports a 5.6% increase in revenue for the third quarter of 2008-2009 financial year Increase of 7.1% in revenues over the first 9 months of the 2008-2009 financial year, above from the Group's annual growth objective
11 May 2009	Sylvie Lallement joins Eutelsat Communications as General Counsel
6 May 2009	El Corte Inglés of Spain to distribute Eutelsat's TOOWAY™ satellite broadband service
4 May 2009	Eutelsat's TOOWAY™ satellite Internet service makes broadband for all a reality in Ireland
30 April 2009	Eutelsat's TOOWAY™ satellite Internet service makes Lord Carter'S digital Britain a reality
15 April 2009	Eutelsat's KABELKIOSK digital cable platform makes its move to EUROBIRD™ 9A
8 April 2009	Eutelsat announces the launch in June on ATLANTIC BIRD™ 3 of France's free digital terrestrial TV (DTT) channels for homes beyond terrestrial reception
4 April 2009	Eutelsat's W2A satellite blasts off from the Baikonur Cosmodrome
3 April 2009	Information technology awards: Giuliano Berretta receives award as "promoter of the information society" prize
31 March 2009	Eutelsat's W2A satellite on track for 3 April proton launch from the Baikonur Cosmodrome
30 March 2009	Eutelsat and Globecast renew long-term collaboration at the HOT BIRD™ video neighbourhood
24 March 2009	Nilesat and Eutelsat sign a new strategic agreement to develop the 7 degrees West video neighbourhood for the Middle East and North Africa
19 March 2009	Eutelsat HOT BIRD™ neighbourhood consolidates reach in Italy
19 March 2009	Eutelsat participates in live satellite-delivered 3D-HD demonstrations
12 March 2009	Eutelsat commissions new W3C satellite from Thales Alenia Space

23 DOCUMENTS AVAILABLE TO THE PUBLIC

>> Annual information document

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Publication date	Title of press release
4 March 2009	Poland's Cyfrowy Polsat pay-TV platform increases capacity on Eutelsat's HOT BIRD™ 9 satellite
24 February 2009	Eutelsat doubles its broadcasting resources at 9 degrees East with deployment of the EUROBIRD™ 9A satellite
17 February 2009	Eutelsat's HOT BIRD™ 9 satellite goes live
12 February 2009	Successful launch for Eutelsat Communications' HOT BIRD™ 10 satellite
10 February 2009	Eutelsat Communications reports first half 2008-2009 growth exceeding its objectives
2 February 2009	Eutelsat and its partners launch satellite broadband in France for 35 euros per month
30 January 2009	Russia's Platforma HD boosts capacity on Eutelsat's EUROBIRD™ 9 satellite for new digital package
28 January 2009	Eutelsat statement on the W2M satellite
19 January 2009	Eutelsat Communications inks key contracts with Telespazio for broadcasting RAI channels at the HOT BIRD™ video neighbourhood
15 January 2009	Eutelsat Communications has partnered with the "France 2025, préparons demain" exhibition running from 14 January to 15 March 2009 at the Cité des sciences et de l'industrie de Paris Eutelsat also reaffirms its attachment to freedom of information and non-discrimination of audiovisual content which complies with appropriate regulations
14 January 2009	Eutelsat and Speedcast team with Furuno for satellite-based communications at sea in Ku-band
30 December 2008	Information note on Corporate Governance practices under the AFEP-MEDEF Code
20 December 2008	Eutelsat Communications' HOT BIRD™ 9 and W2M satellites lofted into orbit
16 December 2008	HOT BIRD™ 9 and W2M on track for launch on 20 December
8 December 2008	ART extends to 2020 its capacity at Eutelsat's HOT BIRD™ neighbourhood for broadcasting in Europe and North Africa
20 November 2008	Airfield Media Group selects Eutelsat's HOT BIRD™ neighbourhood to broadcast belgian french-language channels in its Telesat platform
17 November 2008	Winners announced of the HOT BIRD™ TV awards 2008
12 November 2008	Fastweb chooses Eutelsat to bring broadband satellite connections in Italy
4 November 2008	Eutelsat Communications reports revenue for the first quarter 2008-2009 and confirms mid-term growth objectives
21 October 2008	Eutelsat affirms its commitment to "Digital France 2012", the new initiative launched by the French Government
20 October 2008	Roots Global expands Asian channel platform on Eutelsat's EUROBIRD™ 9 satellite
6 October 2008	Arianespace flight 186 set for end November with Eutelsat's HOT BIRD™ 9 and W2M satellites
3 October 2008	Telecable initiates deployment of Eutelsat's TOOWAY™ consumer satellite broadband service in Spain's Asturias region
30 September 2008	Nominee Channels announced for HOT BIRD™ TV awards 2008
25 September 2008	Distribution network for Eutelsat's TOOWAY™ broadband service gathers speed with Numeo in France
16 September 2008	Eutelsat congratulates winners of IBC special award for world-first demo of next-generation HDTV in super Hi-Vision
15 September 2008	Serbia Broadband (SBB) boosts the total TV direct-to-home TV platform with new capacity on Eutelsat W2 satellite
10 September 2008	Eutelsat Communications receives award as best satellite operator for 2008
8 September 2008	Platforma HD, Russia's new HDTV platform selects Eutelsat's EUROBIRD™ 9 satellite
3 September 2008	Eutelsat Communications' update on technical performance W5 satellite
1 September 2008	Sislink secures 4,000 hours of Eutelsat satellite capacity for key news and sporting events
Crossing of disclosure thresholds	
21 July 2009	Notification of the crossing below the legal and statutory thresholds by CDC owing to the sale on 15 July 2009 to FSI of 56,399,660 shares, representing 25.66% of the Company's share capital.
7 July 2009	Notification of the crossing above the legal and statutory thresholds by CDC Infrastructure owing to the sale on 1 July 2009 to the CDC of 56,399,660 shares, representing 25.66% of the Company's share capital. on 18 July 2009, the CDC contributed all the shares that it owns to Fonds Stratégique d'Investissement S.A.
20 March 2009	Notification of the crossing above the 7% threshold by Franklin Resources Inc., which owns 15,535,240 shares or 7.073% of the Company's share capital

Publication date	Title of press release
Documents published in the BALO (*Bulletin des Annonces Légales Obligatoires*/Bulletin of Compulsory Legal Notices)	
2 October 2009	Notice of a meeting constituting a convocation to the Combined General Meeting ruling on the annual financial statements for the financial year ended 30 June 2009 of 10 November 2009
24 June 2009	Amendment to the third resolution on the insertion of the notice of a meeting constituting a convocation
27 May 2009	Notice of the Extraordinary General Meeting on 6 July 2009
4 March 2009	Approval of the financial statements for the year end 30 June 2008
20 October 2008	Notice of convocation to the General Meeting of the Shareholders on 6 November 2008
1 October 2008	Notice of meeting of the General Meeting of the Shareholders on 6 November 2008
29 September 2008	Annual financial statements for the financial year ended on 30 June 2008
13 August 2008	Full-year results for the 2007-2008 financial year and business report
Declarations of securities transactions by managers	
11 November 2008	Giuliano Berretta
Documents filed with the Court clerk's office	
27 May 2009	By-laws updated
27 May 2009	Capital increase
27 May 2009	Extract from the minutes concerning the capital increase

The press releases can be consulted on the Company's website (www.eutelsat.com).

The documents published in the *Bulletin des Annonces Légales Obligatoires* (BALO) can be consulted at www.journal-officiel.gouv.fr.

The documents filed with the Court Clerk's Office can be consulted on the www.infogreffe.fr web-site.

24 INFORMATION ON HOLDINGS

Information concerning the companies in which the Company holds part of the share capital likely to have a significant impact on the evaluation of its assets, financial position or results, is given in section 7.2 "Subsidiaries and equity interests" of this reference document and in Note 30 to the Company's consolidated financial statements for the year ended 30 June 2009.

GLOSSARY

Analogue
Format of a broadcast signal where a continuously varying physical quantity precisely describes the variation of the information it represents.

Bandwidth
Band of frequencies used for an RF transmission (*e.g.* 36 MHz).

Beam
Term used to describe the radiation pattern of a satellite antenna. The intersection of a satellite beam with the surface of the Earth is called the footprint (of the beam).

Broadcast Satellite Service (BSS)
Communications service in which signals transmitted or retransmitted by satellite are intended for direct reception by the general public. Use of the corresponding frequencies is governed by international regulations, with the aim of allowing all countries to offer services of this kind. In Europe, the downlink frequency range for the BSS is 11.7 to 12.5 GHz.

C-band
Frequency range assigned to satellite communications systems, approximately 4 GHz for the downlink and 6 GHz for the uplink. The associated transmit power is relatively low in comparison with Ku-band, for example. Large antennas are therefore required for C-band operation.

Capacity
Quantity of information transmitted. By analogy, there is often reference to spectrum width and to the associated power needed to transmit this quantity of information.

Digital
Format for recording, processing, transmitting and broadcasting data *via* a binary signal (and not by a continuously varying signal).

Direct broadcasting
Direct reception of satellite signals by the user, *via* DTH or community reception facilities (satellite dish) (synonym: direct broadcasting).

Downlink
Path travelled by the signal in the direction Space-Earth.

DSL
Digital Subscriber Line. Technologies that make it possible to use the copper lines connecting the customers of the switched telephone network for purposes of broadband transmission in packet mode (digital).

DVB
Digital Video Broadcasting. A set of European standards for the broadcasting and reception of digital TV signals by satellite (DVB-S), cable (DVB-C) or terrestrial means (DVB-T), developed within the framework of the Digital Video Broadcasting project and formalised by the European Telecommunications Standards Institute (ETSI). These European standards have been adopted by many countries worldwide.

Earth segment
Earth stations operated in a given satellite system or network (synonym: ground segment).

Earth station
Installation required in order to receive a signal from a satellite and (or) transmit a signal to a satellite. The facility consists essentially of an antenna and communications equipment on the ground. (synonym: Ground station).

EDP
Eutelsat Digital Platform. Platforms set up to allow the multiplexing costs on the ground to be shared.

Fixed Satellite Service (FSS)
Communications service between earth stations located at fixed points, such points being determined when one or more satellites are used. However, this expression often designates the "unplanned" frequency bands, which that are not subject to the international regulations governing the use of BSS frequencies. In Europe, the downlink FSS frequencies are 10.7-11.7 GHz and 12.5-12.75 GHz.

Frequency
Number of vibrations produced by unit of time during a given period. Frequency relates to the rate of variation per second of the carrier wave or modulating signal. Satellite transmissions are generally in GHz (see C-band, Ka-band and Ku-band).

Internet backbone
The communications networks on which the Internet is based.

IP
Internet Protocol.

GLOSSARY

Ka-band
Frequency range assigned to satellite communications systems, approximately 20 GHz for the downlink and 30 GHz for the uplink. These frequencies have the shortest wavelength of the 3 principal frequency bands used by geostationary satellites. Small antennas can be used, but Ka-band requires the use of beams that are tightly concentrated over fairly small geographical areas.

Ku-band
Frequency range assigned to satellite communications systems, approximately 14 GHz for the uplink and 11 GHz for the downlink. Used for radio and TV, this band is the most widespread in Europe as a result of the small size of the antennas needed for reception.

MPEG
Moving Pictures Experts Group – Working Group charged by the ISO with the task of developing international standards for the compression, decompression, processing and encoding of video, audio and any combination thereof, such as to ensure a wide range of applications. Name also given to the compression and digital broadcasting standard for TV, resulting from the deliberations of this group of experts.

MPEG-2 is the second-generation standard designed for TV broadcasting and MPEG-4 provides a smaller compression format compared with MPEG-2 that can carry all the new Video Applications.

Operating period
Period during which a satellite is able to function. The operating period of a satellite in orbit depends in particular on the quantity of fuel it carries for station-keeping.

Passband
Range of frequencies permitted for an RF transmission (see bandwidth).

Payload
Set of satellite equipment used for reception, frequency conversion, processing, and retransmission of the communications signals after they have been amplified, but excluding add-on equipment such as the platform (physical structure and subsystems such as electrical and thermal control, attitude control, etc.).

Radio frequency
Electromagnetic frequency generally higher than 20 kHz, used to transmit information.

Redundancy
Architecture based on the use of several identical components, each able to replace any of the others in the event of failure.

RF relay
Professional terrestrial RF link generally used between the studios of a radio or TV station and the antennas transmitting the programmes to customers' homes.

S-band
Frequency range assigned to satellite communications systems, approximately 2 GHz for the uplink. Frequency adjacent to the UMTS frequencies.

Signal
Variation of a physical value of any kind carrying information.

Simulcasting
Simultaneous transmission of a programme or service using 2 transmission standards or media. This technique developed by Eutelsat under the name of Simulcast makes it possible to transmit a carrier wave in analogue mode and a digital TV signal on a single satellite transponder which could normally only transmit the carrier wave of the analogue signal.

Skyplex
System allowing several digital services to be multiplexed on board the satellite rather than on the ground and retransmitted by a single carrier wave compliant with the DVB standard. TV channels can thus be transmitted independently, from different geographical locations, and received on DTH equipment meeting the DVB standard. Skyplex systems require the use of specific equipment on board the satellite for reception and multiplexing of the digital services.

Space segment
Satellites in a satellite communications system belonging to an operator.

Steerable beam
Beam of a satellite antenna that can be directed onto a particular geographical region using ground-based controls.

Telemetry
Encoded communication sent by the satellite to the earth station to transmit the results of measurements related to the satellite's operation and configuration.

Transponder
Name given to the retransmitter on-board the satellites, whose function is to retransmit the signals received from the earth uplink station to a specific part of the globe.

Uplink
Path travelled by the signal in the direction Earth-Space.

VSAT Terminal
Microterminal connected to a fixed antenna and allowing satellite reception or transmission.

A ANNEX

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A ANNEX 1

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF EUTELSAT COMMUNICATIONS IN APPLICATION OF ARTICLE L. 225-37 OF THE *CODE DE COMMERCE*

Eutelsat Communications
***Société anonyme* with a Board of Directors and a share capital of 220,113,982 euros**
Registered office: 70 rue Balard - 75015 Paris
481 043 040 R.C.S. Paris - France

Report of the Chairman of the Board of Directors of Eutelsat Communications in application of Article L. 225-37 of the French Commercial Code *(Code de commerce)*

Dear Shareholders,

In accordance with Article L. 225-37 of the *Code de commerce*, this report provides information on the preparation and organisation of the work of the Board of Directors of Eutelsat Communications during the financial year ended 30 June 2009 and on the internal control procedures set up by the Eutelsat Group.

For the purposes of this report, please note that "Company" means Eutelsat Communications and that "Group" or "Eutelsat Group" means Eutelsat Communications and all companies controlled by it within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce)*.

The Group's main business is the operation and commercialisation of a geostationary satellite system for broadcasting and communications purposes, which is positioned at an altitude of more than 36,000 kilometres.

As of 30 June 2009, the Group was operating 27 satellites in stable geostationary orbit, positioned above the Equator between 15° West and 70.5° East.

1. Introduction

The financial year ended 30 June 2009 saw a period of reinforcement for the Company's role in steering the financial and strategic development of the Eutelsat Group, the 3rd largest operator of Fixed Satellite Services.

This enhanced role saw a significant increase in the activity of the Audit Committee and the Selection and Remuneration Committee, and also the Strategy and Investment working group in their respective areas of competence to prepare for the decisions to be taken by the Board of Directors. Risk-management and internal-control practices have also been enhanced within the Group, largely due to the marked development of its technical activities and to the launch of new Ka-band and S-band projects.

2. Governance of the Company

Absence of concerted action or control

The Company's IPO took place on 2 December 2005. As of that date no shareholder of the Company, directly or indirectly, by itself or with others, exercised control within the meaning of Article L. 233.3 of the *Code de commerce*.

This situation has not been altered by changes in the make-up of the Company's share capital over this and previous years.

The major shareholders of our Group are represented on the Company's Board of Directors. These are ABERTIS TELECOM, with 31.40% of the share capital, and the *Caisse des Dépôts et Consignations* with 25.66% of the share capital, as of 30 June 2009.

Please note that in July 2009, the shares held in our Company by the *Caisse des Dépôts et Consignations-Infrastructure* were transferred in a series of operations to the *Fonds Stratégique d'Investissements S.A.*, a company in which the *Caisse des Dépôts et Consignations-Infrastructure* has a majority holding.

As of 30 June 2009, no shareholder of our Company, directly or indirectly, by itself or with others, exercised control within the meaning of Articles L. 233.3 *et seq.* of the *Code de commerce*.

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Combining the functions of Chairman and CEO

Under Article 148 of the decree of 23 March 1967, the Board of Directors decided at its meeting of 31 August 2005 to combine the functions of Chairman of the Board and CEO. Mr Giuliano Berretta, Chairman of the Board of Directors, is accordingly responsible for the overall management of the Company as CEO.

Change in the composition of the Board of Directors

With the exception of Mr Guarguaglini, who resigned on 19 June 2009, there has been no change in the composition of the Board of Directors during the year. This is shown in the table below.

Name	Date of appointment	End of term of office
Jean-Luc ARCHAMBAULT	05/10/2007	OGM accounts 30 June 2011
Bertrand MABILLE	05/10/2007	OGM accounts 30 June 2011
CDC Infrastructure represented by Jean BENSAÏD	02/14/2007	OGM accounts 30 June 2011
Carlos SAGASTA-REUSSI	01/23/2007	OGM accounts 30 June 2011
Tobías MARTÍNEZ GIMENO	01/23/2007	OGM accounts 30 June 2011
Andrea LUMINARI	01/23/2007	OGM accounts 30 June 2011
Carlos ESPINÓS-GÓMEZ	01/23/2007	OGM accounts 30 June 2011
Lord John BIRT	11/10/2006	OGM accounts 30 June 2012
Pier Francesco GUARGUAGLINI	07/25/2007	Resigned as of 19 June 2009 OGM accounts 30 June 2012
Giuliano BERRETTA	08/31/2005	OGM accounts 30 June 2011

In application of the Letter-Agreement between the Company and EUTELSAT IGO and the Company's by-laws, Mr Christian Roisse, Executive Secretary of EUTELSAT IGO, sits on the Board of Directors as an observer (*censeur*).

Independent directors

In accordance with the practices of sound governance, the Board of Directors undertook a procedure for the selection of independent directors, *i.e.* Board Members (directors) having no conflict of interests and no business relations with the Eutelsat Group that would be such as to affect the director's judgement.

They are Lord John Birt, former Director General of the BBC, and Mr Guarguaglini, Chairman of the FINMECCANICA Group, whose co-option as a replacement for Mr Dangeard, who had resigned, was ratified by the General Meeting of Shareholders on 10 November 2007.

As of 30 June 2009, no decision had been taken regarding the replacement of Mr Guarguaglini, the outgoing independent director who had recently resigned.

The Board considers that its composition, given the presence throughout almost the entire year of independent directors alongside directors exercising management functions within the Group or representing major shareholders, is an element of sound governance.

Employee representation on the Board of Directors

As part of a policy aimed at improving communication between the Group's management and employees, the Company entered into an agreement with the works council of our operating subsidiary Eutelsat S.A. This agreement is designed to give the works council of Eutelsat S.A., and hence all Eutelsat S.A. employees, greater visibility over the Company's operations and decisions.

It has seen the introduction of a procedure for informing the Eutelsat S.A. works council when operations are undertaken by the Company that are liable to affect the operations and field of activity of our operating subsidiary Eutelsat S.A. Under the same agreement, the two Eutelsat S.A. works council representatives on the Board of Directors of Eutelsat S.A. are invited to attend meetings of the Board of Directors of the Company, with access to the same information as the directors.

Mission of the Board of Directors

Under Article L. 225.35 of the *Code de commerce*, the Board of Directors is notably responsible for orienting the Company's business activities and ensuring this framework is properly implemented. Subject to the powers expressly reserved for General Meetings of Shareholders, the Board of Directors can examine any question that affects the sound operation of the Company or the Eutelsat Group.

Over and above the powers provided by law and in application of the Board's internal rules, a number of strategic decisions and undertakings require the prior approval of the Board of Directors.

These decisions can be grouped under the following headings:

- **operations affecting the by-laws:** Any operation that results in an increase in the Company's capital or a modification of the Company's by-laws is subject to prior approval by the Board of Directors;
- **strategic operations:** The Group's Five-Year Strategic Plan, as well as any acquisition of shares in another company or any operations or mergers with a substantial effect on the Company's structure or strategy, is subject to prior approval by the Board of Directors. This also applies to any investment in the capital of another company of more than 50 million euros or of more than 25 million euros if the relevant investment operation is not foreseen in the Strategic Plan;
- **financial commitments and investments:** The Group's Consolidated Annual Budget is subject to prior approval by the Board of Directors at the beginning of each financial year. Similarly, all capital expenditure in excess of 50 million euros (or in excess of 25 million euros if not included in the Annual Budget) is subject to prior approval by the Board of Directors. Prior approval by the Board is also required for any loan or financing contract that is not included in the Annual Budget and results in an increase in the Group's indebtedness by more than 50 million euros. The same applies to any decision to dispose loan, lease or transfer assets of the Group (excluding commercial operations) or any decision to disinvest any amount in excess of 50 million euros that is not included the Annual Budget;
- **composition of the Group's Board of Directors and Management:** The Board of Directors is in charge of defining the requirements for independence and selection of the independent directors. Its prior approval is needed before a Manager whose remuneration is one of the six largest in the Group can be recruited or dismissed;
- **other matters:** Any projected take-over or merger of the Company, any offer to buy another company for which payment would be wholly or partly in Company shares, and any draft reference or offer documents for investors also have to be submitted for approval by the Board of Directors.

Committees and Working Groups of the Board of Directors

During the year, the Board of Directors decided to set up an Audit Committee alongside the Selection and Remuneration Committee and the Strategy and Investment working group to provide advice to the Board in their respective areas of competence:

Selection and Remuneration Committee

This Committee is mainly responsible for studying and providing recommendations to the Board as appropriate on (i) the remuneration of the Chairman of the Board & CEO and of the Deputy CEO, (ii) the introduction of stock-option plans or plans for the purchase or grant of shares within the Group, (iii) the allocation of attendance fees to members of the Board, (iv) the selection of independent directors, (v) the recruitment or dismissal of any employee whose remuneration is one of the 6 highest in the Group (see Chapter 9 of the Management Report).

The Committee is currently comprised of Mr Martínez Gimeno, Chairman and Messrs Bensaid, Espinós-Gómez and Lord John Birt.

The Secretary of the Committee is Mr Izy Béhar, Director of Human Resources.

All Committee members took part in meetings of the Committee during the year.

The Selection and Remuneration Committee was very active during the year, mainly due to the definition, implementation and supervision of the selection process for a new CEO in the course of the year, as the present CEO, Mr Berretta, was reaching the age limit for holding the office of CEO.

Subsequent to this selection process, which began in the first quarter of the financial year with the support of firms specialising in this field, the Selection and Remuneration Committee made the following proposals to the Board:

- to amend certain provisions of the Company's by-laws in order to specify the expiry dates for the term of office of a Board Member, CEO, Deputy CEO and Chairman when they have reached the age limit stated in the by-laws;
- to increase the cut-off age from 70 years to 71 years for holding the office of Chairman of the Board of Directors;
- to agree to the proposal that Mr Michel de Rosen be appointed Deputy CEO of the Company. Mr de Rosen would be appointed as the Company's CEO upon expiry of Mr Giuliano Berretta's term of office, with the latter continuing as Chairman of the Board. The functions of CEO and those of Chairman of the Board of Directors would thus be separated;
- to define the conditions for Mr de Rosen's compensation in accordance with the recommendations of the AFEP-MEDEF Code of Conduct, to which the Company subscribes.

On 11 June 2009, the Board of Directors subsequently decided:

- to approve the draft resolutions aimed at amending the by-laws, and to convene an Extraordinary General Meeting of Shareholders, which was held on 6 July 2009 and approved the proposed amendments to the by-laws;
- to approve the selection of Mr de Rosen as Deputy CEO and subsequently future CEO of the Company, as a replacement for Mr Berretta, and to separate in this way, as from the next Ordinary General Meeting of Shareholders called to adopt the financial statements for the year ended 30 June 2009, the functions of CEO from those of Chairman of the Board of Directors;
- to approve the conditions of Mr de Rosen's compensation.

Additionally, in order to ensure a transitional phase, and upon a proposal by Mr Berretta, Mr de Rosen was appointed Deputy CEO of the Company as from 1 July 2009, by the same Board meeting of 11 June 2009.

In the course of the year, the Committee also continued to examine the employee shareholding policy and to consider how to ensure the loyalty of the Group's key personnel.

Based on a proposal by the Committee, the 26 May 2009 meeting of the Board of Directors acknowledged the expiration of the acquisition period for shares covered by the Free Share Allocation Plan of 10 May 2007 to benefit of the Group employees and senior managers and, upon the Committee's recommendation, the list of beneficiaries was determined by the same meeting of the Board. In accordance with the terms and conditions of Article L. 225-197 of the *Code de commerce*, these free shares would be definitively vested to beneficiaries that have worked for the Group for a two-year period. The Board also specified that these shares would not be available for another two years *i.e.* until 26 May 2011.

Strategy and Investment Working Group

This Working Group was set up in April 2007. It meets on an *ad hoc* basis and has the task of submitting recommendations to the Board as appropriate on any projected external growth operations and investments under the Strategic Plan or Annual Budget.

The members of the Working Group are Jean Bensaïd and Carlos Espinós-Gómez and they are assisted by other directors as necessary.

In the course of its work the Working Group oversaw preparation of the Group's 2009-2014 Strategic Plan and the Group's Consolidated Annual Budget for 2009-2010, in liaison with the Audit Committee.

As part of these activities, the Working Group monitored the implementation of the KASAT- TOOWAY™ programme, which is designed to offer all European homes a broadband Internet access solution as from FY 2010-2011.

The Working Group also examined the strategy for securing the satellite fleet deployment plan subsequent to the launch failure of the W2M satellite. Implementation of the alternative solutions studied and recommended by the Working Group in order to contend with this failure led the Group to place an order for a new W3C satellite not only to fulfil the original missions of the W7 or W3B satellites in the event of a launch failure, but also to guarantee deployment and to secure the 7° East orbital position in accordance with the securing policy defined by the Group the previous financial year.

Audit Committee

The task of the Audit Committee is to assist the Board of Directors by (i) reviewing the Company's draft half-year and full-year accounts (consolidated and Company accounts), (ii) issuing recommendations on the draft consolidated Annual Budget proposed by Management, prior to its examination by the Board, (iii) issuing recommendations to the Management of the Company and to the Board of Directors on the policy and methods for ensuring the production of reliable and fair accounting and

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financial information that is reliable and sincere, (iv) making sure that the internal controls applied within the Group are appropriately implemented, and (v) presenting recommendations to the Board and to Management on the appropriate method of handling any risk of any kind liable to affect the Group's operations.

The Audit Committee was set up the previous financial year and is composed of Mr Archambault, Chaiman, Lord Birt and Mr Sagasta-Reussi. The Committee was very active during the year.

The Secretary to the Committee is Mrs Lallement, General Counsel. Mrs Guillouard, CFO, attended all the Audit Committee's meetings.

The members of the Committee attended almost all its meetings.

The work off the Audit Committee is concentrated mainly on the second half of the financial year, mainly due to the review of the half-year accounts in February and the cycle for the preparation of the consolidated draft budget by the Group's financial department, which begins in March so that the draft can be presented for Board approval before year-end.

The Audit Committee also examined other important matters during the year, including a review of the challenges, consequences and measures to be taken or already taken by the Group to minimise the consequences the global financial crisis on the Group's activities. The study, conducted by the finance department, resulted in enhanced control and management procedures for customer risk and a new credit-insurance policy.

The Audit Committee also reviewed the work plan for the Internal Audit function during the year, as well as the objectives being pursued.

The Audit Committee is also responsible for maintaining a regular dialogue with the Company's Statutory Auditors who attend Audit Committee meetings when half-year and full-year accounts are being prepared, prior to their adoption by the Board of Directors.

Lastly, following the creation of a Risk Management department, the Audit Committee has engaged in regular dialogue with the Director of Risk Management concerning to the latter's mission and has drawn up his yearly work-schedule.

Board meetings and information communicated to the Board of Directors

The Board of Directors meets as often as the interests of the Company or the Group require.

The Board of Directors met 10 times during the financial year.

The attendance rate at meetings during the financial year exceeded 98%, with only 1 director unable to participate in all Board meetings held during that period.

Except in an emergency, invitations to attend meetings of the Board of Directors are sent to Board members at least 5 days before the meeting concerned.

In accordance with the relevant provisions of the Internal Rules of the Board of Directors and the recommendations approved last year, notably concerning the introduction of a unique document format, documents for the Board of Directors are sent to its members at least 5 days before the Board meetings take place.

For an emergency meeting of the Board, documents are sent out in a shorter timeframe.

To provide Board Members with a better understanding of the Group's operations and business activities, the Chairman of the Board & CEO gives a regular status report to the Board on the activities of all the Group's departments during the period leading up to the meeting, and on on-going projects in those departments.

Main issues examined by the Board of Directors

The Board's regular work cycle mainly concerns the second six-months of the financial year, largely due to preparation of the Annual Budget and 5-Year Strategic Plan and to the legal provisions for the preparation of the financial statements.

Strategic Plan and Annual Budget

In the second half of each financial year, the Board of Directors examines the Group's draft 5-Year Strategic Plan.

The Strategic Plan is designed to establish the Group's strategic objectives and determine not only the tools needed to achieve those objectives but also the financial and business activity forecasts for the Group.

The Strategic Plan for the period from the 2009-2010 financial year to the 2013-2014 financial year was approved on 30 July 2009.

The Group's consolidated Annual Budget, which fixes the financial and budgetary objectives for the coming year and which is included as part of the Strategic Plan, is reviewed by the Board in the last quarter of the financial year. The Annual Budget for 2009-2010 was approved by the Board on 25 June 2009.

Review of the consolidated half-year and full-year accounts

In addition to the information provided on the follow-up of the Group's business activities, and in application of the relevant legal provisions, the Board of Directors adopts the interim half-year and full-year accounts. The half-year accounts are adopted in the 3rd quarter (January to March) of each financial year and the Company accounts and consolidated accounts for the full year are adopted in the 1st quarter of the following financial year (July to September).

It should be noted that under the "Transparency" Directive, adoption and publication of the half-year accounts takes place in February each year.

Additionally, under Article L. 232.2 of the *Code de commerce*, the Board of Directors adopts the management planning documents for the Company in October and April of each year, at the latest.

Investment decisions

Under its Internal Rules, the Board of Directors has to decide on any capital expenditure in excess of the pre-determined ceilings.

Using detailed documentation prepared by the Group's Management, any decisions to commit to capital expenditure – and particularly investments relating to the satellite fleet or to external growth – are first reviewed in detail by the Strategy and Investment *ad hoc* Working Group and then by the Board of Directors, which determines whether the investment is advisable and whether the proposed capital expenditure decision is in line with the Group's strategic objectives. It should be observed that proposed capital expenditure is integrated as part of the Group's consolidated Annual Budget examined by the Board of Directors in the normal course of its business.

This was the case of the Board's decision to procure the W3C and ATLANTIC BIRD™ 7 satellites during the year.

Monitoring the Group's business activities

Management submits to the Board a comprehensive quarterly report on the Group's operations, which includes the Group's results and financial indicators (revenues by application, simplified income statement, situation regarding indebtedness, treasury and costs, etc.) to enable the Board to have a proper understanding of how the business has evolved, particularly at a technical or commercial level, and of budget follow-up. Management also provides the Board with a simplified monthly activity report.

Other issues examined by the Board of Directors

Under its by-laws and Internal Rules, the Board of Directors is informed whenever statutory thresholds are exceeded.

This information is also brought to the attention of Eutelsat IGO in application of the Letter-Agreement of September 2005.

Conflicts of interest and regulated agreements

Apart from the employment contract between Mr Berretta and Eutelsat S.A., there is as of 30 June 2009 no employment contract or service contract between the other directors of the Company and any of its subsidiaries providing for the grant of benefits of any nature.

We have continued to apply the tax consolidation agreements entered into last year under Article L. 225-38 of the *Code de commerce* on regulated agreements.

For further information, please refer to section 9 of the Company's management report.

Principles and rules for determining compensation and benefits granted to the executive officers

The Company complies with the recommendations of the AFEP-MEDEF report.

The fixed and variable components of compensation as well as grants of free shares and benefits in kind received by the Chairman & CEO and Deputy CEOs of the Company are determined by the Board of Directors on the basis of a recommendation by the Selection and Remuneration Committee.

The variable component of compensation is determined by the Board of Directors on the basis of financial performance objectives linked mainly to an objective in terms of EBITDA and also objectives of a qualitative nature (related for example to the quality of the Board's work) but the Board also applies discretion based on the individual performance of the executive officer during the financial year just ended. It is awarded at the beginning of a year with reference to the previous financial year.

For the year ended 30 June 2009, the Board decided to base the variable component of executive officer compensation to be paid in 2010, on the attainment of financial and operational performance objectives but also qualitative elements.

Their right to a defined benefits pension scheme is subject to their working for the Group at the time they retire and to the achievement of objectives over a 3-year period prior to their retirement.

The allocation of free shares to the Chairman & CEO and to the Deputy CEO is, for all the various plans, subject to a condition regarding their still working for the Group and also, for the free share allocation plan of 25 July 2007, to the observance of financial performance conditions for the Group and to an absolute progression in the Company's share price over a 2-year period prior to the definitive date of allocation of the shares concerned.

Other information concerning the members of the Board of Directors

At 30 June 2009, the functions of Board members in other companies incorporated under French law are listed below:

Name, first name	Appointment	End of appointment	Other appointments and positions held by the Board Member within and outside the Group
Giuliano Berretta	Chairman of the Board & CEO	General Meeting adopting the accounts for the year ending 30 June 2011	• Chairman of the Board & CEO of Eutelsat S.A.
Jean-Luc Archambault	Board Member	General Meeting adopting the accounts for the year ending 30 June 2011	• Board Member of Eutelsat S.A. • Chairman of Lysios SAS
CDC Infrastructure, represented by **Jean Bensaïd**	Board Member	General Meeting adopting the accounts for the year ending 30 June 2011	• Chairman and Representative of CDC, MAP SUB • Board Member of Eutelsat S.A. • Board Member of CDC Infrastructure, GALAXY • Permanent representative of CDC on the Supervisory Board of Tower Participations • Permanent representative of CDC on the Board of Directors of Seche, TDF (TéléDiffusion de France) and SANEF (Société des Autoroutes du Nord et de l'Est de la France)
Lord John Birt	Board Member	General Meeting adopting the accounts for the year ending 30 June 2012	None
Carlos Espinos Gomez	Board Member	General Meeting adopting the accounts for the year ending 30 June 2011	• Board Member of Eutelsat S.A.
Andrea Luminari	Board Member	General Meeting adopting the accounts for the year ending 30 June 2011	• Board Member of Eutelsat S.A.
Bertrand Mabille	Board Member	General Meeting adopting the accounts for the year ending 30 June 2011	• Board Member of Eutelsat S.A. • Chairman of the Supervisory Board of Adeuza • Member of the Supervisory Board of Cofitel • CEO of CWT France • Representative of the Chairman, CWT France, of CWT Voyages SAS • Representative of the Chairman, CWT France, of CWT Meetings & Events SAS • Director of SETA (forum Voyages) • Permanent representative of CWT France, Board Member on the Board of Acta Voyages • Permanent representative of CWT, Board Member on the Board of Comevat
Tobias Martinez Gimeno	Board Member	General Meeting adopting the accounts for the year ending 30 June 2011	• Board Member of Eutelsat S.A.
Carlos Sagasta Reussi	Board Member	General Meeting adopting the accounts for the year ending 30 June 2011	• Board Member of Eutelsat S.A.
Christian Roisse	*Censeur* (Observer)		• *Censeur* of Eutelsat S.A.

Grant of stock options or free shares to the executive officers

No new stock-option or stock-purchase plan was put in place by the Board during the financial year ended 30 June 2009.

Note, however, that based on a recommendation by the Selection and Remuneration Committee, the 25 May 2009 meeting of the Board of Directors awarded to Mr Giuliano Berretta, Chairman & CEO, and to Mr Jean-Paul Brillaud, Deputy CEO, 30,000 and 10,000 free shares respectively in accordance with the provisions of the Free Share Allocation Plan of 10 May 2007 (for further information, see the report of the Board of Directors on the free share allocation plans).

Under Article L. 225-197 of the *Code de commerce*, these shares will not be available until the expiry of an additional two-year period for retaining the shares.

Conditions for admittance to and participation in General Meetings of Shareholders

You are informed that within the Group there are no preemptive shares and no shares with double voting rights attached. Resolutions of General Meetings of Shareholders are approved on the basis of the conditions for majority and quorum provided for under existing legislation and according to the principle of one share, one vote.

Conditions for taking part in General Meetings of Shareholders are stipulated in Article 21 of the Company's by-laws, as amended by the Extraordinary General Meeting of 6 July 2009.

3. Management of the Eutelsat Group

The composition of the Group's Management did not change during the year ended 30 June 2009.

You are reminded that, on 22 December 2005, upon a proposal by Mr Berretta, the Board of Directors decided to appoint Mr Jean-Paul Brillaud as Deputy CEO. As Deputy CEO, Mr Brillaud has the same powers of representation and management as Mr Berretta.

Subsequent to the departure of Mr Mc Allister from the position of General Counsel, Mrs Sylvie Lallement joined the Group as General Counsel in May 2009. Mrs Lallement also acts as Secretary to the Board of Directors of Eutelsat Communications and Eutelsat S.A. and is the Chairman of Eutelsat Communications Finance SAS and Fransat.

At Eutelsat S.A., the Group's principal operating company, senior management is assisted by a 12-member Management Committee comprised of the heads of the Company's main departments, namely sales, finances, the legal office, multi-media, operations, the technical department, of programmes & missions co-ordination department, the strategy department and the risk-management department. Convened by senior management, the Management Committee met 8 times during the year in order to examine the operational issues affecting the Group.

The Group considers that the identical nature of the mandates and functions exercised by Messrs Berretta and Brillaud, as well as the streamlined management structure, are evidence of the coherence of the decisions taken by the managing bodies of the subsidiaries and the proper execution of the decisions of the Board of Directors of Eutelsat Communications within the Group, and particularly within Eutelsat S.A., the Group's principal operating subsidiary.

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4. Internal control procedures

Supervised and applied independently of the concept of risk management, internal control is a Company process defined and implemented under the responsibility of the internal audit team to ensure:

- compliance with laws and regulations;
- application of instructions and guidelines fixed by Management;
- the proper functioning of the Company's internal procedures, particularly those which help protect its assets;
- the reliability of its financial information.

In general terms, they contribute to the control of business activities, the effectiveness of operations and the efficient use of resources.

The Company has taken steps to adapt its internal control process to the reference framework of the AMF. This process is continuing.

It is important to distinguish, firstly, between internal control procedures designed to ensure the security of the Group's operating activities, *i.e.* procedures related to the management of satellite risks and other Group risks and, secondly, internal control procedures related to the preparation of accounting and financial information (under regulations currently in force) concerning the business activity of the Company and its subsidiaries.

The Company's role is to provide financial and strategic direction for the Eutelsat Group. The operating activities of the Group, and especially the satellite-related activities, are carried out by Eutelsat S.A. The operating procedures described below are the procedures in place at Eutelsat S.A. and its subsidiaries.

Procedures related to the satellite fleet and its operation

Protecting the integrity of the satellite fleet

The purpose here is to ensure continuity for the telecommunications service provided to our customers and end-users.

Administration and control of the satellite system is the responsibility of the Operations Department, which is in charge of controlling the satellites and controlling the quality of the signals the satellites send and receive.

These activities are carried out from Eutelsat S.A.'s two control centres. These have back-up facilities to guard against any operational unavailability or interruption affecting the centres. Exercises are regularly carried out involving evacuation of the principal control centre and recovery by the back-up facilities.

The control centres see that the satellites are protected and that operational continuity of the signal is maintained so as to meet the requirements of the Group's customers. Relevant recommendations and technical procedures for the satellites are duly observed.

Operational procedures for the control centres, and especially the control centre responsible for the satellite fleet, exist in written form and cover manoeuvres and configuration changes needed in a nominal situation as well as a situation where a technical incident or crisis situation occurs. Procedures are periodically reviewed and tested and activated notably as part of the ongoing training of controllers.

An incident affecting a satellite or one of its signals (*e.g.* a technical failure or signal interruption) is dealt with internally by the Operations Department under escalation procedures. These procedures provide for internal expertise to be available immediately as well as the expertise of the satellite manufacturers where necessary. All incidents affecting either one of the satellites or the control system are properly logged and followed up under the authority of the person responsible for satellite operations with the aim of identifying the causes of the incident and proposing and implementing the necessary corrective measures.

In addition, any material incident liable to affect the quality or continuity of the telecommunications service is:

- communicated to the Group's Management;
- reviewed internally by Eutelsat S.A.'s technical experts;
- reviewed by a panel of independent experts when necessary, depending on the nature of the incidents that have occurred;
- reported in a Press Release.

Computer security and certification of the satellite control system

The introduction of measures designed to strengthen computer security for the information systems used for satellite control continued during the year. The work is co-ordinated by the manager responsible for the security of the Company's information systems and this included *inter alia* the installation of biometric devices for the work stations used for satellite control.

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The satellite control team is seeking to obtain a security certification (ISO 27001) in the first half of 2010.

Certification of satellite control activities under ISO 9001 was obtained in 2005 and renewed in June 2008. Certification covers control and operation of the satellites, satellite launch and orbit operations, and the satellite control system on the ground (definition, development, procurement, deployment, operation and maintenance).

Management and prevention of the Group's other operating risks

The continuity plan for the Company's activities

The continuity plan defines the following:

- mapping of critical processes and the targets for their recovery. Mapping is derived from an analysis of the impact on job/task performance in various crisis scenarios;
- crisis management procedures (logistics, external and internal communications, decision-making process);
- procedures describing the necessary tasks to ensure jobs can be performed at the back-up site;
- the back-up information system (applications, systems and network infrastructure, telephony);
- emergency procedures to be taken in a crisis scenario;
- the necessary logistics for activating the plan (back-up positions for users, rooms with technical facilities to accommodate the back-up infrastructure).

At the beginning of 2006, Eutelsat S.A. launched a business continuity plan (PCA) to reduce the strategic, economic and financial risks in the event of prolonged non-availability of its registered office at 70 rue Balard, 75015 Paris, France.

Under the responsibility of the Information Systems Department, this project seeks to define the conditions for continuity of commercial, financial & administrative, legal, corporate communications, information systems management and human resources activities.

Activities directly linked to managing the satellite fleet (notably satellite and communications control centre activities) are not currently included as they are already covered by specific security procedures, as described below.

The following actions were undertaken in 2007-2008:

- definition of the means necessary to resume all financial processes after the first week of a crisis;
- finalisation of operational procedures and related facilities for the back-up site that are necessary for correct activation of the business continuity plan (PCA);
- deployment of a simulation exercise for the IT back-up plan (PSI) for infrastructure, applications and work stations.

During financial year 2008-2009, a full-scale test of the business continuity plan (PCA) was carried out in January 2009 covering the 10 most critical processes (which would need to resume within the first week after the plan is activated). This test made it possible to validate proper implementation of the organisational and technical procedures in the presence of the personnel involved in doing the individual jobs at the back-up site, and under conditions comparable to an actual crisis.

Security of the information systems

To address the operating risks related to the security of the Company's information systems, the post of an Information Systems Security Manager was created in 2007. This cross-functional position covers all the information systems of Eutelsat S.A.: operation of the business computing and terrestrial networks needed for corporate activities as well as satellite control.

The objectives of this function at Eutelsat are as follows:

- map the risks related to the security of information systems and assess their impact on Company operations;
- introduce a policy and standards adapted to the security requirements of the Company;
- draw up an action plan and lead a cross-functional security committee with the task of monitoring its implementation;
- evaluate the protective measures in place (organisational and technical);
- set up and carry out the role of "computers and freedom" correspondent for the CNIL (*Commission Nationale de l'Informatique et des Libertés*) to limit certain administrative formalities and ensure compliance with the French law on computers and freedom.

The following measures were taken in financial year 2007-2008:

- creation of an information security committee, bringing together at least one representative of each department of the Company;
- the permanent remit of this Committee is to ensure the coherence of security measures, analyse risks, monitor the relevant legal and regulatory obligations and, where appropriate, alert the Company's management;
- designation of the IS Security Manager as the CNIL correspondent for personal data protection. The Company received CNIL approval in November 2007;

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- enhanced security for the corporate information systems, in accordance with security action plans, by setting up organisational procedures (control of data flows between systems, incident management, security standards, etc.) as well as technical procedures (assessment of sensitive data stored on plug-in media, reinforcement of system and network configurations, etc.).

In financial year 2008-2009, the following measures were taken in order to build on measures initiated in the past:

- introduction of an employee awareness campaign on IT security issues. Based on an individual, interactive session per employee, this awareness campaign highlighted best practices (computer security, access to buildings, precautions when travelling, etc.) and tested knowledge acquisition;
- reinforced security for corporate information systems, in line with the security action plans: system configuration, internal network segmentation, database configuration, applications development and security of the telephone infrastructure;
- definition of security standards for management of computer historical records.

Processing of accounting and financial information

As well as establishing internal control procedures for its principal business activity, the Group has developed significant control procedures for processing accounting and financial information, both for its operating subsidiaries and subsidiaries managing its equity interests.

Monthly reports are prepared under the supervision of the Deputy CEO. Reporting takes account of information on the Group's activities as provided by the operational departments of Eutelsat S.A. (Sales, Multimedia, etc.) after due reconciliation with the relevant bookkeeping justifications and legal documentation.

As a result, all services provided by Eutelsat S.A. comply with the control procedures defined by Eutelsat S.A.

Controlling the actions of the subsidiaries that manage the Group's equity interests

During the past financial year, Eutelsat Communications' control over Eutelsat S.A. was simplified. Eutelsat S.A was owned by Eutelsat Communications S.A. *via* a number of subsidiaries managing equity interests, which had no operational role. Some were used for the financing received a) when Eutelsat S.A. and its subsidiaries were acquired by Eutelsat Communications, b) when the Eutelsat Communications IPO was undertaken in 2005, and c) when the refinancing operation took place in June 2006. Control was simplified as follows: the two holding companies between Eutelsat Communications Finance and Eutelsat S.A. were merged and absorbed by Eutelsat Communications Finance.

Control of the undertakings and actions of Eutelsat Communications Finance is essentially based on the applicable legal provisions and by-laws. Its legal form is that of a simplified stock corporation incorporated under French law. The sole Chairman of this subsidiary is Mrs Sylvie Lallement, Eutelsat S.A.'s Legal Counsel. There is no limit under the by-laws on the powers of the sole Chairman, with the exception of those subjects reserved by law to the sole shareholder, namely *in fine* the Management of Eutelsat Communications. Any decisions or projected modifications pertaining to the by-laws, capital increases, mergers and/or transformations are made by the Management of Eutelsat Communications.

Controlling the actions of the operating subsidiaries

During the 2007-2008 financial year, the Company's management took steps to improve visibility over the activities of Eutelsat S.A.'s subsidiaries. Two new control mechanisms were introduced:

- September 2007: creation of a post to provide financial control over subsidiaries and equity interests;
- January 2008: creation of a Subsidiaries Committee, which meets on a quarterly basis and whose main task is to provide increased supervision of the subsidiaries' activities and ensure that Group procedures are being duly applied. This Committee reports directly to the Deputy CEO and is composed of members of management, the financial controller for the subsidiaries, the legal expert responsible for the subsidiaries, the Group HR department and the internal auditor.

In financial year 2008-2009, the Subsidiaries Committee met during each calendar quarter to assess the subsidiaries' activities, particularly concerning the management of contracts with customers and suppliers.

Preparing the consolidated financial statements

At each monthly close, the financial data of each Eutelsat subsidiary is reviewed by the consolidation and reporting manager to verify compliance with the Group's current accounting policy and methods.

In addition, each time the books are closed (full-year and half-year), the Board of Directors meets to examine and approve the financial statements in the presence of Eutelsat Communications' Statutory Auditors.

As part of their audit at each close, the Eutelsat Communications' Statutory Auditors make sure that the accounting policy and procedures developed in the consolidation manual and applied by the Company are appropriate, and that the financial statements prepared by the Board of Directors present fairly and faithfully the financial position and business activity of the Company and the Eutelsat Group.

To encourage management responsibility and the control of financial data for all companies in the Group, the Company has been using a consolidation and reporting system since July 2007 uaranteeing that:

- a single source of information is used for legal consolidation and the reporting process managed within a shared database;
- the application records and archives the process of validating legal data by the managers of Group's companies.

Delegations of authority and signature

In principle, all contracts and documents embodying a commitment for the Company are submitted for signature by the Chairman of the Board & CEO or by the Deputy CEO. In a number of specific cases, however, such as contracts with suppliers involving small amounts, delegations of signature have been authorised by the Chairman of the Board & CEO to certain persons in the Group. The delegations of signature are prepared by the office of the General Counsel, which ensures that they are properly followed up. The Chairman of the Board & CEO and the Deputy CEO are authorised to sign all expenditure commitments with no limit on the amount or nature of the expense, provided they comply with all legal requirements and requirements under the Company's internal rules.

Management and follow-up of the Group's contracts with suppliers

As with other Group contracts, Eutelsat S.A. is responsible for the preparation, negotiation and follow-up of the Company's supplier and financing contracts under a service agreement between the Company and Eutelsat S.A. Before they are signed, contracts with suppliers are examined under a procedure that requires endorsement by the relevant Directors, followed by formal approval by the Chairman of the Board & CEO, by the Deputy CEO or by the Directors to whom the Chairman of the Board & CEO has delegated his signature.

Financing contracts are approved by the Board in accordance with the Board's internal rules.

Management and follow-up of contracts with customers

Eutelsat S.A. and its subsidiaries conclude contracts with customers based on standard models prepared by the office of the General Counsel and the Commercial Department of Eutelsat S.A.

Any change to this standard format is examined in advance by the office of Eutelsat S.A.'s General Counsel before the contracts are signed by those with authority to do so.

The Commercial Director of Eutelsat S.A. has authority to sign sales agreements for up to 300,000 euros per year. Where sales agreements are for amounts between 300,000 and 600,000 euros per year, the signature of the General Counsel is also required. Above 600,000 euros per year, only the Chairman of the Board & CEO (or the Deputy CEO) is authorised to sign.

The Director of the Multimedia Department is authorised to sign Multimedia services sales contracts for up to 1,000,000 euros. Above this figure, such contracts have to be signed by the Chairman of the Board & CEO (or Deputy CEO).

The processes leading up to the signature of capacity allotment agreements are complex and end in the billing of the customers. During each financial year, the selling process, which the Management of the Group deems to be one of the key processes, is the subject of an in-depth audit. The objectives of these recurring annual audits, which are carried out internally, are to evaluate the suitability of the internal procedures in place. On the basis of the findings of these audits, appropriate modifications are made to the internal procedures to reinforce the reliability of the procedures contributing to the recognition of revenues.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Commercial Department and the Finance Department.

Tighter management and follow-up procedures for contracts with customers

Due to the sharp deterioration in the global economic environment, the Group reinforced its procedures for managing customer risk during the year, at the instigation of the Finance Department.

All new customers are now systematically assessed by the Customer Credit Management team in the Finance Department and this procedure can lead to imposing a need for contractual or financial guarantees on the customer, with any delayed payment being the subject of a cross-department monthly follow-up with the appropriate customer-care managers in the Commercial Department and the office of the General Counsel.

The Group has also taken out a new credit-insurance policy to provide better protection against the risks of customer default.

Purchasing procedures

Procedures have been established to guarantee that all commitments to order goods or services are preceded by a duly authorised purchase request.

The authorisation procedure that has to precede all purchases is as follows:

1. Validation by Management of a budget per project/activity as part of the Annual Budget approved by the Board of Directors;
2. Followed by validation by the Director of the Department from which the purchase request originates.

Invoices received are compared with the appropriate items delivered and/or the appropriate services provided subsequent to submission of the relevant contract or order form.

Payment of the invoices is subject to the agreement of the services concerned in the purchasing process, in compliance with the internal control policy relating to the rules for the separation of each function involved.

All payments are based on the principle that there will be two signatures. If certain pre-determined amounts are exceeded, the signature of the Chairman of the Board & CEO or of the Deputy CEO is also required.

As regards procurement contracts for satellites and launchers, these are approved beforehand by the Board of Directors as part of its review of the Group's activities and investment decisions. Contracts for such programmes are governed by a specific procedure (technical, legal and financial) before being signed by the Chairman of the Board & CEO or Deputy CEO of Eutelsat S.A.

Addressing the Group's principal financial risks

The Group has introduced a centralised cash management system for its operating subsidiary Eutelsat S.A. Under service agreements between Eutelsat S.A. and the entities within the Group (including the Company), the cash management department at Eutelsat S.A. manages foreign-exchange risk, interest-rate risk, financial-counterpart risk and liquidity risk on behalf of all the entities in the Group.

To meet interest-rate and financial-counterpart risk, the Group uses a number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows caused by variations in interest rates and foreign exchange rates. The Group's policy is to use derivatives to manage such exposure. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset, *i.e.* the Group never sells assets it does not own or does not know whether it will own them in the future.

Foreign-exchange risk

The Group's functional currency is the euro. The Group is therefore principally exposed to fluctuations in the value of the US dollar. For the financial year ended 30 June 2009, the Group hedged certain future US dollar revenues by means of financial instruments such as traditional or knock-in foreign-exchange options, forward currency transactions and foreign-currency deposits. These instruments are traded over-the-counter with first-rate banking counterparts. Some contracts with suppliers (for satellites or launch services) are denominated in US dollars.

Interest-rate risk

The Group manages its exposure to interest-rate risk by applying a policy of fully hedging its variable-rate term loans and partially hedging its variable-rate revolver credit facilities. To hedge its debt, the Group uses interest-rate hedges both for the Company and for Eutelsat S.A.

Financial-counterpart risk

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments.

The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products exclusively from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

Liquidity risk

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans and revolver lines of credit from banks, and satellite leases.

5. The risk-management policy

Due to the highly complex nature of the activities involved in operating and developing its satellite fleet, the Group's Management has always been particular attention to risk management within the Group. Yet the notion of corporate risk has broadened considerably in recent years, largely as a result of the development of financial and commercial regulations. To mark the importance of risk management, and based on a recommendation by the Audit Committee of the Board of Directors, the Group has created a new post for Director of Risk Management.

The Risk Management department reports directly to the Group's Management and works separately from the internal audit function. Its main tasks are as follows:

- identify the major risks liable to affect the Group's operations and activities and define an associated policy or process to reduce those risks with the department concerned;
- assist the Group's Management and Audit Committee in applying a risk-management policy;

- ensure the Group's interests are protected by making sure that risks liable to affect the Group are defined in a suitable manner and that the Company's operations, activities and internal-control procedures are carried out in such a way as to minimise the risks to the Group as far as possible;
- ensure that risk-management policies are implemented in an appropriate way and that they are taken into account in the performance of the Company's activities.

During the year, Group risks were mapped, initially to identify and measure the importance of risks liable to affect the performance of the Group's operations and activities. The Risk Management department has also developed and implemented a more cross-functional methodological approach as well as new risk-management tools. This new approach will be applied gradually to the various areas of the Group's activities.

Finally, in view of the high number of launches during the financial year, risk management has also focused on the notion of access to space, with systematic assessment of the risk of failure or delay when launching satellites, which has been carried out in conjunction with the technical, commercial and finance departments. It has also explored solutions to minimise the impact of such risks as far as possible.

The importance given to risk management within the Group, which can be seen in the development of this new department, shows the level of attention Management and the Board of Directors is giving to an active risk reduction policy to best protect the Company's assets, activities and interests.

A ANNEX 2

STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE *(CODE DE COMMERCE)* ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF EUTELSAT COMMUNICATIONS, ON THE INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF THE ACCOUNTING AND FINANCIAL ACCOUNTING INFORMATION YEAR ENDED 30 JUNE 2009

A STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE) ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF EUTELSAT COMMUNICATIONS, ON THE INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF THE ACCOUNTING AND FINANCIAL ACCOUNTING INFORMATION YEAR ENDED 30 JUNE 2009

(Free translation of a French language original)

Eutelsat Communications
***Société anonyme* with a Board of Directors and a share capital of 220,113,982 euros**
Registered office: 70 rue Balard - 75015 Paris
481 043 040 R.C.S. Paris

Statutory Auditors' report prepared in accordance with Article L. 225-235 of the French Commercial code *(Code de commerce)* on the report prepared by the Chairman of the Board of Directors of Eutelsat Communications, on the internal control procedures relating to the preparation and processing of the accounting and financial accounting information

To the Shareholders,

In our capacity as Statutory Auditors of Eutelsat Communications and in accordance with Article L. 225-235 of the French Commercial code (*Code de commerce*), we hereby report on the report prepared by the Chairman of the Board of Directors of your Company in accordance with Article L. 225-37 of the French Commercial code (*Code de commerce*) for the year ended 30 June 2009.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L. 225-37 of the French Commercial code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report our observations on information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information,
- confirm that the report also includes the other information required by Article L. 225-37 of the French Commercial code (*Code de commerce*) although it is not our role to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the Company's internal control procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial code (*Code de commerce*).

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French commercial code (*Code de commerce*).

Courbevoie and Paris-La Défense, 31 July 2009

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG AUDIT
Isabelle MASSA	Jean-Yves JÉGOUREL

A ANNEX 3

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED RELATED PARTY AGREEMENTS YEAR ENDED 30 JUNE 2009

A SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED RELATED PARTY AGREEMENTS YEAR ENDED 30 JUNE 2009

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(Free translation of a French language original)

Eutelsat Communications
***Société anonyme* with a Board of Directors and a share capital of 220,113,982 euros**
Registered office: 70 rue Balard - 75015 Paris
481 043 040 R.C.S. Paris

Special report of the Statutory Auditors on regulated related party agreements
Year ended 30 June 2009

This is a free translation into English of the Statutory Auditors' report issued in French language and is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on certain contractual agreements with certain related parties.

We are not required to ascertain whether any other contractual agreements or commitments exist, but to inform you, on the basis of information provided to us, of the terms and conditions of agreements indicated to us. It is not our role to comment on whether they are beneficial or appropriate. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to evaluate the benefits resulting from these agreements prior to their approval.

No agreement authorised during the year

We have not been advised of agreements authorised during the year that are subject to the provisions of Articles L. 225-38 and L. 225-42-1 of the French Commercial Code.

Continuing agreements initiated in prior years

Furthermore, in compliance with the French Commercial Code, we have been informed that the execution of the following agreements and commitments, which were approved during prior periods, continued during the year ended 30 June 2009.

1. Tax consolidation agreement

Tax consolidation agreement between Eutelsat Communications S.A and Eutelsat Communications Finance S.A.S., Eutelsat S.A. and Eutelsat TV S.A.S. We remind you that WhiteBirds France S.A.S. and SatBirds 2 S.A.S., which are party to this agreement, were merged into Eutelsat Communications Finance during the first half of the year.

The corporate bodies concerned are Eutelsat S.A. and Eutelsat Communications S.A. and the natural persons are Mr Berretta and Mr Brillaud.

Pursuant to this agreement, your Company recorded a tax gain of 27.6 million euros for the year ended 30 June 2009.

2. Agreement with corporate officers and senior management

At its meeting of 25 September 2007, the Board of Directors approved contributions to a defined benefit complementary pension scheme (pensions article 39) benefiting Mr Giuliano Berretta and Mr Jean-Paul Brillaud. The Company continued to execute this agreement, in respect of which 92,306.25 euros was paid during the period.

Furthermore, we remind you that Mr Berretta benefits from a termination indemnity in the event of the involuntary termination of his appointment, totalling 1,000,000 euros if annual EBITDA for the last three periods is more than the EBITDA target and entitling him to variable remuneration.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

Paris-La Défense and Courbevoie, 31 July 2009

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG AUDIT
Isabelle MASSA	Jean-Yves JÉGOUREL

A ANNEX 4

TABLE OF CROSS-REFERENCES WITH THE ANNUAL FINANCIAL REPORT

A TABLE OF CROSS-REFERENCES WITH THE ANNUAL FINANCIAL REPORT

This reference document incorporates all information required for the Annual Financial Report as mentioned in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the Autorité des marchés financiers' General Regulation.

The documents mentioned in Article 222-3 of the Autorité des marchés financiers' General Regulation and the corresponding sections in this reference document are as follows:

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