A société anonyme [a limited Company] with capital of 219,641,955 euros
Registered offices: 70 rue Balard - 75015 Paris [France]
Paris Trade and Corporate Register No. 481 043 040 Paris

REFERENCE DOCUMENT 2008

Including the Financial Annual Report

This document is an unofficial translation of the French Document de Référence registered with the Autorité des Marchés Financiers (the "AMF") on 16 October 2008 under number R.08-107 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 received a visa from the AMF.

This document has been prepared by the issuer, and its signatories assume responsibility for its contents. The registration pursuant to the provisions of article L. 621-8-1-I of the French Monetary and Financial Code has been granted after the AMF has verified "*whether the document is complete and comprehensible and whether the information it contains is consistent*". It does not imply a validation by the AMF of the accounting or financial information presented herein.

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 IFRS 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' 2007 Reference Document registered under no. 07-162 by the AMF on 8 November 2007 (the "2007 Reference Document");

- the Consolidated financial statements of Eutelsat Communications prepared in accordance with IFRS for the financial year ended 30 June 2006 and the related Auditors Report in sections 20.2.2 (pages 200 to 259) and 20.2.1 (pages 198 and 199) of the 2007 Reference Document; and

- Examination of Eutelsat Group's financial situation and operating income for the financial years ended 30 June 2007 and 2006 in section 9.4 (pages 97 to 108) of the 2007 Reference Document.

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

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CHAPTER 1. PERSON RESPONSIBLE

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, 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 Telecommunications Satellite Organisation before the transformation (the “Transformation”) (see Section 5.1.5, "Key Events" and Section 6.8, paragraph "Other provisions applicable to the Group”) and “Role of EUTELSAT IGO” means the same organisation after the Transformation. A glossary defining the main terms in this reference document is provided at the end of this document.

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 constitue 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, 15 October 2008

Mr Giuliano Berretta

Chairman & CEO

CHAPTER 2. AUDITORS

2.1 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

Appointed in the By-laws as the Company's first auditors 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 & Guérard
Member of the *Compagnie régionale des commissaires aux comptes de Versailles* (Versailles Regional Association of Statutory Auditors).

61, rue Henri Regnault
92400 Courbevoie

Appointed as statutory auditors of the Company for a term of six financial years at the meeting of the partners of 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

Mr Thierry Gorlin
41, rue Ibry
92576 Neuilly-sur-Seine

Appointed in the By-laws as the Company's first alternate auditors 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.

Mr Gilles Rainaut
61, rue Henri Regnault
92400 Courbevoie

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

CHAPTER 3. SELECTED FINANCIAL INFORMATION AND DATA

This reference document presents the Group's consolidated financial statements and data for the year ended 30 June 2008 prepared in compliance with International Financial Reporting Standards (IFRS) and incorporates for reference purposes the consolidated financial statements under IFRS for the years ended 30 June 2007 and 30 June 2006.

This reference document also includes the parent company financial statements for the year ended 30 June 2008 as presented in Section 20.1.4 "Eutelsat Communications' annual financial statements for the year ended 30 June 2008".

Unless otherwise stated, figures presented in this reference document are drawn up based on the consolidated financial statements for the year ended 30 June 2007 and the consolidated financials statements presented in Section 20.1.2 of this reference document for the year ended 30 June 2008.

Summary overview of the Eutelsat Group

With 24 satellites in geostationary orbit (GEO), located between 15° West and 70.5° East, the Group's fleet covers the European continent, the Middle East and North Africa ("Extended Europe"), Sub-Saharan Africa and a substantial portion of Asia and America, giving it potential access to 90% of the world's population.

At 30 June 2008, the Group's satellite fleet broadcasts more than 3,120 television channels, the European leader in terms of number of channels broadcasted and number 3 in the world for Fixed Satellite Services (FSS)(source : Euroconsult 2007).

The Group's service portfolio includes Video Applications for the general public (broadcasting and Professional Video Networks), Professional Data Networks, Value-Added Services (satellite broadband Internet access) and Multi-Usage Services.

Leading European and international media and telecommunications operators are among the users of the Group's capacity, e.g.:

- private and public broadcasters, including the European Broadcasting Union (EBU), RAI, France Télévisions, Deutsche Welle, BBC, Mediaset, TVN, TF1, RTL, France 24, ARD and ZDF, NHK, Discovery Channel, CCTV, Eurosport and Euronews;
- major pay-TV digital television operators, including Sky Italia, the Canal + Group, BskyB, Bis, Orange, TeleColombus, ART, Orbit, Multichoice Africa, Gateway, 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 or network operators such as Hughes Network Systems, Algérie Télécom, Orascom, AT&T, Siemens Business Services, Atrexx and Bentley Walker; and
- operators of satellite services such as Nilesat and Noorsat in the Middle East.

The Group offers its services to broadcasters and network operators either directly or via distributors including the leading European telecommunications providers such as France Telecom/Globecast, Telespazio, British Telecom/Arqiva, Deutsche Telekom/T-Systems, RSCC in Russia and Belgacom.

<u>*Key characteristics of the FSS sector*</u>

The FSS sector is marked by:

- major barriers to entry, due firstly to the limited number of commercially viable orbital positions in the world and Extended Europe and the complex international regulatory framework; secondly to the significant investment and high level of technical expertise required to develop and operate a fleet of GEO satellites; and thirdly to the substantial and sustained commercial effort needed to develop the various orbital positions. The Group operates 18 orbital positions with 22 satellites over the European orbital arc (15° West to 45° East), which represents a total investment of more than 3 billion euros.

- A limited risk of replacement and loss of customers, because GEO satellites represent the most efficient and economical broadcasting technology for distributing content over a wide geographical area to a large number of receive antennas (point-to-multipoint), the terrestrial networks having only limited reach and capacity. Moreover, transferring the broadcasting services of the operators of television platforms to other satellite operators would involve a significant economic cost, due to the need to re-point the installed basis of receiving antennas to another orbital position.
- A sound economic model, characterised by a customer backlog that gives the Group a high degree of visibility over future revenues, generally high operating margins, a high proportion of fixed costs resulting in strong operational leverage and a high level of recurring operating cash flow.

The activities of the Group in the FSS sector have many similarities with the activities of terrestrial operators.

Group strengths

As a satellite operator, the Group has significant assets:

- A large number of orbital positions, with 20 in operation over the European orbital arc (15° West to 70.5° East) serving Extended Europe.
- A privileged position on the growing and highly profitable Video Applications market, which represents 75.5% of 2008 turnover (excluding other income and non recurrent income) thanks to:
    - o Flagship orbital positions for Video:
        - particularly the HOT BIRD™ position at 13°East, the leading orbital position in Extended Europe with almost 1,101 television channels broadcast to more than 121 million satellite and cable households at 30 June 2008;
        - and also the EUROBIRD™ 1 position at 28.5° East, which broadcasts more than 320 channels to the United Kingdom and Ireland;
    - o major positions for Video, serving geographical areas where the digital television markets are showing strong growth, e.g. Russia (36°East), central and Eastern Europe (16°East), the Middle East and North Africa (25.5°East, 7°West, 5°West), Turkey (7°East) and Sub-Saharan Africa (36°East and 7°East). At 30 June 2008, these major orbital positions broadcasted 1,535 television channels.
- Partially secured in-orbit resources. This is seen first in the high number of redundant systems and equipment of its satellites and in the implementation of a policy for fully secured satellite resources leased by customers at the HOT BIRD™ position (representing almost 38% of the Group's revenues at 30 June 2008), with the future launches of HOT BIRD™ 9 and HOT BIRD™ 10 by partially securing the 7°East orbital positio n with the coming launch of the W3B satellite and by a dynamic approach to satellite resource management.
- A backlog of 3.4 billion euros with an average remaining lifetime of 7.4 years as of 30 June 2008, thus affording high visibility over future operating cash flow and revenues.

Group strategy and activity

Over the year ended 30 June 2008, the Group successfully implemented its development strategy. This aims at maximising revenues per transponder in use by positioning services to target the most profitable applications The Group thereby focused its satellite resources on Video Applications and Value-Added Services, not only in the countries of the European Union but also in the emerging markets in Sub-Saharan Africa, North Africa and the Middle East, Russia and Central Asia.

The Group:

- Globally strengthened its positions throughout markets in the European Union

Taking advantage of the leading position of the flagship orbital position HOT BIRD™, worldwide leader in terms of television channels, broadcasting 1101 channels at 30 June 2008, the Group continued to develop activity in the European Union particularly with:

- The virtually overnight success in marketing the new 9° East position, where the EUROBIRD™ 9 satellite already broadcasts 125 television channels, only one year after it was activated.

  The reception of this orbital position can be twinned with that of HOT BIRD™ satellites on the same antenna, which enabled this position to benefit from HOT BIRD™'s very attractive position.

- The Group's position on the French market was consolidated with the launch of BIS, a new pay-TV package on the French market from HOT BIRD™ and ATLANTIC BIRD™ 3 orbital positions and by Orange choosing these orbital positions to broadcast the television component of its *triple-play offer* (TV-Internet-Telephone) extending reach to 98% of French territory.

- Increased Video activity in Second Continent markets (Eastern Europe, Turkey, Russia, Central Asia, Middle East, North Africa and Sub-Saharan Africa) in particular due to:

  - The 36° East orbital position, which serves Russia and Sub-Saharan Africa, from which W4 and SESAT 1 satellites broadcast 391 television channels at 30 June 2008, up more than 49% compared with 30 June 2007.

  - The 7° East position, from which the W3A satellite broadcasts, which benefited from the launch of the Gateway bouquet in Nigeria and higher capacity leased by the Digiturk bouquet. This increased sales momentum boosted the number of television channels broadcasted by the W3A satellite by 15%, up to 196 TV channels at 30 June 2008.

  - The 7/8° West position, opened at the beginning o f the 2006-2007 financial year and operated by the ATLANTIC BIRD™ 2 and ATLANTIC BIRD™ 4 satellites which already broadcast 253 television channels at 30 June 2008, up 47% compared with 2007-2008. Deals closed with major customers such as NileSat granted the Group rapid access to a major orbital position serving the North African and Middle East markets.

- Developing Value-Added Services

  The Group continued to deploy its D-STAR™ service for broadband access by corporate users and territorial groupings in areas with little or no coverage by terrestrial networks, and at 30 June 2008 operates a network comprised of 8,902 terminals, up 20% compared with 30 June 2007. Lastly, during the year the Group launched a major innovation granting the public access to satellite Internet services with bandwidths and prices similar to those of broadband. In October 2007 the Group ordered the KA-SAT satellite from EADS Astrium in Ka band which will be the first satellite with a new satellite and ground infrastructure. This new infrastructure will significantly extend resources and access to broadband services for the public throughout Europe and the Mediterranean Basin. It will enable access to bandwidth similar to broadband to more than 1.5 million users, on an estimated market of almost 15 million households in 2010 (source: Eutelsat Communications), whilst offering new opportunities for local and regional TV markets.

- An opportunistic approach to Multi-Usage Services designed to meet the requirements of governments.

This strategy showed continued sales growth (+4.8% at 30 June 2007 and +5.9% at 30 June 2008) whilst Video Applications represent a higher proportion of sales, at 75.5% of sales (excluding other income and non-recurring income) compared with almost 73% in the prior year.

In addition, with an EBITDA margin of 78.7% at 30 June 2007 and of 79.3% at 30 June 2008, the Group confirms its leadership position in terms of profitability amongst the leading FSS operators (source : Eutelsat Communications).

Lastly, the year ended 30 June 2008 saw an improvement of the intermediate key operating indicators. Group operating income rose by almost 4.5% to 378.8 million euros, representing more than 43% of revenues. Net income (Group share) totalled 172.3 million euros at 30 June 2008, up 8.1% compared with 30 June 2007.

Key Figures

The tables below present extracts from the Group's consolidated balance sheets, income statements and statements of cash flows, as expressed in compliance with IFRS, for the financial years ended 30 June 2007 and 30 June 2008. The main accounting principles used by Eutelsat Communications are detailed in Note 2 to Eutelsat Communications' consolidated financial statements Extracts from these financial statements are shown in the following tables for reference (See Chapter 9 "Review of financial position and results" for further details).

Extracts from the consolidated balance sheets of Eutelsat Communications:

(In millions of euros)	**2007**	**2008**
Total non-current assets	3,884.1	3,999.5
Total current assets	441.4	496.5
Total Assets	4,325.5	4,496.0
Total shareholders' equity	1,311.5	1,417.2
Total non-current liabilities	2,758.3	2,840.0
Total current liabilities	255.7	238.7
Total Liabilities	4,325.5	4,496.0
Net debt[(1)]	2,295.4	2,421.9

[(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).

Extracts from the consolidated income statements of Eutelsat Communications:

(In millions of euros)	**2007**	**2008**
Revenues	**829.1**	**877.8**
Operating expenses	(62.5)	(69.2)
Selling, general and administrative expenses	(113.9)	(112.8)
Depreciation and amortisation	**(300.8)**	**(300.9)**
Other operating revenues	37.5	3.9
Other operating expenses	(26.7)	(19.9)
Operating income	**362.5**	**378.8**
Financial result	(108.2)	(109.1)
Consolidated Net Result	**170.0**	**183.4**

Extracts from the consolidated cash-flow statements of Eutelsat Communications:

(In millions of euros)	**2007**	**2008**
Net cash flows provided by operating activities	527.7	566.6
Cash Flow used in Investing Activities	(370.0)	(467.5)
Net cash flows provided by (used in) financing activities	(383.9)	(130.3)
Increase (decrease) in cash and cash equivalents	(226.3)	(30.6)

EBITDA
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.

In the table below EBITDA is defined as the operating result before depreciation and amortisation and other operating income and expenses (impairment of assets, dilution profits (losses), launch indemnities, etc.)

	2007 (Pro forma unaudited)	**2008**
(in millions of euros)		
Revenues	829.1	877.8
Operating expenses*	(176.5)	182.0
EBITDA	**652.6**	**695.7**
EBITDA Margin *(as a percentage of revenues)*	*78.7%*	*79.3%*

* Operating expenses are defined as operating costs plus selling, general and administrative expenses.

Combined with the commercial performance over the year, the rigorous management applied by the Group saw an increase in consolidated EBITDA of 6.6% between 30 June 2007 and 30 June 2008.

With an EBITDA margin of 78.7% and 79.3% as of 30 June 2007 and 2008 respectively, the Group confirms its position as leading major global FSS operator in terms of profitability (source: Eutelsat Communications).

Evolution of the backlog

At 30 June 2008, the Group's backlog was at 3.4 billion euros or 3.9 times the annual revenues (excluding other income and non-recurring income), compared to 3.7 billion euros at 30 June 2007. The 7.6% reduction in the backlog between 30 June 2007 and 30 June 2008 is mainly due to natural erosion with the increase in the average age of the fleet, as most of the order backlog is composed of agreements entered into for satellite lives.

CHAPTER 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, these risks are those which occurrence is liable to have a significant negative impact on the Group, its business, its financial position and/or its performance, and which are important in making an investment decision.

4.1 Risks inherent in the group's business

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

The Group plans to launch seven new satellites (HOT BIRD™ 9, HOT BIRD™ 10, W2M, W2A, W7, KA-SAT and W3B) over the next three financial years including four or five during the 2008-2009 financial year (HOT BIRD™ 9, HOT BIRD™ 10, W2M, W2A and W7). The Group may not be able to meet the planned timetable for the launch of these satellites, or their launches may fail. In addition, the limited number of launch service operators could reduce the Group's flexibility and options to transfer planned launches from one supplier to another. Due to the limited number of launch operators, a satellite's launch failure, which generally results in a significant delay in satellite launch periods, could make it more difficult for the Group to implement its deployment programme within the desired timeframe.

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

Some of the satellites operated by the Group may experience failures or malfunctions in orbit.

The satellites are sophisticated and 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 position and results.

Over the course of the financial year and former financial years, some of the Group's satellites experienced incidents in orbit which resulted in a significant reduction in their transmission capacity or their estimated remaining life (see Section 6.6.3 "Equipment failures and losses"). During the year ended 30 June 2008, the W5 satellite experienced a major incident which reduced its capacity from 24 to 20 transponders, and a three-year reduction in its estimated remaining life.

Similarly, some of the Group's satellites have lost some equipment in the past, and are operating by using onboard redundancy equipment (see Section 6.6.3, "Equipment failures and losses").

Although the Group can use a satellite's redundant equipment or emergency capacity in the event of a failure or malfunction in orbit, it cannot guarantee that it would be capable of providing uninterrupted service for its customers, notably due to a potential lack of available satellite capacity necessary for the needs of the customers concerned.

In such circumstances, the Group may have difficulties to keep 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. Consequently, such failures or malfunctions could have a significant negative impact on the Group's business, financial position and results.

The Group is dependent on several major clients.

The Group generates a significant portion of its business from a limited number of customers, including distributors, most of whom are telecommunications operators. At 30 June 2008, the Group's top ten customers represented 54.45% of its revenues (the breakdown for the Group's top ten customers at 30 June 2007 and 2008 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, which could have a significant negative impact on its business, financial position and results.

Moreover, the Group's major customers, in terms of capacity and revenues, and those located in particular 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, where 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, which could also have a significant negative impact on the Group's business, financial position and results.

The Group has not taken out insurance policies for all the satellites in orbit owned by it and such policies might not protect the group against all damages suffered by its satellites.

The Group has implemented an annual orbit lifetime insurance programme covering 16 of its satellites for their declared value, which will be renewed in November 2008. The policies cover the partial losses and/or deemed-total losses of the insured satellites under certain conditions. In spite of this total or partial insurance coverage, a failure or the loss of one or more of the Group's satellites could have a significant negative impact on its business, financial position and results.

Moreover, 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 not covered by these policies, the damage suffered will not be compensated. In addition, under these insurance policies, the Group would not be compensated in the event of losses on its satellites of an annual aggregate amount of less than 80 million euros. Thus, some partial losses or constructive total losses might not be fully compensated under the insurance programme in effect.

This insurance programme does not protect against certain damages, such as opportunity loss, interruption of business, delayed activations or loss of revenues. In addition, insurance companies could challenge the causes for 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, insurance will compensate the Group within a reasonable time frame or for the amount claimed in compensation by the Group. The lack of compensation, late compensation or partial compensation of losses suffered could have a significant negative impact on the Group's business, financial position and results.

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 ending 30 June 2008, insurance premiums represented approximately 4.3% 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 2008.

Many factors, some of which are outside the Group's control, may affect the amount of the launch insurance or in-orbit lifetime insurance premiums, mainly statistics on satellite failures or launch failures throughout the sector.

The Group might not be able to renew its in-orbit insurance plan on comparable terms in the future. A downturn in the in-orbit lifetime insurance market or an increase in insurance premiums could lead 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: HOT BIRD™ 9, HOT BIRD™ 10, W2M, W2A, W7, KA-SAT and W3B currently under construction.

For some of these satellites, the Group will have to take out additional 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 its satellites subsequent to May 2011 on satisfactory terms, due notably to a reduction in insurance products and services or to a substantial increase in launch insurance premiums, particularly due to launch failure statistics throughout the sector which could have a significant negative impact on the Group's business, financial position and results.

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 made some of its revenues (6.8%) for the financial year ended 30 June 2008) in the Multi-Usage segment. Among other things, this segment includes the direct or indirect supply of services to governments, especially in the United States, on the basis of annual 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 position and results.

A growing portion of the Group's customers consists of final users and the demand for capacity is increasingly fragmented.

For several years now, a growing percentage of the Group's customers has consisted of final users. And some distributors could ask the Group to take over final-user contracts. These customers could have less extensive financial resources than traditional distributor clients, which could increase the risk of unpaid debts and thereby have a significant negative impact on the Group's business, financial position and earnings.

Moreover, final-user customers need satellite capacity that may be less than that requested by distributor customers. Thus, a larger proportion of the Group's new capacity allotment agreements may only cover use of a fraction of a transponder and not an entire transponder. If a final-user customer of 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 position and earnings.

The Group is exposed to risks inherent to 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. Accordingly, the Group is 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, the business practices of some countries and their political or economic instability, could prevent the Group from implementing its development strategy and thereby have a significant negative impact on its business, financial position 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, which could have a significant negative impact on its business, financial position and results.

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

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, resulting notably in prices being often lower than 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 (e.g. joint ventures or partnerships). However, it might not be able to identify or enter into an agreement with appropriate partners. Furthermore, these agreements could bear certain risks, notably in the lack of control over projects, any 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 investment) and the difficulty for the Group to maintain standards, control procedures and uniform policies.

The Group's inability to penetrate these markets in satisfactory economic conditions or, as the case may be, with appropriate partners, could prevent the Group from implementing its development strategy, which could have a significant negative impact on its business, financial position and results.

The Group's development depends greatly on the outlook for growth in demand for satellite services.

The Group's development depends greatly on the prospects for growth in the demand for video services, partly linked to the expected development of Direct-to-Home (DTH) television broadcasting in emerging countries and to high-definition television (HDTV). This demand might not become reality, and 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 in proportions enabling it to meet market demand. If demand for video services 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 position and results.

Another axis of the Group's strategy is developing Value-Added Services (especially IP access solutions. This will depend, in part, on the continuity of demand growth for broadband Internet services, which is not a certainty and which is hard to predict. Demand for broadband Internet services could decrease or not continue to grow as quickly as over 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 access to satellite capacity. Furthermore, the Group might not be able to provide broadband Internet services corresponding to market demand or at competitive prices. If the demand for 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 position and results.

More generally, development of the Group's operations also depends on its available capacity in the various frequency bands requested by customers. Poor availability for some frequency bands could have a significant negative impact on the Group's ability to satisfy its customers who have needs for these bands.

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

Available satellite capacity is currently substantially less than demand in some frequency bands (Ku and C bands) in Europe, Africa and the Middle East. This situation, which could persist, is a result of the gap between the long investment and operation cycles of satellites and the cyclical variations in demand.

Given the current use of its satellite capacity (93.4% at 30 June 2008), the Group might not be in a position to meet the additional lease and 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 capacity leased from the Group to other satellite operators with available capacity, which could have a significant negative impact on the Group's business, financial position and results.

Due to the extent to which its satellite capacity is used, 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 lack of capacity continues, which could have a significant negative impact on the Group's outlook and its ability to achieve its growth objectives.

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

The Group uses capacity on five satellites belonging to third parties, appearing in assets of its consolidated balance sheet.

In the event of failures or malfunctions affecting these satellites, the Group cannot guarantee that it will be in a position to obtain compensation and equivalent capacity at equivalent conditions. The Group cannot guarantee that a dispute resulting from these failures or malfunctions will 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 accounts and have a significant negative impact on its business, financial position and results.

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, which, in the latter case, could have a dilutive effect for existing shareholders. Furthermore, such transactions imply a certain number of risks from the integration of operations or personnel, customer retention, dispersion of managerial attention, 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 position and results.

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

The Group's operations are sensitive to changes in video service user demand.

The audiovisual industry is a market sensitive to variations in advertising budgets and household expenditures, which are in turn affected by the economy 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 an overall economic slowdown. The Group cannot guarantee that the audiovisual industry, which is a large part of its user base, will not be once again affected by an economic slowdown, which could result in decreased demand or increased price pressure. Such a downturn could have a significant negative impact on the Group's business, financial position and results.

The ongoing consolidation of satellite TV broadcast platform operators and/or cable operators that has already taken place in Spain, Poland, Italy and France could also offer TV broadcasting platform operators or cable operators more room for negotiation with satellite operators or their distributors, thereby creating additional pricing pressure. Such consolidation could have a significant negative impact on the Group's business, financial position and results.

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

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 the 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. The heightened competition between satellite operators could lead to accrued price pressure, which could have a significant negative impact on the Group's business, financial position and results.

The Group is also in competition with terrestrial network operators (cable, optic fibre, 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 transmitting audiovisual programmes (ADSL TV, DVB). This intensified competition could result in greater pricing pressure on satellite radio transmission and telecommunications services. In addition, any improvement or increase in the geographic penetration of terrestrial network operators could lead the Group's customers to choose telecommunications solutions proposed 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 with alternatives to satellites could make satellite technology obsolete. Stronger competition with terrestrial network operators could thus have a significant negative impact on the Group's business, financial position and results.

The Group may face the departure of key employees or be unable to hire the employees necessary for its operations.

For its management as well as its operations, the Group depends on a number of key employees who have very specialised skills and ample experience in their respective fields. If these employees should 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, the Group's inability to retain or replace these employees, or its inability to attract new, highly-qualified employees, could have a significant negative impact on its business, financial position and results.

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 position and results.

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

The Group's operations are exposed to the risk of sabotage, including terrorist acts and intrusions into the control system of its satellites. 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 position and results.

The Group is dependent on several large suppliers.

The number of constructors capable of designing and building satellites in compliance with technical specifications and the quality demanded by the Group is limited, as is the number of agencies likely to launch these satellites, due to the regulatory constraints applicable to them.

Satelllite acquisitions and launch services, which at 30 June 2008 and 30 June 2007 represented respectively in the region of 87% and 85% of the Group’s acquisitions of fixed assets, mainly involve 2 satellite manufacturers (EADS Astrium and Thales Alenia Space) and 3 launch operators (Ariane, Sea Launch and International Launch Services) which could face difficulties meeting the growing demand from satellite operators. During the financial year ended 30 June 2008, Group acquisitions from these suppliers totalled around 286.1 million euros, whilst none of them accounted for more than 35% of this amount.

The Group is therefore dependent on a reduced number of suppliers which could reduce its negotiating power and make its satellite-deployment plan more burdensome.

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

Pricing terms for launch services vary according to the number of satellites to be launched around the world, and to the launch failure rate, so recent launch failures of the ILS and Sea Launch could result in a sharp increase in launch service prices.

Moreover, the Group is exposed to the risk that its suppliers experience operational or financial difficulties, or that they are bankrupt or exposed to lawsuits related to intellectual property rights.

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

4.3 Financial Risks

The Company is a holding company that depends on its subsidiaries to have the resources necessary for any payment of dividends and/or to service its debt.

The Company is a holding company that has only a reduced capacity to produce revenues. Therefore, the Company depends on its subsidiaries to have the resources necessary for any payment of dividends or any other form of distribution to its shareholders and/or to service and repay its debt.

As such, the Company is highly leveraged, with (1,615 million euros in borrowings under the Refinancing Contract at 30 June 2008 (see Section 10.3, paragraph "Eutelsat Communications Refinancing Loan »). This Refinancing Contract 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 its costs, whether or not they result in a disbursement, and in particular by any depreciations of assets in Eutelsat S.A.'s accounts. In the past, Eutelsat S.A. recorded substantial write-down of its assets, and may record such write-down in the future, reducing its net profit. The fact that its subsidiaries' distribution capacity may be reduced could have a significant negative impact on the Company's activity, financial position and results.

The Group is highly leveraged.

The Group has a high level of debt. At 30 June 2008, the Group's net consolidated debt totalled 2,421.9 million euros including: (i) 1,615 million euros in borrowings under the Company's Refinancing Loan (see Section 10.3, paragraph "Eutelsat Communications Refinancing Loan"), (ii) 810 million euros under Eutelsat Communications' bank debt, and 1 million euros in debt for the Group's subsidiaries, (iii) 2 million euros in debt related to satellite financing agreements and (iv) 6.1 million euros in cash assets and marketable securities (net of credit balances with banks).

The Group's high leverage could have the following consequences:

- Make it difficult for the Group to meet its 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 economy or industry;

- Limit the Group's ability to follow the changes in its competitive and technological environment; and

- Limit the Group's ability to make certain types of investments.

All of the consequences related 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 position and results.

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 have the necessary capital depends on many factors, some of which are outside its control.

If the Group was 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 will depend on many 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. The Group's inability to service its debt or refinance under financially-acceptable terms could have a significant negative impact on its business, financial position and results.

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

- Carry forward or reduce its investment expenses;

- Assign assets;

- Relinquish commercial opportunities or opportunities for external growth (notably 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 under satisfactory economic terms, which could have a significant negative impact on its business, financial position and results.

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

The Group's debt instruments are rated by independent rating agencies Moody's Investor Service and Standard & Poor's. These ratings affect the cost and terms of the Group's credit lines. 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 consider such measures are 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 rating by the agencies.

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 position and results.

Eutelsat S.A., the Group's main operating subsidiary, could be subject to new financing requests related to the financial guarantee it grants 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 assigned to a Trust (which was also charged with managing the corresponding pension commitments).

At 30 June 2008 the value of the trust's obligations under the pension undertakings amounts to 133.4 million euros in Eutelsat S.A.'s consolidated accounts and the fair value of its assets to 145.8 million euros (see Note 21.1 to the consolidated financial statements for the year ended 30 June 2008, as given in Section 20.1.2 of this reference document). The calculation of total pension obligations 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. The estimate of the total pension obligations may be higher or lower depending on the scenario applied.

Pursuant to the Transfer Agreement dated 2 July 2001, Eutelsat S.A. accepted the unlimited financial guarantee underwritten 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 insufficiency. During the financial year ended 30 June 2005, the financial guarantee, as a result of the sharp drop in long-term interest rates, was called for a total of 22.3 million euros. This was appraised on the basis of projections made by the Trust, which took future market developments into account. No payment had yet been made as of 30 June 2005.

In November 2005, an agreement was reached with the trust for incremental payment of the amount called 4.46 million euros upon signature of the agreement, followed by 4.46 million euros as of 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, notably 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 assets and the value of the liabilities of the Closed Pension Fund and the Group would be obliged to pay the difference, which could be substantial.

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

The Group is not exposed to any substantial liquidity risk

At 30 June 2008, available cash assets amounted to nearly 6.1 million euros, to which were added 790 million euros in lines of credit with banks, not drawn as of that date. The Group considers that it is not exposed to any significant liquidity risk. At 30 June 2008, the Group met all of the covenants provided by its various lines of credit as described in paragraph 10.3, "Changes in indebtedness and the Group's financing structure" of this reference document.

4.4 Regulatory risks

Eutelsat S.A., Eutelsat S.A., the Group's main operating subsidiary, is subject to the Amended Agreement 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 of 15 July 1982, as amended on 20 May 1999 (hereinafter the "Amended Agreement"), 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 Agreement (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 Agreement, 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, paragraph "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 for 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, paragraph "Other provisions applicable to the Group").

In order to enable the Company to proceed to 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, paragraph "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 have resulted in bringing Eutelsat S.A.'s net debt/EBITDA ratio up to a value higher than 3.75/1; to take all measures such as 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. in terms of its own financing; to maintain in Eutelsat S.A. a minimum amount of equity in accordance with a sound financial management of Eutelsat S.A. and such as to make it possible for it to keep its ability to comply 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 the information to EUTELSAT IGO on 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 censeur, without the right to vote.

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. Compliance with EUTELSAT IGO's recommendations or requests could result in reducing the Group's reactivity and flexibility in conducting its business, managing its debt structure and equity and its distribution policy, and could have a significant negative impact on the Group's business, financial position and results.

Application of international regulations on coordinating frequency assignments could make it more difficult for the Group to implement its deployment plan.

Frequency assignments are coordinated internationally via the International Telecommunication Union's (ITU's) "Radio Regulations". The purpose of this organisation is to limit the risks of interference between broadcasts (see Section 6.8, paragraph "Frequency assignments and international coordination" for a description of the frequency assignment coordination procedure).

Eutelsat S.A. has a number of frequency assignments for which the international coordination procedure, via the general regime defined by the ITU's Radio Regulations (see Section 6.8, paragraph "Frequency assignment and international coordination") is not yet complete and/or is not yet in operation with any of the Group's satellites. For the first type, the priorities for these assignments, and for third parties involved in the coordination, could mean that coordination restricts the Group's capacity to fully operate some of these assignments. For the second type, the Group might not be in a position to activate them within the deadlines set by 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 position and results.

The Group also has certain frequency assignments governed by one of the two special regulations (see Section 6.8, "Regulation"). 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 position 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 coordination of their frequency assignments. The Group could be forced to accept the result of a negative transaction between ITU Member States relating to certain frequency assignments it uses, which could have a significant negative impact on the Group's business, financial position and results.

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 its activities, notably if such changes increase the costs and regulatory restrictions of the Group's services. These changes could have a significant negative impact on the Group's business, financial position and results.

The Group has to continue to receive the existing frequency assignments at the orbital positions at which it operates or 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, new regulations for obtaining and operating frequency assignments for a satellite system are expected in the near future (see Section 6.8, "Regulation"). This could restrict the Group's ability to obtain new frequency assignments from the French authorities or to use them as it wishes. Such a situation could have a significant negative impact on the Group's business, financial position and results.

The Group could be subject, as part of the development of new business, to regulatory requirements related in particular to radio broadcasting (of content) 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 position and results.

Thus, under the partnership with SES, the Group and SES formed a joint venture called Solaris Mobile Ltd which is responsible for operating and marketing a payload in S Band on the W2A satellite due to be launched during the financial year 2008-2009. The European Commission launched a call for applications for attributing the operation of all or part of the S Band radio spectrum resources in the

European Union. If Solaris Mobile Ltd does not obtain sufficient S Band radio spectrum resources, the joint venture's development or sustainability could be jeopardized, which could have a negative impact on the Group's business, financial position 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 results.

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 position and results.

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 hate 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 might jeopardise public order (see Section 6.8, "Regulation", paragraph "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 programmes that are part of a single package on the same transponder. These television channels might then terminate the contracts for that capacity and demand compensation, which could have a significant negative impact on its business, financial position and results.

In the years to come, the French authorities could order that the broadcasting of non-European channels be discontinued. Consequently, 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, if governmental or legal decisions can at any time prevent it from providing its transmission services, and thereby bring some customers to use the services of competing operators, which would have a significant negative impact on the Group's business, financial position and results.

French laws could be supplemented or modified, especially with respect to non-European television channels, and prohibit French satellite operators from carrying television channels that do not have an authorisation or licence from the CSA (see Section 6.8, paragraph "Regulation in terms of content" for a description of the regulations on this point), which could have a significant negative impact on the Group's business, financial position and results.

4.5 Market Risks

Foreign exchange risk

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

Thus, a portion of the Group's revenues, costs and investments is in other currencies, mainly the US dollar. As a result, fluctuating exchange rates may have negative effects on the Group's performance.

Moreover, because development of the Group's business outside the Euro Zone 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 the US dollar/euro exchange risks. / Euro.

The Group is also exposed to US dollar/euro exchange risks because of the purchase of satellites and/or the launch services are payable in US dollars. These contracts are for significant amounts (generally more than 50 million US dollars), which can be paid in instalments At 30 June 2008, the

Group was due to pay instalments mainly on 4 contract in US dollars representing a total of 104.6 million US dollars during the financial year 2009.

Fluctuating exchange rates could lead to an increase in the price of the Group's capacity and services when they are 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 a currency other than the euro.

Also, the Group's customers located in emerging countries could face difficulties in obtaining euros or US dollars (because of currency controls), which could significantly affect their ability to pay in euros or in US dollars, thereby exposing the Group to additional exchange risks.

To cover itself against the risks of fluctuating exchange rates, the Group uses US dollar/euro call options, exercised or not, depending on the exchange rate on their expiry date.

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

At 30 June 2008, the fair value of the Group's foreign exchange risk hedges was 1.6 million euros, compared with 2.8 million euros at 30 June 2007.

In view of the existence of hedging instruments for its exchange risk, the Group deems that a 1% reduction in the value of the US dollar against the euro would have an insignificant impact on its net profits for the financial year ended 30 June 2008.

The table below shows the situation in thousands of euros for all existing currency-hedging instruments at 30 June 2008.

	Notional Amounts		
	2006	**2007**	**2008**
Exchange Options (USD puts/euro calls)	104,000	140,741	27,027

The net exchange position at 30 June 2008 is as follows:

in thousands of euros	**USD**
Assets	37,449
Liabilities	21,745
Net position before hedging	15,704
Off-balance sheet position (EUR calls USD puts)	27,027
Net position after hedging	(11,323)

Interest rate risk

The Group manages its exposure to variations in the interest rate with a policy of hedging its variable-rate debt.

As a result of 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 three-year collar (purchase of a cap and sale of a floor) until 29 April 2008 for a notional amount of 1.7 billion euros destined to hedge Eutelsat Communications' long-term bullet loan. This collar's notional amount was reduced on 12 April 2007, from 1.7 billion euros to 1.615

billion euro in order to correspond to the exact credit amount. This partial sale generated a termination balance of 1.3 million euros.

- With a deferred start, for two years (years 4 and 5), a pay-fixed, receive-variable interest-rate swap, for a notional amount of 850 million euros and the purchase of a cap for a notional amount of 850 million euros, to hedge Eutelsat Communications' long-term bullet loan. The Group also made a partial sale, bringing the notional amount for these instruments from 1.7 billion euros to 1.615 billion euros (i.e.; for each one, from, 850 million euros to 807.5 million euros) and generating a termination balance of 0.9 million euros.

At the end of September 2006, a new deferred-start interest-rate hedge (years 6 and 7) was concluded:

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

After concluding the syndicated loan at the level of the Eutelsat S.A. sub-group (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 long-term bullet loan portion of 650 million euros over 7 years until maturity, and

- A three-year collar (purchase of a cap and sale of a floor) over five years for a notional amount of 450 million euros linked to the 650 million euro revolving credit line.

On 12 March 2007, the collar was cancelled, generating a balance of 0.7 billion euros and new transactions, linked with the 650 million euro revolving credit line, were undertaken :

- A pay-fixed, receive-variable interest-rate swap for the notional amount of 250 million euros over 4 years until maturity of the revolving loan.

- A cap purchase against payment of a two-million-euro premium for a notional amount of 200 million euros over 4 years until the maturity of the revolving loan.

On 20 November 2007, a pay 3M EURIBOR receive variable 1M EURIBOR basis swap for a notional amount of 650 million euros was entered into for 6 months (until 30 June 2008). On 11 June 2008, this transaction was renewed for a further 6 months.

These last two basis swaps are combined with the pay interest rate swap aimed at hedging the 650 million euro bullet loan.

The table below shows the situation for all existing interest-rate hedging instruments at 30 June 2008:

(in thousands of euro)	**Contractual/notional values**	**Fair values 30 June 2008**	**Variation in fair value over FY**	**Impact on result**	**Impact on equity**
Instant hedge					
Collar (Eutelsat Communications)	1,615,000	-	(21,425)	(13,282)	(8,143)
Swap (Eutelsat Communications) ..	807,500	29,143	7,716	1,807	5,909
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.)	250,000	7,499	2,031	(1,398)	3,429

CAP					
(Eutelsat S.A.)	200,000	6,956	1,784	1,784	-
Deferred hedge					
Forward swap					
(Eutelsat Communications) ..	1,615,000	42,612	6,349	-	6,349
Total		**137,796**	**4,756**	**(10,307)**	**15,064**

(*) combined swaps

At 30 June 2008, an increase of 10 basis points (0.1%) of the EURIBOR interest rate would create an impact, on a yearly basis, of about 61 thousand euros on the Group's financial expenses for 12 months.

The net interest rate position at 30 June 2008 appears as follows:

Maturity *(in thousands of euros)*	**< 1 year**	**1-5 years**	**> 5 years**	**Total**
Financial liabilities	160,127	2,265,838	-	2,425,965
Financial assets *	6,095	137,796	-	143,891
Net position before hedging	154,032	2,128,042	-	2,282,074
Off-balance sheet (fixed-rate swaps, caps, collar)	-	2,715,000	-	2,715,000
Net position after hedging	154,032	(586,958)	-	(432,926)

* 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 position and results.

Equity risk

At 30 June 2008, the Group does not hold any of its treasury stock (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.

4.6 Risk Management

4.6.1 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 control the risks inherent in its business and operating environment to the maximum possible extent (see the report from the Chairman of the Eutelsat Communications' Board of Directors, prepared in accordance with Article L. 225-37 of the Commercial Code in Annex 1 to this reference document).

A Chief Risk Manager was appointed in May 2008. The Chief Risk Manager will act independently as regards the Internal Audit department, and will report directly to Senior Management, and will be responsible for identifying all types of risks which could affect the Group's operations or projects, defining a risk management policy, and ensuring that the necessary measures are taken throughout the Group's departments and company's to identify and prevent these risks.

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

Satellite risk management

Procedures for the protection and integrity of the satellite fleet.

The purpose here is to enable continuity for the telecommunications service provided to customers and final users.

Administration and control of the satellite system is the responsibility of the Technical Department, which is in charge of controlling the satellites, and also of the Operations Department, which is in charge of controlling the quality of the signals the satellites send and receive.

These activities are carried out from Eutelsat S.A.'s 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 a problem of operational unavailability or interruption. 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 needed in a nominal situation as well as a situation where there is a technical incident or crisis situation. These procedures are periodically reviewed and tested and activated to ensure inter alia that the controllers are kept continuously up-to-date

An incident of any nature that affects a satellite or one of the signals transported (e.g. a technical failure or interruption of the signal) is dealt with internally by the Technical and Operations Departments under escalation procedures. These procedures provide for internal expertise to be available immediately 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 ensuring quality of service with the aim of identifying the causes of the incident and proposing and implementing the necessary corrective measures.

Any material incident liable to affect the quality or continuity of the telecommunications service is (i) communicated to members of the Group's Senior Management, (ii) reviewed internally at Eutelsat S.A. by its Technical Departments, and, where appropriate, (iii) reviewed by a panel of independent experts depending on the nature of the incidents that have occurred and (iv) published in a press release.

Information system security and satellite control system certification

An audit carried out in 2007 by a specialised company determined that the team responsible for the satellite control system, maintains a satisfactory level of information system security. The auditors' recommendations are presented in an action plan.

In addition, an information system security management process has been set up within the team and is managed by the head of the information system security department. This process is designed to anticipate future changes (new threats, new vulnerable points, new systems....) and to ensure that the protection measures put in place are adapted to identified risks, due to a standardized and auditable process. This system should lead to security certification (ISO 27001) of satellite control activities, showing clients, partners and/or shareholders the importance the Company places on satellite control.

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

Management of the Group's other operating risks

Introduction of a continuity plan for the Company

At the start of 2006, Eutelsat S.A. initiated a continuity plan for its activities in order to reduce the strategic, economic and financial risks in the event of prolonged non-availability of its registered office located in rue Balard, Paris.

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 management of the satellite fleet (in particular satellite and communications control centre activities) are covered by specific security procedures described above under "Procedures for the protection and integrity of the satellite fleet".

After an initial phase of identifying critical activities and defining the procedures to be introduced, procedures were put in place covering for the Group's most critical activities in June 2007, namely: the allocation and sale of satellite resources (a cross-disciplinary process involving activities in many departments and including management engineering of transponder capacity, contracts administration and customer support), management of partners and of commercial projects, and cash management.

Operating risks related to the security of the information systems

The desire to address the operating risks related to the security of the Company's information systems can be seen in the post created in January 2007 for an Information Systems Security Manager. This cross-department function considers all the information systems of Eutelsat S.A.: Operation of the management information and terrestrial networks necessary for corporate activities, satellite control.

Management of the principal financial risks of the Group

The Group has introduced a centralised system of cash management for its operating subsidiary Eutelsat S.A. Under service agreements between Eutelsat S.A. and the various entities within the Group (including the Company), the Treasury function at Eutelsat S.A. manages foreign-currency exchange risk and interest-rate risk on behalf of all entities in the Group.

To meet such risks 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 values. 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.

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. The instruments used by the Group to hedge certain future income in dollars are described in Section 4.6, "Foreign Exchange Risk".

Interest rate risk

The Group manages its exposure to variations in the interest rate with a policy of hedging its variable-rate debt. At 30 June 2008, to hedge its debt, the Group set up interest-rate hedges both for the Company and for Eutelsat S.A.

4.6.2 Insurance

The Group has an insurance programme that covers both phases of a satellite's life: the actual launch (launch insurance) and its life in orbit (in-orbit insurance). 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 for its operations.

The Group's launch and in-orbit lifetime insurance policies include the provisions and exclusions customary to space insurance, including 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.

Over the year ended 30 June 2008, the Group’s premiums for launch and in-orbit insurance totalled 16.7 million euros.

"Launch + one year" insurance

"Launch + one year" insurance policies cover the net book value of the insured satellite, as recognised in the Group's accounts, i.e. the costs of the satellite's construction, the launch and the launch insurance policy, and also the capitalised costs related 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, due to:

- 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 in relation to the technical specifications for the first year of the satellite's life in orbit.

In April 2008, the Group signed one of the largest insurance policies ever signed by a Fixed-Satellite Services operator.

This policy covers "launch + one year" for seven satellites currently under construction, with a limit of 200 million euros per satellite programme. This policy gives the Group the opportunity to use all the markets' available launch vehicles, giving it optimum flexibility for its in orbit expansion programme over the next three years.

In-orbit lifetime insurance

In-orbit lifetime insurance covers damages that occur in orbit after the "launch + one year" insurance policy has expired (except for third-party damages -- see "In-orbit third-party liability insurance -- Spacecraft third-party liability policy" below).

The Group's in-orbit lifetime insurance plan, which was renewed in November 2007, is included under a single policy. Under this programme, 16 of the Group's satellites at 30 June 2008 are covered by insurance, except for ATLANTIC BIRD™ 1, W1 and EUROBIRD™ 4, which have been affected by incidents in orbit

Subject to the general or specific exclusions that can be included in the 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 life span of the satellite or of its transmission capacity during the insured period; and ; and

- Partial loss of the satellite, defined as a reduction below a certain threshold of the estimated remaining life or its transmission capacity during the insured period, without this reduction constituting 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 periods of one year, renewable, under 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 16 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.

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

The Group has taken out a spacecraft third-party liability insurance policy for a period of one year, renewable in September 2008, which covers damages 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 for 180 million US dollars 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, for a maximum of about 15 million euros per incident. These policies are automatically renewable each year by tacit agreement.

In addition, the Group has standard comprehensive insurance for its on-ground equipment, and various "assistance" insurance for its employees and "guests".

CHAPTER 5. INFORMATION ON THE ISSUER

5.1 Group history and developments

5.1.1 Corporate name and brand 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 the 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 head offices, legal form and applicable legislation

Head offices

70, rue Balard
75015 Paris
France
Telephone: +33.(0)1.53.98.47.47

Legal form and applicable legislation

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

5.1.5 Key events

Initially, Eutelsat S.A.'s activities were conducted 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. This recommended that the international satellite telecommunications organisations, including Eutelsat, should be reformed in order to liberalise final-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 was retained as an intergovernmental organisation and currently has 48 member European countries.

Eutelsat S.A. was the first satellite operator in Europe to directly broadcast television to households, and, in the mid-1990s, the Company began to construct a premium satellite neighbourhood made up of the HOT BIRD™ satellites at 13° East, with the aim of providing capacity that could host several hundred channels at that orbital position, thereby amassing very large audiences in terms of the general public.

On 4 April 2005, Eutelsat Communications acquired Eutelsat S.A. and as of 30 June 2007 indirectly holds 95.24% of Eutelsat S.A.'s share capital.

On 30 June 2005, Eutelsat Communications bought back part of Eutelsat S.A.'s minority holdings.

On 2 December 2005, Eutelsat Communications opened up its capital under the IPO of its shares.

In January and February 2007, some of Eutelsat Communications' historic shareholders transferred their shares to Abertis Telecom at the unit price of 15.50 euros per share, and to the Caisse des Dépôts et Consignations (French Deposit & Consignment Office) at 15.70 euros per share. As of 30 June 2008, these two shareholders held 31.43% and 25.68%, respectively, of the Company's capital.

During financial year 2007, the Group's organisational chart was simplified as part of internal restructuring.

During 2008, Eutelsat Communications bought back part of Eutelsat S.A.'s minority holdings (see paragraph 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group"). As a result, at 30 June 2008, Eutelsat Communications holds 95.9% of Eutelsat S.A.

5.2 Main investments

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

Satellite acquisitions reflect the costs of satellite construction, launch, and entry into operational service. These comprise construction costs (including performance-related incentive payments), launch costs, "launch + one year" insurance premiums, capitalised interests, and other costs associated with programme supervision and deployment (studies, staff costs and consultancy) (see Section 10.2, paragraph "Cash-flow from investing activities" for more information on the Group's investments as of 30 June 2008). The cost of procuring and launching a satellite is generally spread over the two or three years preceding the satellite's launch.

5.2.1 The Group's main investments

During the period ending 30 June 2008, the Group's capital investments amounted to 422.2 million euros, up 20.5% compared with the previous year 2007 when they totalled 376 million euros.

During the past three financial years, the Group's investments mainly reflected the orders placed for seven new satellites. Since these satellites are still under construction, they are shown in Section 5.2.2 "Main investments in progress" below.

5.2.2 Main investments in progress

Eutelsat S.A., the Group's main operating subsidiary, ordered:

- during the financial year ended 30 June 2006, the W2M satellite from a consortium comprising EADS Space and ISRO (the Indian Space Research Organisation), and also the HOT BIRD™ 9 satellite from EADS Space;

- during the financial year ended 30 June 2007, W2A and W7 were ordered from Thales Alenia Space, and HOT BIRD™ 10 was ordered from EADS Astrium; and

- during the financial year ended 30 June 2008, the W3B satellite from Thales Alenia Space, and the KA-SAT satellite from EADS Astrium.

These 7 satellites and the associated ground infrastructure will be financed by Eutelsat S.A. operating cash flows and by the credit facilities to which the Group has access. These investments are described in Section 6.6.1.3 "Satellites ordered and in course of construction" of this reference document.

These 7 satellites will be launched during the upcoming financial years (see Section 6.6.1.3 "Satellites ordered and in course of construction").

5.2.3 Main scheduled capital investments and external growth policy

For future financial years, and in view of the length of satellite procurement and launch cycles, Eutelsat S.A. will have to initiate the first investments for the progressive renewal of part of its in-orbit resources, mainly the satellites launched during the 1998-2000 period. No decision on the amounts of the investments necessary or the procurement of these satellites has been made as of the registration date of this reference document.

The Group has also begun thinking about the future development of its in-orbit infrastructure, looking to take a new step in its strategy of securing and reinforcing some of its orbital positions.

Therefore given current investments, described in Section 5.2.2 above, and also future investments, the Group’s objective is to invest a yearly average amount of 450 million euros during the 2008-2011 period (for more information on the Group's investment objectives, see Section 12.2, "Future prospects" in this reference document).

At the same time, the Group is attentive to changes in its economic model and competitive environment. With substantial financial resources, Eutelsat Communications could be required, as part of its profitable-growth strategy, to make acquisitions, increase its equity investments, or partner with certain regional players, thereby taking a part in the industry's moves towards consolidation.

CHAPTER 6. BUSINESS OVERVIEW

6.1 Presentation

With a market share of 14% worldwide and of 29.4% in Extended Europe (source: Euroconsult 2008) and operating a fleet of 24 satellites in geostationary orbit (GEO), the Group is No. 3 in the world and European leader in the field of Fixed Satellite Services (FSS) in terms of the number of satellite television channels. The Group's service portfolio includes Video Applications (television-broadcasting services for the general public and Professional Video Networks), communication solutions for Professional Data Networks, Value-Added Services (satellite broadband Internet access) and Multi-Usage Services.

The Group owns 19 GEO satellites and operates capacity on five additional satellites owned by third parties. 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 continent of Europe, the Middle East, Russia, Central Asia and North Africa, Sub-Saharan Africa ("Extended Europe"), and a major part of the Asian and American continents, potentially giving it access to 90% of the world's population.

As of 30 June 2008, the Group was broadcasting more than 3,120 television channels and 1,080 radio stations to more than 164 million cable and satellite households.

Leading European and international media and telecommunications operators are among the users of the Group's capacity, e.g.:

- private and public broadcasters, including the European Broadcasting Union (EBU), RAI, France Télévisions, Deutsche Welle, BBC, Mediaset, TVN, TF1, RTL, France 24, ARD and 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, Gateway, 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 or 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.

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

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

During the year ended 30 June 2008, the Group reported consolidated revenues of 877.8 million euros, and EBITDA [1] of 695.7 million euros. At 30 June 2008, the Group's backlog was 3.4 billion euros, which is 3.9 times the consolidated revenues for the year ended 30 June 2008 (excluding other income and non-recurring income).

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[1] EBITDA is defined as the operating result before depreciation and amortisation and other operating income 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.

6.2 Group strengths and strategy

6.2.1 Group strengths

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

A leading position in the European market for satellite broadcasting

The Group is the leading operator in the European market for broadcasting by satellite in terms of number of channels transmitted and number of transponders, with 3,123 television channels and 1,080 radio stations broadcast to more than 164 million cable and satellite households.

A major part of the Group's video business is carried out in Europe. The European market for satellite broadcasting has attractive features compared to other geographical areas, particularly in terms of tariff conditions. Euroconsult estimates that the average revenue per transponder was almost 3.15 million US dollars in 2006 in western Europe.

A large portfolio of attractive orbital positions

With twenty 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 two of the o rbital positions in its portfolio as premium satellite neighbourhoods, and has 8 major orbital positions to meet the demand for broadcasting television channels in Extended Europe.

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

The orbital position located at 13º East today represents the leading television programme transmission array in Europe. In fact, the three HOT BIRD™ satellites were transmitting close to 1,101 channels as of 30 June 2008 (more than any other orbital position in Europe) to over 48 million that are equipped for direct reception via satellite. The Group has also developed the 28.5° East position, providing excellent coverage of the United Kingdom and Ireland with the EUROBIRD™ 1 satellite which was transmitting more than 320 channels as of 30 June 2008 to more than 9 million households. The Group estimates that the channels broadcast at these two flagship positions are received by more than 56 million homes via satellite dishes for individual or community reception (source: Research institute, Eutelsat Communications, 2007 edition).

Over and above these two flagship positions, the Group is developing major specialised orbital positions according to geographical area. At 30 June 2008, these positions allow the Group to transmit 1,701 television channels and to take advantage of the strong progression 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 the orbital positions constitute a rare resource with a strategic advantage for developing its business. Almost all orbital positions and associated frequency rights for the Ku band have in fact already been allocated to the existing operators by the International Telecommunication Union (ITU), thus making it all but 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 usage rights for orbital positions and its active policy of managing its rights, the Group considers that it is able to adapt rapidly to any changes in demand and to seize new market opportunities that may arise in the future.

A business portfolio that favours the most profitable applications

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

Video Applications thus represent the major part of the Group's business. The leasing of transponders used for Video Applications represented 75.5% of the Group's revenues (excluding other income and non-recurring income) for the year ended 30 June 2008 compared with 72.2% for the year ended 30 June 2007.

Video Applications are considered to be the most stable source of revenues in the sector, due both to the large and recurring need for capacity of audiovisual platform operators and the number of installed dish antennas, making it difficult to change operator. These operators are therefore willing to sign long-term contracts (often for the operating life of the satellite concerned, generally 12 to 15 years), which give the Group a stable customer base and regular cash flows.

The stability of this source of revenues is strengthened by the fact that the Group has little exposure to any potential reduction in demand for capacity resulting from a transition from analogue format to digital. The Group is only broadcasting 11 analog channels (7 of which are French channels for reception in "shadow" areas of mainland French territory from the 5° West orbital position) compared to 41 for SES Astra (source: SES Global, Results for the first half-year of 2008). In addition the Group benefits from the boom in the digital TV markets in emerging markets (Central Europe, Russia, the Middle East, North Africa, and Sub-Saharan Africa) where the number of television channels grew by 39.7% over the year. During the financial year, the first HDTV channels were launched in Extended Europe. At 30 June 2008, the Group was already broadcasting 49 HDTV commercial channels. The Group believes that high definition 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.

As a complement to its Video Applications, the Group is also present on the market for Data Services and Value-Added Services. This represented 17.7% of the Group's revenues (excluding other income and non-recurring income) for the year ended 30 June 2008, down by 6.5 million euros on the year ended 30 June 2007, This reflects contrasted performance between Data Services and Value-Added Services. At 30 June 2008, Data Services were down 7.7% compared with 30 June 2007, mainly due to (i) a reallocation of expiring leased capacity agreements in favour of Video Applications, and (ii) the transformation of certain short-term agreements into long-term agreements, with lower tariff conditions but for a longer period of time. Value-Added Services, on the other hand, show continuing progression, up by 10.6% compared with the year ended 30 June 2007 and by more than 5.5% in the case of the broadband Internet access service D-STAR™. Furthermore, the Group has begun to introduce broadband Internet access services by satellite for households located at the edge of the broadband terrestrial networks (TOOWAY™ in Ka band) largely as a result of an increased demand for broadband Internet access services in these areas.

This balanced business portfolio is based on a very effective distribution network, essentially made up of historical telecommunications operators, which are both customers and distributors and have a strong position in their respective markets, and with which the Group has special relationships. In addition to this network of historical distributors, and in order to respond to requests from a number of customers, the Group has developed a targeted commercial and direct marketing strategy, and actively manages its relations with its major clients.

Potential for significant growth

The Group considers that the services it offers on digital markets position it well to seize opportunities for growth on the TV and Value-Added Services markets.

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

- the strong increase 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); and

- the take-off of HDTV in Extended Europe, for which the Group is particularly well positioned, especially due to its capacity and its premium orbital positions which it can immediately assign to this type of application The Group also considers that it could benefit from its position as European leader because its existing customer base includes several potential players in the HDTV market with which the Group has long-standing and close relations.

In the Professional Data-networks and Value-Added Services market, the Group takes the view that the development of its business should be facilitated by a number of factors, especially:

- the rapid development of broadband satellite applications: as an illustration, demand for satellite capacity for broadband services increased at an average annual rate of 9% between 2003 and 2007 (source: Euroconsult);

- 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 services and applications associated with mobile communications, which could constitute an additional source of growth: the Group currently has significant expertise in this segment, particularly through its services provided to the land, maritime and air transport sectors ; 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 for regions with little or no coverage by the terrestrial networks.

The Group's potential for growth is also associated with its substantial ability to innovate, 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 currently constitute significant sources of revenues and growth (D-STAR™), and should continue to promote the Group's growth in the future (TOOWAY™).

Accordingly, during the year ended 30 June 2008, 4% of the total revenues (excluding other income and non-recurring income) were generated by Value-Added Services, which were making no contribution to revenues five years earlier. In particular, with 8,902 terminals deployed, the Group has successfully developed the D-STAR™ product, which offers an economical and effective broadband IP access solution, mainly aimed at companies or territorial groupings in areas with little or no coverage by the terrestrial networks (both in Europe and in the emerging markets).

An orbital satellite infrastructure which constitutes one of the Group's major strategic advantages

The Group's fleet of satellites is made up of 24 satellites in geostationary orbit (as of 30 June 2008) and 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);

- a fleet with an average age of 6.3 years[1] at 30 June 2008 (excluding satellites in inclined orbit) currently being renewed with the launch of seven new satellites over the next three years. As a reference, the operating life of satellites in stable orbit is usually 12 to 15 years;

- a high technical flexibility, particularly with on-board antennas with steerable beams or several beams with different coverages so that areas covered can be adapted and reconfigured to meet

[1] weighted average by number of transponders (36 Mhz equivalent).

customer needs, respond to geographical market factors or reconfigure coverage areas if a satellite is repositioned to a new orbital position;

- a connectivity between transponders and the geographical coverage zones possible, enabling the Group to respond to evolving customer demands;

- and a redundancy of the on-board equipment.

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

The Group's economic performance over the last three years has been especially solid:

- An average annualised growth in revenues over the last three financial years of 5% (for the financial years ended 30 June 2006, 2007 and 2008)

- A very high level of profitability, as shown by its EBITDA margin between 77.1% et 79.3% over the last three financial years, making the Group the world's leader of the major FSS operators in terms of profitability (source: Eutelsat Communications). This high level of profitability for the Group reflects the relevance of its strategy to maximise revenues per transponder and to exercise strict containment of costs.

Significant and predictable cash flows

In recent financial years, the Group has generated consistent cash flow in relation to significant operating activities, representing 64.5% of its revenues, which totalled 527.7 million euros and 566.6 million euros for the financial years ended 30 June 2007 and 2008 respectively.

Cash flows from operating activities are largely predictable, due to the nature and size of the Group's backlog and the average remaining lifetime of the allotment agreements (weighted by amount), which was 7.4 years at 30 June 2008. The backlog contains a majority of long-term contracts (often corresponding to satellite operational lives) entered into on the basis of pre-determined tariff conditions. As of 30 June 2008, the Group's total backlog was 3.4 billion euros or 3.9 times the consolidated revenues for the year ended 30 June 2008.

A management team with recognised leadership

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

6.2.2 Strategy

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. The Group therefore concentrates its business on the most profitable segments and services in the FSS sector in order to combine growth and maximisation of its revenues per transponder and the overall return on its assets.

The implementation of this Group strategy is based on the following concepts:

A leading position in the European market for satellite broadcasting

The Group intends to strengthen its leading position in the audiovisual programme transmission market by:

- Consolidating the flagship orbital location at 13° East, which has led to the renewal of its resources with the launches of HOT BIRD™ 7A in March 2006 and HOT BIRD™ 8 in August 2006, and commissioning of HOT BIRD™ 9 and HOT BIRD™ 10, which are scheduled for launch during the 2008-2009 financial year.

- 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 notab ly cover certain emerging markets such as central and Eastern Europe, Russia, North Africa, the Middle East and Sub-Saharan Africa. Opening up the 7° West orbital position, which addr esses the North Africa and Middle East markets with the entry into service of the ATLANTIC BIRD™ 4 satellite in July 2006, followed by opening up the 9° East position to serve western Europe with the relocation of EUROBIRD™ 9 in May 2007, thereby offer new capacity for the development of these services.

- An active policy to ensure fleet security, on the 13° East flagship orbital position, which will lead to satellite capacity on 7° East being complet ely redundant and partial redundancy as soon as 2010 with the launch of satellite W3B.

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:

- The development of the D-STAR™ service, which enables it to offer an economical and effective solution for broadband networks and services, aimed especially at companies and territorial groupings operating in areas with little or no coverage from the terrestrial networks (both in Europe and in the emerging markets); and - Strengthening the range of services for mobile communications, particularly aimed at the ground, maritime and air transport sectors;

- Strengthening mobile communication offers namely for land transport, aircraft and ships. The Group has launched a pilot project in partnership with Alstom, Orange and Cap Gemini in the TGV Est to set up broadband Internet access on board trains; and

- Developing the TOOWAY™ offer launched in Europe at the end of 2007. This Ku and Ka band service offers a broadband access to the general public. TOOWAY™ is operated by Skylogic, Eutelsat S.A.'s broadband subsidiary, in collaboration with VIASAT.

The Group also intends to strengthen its competitive position in the Professional Data Network segment, notably 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.

Pursue an active policy of technical innovation

The Group has ordered a payload in S band on the W2A satellite. This payload will be operated under the Solaris Mobile Ltd. joint venture with SES to offer bidirectional services and direct reception, by mobile terminals, of satellite television and radio services directed at France, Germany, Italy, Poland, Spain and the United Kingdom. This will be the first time this service is offered in Europe. It will enable the deployment of a hybrid infrastructure combining satellite and terrestrial networks to ensure universal coverage for mobile television services at the same time as reception in buildings.

The Group has also ordered a satellite in Ka band called KA-SAT to meet requirements for broadband services of population groups with little or poor coverage by the terrestrial broadband networks throughout Europe and the Mediterranean basin. KA-SAT is a new step in multibeam satellite design, which has already proved efficient for Internet access for the public, HDTV and local television in regions of North America (see sections 6.5.5.2 "Value-Added Services" and 6.6.1.3 "Satellites ordered and in course of construction").

Capitalising on proven and profitable yield management of available transponder capacity

The Group intends to continue to make its available satellite resources as profitable as possible by optimising its allocation (taking into account the utilisation rates reported by geographical areas and by application, as well as the expected expansion in demand). Accordingly, the Group intends to continue to seize all opportunities in segments that are not its core business (particularly services to the Civil

Services) as long as the capacity allocated to this type of contract does not undermine the development of more profitable applications.

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

The Group intends to maintain a premium satellite capacity, especially by:

- Strengthening technological advantages, on-board redundancy and back-up capacity in the satellite fleet;

- Maintaining flexibility in the fleet's operating and technical configuration;

- Executing targeted investments aimed at increasing satellite capacity (when these are necessary to implement the Group's growth strategy).

Maintaining rigorous cost 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 fleet in orbit, and especially studies solutions that could enable it to reduce the associated costs in the future, while continuing to maintain satisfactory coverage for the fleet.

6.3 Main markets

Fixed Satellite Services ("FSS") sector

Industry FSS operators operate geostationary (GEO) satellites, positioned in orbit in space 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 communications support at points of sale), for providing extensions to the GSM networks and Internet access in geographical areas with little or no coverage by the terrestrial networks (at sea, for example, or in "shadow" - areas) or for establishing or restoring communications networks in emergency situations (civil security, humanitarian operations).

FSS operators lease the transmission capacity (i.e. the transponders) to customers: this includes operators of broadcasting platforms, television channels, telecommunications services operators and Internet service providers Transponders are facilities on-board a satellite which receive, amplify and retransmit the signals received.

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

C Band. These frequencies are traditionally used for voice, data and video applications. Signals transmitted in C band are at longer wavelengths than those transmitted in the Ku and Ka bands, and require large size antennas (four to six metres in diameter) for transmitting and receiving signals.

Ku band. Signals transmitted in Ku band have shorter wavelengths, which means that customers can use smaller antennas (between 60 and 180 centimetres in diameter). Ku band is used for services such as video distribution and Professional Data Networks.

Ka band. Signals in Ka band have the shortest wavelengths. Currently used very little, except in North America, Ka band allows customers to receive signals using very small antennas. However, it requires a higher concentration of signals over reduced geographical areas and is more prone to variations in signal strength caused by weather conditions.

The Group's fleet of satellites consists mainly of transponders operating in Ku band, which are particularly well suited for services such as DTH broadcasting to smaller receive antennas.

The FSS sector has a number of characteristics, including:

- major barriers to entry, particularly due to the significant investment needed to operate a fleet of satellites and have access to orbital positions;

- a limited risk of replacement and loss of customers, because GEO satellites represent the most efficient and economical broadcasting technology for distributing content over a wide geographical area;

- generally high visibility over revenues, primarily because long-term leases are used (particularly for Video Applications);

- generally high operating margins and a high proportion of fixed costs (resulting in strong operating leverage); and

- the existence of new growth vectors, including HDTV and the development of mobile communication solutions (television on mobiles, broadband Internet on trains, business aircraft and ships).

According to Euroconsult, the FSS sector generated worldwide revenues of 8.85 billion US dollars as of 31 December 2007, including more than 7.9 billion US dollars in infrastructure revenues.[1]. Infrastructure revenues generated in Extended Europe [2] totals almost 4 billion US dollars. In 2007, 242 satellites were commercially activated.

The geographical breakdown of infrastructure revenues generated in 2007 by the FSS sector is shown below:

Breakdown of infrastructure revenues in the FSS sector by region:

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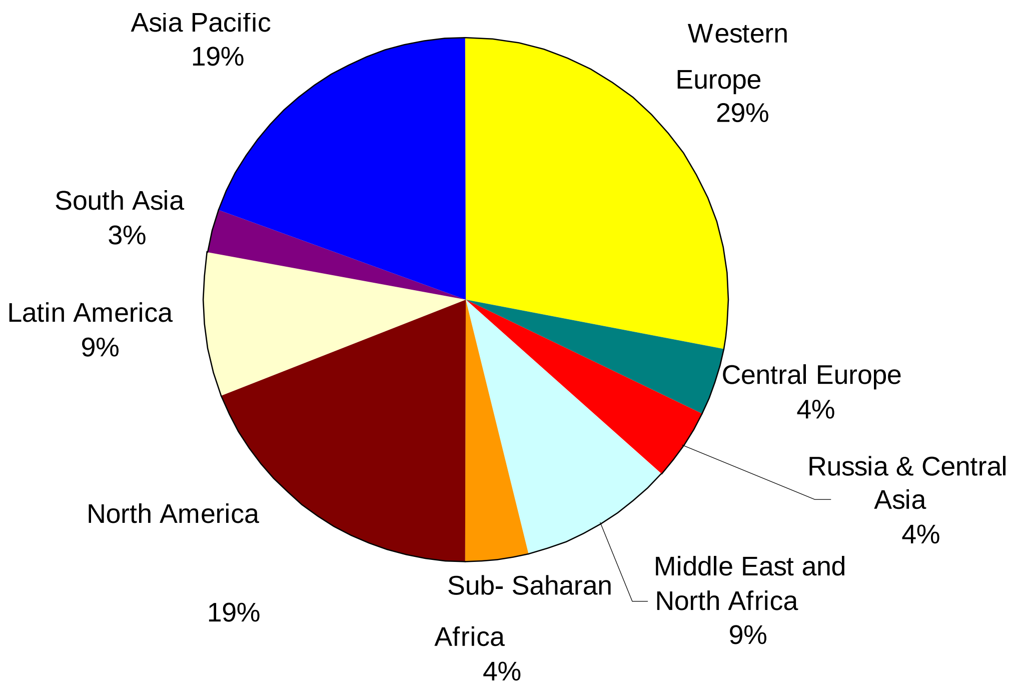
[1] Infrastructure revenues represent revenues generated solely by pure satellite bandwidth sales (transmission capacity), excluding revenues from services.

[2] Extended Europe is comprised of western Europe, Central Europe, Commonwealth of Independent States, North Africa and the Middle East, and Sub-Saharan Africa.



Source: Euroconsult, 2008 Edition

According to Euroconsult, more than half the revenues realised in the FSS industry were generated from the well-established markets in North America and western Europe. Other geographical areas such as Africa, the Middle East and Asia may offer major opportunities for growth, particularly due to the limited competitive ability of ground-based infrastructures.

Evolution of satellite capacity supply and demand

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

- the increase in the number of television channels, markets,
- 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 of certain geographical markets, and
- more generally, economic growth.

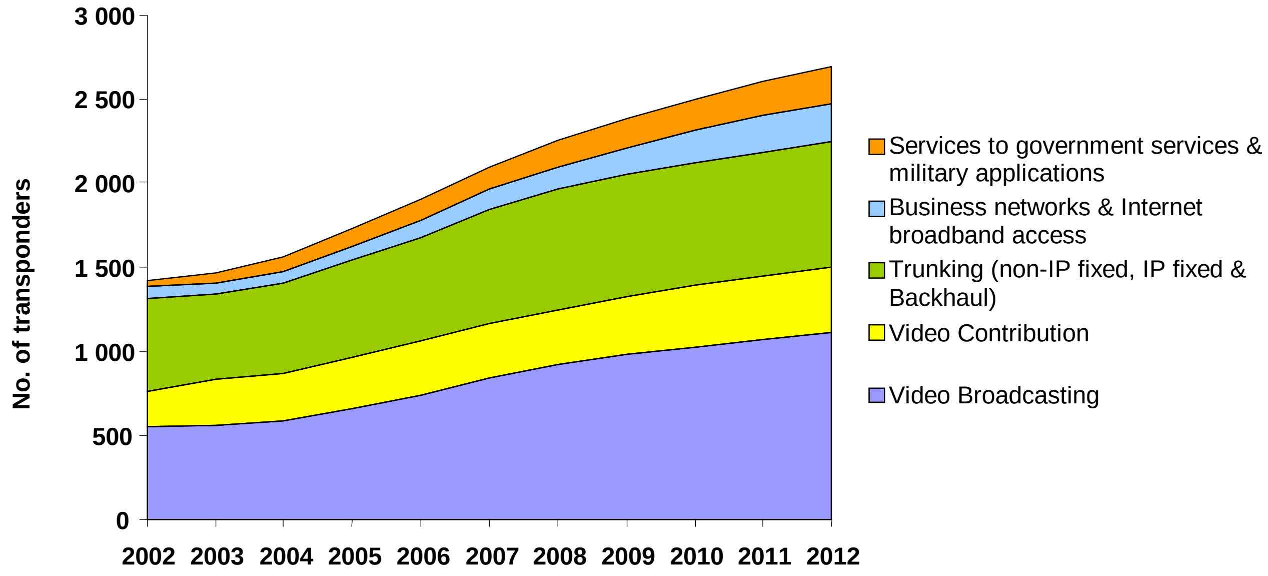
In addition, certain events, such as major sporting occasions like the Olympic Games and the Football World Cup or news events, can periodically drive up demand.

According to Euroconsult, the global demand for transponders (36 MHz equivalent) increased by approximately 4.6% a year (weighted average annual growth) between 2002 and 2007.

In the medium term, total global demand for satellite capacity should continue to rise at a weighted average annual rate of 5% between 2007 and 2012.
This increase does, however, reflect contrasting situations insofar as in Extended Europe where the Group is present, the demand for satellite capacity is expected to grow at a weighted average annual rate of 5.1% over the period 2007-2012 compared with 4.1% in North America (source: Euroconsult).

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

Breakdown of the demand for transponders by application (2002-2012)



Source: Euroconsult, 2008 Edition

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

Euroconsult considers that, in the medium term, the global supply of satellite capacity should grow at a weighted average annual rate of 2.3% over the period 2007-2012.

The Group believes that the effort to rationalise satellite resources that has been led by the major players in the FSS sector, has resulted today in improved balance between supply and demand in Extended Europe, particularly in central and Eastern Europe, North Africa and the Middle East. According to Euroconsult, this equilibrium should last over the period 2007-2012 insofar as the supply of satellite capacity in Extended Europe is expected to progress by only 3.9% (i.e. at a lower rate than the growth in demand) over the period 2007-2012.

The improvement of the balance between supply and demand in Extended Europe should allow a strengthening of prices in the markets of Extended Europe, but this could be limited by tariff pressure from several small satellite service operators in Extended Europe.

Main developments in the sector

Growth in the video services market

According to industry analyst Northern Sky Research, demand for capacity for Video Services transmission should continue to grow at a weighted average annual rate of 5,2% between 2007 and 2012 in Extended Europe.

This growth should be principally generated by:

- *An increase in the number of television channels.* According to Euroconsult, the number of TV channels should increase from 7,856 in 2007 to more than 13,000 within ten years in Extended Europe. This increase is particularly driven by the development of programme offerings in the emerging countries of central and Eastern Europe, North Africa and the Middle

East. Moreover, lower costs for accessing satellite capacity stimulate the expansion of thematic and community channels.

- *Development of HDTV*. Transmission of HDTV programmes requires higher 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 in standard digital format. In MPEG 4 mode, a HD channel requires 2.5 times more capacity than the same standard-definition digital channel in MPEG 2. The continuing development of HDTV will also require additional satellite capacity to guarantee simultaneous transmission of television channels (simulcasting) in both standard and high-definition format.

  Several television platform operators that are customers of the Group in western and Central Europe and Russia, have launched commercial offers of one or more HDTV channels, taking advantage of a favourable context for development (major sporting events such as the Football World Cup or the Olympic Games) coupled in particular with the increase in the number of households with "HD Ready" or "Full HD" television screens, the number Blu-ray DVD players and the development of content in HD format

  As an illustration of the increase in the number of equipped households, Institut GfK forecasts that one in every two households in France will be equipped with HDTV in 2010. 80% of TV screen sales in France were "HD Ready" as of 31 December 2007, and as from 2008, 5 million HDTV screens will be sold annually. The majority of films shot by U.S. studios, as well as key sporting events, are now filmed in HD format. According to ScreenDigest, more than 8.5 million homes in Europe are expected to be receiving HDTV programmes by satellite by 2010.

  Among the customers or users of the Group's satellite capacity, SKY Italia in Italy, BSkyB in the United Kingdom and also "n" in Poland, Digiturk in Turkey and NTV+ in Russia launched their first commercial HDTV programmes.

  As of 30 June 2008, the Group was broadcasting 49 HDTV channels via its fleet, compared with 17 a year earlier. The Group broadcast 21 HD channels from its flagship positions Hot Bird™ and Eurobird™ 1 and 28 HD channels from its positions targeting emerging markets. Euroconsult estimates that nearly 480 HDTV channels could be broadcasted in Extended Europe by 2012.

  The progressive deployment of HDTV should mean an increased demand for satellite capacity and constitute an important growth driver for video services.

- *The development of digital terrestrial television (DTT).* Initially launched in certain countries in western Europe, notably the UK, Spain, Switzerland, Germany, France and Italy, DTT is beginning to expand further in Europe. At the end of 2007, more than 30 million European households had access to DTT (mainly for free channels) (source: Dataxis). The advent of DTT gives satellite operators an opportunity to supply capacity to the head-ends of terrestrial retransmitter networks. Satellites also provide complementary coverage for DTH reception via satellite dishes for households located in the "shadow" areas of the terrestrial retransmitters.

- *Additional services on digital broadcast platforms*. A large number of satellite broadcast platforms offer or plan to offer interactive services (home shopping, betting services, video on demand (VOD)). The increase in the range of interactive services available should result in an increase in demand for satellite capacity.

- *Optimisation of the compression rates for television signals.* In the nineteen nineties, the Video Applications segment saw, with the development of the DVB standard, a transition from the analog broadcast format to digital. 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 optimising the use of bandwidth between television channels, which reduces the cost of access to satellite capacity. The development and broadcasting 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 analog format.

Growth of data networks and value-added IP services

The FSS industry is benefiting from sustained growth in the demand for capacity for Internet applications. The demand for satellite capacity for Professional Data Networks applications (including Internet trunking) and Value-Added Services is expected to grow at a weighted average annual rate of 4.1% in extended Europe between 2007 and 2012. According to Euroconsult, this should rise to 14.1% for Professional Data Networks and broadband Internet access only (source: Euroconsult).

The Group considers that the demand for satellite capacity for Data Services should increase again, mainly due to the development of an offer in Ka band. Indeed, as the resources available in the Ku band are scarce and their technical characteristics less suitable in terms of reception, the Group's view is that Ka band is better adapted to the provision of data services or broadband services, due to the capacity available in this band of frequencies and also its transmit capabilities, which allow satellite transmissions to be concentrated into very narrow spot beams for reception. The Group considers such an offer in Ka Band to be 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 the connection to the Internet backbone (IP trunking) to enable ISPs to connect to the Internet backbone; the connection to an Internet local loop (IP access) for business companies and local institutions. 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): the IP data broadcast solution (IP broadcast) for broadcasting multimedia content.

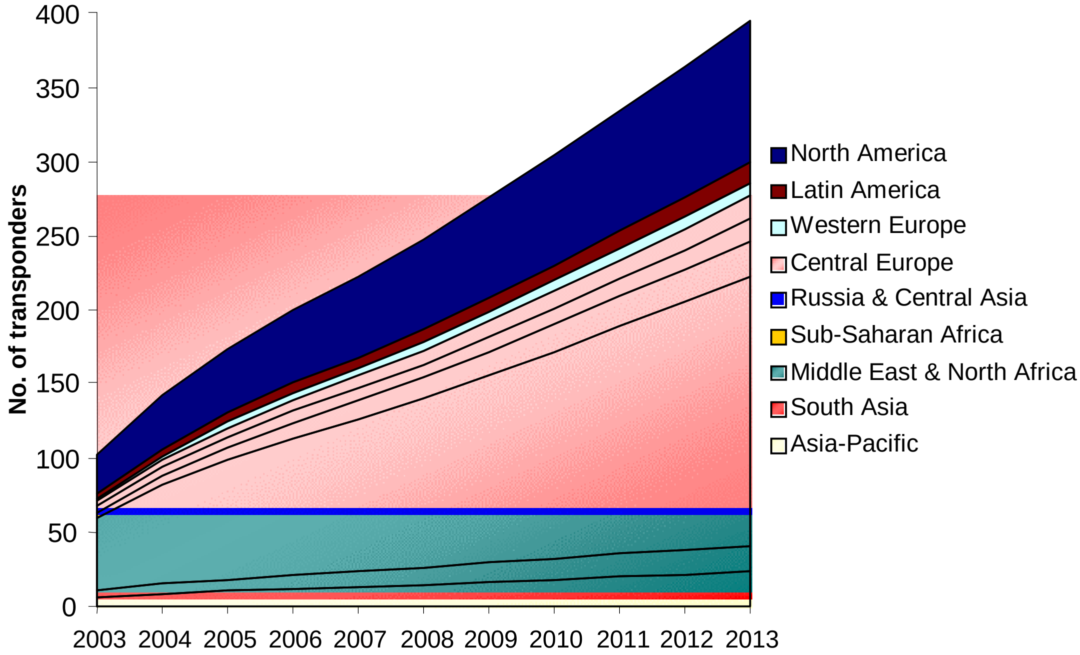
The Group expects the market for satellite broadband services to be driven by declining prices for user terminals and by improvements in the quality of the service offerings, and also the development of solutions for people on the move (trains, aircrafts, ships).

Recent development in services to government services

According to Euroconsult, this segment of the market, which corresponds mainly to demand for satellite services from government defence and security departments, should have a weighted average growth rate of 10,4% over 2007-2012 in Extended Europe. These applications are closely linked to changes in the international environment, particularly geopolitical conflicts and natural disasters.

This type of service is characterised by a certain volatility and by a very strong concentration of the corresponding demand, since the U.S., the Middle East, and North Africa account for nearly 71% of military communications via satellite, as estimated by Euroconsult. It generally involves contracts of short duration (one year) and, in addition, alternative solutions involving capacity on military satellites are emerging.

The following graphic shows the historical and the estimated growth in the number of transponders used for government services, presented by geographical zone (source: Euroconsult)



Source: Euroconsult, 2008 Edition

Liberalisation of markets

Many countries have opened up or are opening up their telecommunications markets to competing suppliers. This liberalisation has encouraged the appearance of new competitors for the historical telecommunications operators and the development of new services, particularly in Europe. These new entrants in the market and the development of these new services open up new commercial opportunities for FSS operators, especially in the emerging markets such as Africa, Asia and Latin America.

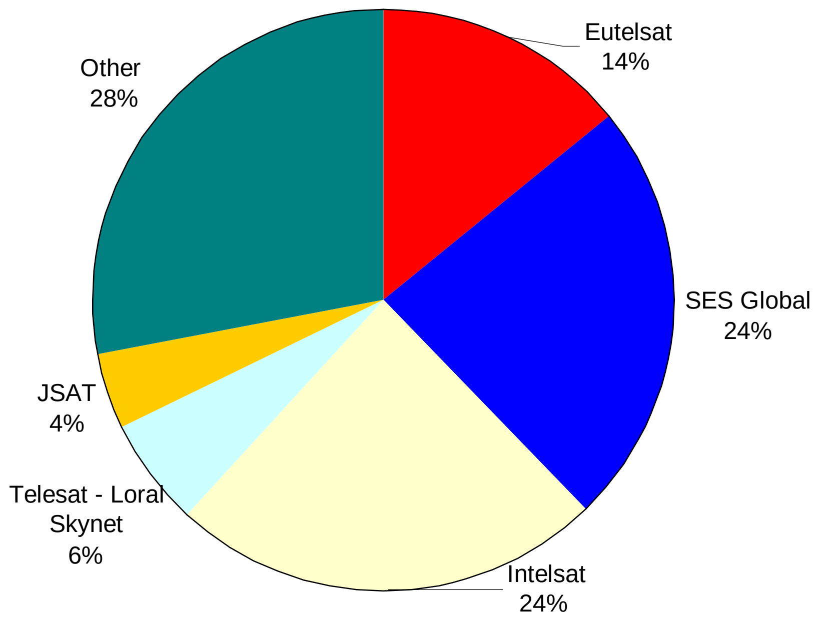
6.4 Competition

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 2007 and based on infrastructure revenues, the Group is the third largest operator worldwide with a market share of 14%.

Market shares of the operators in Extended Europe (based on infrastructure revenues)1)



Source: Euroconsult, 2008 Edition

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

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

At 31 December 2007, SES's fleet was made up of 38 satellites and 1 048 transponders, and covered the entire world population. At 31 December 2007, SES' revenues totalled 1,610.7 million euros (compared with 1,617.2 million euros at 31 December 2006) and EBITDA totalled 1,090.3 million euros, with an EBITDA margin of 67.7% (Source SES- Annual results).

SES is present in Extended Europe via its subsidiaries SES Astra, SES SIRIUS and SES NewSkies in part at 31 December 2007. In Europe, 16 Satellites of SES Astra and SES SIRIUS' combined fleet broadcasted 1,961 TV and radio channels, including 28 HDTV channels to an audience of more than 117.2 million cable and satellite households.

SES is listed for trading on Eurolist of 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. In June 2007, Intelsat was bought by BC Partners for more than 16 billion US dollars.

At 31 December 2007, Intelsat operated a fleet of 53 satellites (2,218 transponders), situated above North America, and the Atlantic, Pacific and Indian oceans. At 31 December 2007, Intelsat reported pro forma revenues of 2.18 billion US dollars, pro forma EBITDA of 1.67 billion US dollars (pro forma EBITDA margin of 77%)(Source: Intelsat- Annual results).

Although its geographical coverage is wider than that of its competitors, it has a more limited range of services. Intelsat is the leader for video services in North America and the leader for DTH services in

[1] Infrastructure revenues represent revenues generated solely by pure satellite bandwidth sales (transmission capacity), excluding revenues from services.

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 Tenenor, also provide international connections in addition to providing communications services for 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.

For most of these services, the Group considers that it is not in direct competition with satellite mobile service operators (notably Inmarsat). Inmarsat does, however, compete with the Group for Value-Added maritime Services (D-STAR™) and for future services developed by SOLARIS, the Group's joint venture with SES, which markets S band services with the W2A satellite.

Terrestrial communications services

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

Fibre optic networks are highly suited to transmitting high volumes of point-to-point traffic (video or data), which may encourage some customers to use these networks rather than a satellite connection. However, the Group considers that because of the size of the investment necessary to deploy this type of facility, the development of fibre optic networks 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 the satellite operators. However, because of the technical limitations of this mode of distribution (limitation on volume and proximity of DSLAM distribution frames), this type of network currently only offers limited geographical coverage and is 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. As the activity of the Group demonstrates, however, terrestrial network operators such as Télédiffusion de France (TDF), Mediaset and RAI continue to use satellites to expand their coverage and feed the terrestrial re-transmitters. The Group's satellites carry DTT networks in France, Italy, Switzerland and Spain.

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

For example, the Group considers that the maximum cost per subscriber or television viewer for broadcasting a digital television channel over the most expensive satellites in its fleet is, in euros, currently less than 1 cent per month, based on 4 million subscribers or television viewers.

And the terrestrial networks can complement the satellite transmission services by offering in many cases the return channel necessary for interactive services (Internet access, Video on Demand, interactive television).

And lastly, the Group takes the view that satellite transmission services can make it possible to complement the terrestrial networks, especially for transmissions to mobile terminals. The Group has therefore made a joint investment with SES in a payload carried in S band, whose main function will be to provide complementary coverage for television delivered to mobiles, which is currently broadcast by the terrestrial operators using the DVB-H standard. The Group considers that this S-band mission will enable the deployment of a hybrid infrastructure combining terrestrial networks (DVB-H standard) and satellite networks (DVB-SH standard) to ensure universal coverage for mobile television channels at the same time as reception in buildings.

The Group also considers that S band will make it possible to offer bidirectional services, notably to vehicles, as a complement to services provided under the Galileo project.

6.5 Description of activities

Diversity of services offered

The Group designs and operates satellites intended to provide capacity for video services, Professional Data Networks 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 and Sub-Saharan Africa to take advantage of the strong demand in such markets.

In terms of applications, Video Services is the Group's main activity and represents 75.5% of revenues for the financial year ended 30 June 2008 (excluding other income and non-recurring income). In addition the Group is also strongly present in Data Services and Value-Added Services which represented 17.7% of revenues (excluding other income and non-recurring income) at 30 June 2008. The Group offers Multi-usage Services, which represent 6.8% of revenues (excluding other income and non-recurring income) at 30 June 2008:

Summary of services offered by the Group by application

The following table gives a summary of the services offered by the Group by application:

Video Applications	
- **Broadcasting**	
- Direct broadcasting of TV and radio to satellite-dish equipped households (Direct-to-Home)	o Pay-TV platforms and TV channels o Broadband network operators
- Distribution of television channels and radio stations to cable operator network head-ends and terrestrial DTT retransmitters	o 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 pick up from broadcasting satellites	o TV channels o Teleport operators
- Live reports and retransmissions of events to TV channel production studios	o TV channels o TV channel technical service providers
- Permanent connections constituting a mesh network for programme exchanges between broadcasters	o European Broadcasting Union

Data and Value-Added Services

- **Data Services**	
- VSAT networks/data exchanges	o Press, financial agencies, retail, oil industry,
- Internet backbone connectivity	o Internet Service Providers (ISP)
- Private networks for companies and local communities	o Communication network integrators and operators
- **Value-Added Services**	
- Professional broadband access solutions D-STAR™ / D SAT	o Businesses and local communities in regions that have little or no coverage by the terrestrial broadband networks.
- TOOWAY™broadband Internet access solutions for the public	o Internet services providers, terrestrial network operator, local communities,
- Mobile Internet access solutions or extended mobile telephone networks (GSM)	o Cruise liners, corporate jets, trains
- Mobile communications services (EutelTRACS)	o Road transport companies

Multi-Usage applications

• Supply of capacity for government services	o Public Administration, civil protection

6.5.1 Video (75.5% of revenues for 2008)

With revenues of 649.4 million euros for the financial year ended 30 June 2008, video services represent the Group's main area of business.

The Group's satellite capacity is namely used by public and private television channels (the 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

With more than 3,120 television channels being broadcast as of 30 June 2008 compared with 2,600 channels as of 30 June 2007, i.e. growth of almost 20%, the Group is the leading broadcaster of audiovisual programmes by satellite in Extended Europe (source: Eutelsat Communications).

The three HOT BIRD™ satellites located at the 13° East orbital position constitute the leading transmission array in Europe with 1,101 channels transmitted as of 30 June 2008 (source: Lyngsat and Eutelsat) to more than 121 million homes. One of the Group's priorities is to strengthen this flagship position by maintaining a flexible and high-performance fleet able to meet users' needs and provide back-up capacity for its customers. The foreseen launches of HOT BIRD™ 9 and HOT BIRD™ 10 will therefore make it possible to fully secure the transponders commercialised at this orbital position.

This premium position is strengthened by the EUROBIRD™ 1 satellite, located at the 28.5° East orbital position, which was transmitting more than 320 television channels as of 30 June 2008 (source: Lyngsat) to more than 9 million homes in the United Kingdom and Ireland (source: Eutelsat Communications). The BSkyB broadcast platform uses EUROBIRD™ 1 to broadcast its programmes.

More than 130 million homes receive television channels transmitted from these two orbital positions (either via direct reception or cable networks), which corresponds to a penetration rate of 77% of homes equipped with cable or satellite in approximately 40 countries in Europe, the Middle East and North Africa (Source: Eutelsat Communications).

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. Therefore, to take advantage of growth in certain markets, the Group operates from different orbital positions located at:

- 36° East with the SESAT 1 and W4 Satellites, which serve the Russian and Sub-Saharan African markets and which are now used by the digital broadcasting platforms Multichoice Africa's DStv and Entertainment Highway (aimed at Sub-Saharan Africa) and the Russian broadcast platforms NTV Plus and Tricolor. This position broadcast 391 channels at 30 June 2008, up 49% compared with 30 June 2007;

  This strong growth is mainly linked to the booming panafrican package DStv, operated by MultiChoice Africa, and to the launch of the new Entertainment Highway package in Nigeria. On the Russian market, growth was driven by additional capacity leased to operators RSSC and Intersputnik to accompany the fast growth of Russian TV packages;

  Strong growth on the Russian and Ukrainian markets is shown by the number of satellite receiving antennas up more than 95% between 2006 and 2008 to 4.7 million satellite receiving antennas in these countries. Over the same period, the audience more than doubled to 3.5 million satellite antennas, i.e. total penetration of more than 75% on these markets (source: Eutelsat International Observatory On Cable and Satellite Homes 2008), which illustrates the appeal of the 36° East orbital position which serves these countries;

- 16° East with the W2 satellite, used by digital broadcasting platforms such as CanalSatellite Réunion and Parabole Réunion as well as by regional broadcasting platforms in Central Europe and the Balkans (notably Digialb in Albania, ITV and Max TV in Romania, and Total TV in Serbia). This position broadcast more than 350 channels at 30 June 2008;

- 7° East with the W3A satellite, used by the digital broadcast platform Digiturk (leading pay-TV platform in Turkey with approximately 1.85 million subscribers);

- 5° West with the ATLANTIC BIRD™ 3 satellite, which transmits all the French national television channels to homes that cannot receive these channels because of terrestrial shadow zones. This satellite has also been used since March 2005 to broadcast terrestrial digital channels to head-ends of DTT re-transmitter networks in France;

- 25.5° East with the EUROBIRD™ 2 satellite, which covers the Middle East and today transmits almost 100 television channels;

- 9° East with the EUROBIRD™ 9 satellite, which is used to offer customers dual reception (9° East/13° East); and which transmits 125 TV channels at 30 June 2008, just one year after being brought into operation. This satellite has been chosen by the new Hungarian HDTV package Hello HD, by Italian TV channels and by the 3rd German cable-operator TeleColombus, for transmitting a TV offer to head-ends; and

- 7° West with the ATLANTIC BIRD™ 4 satellite for North Africa. This satellite is co-located with the two satellites of the operator Nilesat, and broadcasts 253 television channels to almost 17 million satellite households (Source: Eutelsat International Observatory On Cable and Satellite Homes 2008).

The growth in the number of television channels on these positions dedicated to emerging markets has been particularly strong over the past year, up 38% between 30 June 2007 and 30 June 2008.

In addition, due to its Eutelsat Digital Platforms (EDP), which mean multiplexing costs on the ground can be shared, the Group can offer an economical solution for access to its capacity by small channels. In addition, the Skyplex solution developed and marketed by the Group means the same multiplexing service can be offered on board the satellites (service currently available on W3A and HOT BIRD™ 6). These two 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.

Professional video services

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 picked up on satellites offering broadcasting services for television channels.

Professional video links are also used to broadcast current events, sports and entertainment in real time or in pre-recorded mode. Such links are generally set up on a temporary basis, but can also be permanent, particularly for 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 the 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 namely the European Broadcasting Union, television stations (BBC, CBS, Mediaset, NBC, NHK, RAI, TF1), and video reporting professionals such as APTN and Enex.

6.5.2 Professional Data Networks and Value-Added Services (17.7% of revenues for the financial year ended 30 June 2008)

Data Services and Value-Added Services accounted for revenues of 152.5 million euros for the financial year ended 30 June 2008.

6.5.2.1 Professional Data Networks

Professional VSAT-type networks

For 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 in the finance, energy or automobile manufacturing industries for example (such as 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 Intranet/Extranet, videoconferencing, credit card authorisation systems, and distance learning. The Group estimates that it offers capacity to more than 750 private networks in 70 different countries.

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 and an extension of coverage both 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, and more recently Orascom (Algeria), BT Turkey (Turkey), Siemens (Germany), 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 facilities for connection to the Internet backbone by terrestrial networks, including namely Cable & Wireless, IABG and Horizon Satellite Services.

Lease of capacity for network integrators offering IP access solutions

The Group offers capacity for satellite IP access solutions to private digital network integrators. These integrators operate these 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

Value-Added Services generated revenues of 34.7 million euros for the financial year ended 30 June 2008.

The Value-Added Services offered by the Group enable customers to enjoy turnkey solutions combining leasing capacity and specific services. These Value-Added Services include IP access solutions designed and developed by the Group (D-STAR™, D-SAT™, IP Broadcast, TOOWAY™) and Mobile services such as EutelTRACS and D-STAR™ maritime with its subsidiary WINS.

IP access solutions

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

D-STAR™service: 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) can have a permanent broadband connection to the Internet or to the networks of the customer's company. This service enables companies or terrestrial groupings in Europe or the emerging countries that have little or no service by the 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. The service is also used to connect remote communities in the Piedmont area of Italy to the Internet and to connect branches of the Algerian public banking network to each other. This service is operated and commercialised by the Skylogic subsidiary.

At 30 June 2008, the number of D-STAR™ terminals in operation totalled 8,902 up 20% compared with 30 June 2007. The growth experienced by D STAR™ terminals was driven by emerging markets which represented more than 60% of activated terminals at 30 June 2008 (5,408 activated terminals), the main growth driver being Africa which rose 32% to 3,255 terminals.

The potential applications of this broadband Internet access service are considerable. The Group has launched satellite IP access solutions for users who are travelling, 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 the French railways SNCF to set up broadband Internet access for passengers aboard the TGV Est.

The Group continues to develop D-STAR™ equipment on business jets which is deployed by Arinc (approx. 40 planes are now equipped).

On boats, in partnership with Maltasat, Skylogic has launched a service for cruise vessels, making a GSM network and a broadband Internet access facility available on board (See the paragraph on "WINS" below).

Over the year the Group launched a major innovation to grant the public satellite Internet access, at prices and bandwidths in line with broadband. This TOOWAY™ new generation service uses SurfBeam DOCSIS technology developed by VIASAT, world leader in satellite communication equipment, and has already been installed in 325,000 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. Currently technologically unmatched in Europe, this Ka band Internet access solution has been chosen by the operator SWISSCOM, and recently by the Piedmont area of Italy to offer universal broadband Internet access and to serve areas which are located beyond the reach of the terrestrial networks.

In October 2007 the Group ordered a Ka band satellite called KA-SAT from EADS Astrium which will be the keystone 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 allow a 6 to 8-fold reduction in the cost of access to Ka-band satellite capacity. And combined with a relatively low price for the equipment to be paid for by final-users (in the order of 200 to 400 US dollars per terminal), the new satellite should make it possible to offer broadband Internet access solution at more competitive tariff conditions for households located in areas that are not covered by the terrestrial broadband networks.

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

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

Mobile services

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

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 cooperation 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 is approximately 34,000 as of 30 June 2008.

WINS

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

The equipment on-board the boat consists of an antenna measuring 120 cm in diameter, which is installed on the upper deck and contains an antenna with automatic pointing towards Eutelsat's ATLANTIC BIRD™ 1 satellite. This satellite antenna is connected to a modem, and this serves as the interface with, on the one hand, a local distribution network providing Internet access by wire and Wi-

Fi and, on the other hand, a set of four cellular relays to give optimum coverage of the areas on-board the boat for GSM communications.

When the boat leaves the port and loses contact with the 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.

6.5.3 Multi-Usage Services (6.8% of consolidated revenues for the financial year ended 30 June 2008)

Multi-Usage Services generated revenues of 58.1 million euros for the financial year ended 30 June 2008. These services mostly include the provision of capacity to other satellite operators and to suppliers of services to governments services, particularly in the United States. The service mainly uses capacity on the EUROBIRD™ 2, W5, ATLANTIC BIRD™ 2, ATLANTIC BIRD™ 3 and EUROBIRD™ 4 satellites.

6.6 Satellites and coverage areas

At 30 June 2008, the Group operates a fleet of 24 satellites in geostationary orbit, five of which are leased to third parties. The Group intends to launch seven new satellites, W2M, HOT BIRD™ 9, HOT BIRD™ 10, W2A, W7, KA-SAT and W3B over the next three years.

6.6.1 The satellite fleet

The Group operates a fleet of 24 satellites (including 2 satellites in inclined orbit) located at 20 orbital positions between 15° West and 70.5° East, providin g 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 geographical areas covering 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 6.3 years as of 30 June 2008 (weighted average by number of transponders (36 Mhz equivalent)) excluding satellites in inclined orbit.
- a high technical flexibility, particularly with on-board antennas with steerable beams on satellites or several beams with different coverages so that areas covered can be adapted and reconfigured to meet customer needs, respond to geographical market factors or reconfigure coverage areas if a satellite is repositioned to a new orbital position;
- a connectivity between transponders and the geographical coverage zones possible, enabling the Group to respond to evolving customer demands;
- and a redundancy of the on-board equipment.

In addition to the fleet in stable orbit, the Group uses capacity on two satellites in inclined orbit, Telecom 2C and Telecom 2D, located respectively at 3°East and 8°West orbital positions.

Each year, the Group reviews estimated lives of satellites in orbit (for further information, see Notes 3.7 and 5 to the consolidated financial statements for the year ended 30 June 2008 in Section 20.1 "Financial information for the year ended 30 June 2008" of this reference document). The number of transponders is the nominal number of transponders per satellite.

The table below represents the Group's satellite fleet in stable orbit as of 30 June 2008. The dates for the end of operational lives in stable orbit, as shown in the table below, are the dates estimated by the Group.

Satellite	Orbital position	Type of Transponder (C, Ku or Ka)	Nominal capacity	Launch date	Estimated end of operational use in stable orbit as of 30 June 2008
HOT BIRD™ 6	13° East	Ku/Ka	28/4	August 2002	1Q 2018
HOT BIRD™ 7A(1)	13° East	Ku	38	March 2006	3Q 2024
HOT BIRD™ 8(2)	13° East	Ku	64	August 2006	1Q 2025
EUROBIRD™ 1	28.5° East	Ku	24	March 2001	3Q 2018
EUROBIRD™ 2	25.5° East	Ku	16	Oct. 1998	2Q 2013
EUROBIRD™ 3	33° East	Ku	20	Sept. 2003	3Q 2014
EUROBIRD™ 4	4° East	Ku	8	Sept. 1997	2Q 2011
EUROBIRD™ 9	9° East	Ku	20	Nov. 1996	4Q 2009
W1(3)	10° East	Ku	14	Sept. 2000	1Q 2012
W2(4)	16° East	Ku	24	Oct. 1998	1Q 2010
W3A	7° East	Ku/Ka	42/2	March 2004	1Q 2021
W4	36° East	Ku	31	May 2000	2Q 2017
W5(5)	70.5° East	Ku	24	Nov. 2002	4Q 2014
W6(6)	21.5° East	Ku	24	April 1999	2Q 2013
SESAT™ 1	36° East	Ku	18	April 2000	3Q 2011
ATLANTIC BIRD™ 1	12.5° West	Ku	19	August 2002	4Q 2017
ATLANTIC BIRD™ 2	8° West	Ku	26	Sept. 2001	1Q 2018
ATLANTIC BIRD™ 3	5° West	Ku/C	27/10	July 2002	3Q 2019
ATLANTIC BIRD™ 4(7)	7° West	Ku	15	Feb. 1998	4Q 2011
Telstar 12(8)	15° West	Ku	4	Oct. 1999	4Q 2011
Express A3(9)	11° West	Ku	5	June 2000	4Q 2008
SESAT 2(10)	53° East	Ku	12	Dec. 2003	1Q 2016

(1) Satellite operating 31 transponders as of 30 June 2008
(2) Satellite operating 43 transponders as of 30 June 2008
(3) Following the incident of 10 August 2005, the electrical power of this satellite and its estimated remaining life have been reduced. See Note 5 to the consolidated financial statements for the year ended 30 June 2007. This satellite is temporarily operating with 18 transponders
(4) Satellite temporarily operating with 27 transponders
(5) Following the incident dated 16 June 2008, the number of operating transponders dropped from 24 to 20 and its estimated remaining life has been reduced by one third.
(6) Satellite temporarily operating with 29 transponders.
(7) Following the successful launch of HOT BIRD™ 7A, HOT BIRD™ 4 was brought into service at 7° West on 1 July 2006 under the name ATLANTIC BIRD™ 4 .
(8) Owned by Loral Skynet. End of utilisation foreseen in 4Q 2011
(9) Owned by Russian Satellite Communications Company (RSCC). End of utilisation foreseen in 3Q 2008
(10) Owned by Russian Satellite Communications Company (RSCC). End of utilisation foreseen in 1Q 2016

6.6.1.1 Satellite Fleet usage and performance

The Group was operating a total of 501 transponders in stable orbit as of 30 June 2008, compared with 505 transponders at 30 June 2007, due to an incident in orbit on 19 June 2008 which reduced the operational capacity of satellite W5. 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 the technical characteristics of 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. The fill factor as of 30 June 2008 was 93.4%.

This high figure is explained by the consolidation of the Group's flagship orbital positions (13° East and 28.5° East), for which utilisation rates were close to 100% as of 30 June 2008, and also by the success of the new 9° East position, and by the success of the Group's strategy in developing major video positions in France, central and Eastern Europe, the Middle East, North and Sub-Saharan Africa (5° West, 7° West, 7° East, 16° East, 25.5° East and 36° East) which produced most of the growth in terms of the number of television channels.

6.6.1.2 Group-owned in-orbit satellites

The Group owns 19 geostationary satellites. Most of these satellites were constructed by Thales Alenia Space and EADS Astrium.

HOT BIRD™ Satellites

As of 30 June 2008, with 102 Ku-band transponders operating in stable orbit over Europe (and four Ka-band transponders on HOT BIRD™ 6), the HOT BIRD™6, HOT BIRD™7A and HOT BIRD™8 satellites form one of the largest satellite broadcasting systems in the world, providing full coverage for Europe, the Middle East and part of Africa and Asia.

EUROBIRD™ Satellites

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.

After five 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.

Launched in September 2003 to 33° East, EUROBIRD™ 3 is mainly used for bidirectional broadband Internet services. This satellite is also used to provide capacity for video services or Professional Data Networks. It provides coverage for Europe and a large part of Turkey with four high-power beams.

After nearly 9 years operating at 13°East (under the name HOT BIRD™ 3), EUROBIRD™ 4 was redeployed to 4° East in February 2007 and is mainly used for Multi-Usage Services for the Middle East.

After operating at 13° East for almost eleven years (under the name HOT BIRD™ 2), EUROBIRD™ 9 has been located at 9° East since May 2007, which is an orbital position adjacent to the HOT BIRD™ position at 13° East. This proximity allows homes equipped for DTH reception to receive services and television channels from each of these two positions via the same dual-feed antenna. This satellite gives coverage of Europe, the Middle East and North Africa.

W Satellites

The six 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, for Professional Data Networks and for Value-Added Services in Europe, Asia and Africa.

The W1 satellite launched in September 2000 is located at 10° East. It provides service in Ku band for pan-European coverage, particularly for data services and Value-Added Services. On 10 August 2005, the W1 satellite experienced a technical incident resulting in an interruption in service lasting for several hours. On 11 August, service was restored for the majority of customers under acceptable operational conditions (see Section 6.6.3 "Breakdowns and losses of equipment" for further information)

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

The W3A satellite launched in March 2004 is located at 7° East. It offers capacity in the Ku band for pan-European and sub-Saharan Africa coverage. W3A combines Ku and Ka-band frequencies to serve the sub-Saharan market. It serves audiovisual transmitting, 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 contributed to the development of the geographical coverage of the fleet and serves the Far East Asia and a large part of China and southern Asia. After an incident in orbit 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 which are now operational. Furthermore, its estimated remaining life has been reduced by one third (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™ 2 Satellite

The SESAT™ 1 satellite enables to offer 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 the W4 satellite), SESAT™ 1 covers a vast geographical area extending from western Europe to Siberia and offers a spotbeam over 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 comprises four satellites: ATLANTIC BIRD™1 (12.5° West) ATLANTIC BIRD™ 2 (8° West), ATLANTIC BIRD™ 3 (5° We st) and ATLANTIC BIRD™ 4 (7° West). ATLANTIC GATE provides capacity for Video Applications, IP and data applications for intercontinental links between the American continent, Europe, the Middle East and North Africa, and for regional communications.

ATLANTIC BIRD™1

This satellite is operated at 12.5° West and provid es a wide range of telecommunications services, such as Professional Data Networks, professional video links, transmissions of audiovisual programmes, and connections to the Internet backbone. This satellite covers Europe, the Middle East and a part of the United States and South America.

ATLANTIC BIRD™2

ATLANTIC BIRD™ 2 is located at 8° West. This satell ite is used to provide a wide range of telecommunications services, such as Professional Data Networks, 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 from these geographical areas with Europe and the American continent. ATLANTIC BIRD™ 2 can provide direct connection between the United States 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 coverage in Ku band to Europe, Africa, the Middle East and the East coast of North America. It also provides C-band coverage for Africa, Europe and some parts of the American continent.

In France it transmits the domestic television channels in analog 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™ 4

ATLANTIC BIRD™ 1 the former HOT BIRD™ 15, since 1 July 2006 is located at 7° West and is equipped with 7 transponders, providing direct broadcasting services for coverage of the Middle East and North Africa.

6.6.1.3 Satellites ordered and in course of construction

In the year ended 30 June 2006, the Group ordered two satellites:

- *HOT BIRD™ 9*

Designed like HOT BIRD™ 8 to operate with 64 transponders, HOT BIRD™ 9 will be located at the HOT BIRD™ position. Launch and successful entry into operation of this satellite will allow the redeployment of HOT BIRD™ 7A as a replacement for EUROBIRD™ 9 at 9° East and thereby take capacity for broadcasting audiovisual content at this orbital position from 20 to 38 transponders.

- *W2M*

Ordered from a consortium uniting EADS Space and ISRO (Indian Space Agency), it is designed to operate 26 transponders in Ku band, capacity that could be increased to 32 transponders depending on the modes of operation, for a nominal operational lifetime of 15 years. W2M's mission is to replace the satellite W2 at the 16° East orbital position.

Like the other W satellites, W2M offers great flexibility. In addition to a high-power fixed beam covering Europe, North Africa and the Middle East, it will also be equipped with a steerable beam to provide continuity of services for TV channels over the Indian Ocean.

The Group ordered three satellites during the financial year ended 30 June 2007:

- W2A, which was ordered from Thales Alenia Space in September 2006

Equipped with 46 Ku-band transponders, W2A's main mission is the replacement and expansion of the 10° East orbital position (replacement of the W 1 satellite) for audiovisual, broadband and telecommunications services for Europe, Africa and the Middle East. The satellite is also equipped with a payload of 10 transponders in C band, and will consolidate the Group's resources in this band over Africa.

W2A will carry a payload in S band (a European first), which will be operated under a joint venture between Eutelsat S.A. and SES to provide bidirectional services, notably to vehicles as a complement to the services available under the Galileo project and, again for the first time in Europe, the direct reception of television and radio broadcasting by mobile terminals. This S-band payload will serve, France, Germany, Italy, Poland, Spain and the United Kingdom, and will enable the deployment of a hybrid infrastructure combining satellite and terrestrial networks to ensure universal coverage for mobile television services and reception in buildings.

- HOT BIRD™ 10, which was ordered from EADS ATRIUM in October 2006

Equipped with 64 high-power transponders, this satellite will be used at 13°East for DTH broadcasting of television and for feeding the cable networks. HOT BIRD™ 10 is identical to HOT BIRD™ 8 and HOT BIRD™ 9 and it will mean that the flagship HOT BIRD™ neighbourhood will operate with three 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.

- W7, which was ordered from Thales Alenia Space in December 2006

W7 will have 70 Ku-band transponders connected to six beams covering Europe, Russia, Africa, the Middle East and Central Asia. Co-located with the satellite W4, its main mission will be the replacement of the Ku-band capacity on SESAT 1 and the expansion of the 36°E orbital position.

The Group also ordered 2 satellites during the financial year ended 30 June 2008:

- 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 eight stations managed by Eutelsat will enable access to the KA-SAT satellite and provide end users with the entire range of broadband services.

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

The bandwidth provided by KA-SAT, in conjunction with SurfBeam®, VIASAT's next generation ground network system, will increase this satellite's operational capacity to efficiency and resource levels as yet unreached, with total bandwidth of more than 70 Gigabits/second. This capacity, enabled by the new infrastructure created between the satellite and its associated access stations, is a major turning point in satellite IP access, increasing the number of households with access to bandwidth similar to broadband to over 1 million. Internet via satellite is thus made widely available 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, was ordered in May 2008 from Thales Alenia Space

The W3B satellite is due to be launched in the second quarter of 2010, and should join the W3A satellite at the 7° East position. Joined to a Thal es Alenia Space's Spacebus 4000 platform, W3B's 56 transponders will enable the Group to offer their 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%.

The procurement of W3B underscores the Group's strategy to make 7° East a flagship position by locating two large satellites at this position. This is similar to the strategy which enabled the HOT BIRD™ position to become the world leader in terms of 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 and Data Services and Professional Video Services.

With the arrival of W3B, operational capacity at 7° East will be increased from 44 to 70 transponders. These additional resources will enable Eutelsat to support the expansion of existing customers, notably broadcasters now launching their first HDTV channels, and will also bring fresh capacity to boost the Group's resources in other targeted regions.

W3B will have three key coverage zones:

- High-power Ku-band coverage of Europe with a beam centred over Central Europe and Turkey which is particularly optimised for 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 Indian Ocean islands for regional telecommunications and Internet services. Interconnection with Europe will also be possible with the African coverage through a combination of Ka- band frequencies in Europe and Ku-band frequencies in Africa.

Thanks to the flexibility of its design, W3B will also contribute to securing continuity of services at the orbital positions 16° East, 10° East or 36° East in the event of a failure at launch of W2M, W2A or W7.

The table below presents satellites under construction or commissioned over the period and their estimated launch dates at the time of this reference document.

Name of satellite	Constructor	Estimated launch	Capacity	Orbital position
HOT BIRD™ 9	EADS Astrium	Oct. 2008	64 Ku	13° East
W2M	EADS Astrium / ISRO	Nov. 2008	26 Ku	16° East
HOT BIRD™ 10	EADS Astrium	Jan./March 2009	64 Ku	13° East
W2A	Thales Alenia Space	Jan./March 2009	46 Ku /10 C / S Band	10° East
W7	Thales Alenia Space	June/Aug. 2009	70 Ku	36° Eas t
KA-SAT	EADS Astrium	Mid 2010	+ 80 spots Ka	13° East
W3B	Thales Alenia Space	Mid 2010	56 Ku	7° East

An extra period of one to two months after launch date is required when estimating the date at which a satellite will become operational.

6.6.1.4 Capacity leased on third-party satellites

As well as operating its own satellites, the Group uses the satellite capacity of five 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 the orbital position 15° West, is owned by Loral Skynet. It covers Europe, the American continent and the Carribean. Under an agreement entered into with Loral Skynet on 10 December 1999, the Group is operating and commercialising four 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 the use by Loral Skynet of the orbital position assigned to Eutelsat S.A.

- Express A3

This satellite, which is located at the orbital position 11° West, is owned by the Russian Satellite Communications Company (RSCC). Under an agreement entered into with RSCC on 18 May 2001, the Group is using the five Ku-band transponders on Express A3 until the end of its estimated operational life. This satellite covers Europe and the Mediterranean Basin, and is primarily used for professional video links and Professional Data Networks.

- 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 a high-power Ku band capacity over Europe, Africa, the Middle East and Central Asia, which can provide telecommunications services, and notably broadband, broadcasting and professional broadband data networks via 12 Ku-band transponders. This satellite has a total of 24 transponders, 12 of which are used by the Group and commercialised 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 commercialised 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.

6.6.2 TCR - Telemetry, command and ranging

The Group's fleet is operated from its control centres located at the Group's headquarters in Paris and at Rambouillet. Both the Paris and the Rambouillet facilities offer full redundancy to each other. The first control centre (Satellite Control Centre) is responsible for satellite telemetry and telecommanding of the satellites and the second (Communications Control Centre) is responsible for communications control and access to the space segment by customers' earth stations. 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 as of 30 June 2008 was employing approximately 70 specialist technicians and engineers in such a capacity.

Activities of the Satellite Control Centre

As of 30 June 2008, the Group was controlling the 19 satellites it owned. Telecom 2D and Telecom 2C are controlled by France Telecom. Telstar 12 is controlled by Skynet, while Express A3 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 back-up capacity in orbit 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.

During the year ended 30 June 2008, the Group's ISO 9001 certification of satellite control was renewed.

In September 2004, the Group acquired the Rambouillet teleport, which is the main TCR site used by the Group, from France Telecom. This site is also used for the positioning in orbit 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 performed from the Rambouillet site for the HOT BIRD™ 7A satellite, which was launched in March 2006, and for the HOT BIRD™ 8 satellite, which was launched in August 2007.

In addition, the Group entered into long-term service agreements with four operators that make available 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, 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 is unavailable.

Activities of the Communications Control Centre

In addition to its sites in Paris and Rambouillet, the Group has services agreements for communications systems control with the operators of eight monitoring sites in the world (São Paulo in Brazil for South America; Hamilton in Canada for North America; Makarios in Cyprus for the eastern Mediterranean region; Dubna in Russia; Hartebeesthoek in South Africa; Singapore for the Far East; Padukka in Sri Lanka and Dubaï in the United Arab Emirates for the Middle East). Each site provides, in the region for which it is responsible, the necessary facilities for supervision and operational coordination of the transmissions of certain satellites of the Group, and for verification of signal quality and content. These services agreements also provide that the site operators ensure the operation and maintenance of the Group's equipment installed at their sites. The Group's main site and back-up site have a dedicated connection and can be operated independently.

From its Communications Control Centre in Paris, the Group has access to a network of more than 20 receive/transmit facilities and to systems for monitoring space segment access and communications for the whole of its fleet and its customers.

During the financial year ended 30 June 2008, the Group began the process of transferring communications control to the Rambouillet site, with the Paris site serving as back-up control centre once the process is complete.

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, HOT BIRD™ 7A and HOT BIRD™ 8) were estimated at approximately 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 operating today using their back-up equipment.

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

In 1999, the Group experienced operational anomalies on its HOT BIRD™ 4 and EUROBIRD™ 2 satellites because of a higher than expected deterioration of some solar panels (the energy source for the satellites). To date, these anomalies have had only a limited impact on these satellites (shutdown of four 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 limited reduction in battery power, (the reduction in battery power of ATLANTIC BIRD™ 3 was caused by the loss of six 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 periods of eclipse. A loss of cells leads to a reduction in the electrical power of the satellites and may lead to a reduced transmission capability during periods of eclipse. To date, these anomalies 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 what was 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 services to be restored for all customers under acceptable conditions 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 of 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 commercialised by Eutelsat at its 13° East orbital position, provided at the time of the incident on 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).

W3A had a service interruption of several hours on 10 October 2006. Since then, preventative measures have been put in place to mitigate the impact of any repetition of this anomaly.

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 an anomaly. This anomaly had no impact on the satellite's ability to fulfil its nominal communications mission.

Lastly, on 16 June 2008, W5 suffered an anomaly 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 anomaly reduced the satellite's capacity from 24 to 20 transponders. The investigation made by Thales Alenia Space also revealed that the satellite's estimated remaining life had been reduced by three years (see section 6.6.1 "The satellite fleet").

Launch failures

Since it started its activities (including during the period prior to the Transformation), the Group has lost three satellites from launch failures (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 allotment lease agreements, the Group can request compensation if there is any interruption in the availability of the capacity or if there is any deterioration of the transponders The amount of such compensation, which is limited to a certain amount per year, is calculated on the basis of 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 cost of the lease 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 policy of back-up and redundancy 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 damaged 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 such redundant 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 anomaly 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 rate of utilisation of the satellites concerned.

Moreover, to guarantee continuity of service to some of its customers, the Group has signed leases under which it offers them the possibility of capacity with a guarantee of restoration on capacity defined in advance (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 commercialise that capacity on a preemptible basis.

The launch and entry into service of HOT BIRD™ 9 and HOT BIRD™ 10 at 13° East will allow the Group to have back-up solutions for all its Ku-band transponders and to relocalise certain satellites (HOTBIRD™6 and HOTBIRD™7A) at 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 conforms to the principles discussed at international level by the Inter-Institution Coordination Committee on Space Debris and the United Nations Committee on the Peaceful Uses of Outer Space.

In the year ended 30 June 2008, no satellites were de-orbited.

6.7 Commercial and distribution policy

As a consequence of the Group's legacy, a large part of its revenues is generated by capacity allotment agreements with telecom operators such as France Telecom, Telespazio, British Telecom/Arqiva and Deutsche Telekom/T-Systems.

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.

As of 30 June 2007 and 2008, the Group's top four client-distributors (France Telecom/Globecast, Telespazio, British Telecom/Arqiva, and Deutsche Telekom/T-Systems) represented respectively 40.3% and 36.9% of the Group's consolidated revenues.

This reduction in the relative contribution of the large client-distributors to the Group's consolidated revenues reflects the desire of certain final-users of the Group's capacity to establish direct contractual links with the Group, particularly for Video Applications. Some pay-TV operators now prefer to sign contracts directly with the Group when the time comes to renew their existing allotment agreements or when they have need of 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 allotment agreements direct with the Group as and when their current agreements with the client-distributors expire.

Moreover, through its teleports at Rambouillet and Turin and using the experience of its Skylogic 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 final-users related to the provision of satellite capacity, such as the uplinking of multiplexing services on the ground or 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 final-users of satellite capacity seeking a direct commercial link to the Group. The Group has launched direct marketing programmes to expand its base of potential customers. The Group thus has dedicated 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, which allows it to adapt more effectively to market conditions. However, most of the capacity lease contracts 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 preemption 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 of a request for an existing customer's capacity by another customer, and (ix) the tariffs applied charged by the competition for a similar service or type of capacity.

Although the Group has 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 4.1 "Risks relating to the Group's activities," and particularly the paragraph "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 index-linked to inflation.

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 final-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 final-users individually accounted for more than 10% of the Group's revenues as of 30 June 2008.

As of 30 June 2008, the Group's leading 10 customers, six of which are distributors, accounted for 54.45% of the Group's revenues. These are as follows:

Customers	Revenues per customer (in millions of euros)	Revenues per customer (as a percentage)
France Telecom/Globecast	99.8	11.37
Telespazio/ Telecom Italia	90.7	10.34
British Telecom/Arqiva	72.2	8.23
Deutsche Telekom/ T-Systems/Media Broadcast	61.4	6.99
Services to governments	54.5	6.21
SKYItalia	25.5	2.91
Noorsat WLL	23.1	2.63
TVN/ITI Neovision	19.7	2.24
Entreprise des Postes et Telecoms (Luxembourg)	15.6	1.78
European Broadcasting Union	15.5	1.76
Total for 10 leading customers	**478.0**	**54.45**
Other	399.8	45.55
Total	**877.8**	**100.0**

As of 30 June 2007, the Group's leading 10 customers, six of which are distributors, accounted for 56% of the Group's revenues. These are as follows:

Customers	Revenues per customer (in millions of euros)	Revenues per customer (as a percentage)
France Telecom/Globecast	98.3	11.86
Telespazio/ Telecom Italia	90.6	10.92
British Telecom	85.5	10.31
Deutsche Telekom/ T-Systems	59.8	7.21
Artel/Spacelink/ArrowHead	41.9	5.06
SKYItalia	22.1	2.67
Noorsat WLL	21.1	2.55
Entreprise des Postes et Telecoms (Luxembourg)	15.6	1.88
Russian Satellite Communications Company	15.2	1.83
Digital Platform Teknoloji Hismetleri AS	14.6	1.76

Total for 10 leading customers	464.7	56.0
Other	364,4	44,0
Total	**829,1**	**100,0**

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 for capacity on its satellites and the possibility of including provisions for the preemption/back-up of the capacity allotted.

The Group sells its capacity and services under four main type 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, seven 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, seven 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 five hours a week for one year), or (iv) subscriptions for 15 hours of use per month or for 180 hours of use over six 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;

- *Leases of capacity related to a specific activity*. These cover the lease of an entire transponder or a part of it based on volume, generally measured in units of 64 kbits per second. The Group leases these volumes by the minute, hour, day or week, or even for longer periods. These leases are primarily used for Professional Data Networks and IP access solutions.

- *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 the 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 submitting payment for the capacity allotted and for the performance of the customer's contractual obligations.

Evolution of the backlog

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

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

At 30 June	**2007**	**2008**
Value of the agreements (in billions of euros)	3.7	3.4
Weighted remaining duration of the agreements	7.3	7.4
Share of Video Applications	92%	93%

At 30 June 2008, the Group's backlog totalled 3.4 billion euros or 3.9 times the annual revenues (excluding other income and non-recurring income), compared with 3.7 billion euros at 30 June 2007. The 7.6% reduction in the backlog between 30 June 2007 and 30 June 2008 is mainly due to natural erosion with the increase in the average age of the fleet, as most of the order backlog is composed of agreements entered into for satellite lives.

The share of agreements relating to Video Applications in the backlog at 30 June 2008 has been maintained at 93% compared to 30 June 2007, giving the Group high visibility over future revenues. Indeed, the operators of broadcasting platforms have a recurring requirement for long-term capacity. The average remaining duration of the contracts that the backlog represents as of 30 June 2008 (weighted for the amount came to) was therefore 7.4 years (compared to 7.3 years at 30 June 2007.)

Breakdown of the backlog by year at 30 June 2008 is as follows:

Financial year ended 30 June	Backlog:
	(unaudited, in millions of euros)
2009	712.2
2010	547.8
2011 and later	2,149.9
Total	3,409.9

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 two years, subject to an additional notice period of one year and the payment of a penalty for early termination. The early termination penalties are calculated based on the length of time the contract has been in force and the remaining contract duration. No capacity allotment agreement generating the payment of an indemnity for early termination was ended during the year.

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 the States in which it provides or seeks to provide its capacity and services, and is also subject, indirectly, to international regulations that these States must follow. The various regulations can be placed into the following four categories:

- national regulations governing access to the radio frequency spectrum and the authorisations required for this ("frequency assignments"), and international regulations governing the coordination 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");

- national regulations governing, in certain countries, access to the domestic market by foreign providers of satellite capacity; ; and

- international and national regulations governing the Group's customers and suppliers, including, for the former, standards applicable to the content of the programmes broadcast and, for the latter, restrictions on the export of satellite technology.

Frequency assignments and international coordination

All radiocommunication assumes 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 obtaining proper authorisation issued by the competent national public authorities. These authorisations are called "frequency assignments." Frequency assignments are national authorisations issued by States at national level in the exercise of their national sovereignty that give the right to use specified radio frequencies according to specified purposes and conditions, which the States have to coordinate at international level to limit the risks of interference.

The international community, acting within the International Telecommunication Union (ITU), the specialised United-Nations' agency that has jurisdiction over telecommunications matters, has been developing a body of rules to ensure such coordination. These rules are contained in the ITU's "Radio Regulations." For satellite radiocommunications, these rules make explicit provision also for frequencies to be assigned to a group of States, and it is the group of States which then assumes joint responsibility and has joint rights and obligations in respect thereto.

The World Radiocommunication Conference (WRC-07), held in Geneva from 22 October to 16 November 2007, adopted several amendments to the Radiocommunications Regulation and its Appendices. The new amended Regulation will come into force on 1 January 2009.

Frequency assignments under joint responsibility

The frequency assignments used by the Group in its business activities both present and future are primarily under joint responsibility, issued to the IGO under joint responsibility by the member States, collectively, (the "Parties") prior to the Transformation. For all these assignments, the Parties collectively discharged their joint obligations under the Radio Regulations through the Party of France, 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 complied with its obligations under the Radio Regulations. Prior to the Transformation, therefore, the ANFR was the entity responsible for applying the international rules governing the coordination of frequency assignments on behalf of all the Parties.

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

Frequency assignments granted directly to Eutelsat S.A.

Since the Transformation, France is the sole authority for new frequency assignments needed by the Group (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 ("L-Band frequencies").

The following orders grant Eutelsat the authorisation to operate the following frequency assignments for twenty years:

- Frequency assignments for ATLANTIC BIRD™ 4 satellite system at 7° West (ministerial order dated 27 March 2007).

- Frequency assignments for the satellite system at 1° East (ministerial order dated 3 December 2007).

- Frequency assignments for the satellite systems at 3° East, 5° West and 8° West (3 ministerial orders dated 5 February 2008).

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 of the ATLANTIC BIRD™ 2 satellite and the ATLANTIC BIRD™ 3 satellite operated at 8° West and 5° West respectively, under French frequency assignments granted to France Telecom. It is also the case of 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.]

International coordination of frequency assignments under the Radio Regulations

The purpose of coordinating frequency assignments at international level is to ensure the co-existence of satellite operations authorised by States in the exercise of their sovereign rights (or groups of States 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 coordination 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 to a greater or lesser extent due to the risks of interference with other satellite operations. Similarly, when satellite operations have already started, and prove to be causing 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 being caused.

The Radio Regulations define three separate systems for frequency assignments to be used for space radiocommunications using geostationary satellites. 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" and "Ka band" with the exception of those explicitly governed by one of the two special systems described below:

- The first special system (referred to below as "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.

- The second special systems (referred to below as "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 three systems, the States 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, this period is nine years and for assignments filed after November 1997, this period is eight years.

A second submission, known as the "Request for coordination," through which very detailed information on the assignments is provided, marks the beginning of the actual coordination process. This Request for coordination confers, on the basis of the date of receipt by the Radiocommunication Bureau, priority over all assignments covered by a subsequent Request for coordination. By virtue of this priority, when coordination between assignments covered by a subsequent Request for coordination proves problematical or impossible, the administration that submitted its Request for coordination first is not required to make adjustments to its frequency assignments in order to facilitate coordination with assignments covered by a subsequent Request(s) for coordination.

The general system does not prohibit the bringing into use or operation of frequency assignments for which the coordination process has not been completed. However, in such a case, operation of these frequency assignments may have to be interrupted or undergo adjustments to a greater or lesser degree if such operation proves to cause harmful interference to operations covered by assignments with a higher priority.

Priority continues to apply for the eight or nine years of the relevant time limit for bringing the assignments into use. If the assignments have not been brought in use when this time limit expires, the Advance publication and Request for coordination are both deemed never to have existed and the Administration responsible must then restart the process and present the two submissions again. The new Request for coordination then gives these assignments a lower priority than then first, placing them behind all assignments for which a Request for coordination 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 coordination during the full term of validity of the assignments as declared by the relevant administration in its Request for coordination (thirty years for the frequency assignments of the Group).

The special BSS and FSS systems

With these two special systems, the international community adopted "a priori plans" at the ITU's World Radio Conferences (WRC). These plans have given all ITU Member States identical rights, irrespective of the size of their population and territory, to predefined utilisations of specified amounts of radio spectrum resources in the frequency bands governed by these two systems. These pre-defined utilisations, which often do not correspond to real needs and of which few are likely to be implemented in practice, have priority over any other utilisation of these resources. These other utilisations must therefore be coordinated with the predefined utilisations. Additionally, in contrast to the general method of coordination in which administrations that are parties to a coordination can freely agree on the measures and technical conditions to be used for a coordination, these special systems define highly detailed rules and technical conditions to be used for the coordination.

These two systems do not involve an initial submission (the submission date of which, in the case of the general coordination 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 coordination, gives priority over subsequent submissions from the date it is received by the RB.

Under the BSS method, the submission date starts the period of eight years 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 one time, without loss of rights as long as the technical specifications of the utilisations remain the same. As under the general system of coordination, operation may begin before the end of the coordination process with priority utilisations, predefined as being additional, and, in situations where there is harmful interference, the priority ranking (the pre-defined utilisations all having the highest priority) will determine the utilisations that can be continued without adjustments and those which will have to be interrupted or adjusted to a greater or lesser extent.

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; or, if the opposite is the case,

- 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 such a 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 eight years from the date of the RB's findings (the date of acquisition of the priority right).

Most of the frequency assignments the Group utilises for its activities, present and future, have been granted under the general system and have either been successfully coordinated 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 coordination procedure. In a small number of cases, however, the Group began operation with such assignments without having completed the coordination process.

Resolution of disputes

The legal guarantees resulting for satellite operators from the application of the procedures of the Radio Regulations governing international coordination of frequency assignments depend 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.

Other authorisations required under national regulations

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.

Regulation in France

The Autorité de Régulation des Communications Electroniques et des Postes (ARCEP) is the French authority responsible for ensuring that the 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 were once subject to obtaining 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 Law 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 the ARCEP. This formality does not apply to independent networks.

On 16 July 2001, the minister of telecommunications granted authorisation 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.

Access to frequencies

Before the adoption of French Law No. 2004-575 on 21 June 2004, satellite frequency assignments were under the sole control of the ANFR. They depend on submission by the ANFR to the ITU (at the Radiocommunication Bureau) of the information required under the Radio Regulations governing international coordination of frequency assignments. There was no formal legal structuring of relations between the operators and the ANFR for making frequencies available for use.

French Law No. 2004-575 of 21 June 2004 concerning confidence in the digital economy (known as LCEN) contains a section on "satellite frequency assignments", establishing a new two-stage system:

- **The request for assignment is sent to the ANFR, which, after verifying that it complies with the national Table of Frequency Band Allocations, declares it to the ITU, in the name of** France.

- **Operation of the assignment is subject to authorisation by the minister responsible for electronic communications, after obtaining the opinion of the assigning authorities (affectataires) for the frequencies concerned (the CSA or the ARCEP).** 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 paying a fee to the ANFR for the costs of processing the request declared to the ITU. Authorisation can be refused, for example "for the protection of public order, defence requirements or those of public safety ».

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

In addition, the use of radio frequencies for RF earth stations is covered by authorisations issued by the ARCEP (frequency assignments). Under the terms of Article L.42-1 of the Post and Electronic Communications Code, these authorisations cannot exceed 20 years. The 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 for management and use of the frequencies. 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. The ARCEP has assigned 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 the ARCEP, the ANFR or other public authorities, including the suspension or withdrawal of the frequency assignment.

Regulation in other countries

Many countries, including most European countries, have liberalised their regulatory framework applying to the provision of voice, data and video services. They have also increased the possibilities 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, which facilitates final-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 two 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 for service and tariffs. Depending on the national regulatory requirements, operating agreements between the Group and the service provider may require final-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 - i.e. "landing rights" - or (ii) uplink services from the earth station terminals to the satellite - "take-off rights."

The Group has obtained such 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 United States

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

Where a non-U.S. satellite is added to the FCC's Permitted Space Station List, earth station operators in the United States licensed to operate with U.S. satellites are able to access that non-U.S. satellite without additional authorisation from the FCC. These streamlined procedures are applicable only to frequency bands that the FCC considers "conventional" bands, which do not, however, 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 United States 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.

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

Name of satellite	Orbital position	Date of inclusion on the list of permitted space stations
ATLANTIC BIRD™ 2	8°W	30 August 2001
ATLANTIC BIRD™ 1	12.5°W	30 August 2001

Other laws

European Union Regulations

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 the 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.

The Member States were required to adapt their national regulations by July 2003 to incorporate the provisions of five 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 ("Privacy and Electronic Communications Directive");

- plus 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 ease regulatory requirements in these areas. These directives were transposed into national legislation in France by the adoption of French Law No. 2004-669 dated 9 July 2004. Implementation of these regulations should gradually enhance the potential for deployment and management of Value-Added Services by the Group throughout Europe.

A new reform for the telecommunications sector is presently being prepared by the European institutions and should lead to a new directive in 2009 which would further development and liberalisation within the industry.

The draft directive aims to rationalise and harmonise frequency management in Europe. Frequency applications made by European operators wishing to access the spectrum in all Member States will be facilitated by a one stop shop managed by a European regulator.

Furthermore, authorisation to use the frequencies should in theory be neutral in terms of technology and as regards services, any administrative decision as to the choice of technologies and services will therefore be the exception.

Thereby mechanisms guaranteeing free competition will be created. More specifically, operators determined as exercise significant influence in a given market will be subject to more stringent obligations. As a last resort to end anticompetitive conduct, they may be ordered by the national regulator, subject to the Commission's control, to separate their businesses, i.e. network operations and provision of services could be separated into two 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, as the latter operates on a transnational market. To our knowledge no consultation is currently pending at a European level on this issue. In the future the question of the Group's significant influence could be investigated as regards the satellite TV broadcasting market.

U.S. Export Control Requirements

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

Regulation in terms of content

The broadcasting of television programmes in the European Union is regulated by European Directive 89/552/EEC of 3 October 1989, as amended by:

- European Directive 97/36/EEC of 30 June 1997, on the coordination of certain legislative, regulatory or administrative provisions in Member States relating to the performance of television broadcasting activities, also known as the "Television Without Frontiers" Directive.

- European Directive 2007/65/EC of 11 December 2007 known as the "Audiovisual Media Services" Directive. This Directive (i) extends the scope of the European Directive 89/552/EEC and 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.

According to these Directives, each EU Member State has to ensure that programmes transmitted by TV broadcasters under its jurisdiction comply with the provisions of the laws applicable to broadcasts intended for the general public. If the television channel is based in an EU Member State, then it is that State that is the competent regulatory authority. Under the regulations of most EU Member States, entities broadcasting television programmes accessible to the general public must be authorised by the regulatory body. Once regulated in its country of origin, a broadcaster may then freely broadcast its programmes to other States within the European Union, provided that it complies with the applicable laws of its regulatory State and with the provisions of the "Television Without Frontiers" Directive and the Audiovisual Media Services Directive relating to the protection of children and forbidding the promotion of racial discrimination and hatred. In the case of channels outside the EU that are broadcast by satellite and, by definition, are based in a State that is not part of the European Union, the Directive provides for the determination of the appropriate EU Member State that is competent to act on behalf of the other Member States. Therefore, the State responsible is, in order, the one that granted the frequency used, the one with authority over the satellite capacity utilised, or the one from whose territory the signal is uplinked to the satellite.

According to the European Commission, the provisions of the "Television Without Frontiers" Directive make France and its regulatory authority (Conseil Supérieur de l'Audiovisuel, or CSA) the default regulator for all channels transmitted by the Group's satellites that are based in non EU States, because the Group's satellites are registered on the French register of satellites with the United Nations under the 1975 Convention on the registration of space objects.

As a result, the French television channels transmitted by the Group are subject to a CSA licensing system, if they do not already hold a licence for terrestrial broadcasting or cable distribution. Since French Law No. 2006-64 on the fight against terrorism was passed on 23 January 2006, introducing various provisions relating to security and border controls, all prior formalities for the broadcasting of non-EU channels that come under the jurisdiction of France, and also for any channels that come under the authority of any other EU Member State or party to the European Economic Area Agreement, are discontinued.

As of 30 June 2008, the Group was broadcasting approximately 1,000 non-EU channels, notably 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. It is also not subject to direct prohibitions on broadcasting television channels without authorisation, pursuant to the provisions of French Law No. 86-1067 of 30 September 1986 on the freedom of communications, as amended namely by Law No. 2004-669 of 9 July 2004. In addition, the Group is unable to monitor or control the nature of the content broadcast by its customers or users and, therefore, it cannot anticipate whether any such programming may violate the laws or the public order of France or other countries.

However, Article 42-10 of French Law No. 86-1067 of 30 September 1986 empowers the CSA to file a petition before the French Council of State (Conseil d'Etat) to obtain an injunction requiring any French satellite operator to cease transmission of any non-EU television channel violating French laws or regulations or threatening public order (for example, a channel promoting racial discrimination or hatred).

Moreover, pursuant to Articles 42 and 42-1 of French Law No. 86-1067 of 30 September 1986 on the freedom of communication, as amended by French Law No. 2004-669 of 9 July 2004, the CSA is now able to require and then directly order Eutelsat S.A. to cease transmissions of a channel that violates public order or promotes racial hatred. Accordingly, if Eutelsat S.A. were to fail to cease such transmissions by the specified deadline, the CSA would have the right to sanction Eutelsat S.A. by imposing a fine that can be as high as 3% of its annual revenues (5% in the event of a new violation of the same obligation).

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 the 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 4.4 "Risk Factors", and particularly the paragraph "The Group is subject to strict regulations on the content of the programmes broadcast via its satellites").

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 adapt the missions of the IGO (the "Amended Convention").

EUTELSAT IGO has been maintained as an intergovernmental organisation and is currently composed of 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 such 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 conformity 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: 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: non-discrimination: services shall be provided to users on an equitable basis, subject to commercial flexibility and consistent with applicable laws and regulations;

- 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 sixty 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 duly account of 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 amalgamate with another entity;
- The person holding office as Executive Secretary of EUTELSAT IGO shall be named as a censeur (observer) 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 700,000 euros for the year ended 30 June 2008).

EUTELSAT IGO's Obligations:

- EUTELSAT IGO shall make all efforts in order 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 six weeks in which to communicate its observations to EUTELSAT IGO.

Liaison and information

- A joint commission made up of representatives of EUTELSAT IGO and of 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 five-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 of any changes in regulations, particularly European or French, applicable to it.
- In his capacity as censeur, 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, without the right to vote, meetings of Eutelsat S.A.'s Board of Directors.

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

Relationship between Eutelsat Communications and EUTELSAT IGO

On the occasion of the IPO of Eutelsat Communications, 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 grant to the person occupying the role of Executive Secretary of EUTELSAT IGO a seat as censeur 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 Eutelsat S.A. undertakings;

- in every case, and so that it is not interpreted as an exception or an alleviation of the undertaking set out in the above paragraph, to inform the Executive Secretary, in his capacity as censeur, of any decision taken by Eutelsat Communications which might affect the compliance with the Basic Principles by Eutelsat S.A. and to communicate to him all useful information on same;

- 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 and/or vote for any decision that Eutelsat S.A. distribute dividends in excess of the amount of the net annual result of Eutelsat S.A. and/or the cumulative figure of the net annual result and the net annual results of Eutelsat S.A. which are in the reserves and/or which will result in making the ratio of net indebtedness/EBITDA of Eutelsat S.A. greater than 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 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 entail a cross default of Eutelsat S.A., unless such undertakings given by Eutelsat Communications were also given in the direct interest of Eutelsat S.A.;

- to maintain a consolidated indebtedness of the Eutelsat Group which is not contrary to market practice and a sound management of the Eutelsat Group; and

- to maintain within Eutelsat S.A. a minimum amount of equity in compliance with a sound financial management of Eutelsat S.A. and allowing it to preserve its ability to observe the Basic Principles.

The role, position, remuneration and right to information of the censeur, 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 observers" for further information on the clause in the By-laws of Eutelsat Communications concerning the censeur).

The Letter-Agreement also provides for the creation of a Coordination 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 censeur, 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 censeur to the Parties to the Convention.

The Letter-Agreement will legitimately become null and void 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 situation 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.

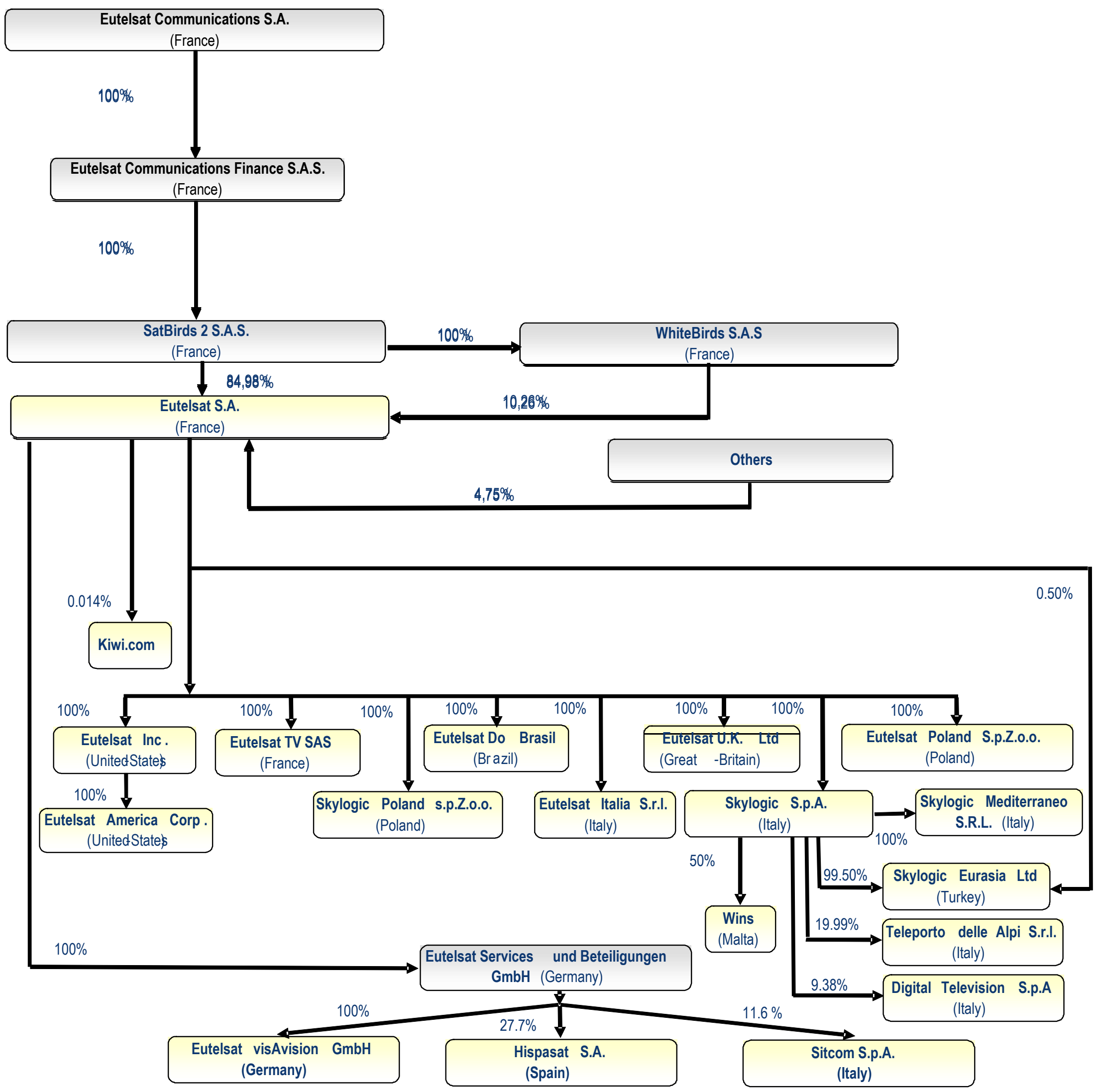
The Letter-Agreement also contains a mechanism for settling disputes by arbitration.

CHAPTER 7. ORGANISATIONAL CHART

7.1 The Group's Organisational Chart

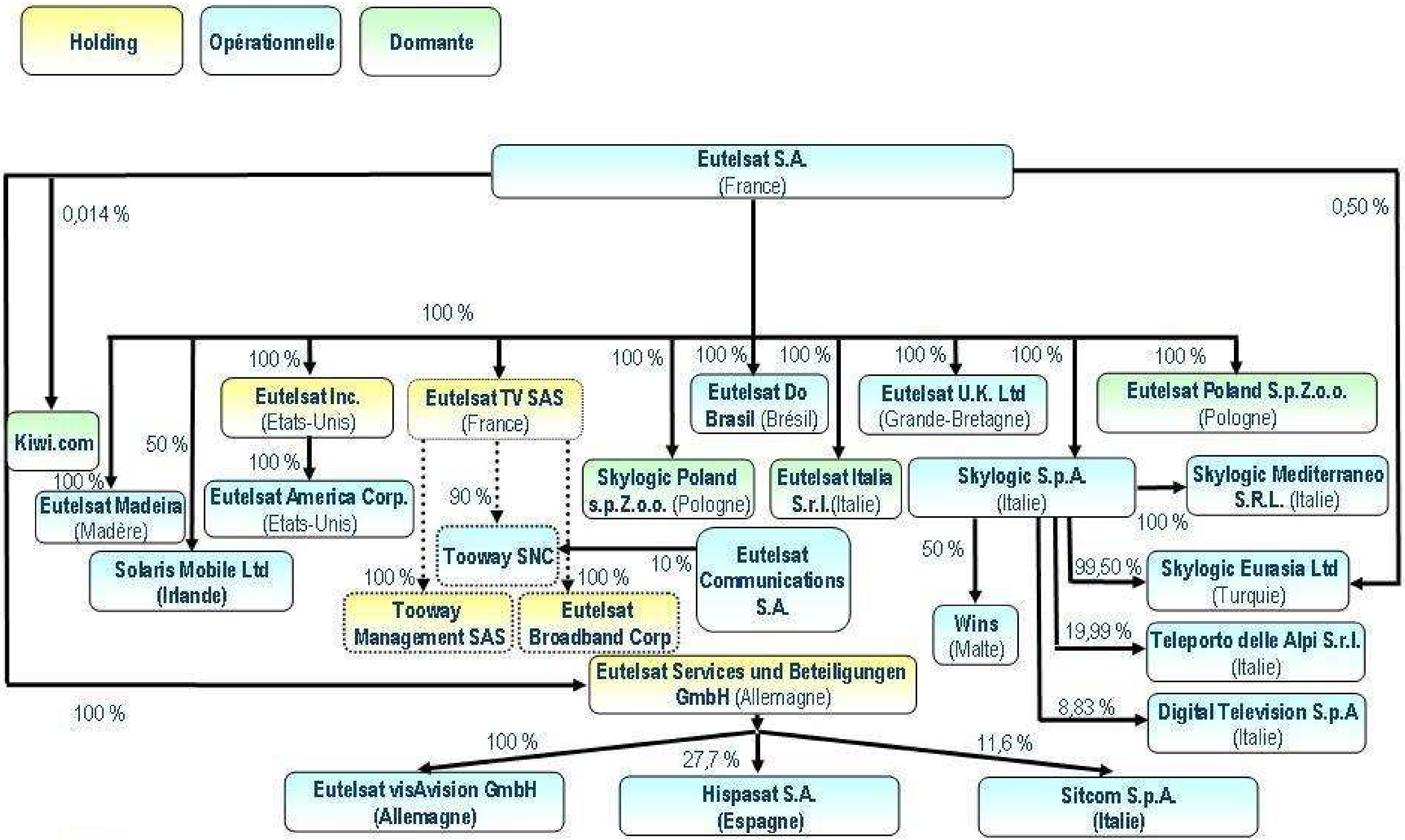
The two organisational charts below show the Group's operating organisation as of 30 June 2008.

GROUP'S ORGANISATIONAL CHART AS OF 30 JUNE 2008 (PART 1)



The "Others" item includes all Eutelsat S.A.'s minority shareholders, namely, Eutelsat S.A.'s historically institutional actors, mainly telecom operators or Central and Eastern European or Central Asian governments, as well as Eutelsat S.A. employees.

GROUP'S ORGANISATIONAL CHART AS OF 30 JUNE 2008 (PART 2)



Legend: Dormant operational holding
(France)
(United States) (France) (Brazil) (United Kingdom) (Poland)
(Madeira) (United States) (Poland) (Italy) (Italy) (Italy)
(Ireland) (Turkey) (Malta) (Italy)
(Germany) (Italy)
(Germany) (Spain) (Italy)

Information on the agreements between the Company and its various subsidiaries are described in Section 19 “Agreements with related parties” in this reference document.

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)

Fully owned by Eutelsat Communications, and created in June 2006, this French *société par actions simplifiée* (simplified joint-stock company), which is located at 70, rue Balard – 75015 Paris, had as its purpose to receive financing collected as part of 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 SAS was raised to 5 million euros made up of 500,000 ordinary shares with a par value of 10 euro per share.

On the date of this reference document, Eutelsat Communications Finance SAS’s only activity is holding an indirect equity interest in Eutelsat S.A. As of 30 June 2008, no revenues were reported and its net result showed a profit of 211.0 million euros linked to the flows received from its subsidiaries.

SatBirds 2 S.A.S. (France)

SatBirds 2 SAS is a *société par actions simplifiée* (simplified joint-stock company) under French law, having its registered offices at 70 rue Balard - 75015 Paris, registered with the Commercial and Corporate Registry under number 481 046 175 RCS Paris.

The purpose of SatBirds 2 SAS is to buy equity interests in other companies. SatBirds 2 SAS is a company whose sole activity is holding an equity interest in Eutelsat S.A.

As of 30 June 2008, no revenues were reported and its net result showed a profit of 218.4 million euros linked to the flows received from its subsidiaries.

WhiteBirds S.A.S. (France)

WhiteBirds SAS is a *société par actions simplifiée* (simplified joint-stock company) under French law, having its registered offices at 70 rue Balard - 75015 Paris, registered with the Commercial and Corporate Registry under number 479 530 834 RCS Paris. The purpose of WhiteBirds France SAS is to buy equity interests in other companies. WhiteBirds was registered on 17 November 2004 for the purpose of holding a 10.3% interest in Eutelsat S.A.’s capital.

As of 30 June 2008, no revenues were reported and its net result showed a profit of 23.4 million euros.

Eutelsat S.A. (France)

Eutelsat S.A. is a *société anonyme* (a limited company) whose registered offices are at 70, rue Balard – 75015 Paris. Eutelsat S.A. is the Group’s principal operating company. As of 30 June 2008, its revenues[1] were 852.3 million euros and its net result showed a profit of 248.3 million euros.

[1] Non-consolidated revenues based on annual accounts as of 30 June 2008, including billings to subsidiaries,

As of 30 June 2008, Eutelsat Communications indirectly holds 95.9% of the share capital of Eutelsat S.A., the Group's main operating company, by means of which it has control of several subsidiaries and sub-subsidiaries of Eutelsat S.A. as well as indirect interests, including Hispasat and Solaris.

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. (United States)

Eutelsat Inc. is in charge of promoting Eutelsat S.A.'s services and satellite capacity in the United States. As of 30 June 2008, Eutelsat Inc.'s revenues totalled 907.4 million euros and its net result showed a profit of 15.5 thousand euros.

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

Eutelsat America Corp. (United States)

Created on 28 November 2006, Eutelsat America Corp.'s role is to distribute Eutelsat S.A.'s capacity throughout the North American market. As of 30 June 2008, its revenues were 27.4 million euros and its net result showed a profit of 618.9 thousand euros.

Eutelsat do Brasil (Brazil)

Eutelsat do Brasil is in charge of promoting and marketing Eutelsat's capacities 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. As of 30 June 2008, Eutelsat do Brasil had revenues of 945.4 thousand euros and its net result showed a profit of 612.4 thousand euros.

Eutelsat UK Ltd (Great Britain)

This company is in charge of promoting Eutelsat S.A.'s activity in the United Kingdom and Ireland. As of 30 June 2008, Eutelsat UK Ltd had revenues of 599.9 thousand euros and its net results showed a profit of 36.2 thousand 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. As of 30 June 2008, Eutelsat Poland s.p.Z.o.o. recorded revenues of 957.7 thousand euros and its net result showed a profit of 48.4 thousand euros.

7.2.2.2 Other subsidiaries

Skylogic (Italy)

Skylogic SpA is 100% owned by Eutelsat S.A. (itself 95.2% owned by the Company). Skylogic is in charge of operating the Turin teleport and marketing Value-Added Services, especially the D-STAR™ satellite Internet access solution.

As of 30 June 2008, Skylogic holds a minority holding of 8.8% in Digital TV SpA, and a 19.99% interest in Teleporto delle Alpi s.r.l..

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equity interests or affiliates, but excluding revenues from subsidiaries, equity interests or affiliates of Eutelsat S.A.

As of 30 June 2008, Skylogic's revenues (annual accounts) totalled 24.0 million euros. Its net result was positive, with an after-tax profit (as per the annual accounts) in excess of 1.8 million euros. As of 30 June 2008, Skylogic employed 57 people.

Wins (Malta)

This company, 50% held by Skylogic SpA, in partnership with the Maltese operator MALTASAT, is responsible for commercialising the D-STAR™ service in the Mediterranean Basin for cruise ships and ferries, providing the vessels with telephony services (GSM) and broadband access.

As of 30 June 2008, Wins had revenues of 690 thousand euros, and recorded a loss of 516.5 thousand euros due to ongoing expenses incurred for starting-up its services.

Skylogic Mediterraneo srl (Italy)

This company, 100% held by Skylogic SpA, was created on 7 July 2006 and its purpose is the operation of a teleport that will be installed in Sardinia. At 30 June 2008, no revenues were reported and its net result showed a loss of 30.4 thousand euros.

Skylogic Eurasia Ltd

This company, 99.5% owned by Skylogic SpA and 0.5% by Eutelsat S.A., created on 26 January 2007, is in charge of the promotion and marketing of satellite services in Turkey. As of 30 June 2008, no revenues were reported and its net result showed a loss of 102.6 thousand euros.

Eutelsat Services und Beteiligungen GmbH (Germany)

In April 2002, Eutelsat S.A. acquired a company 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. As of 30 June 2008, its revenues (annual accounts) were 1.3 million euros and its net result showed a profit of 1.5 million euros.

At 30 June 2007, the Group had signed an agreement with a related party under the terms of which the Group was entitled to receive, subject to certain conditions being satisfied before 15 September 2007, 25 million euros in exchange for giving up certain rights in Eutelsat GmbH.

In July 2008, all the conditions had been met including a transaction which triggered the payment of the 25 million euros leading to the recognition of an income which will be booked in the financial year 2008/2009.

VisAvision GmbH (Germany)

VisAvision GmbH, 100% owned by Eutelsat GmbH and created in April 2004, is in charge of promoting the KabelKiosk service in Germany as well as Denmark, Luxembourg, Switzerland and Austria. This service consists of providing satellite capacity and associated dedicated services to a package (including ethnic channels) marketed by regional cable operators to their subscribers. As of 30 June 2008, its revenues (annual accounts) totalled 3.0 million euros and its net result showed a profit of 932.2 thousand euros.

Eutelsat VAS SAS (former Eutelsat TV SAS)

This company, 100% owned by Eutelsat S.A., was created on 25 June 2007 and its first financial year ended 30 June 2007. As of 30 June 2008, it was a shell company without activity, and its net result showed a loss of 16.8 thousand euros.

In the context of structuring 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% being held by Eutelsat Communication Finance SAS. The purpose of TOOWAY SNC is to acquire the KA-SAT satellite.

Furthermore, TOOWAY SNC's manager will be a new company formed in July 2008, named TOOWAY Management SAS, and fully owned by Eutelsat VAS SAS.

In addition, Eutelsat VAS SAS will hold 100% of a holding company named Eutelsat Broadband Corporation. The role of the latter will be to increase the Group's interest in VIASAT's subsidiary in charge of operating and marketing the VIASAT 1 Ka-band satellite in North America, whose launch is expected in 2011.

7.2.2.3 Equity interests

Hispasat S.A. (Spain)

As of 30 June 2008, the Group indirectly holds 27.69% of the voting rights of Hispasat Group, a private unlisted Spanish satellite operator, 21.15% acquired on 28 December 2001 and 6.54% acquired on 8 April 2002.

The table below shows Hispasat Group's summarised annual data as of 31 December 2007 (latest data published by Hispasat):

(In thousands of euro)	**31 December 2007**
Assets	621,687
Equity capital	347,499
Operating income	128,312
Net result	36,213

SOLARIS Mobile Ltd (Ireland)

As of 30 June 2008, the Group indirectly holds 50% of the voting rights and of the capital of SOLARIS Mobile Ltd, an Irish incorporated company headquartered in Dublin with a share capital of 90,500,000 euros. Created on 5 March 2008, and jointly held with SES, SOLARIS Mobile's purpose is to operate and market the S-Band payload on the W2A satellite still under construction.

As of 30 June 2008, no revenues were reported and its net result showed a loss of 485.8 thousand euros.

Sitcom SpA (Italy)

As of 30 June 2008, the Group indirectly holds 11.6% of the voting rights of Sitcom SpA. Created in 1997, Sitcom SpA is an operator and publisher of audiovisual programmes and television channels in Italy. The channels provided by Sitcom SpA are broadcast mainly in Italy, via the Sky Italia package.

7.3 Group cash flows

At the date of this reference document, no contractual relationships generate significant cash flows apart from the cash flows generated under the service agreements or the centralised cash management agreements signed within the group.

The table below summarises relations between the Company and its subsidiaries at 30 June 2008:

Consolidated items (except dividends) *In millions of euros*	**Eutelsat S.A. (sub-group)**	**Other subsidiaries**	**Eutelsat Communications**	**Consolidated Total**
Fixed assets (incl. goodwill)	2,339	-	1,660	3,999
Financial indebtedness (ex-Group)	813	-	1,615	2,428
Cash assets on balance sheet	(2)	3	5	6
Cash flows related to business	551	10	6	567
Dividends/issue premium paid during the financial year 2006/2007 accruing to Eutelsat Communications	-	116	-	116

CHAPTER 8. PROPERTY, PLANT AND EQUIPMENT

8.1 The Group's property and equipment

The Company's registered offices, as well as the one of Eutelsat S.A., are located at 70, rue Balard, 75015 Paris. In 2004, Eutelsat S.A. renewed the lease on the building for nine years, which includes a period of six non-cancellable years.

On 1 September 2004, Eutelsat S.A. entered into a agreement to acquire Rambouillet's teleport facilities from France Telecom for 5.3 million euros. The Rambouillet teleport is used as a back-up control and satellite telecommunications centre to use in the event of a failure of the control centres located in Eutelsat S.A.'s technical control centre in Paris. The teleport also has the technical means necessary to provide value-added service, hosting a D-STAR™ platform and the EUTELTRACS platform. The teleport also allows the Group to provide uplink/downlink services to its customers, notably video services and hosting services for satellite communications network operator platforms. The Rambouillet teleport also hosts Eutelsat's Low Earth Orbit Phase centre 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, at a total cost of 930,000 euros, to install its Skyparc teleport, and invested about 40 million euros in constructing and equipping this new teleport. In addition, Skylogic Mediterraneo, a company based in Cagliari, Italy, and wholly owned by Skylogic, acquired a plot of land in February 2008 for a total amount of 423,000 euros. A teleport that will notably operate C-band and S-band services is under construction on that plot of land.

The Group owns 19 satellites in geostationary orbit as of the registration date of this reference document. These are described in Section 6.6.1.2 paragraph "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 worker and public exposure 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. The personnel serving at those installations have specific training and are provided with equipment to measure and detect potential malfunctions.

Moreover, some facilities operated by the Group come under the plan of 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, uses (notably) fuel and battery storage for emergency generators, which are subject to the system whereby they have to be declared.

The Group also mandates an inspection company to carry out the mapping of electromagnetic fields.

As owners or operators, and in relation to current or past operation of some of its sites, the Group could incur high costs, including depollution, fines, sanctions or third-party claims costs, resulting from non-compliance or liabilities under environmental, health and safety laws and regulations. However, the Group deems that its operations are being carried out in compliance with these laws and regulations.

CHAPTER 9. REVIEW OF FINANCIAL POSITION AND RESULT

9.1 Preliminary note on the presentation of the accounts

The Company is a holding company without any business activities of its own, other than its indirect equity interest in Eutelsat S.A. As of 30 June 2008, the Company held 95.91% of Eutelsat S.A.'s capital.

The following paragraphs are mainly dedicated to a presentation and analysis of Eutelsat Communications' consolidated results for the financial year ended 30 June 2008.

We invite the reader to review the following presentation in conjunction with the reference document as a whole, including Eutelsat Communications' consolidated accounts for the financial year ended 30 June 2008, prepared according to international financial reporting standards (IFRS), and the Notes to those accounts in Section 20.1, "Financial information for the year ended 30 June 2008" of this reference document.

The review of the Company's financial position and results for the financial years ended 30 June 2006 and 2007 is incorporated for reference to this reference document and is shown in Section 9.4 (pages 97 to 108) of the Company's 2007 reference document.

9.2 Overview

The Group is one of Europe's leaders in satellite services. It operates a fleet of 24 satellites in geostationary orbit (GEO) and provides capacity for Video, Data and Multi-Usage Services. The Group owns 19 GEO satellites and operates capacity on five additional satellites owned by third parties. With its fleet of satellites located from 15° West to 70.5° east, the Group covers all 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.

The Group provides three types of services (the percentages shown below are based on Group estimates, excluding other revenues and non-recurring income):

- Video services (75.5% of revenues for the financial year ended 30 June 2008)
- Data services including Professional Data Networks and Value-Added Services (17.7% of revenues for the financial year ended 30 June 2008)
- Multi-Usage Services (6.8 % of revenues for the financial year ended 30 June 2008)

Revenues have increased by 5.9% during the financial year ended 30 June 2008, from 829.1 million euros at 30 June 2007 to 877.8 million euros at 30 June 2008.

Additionally, the Group earned approximately 265 million US dollars in revenues. The Group's policy is to hedge the foreign exchange risk on its revenues, using forward exchange or options contracts (see Section 4.5 "Market risks," paragraph "Foreign exchange risk").

Geographical Breakdown of Revenues

The table below shows a breakdown of the Group's revenues by geographical area during the financial years ended 30 June 2007 and 2008. This table has been created from billing addresses and does not show the geographical origin of the satellite capacity's final users, mainly due to the substantial weighting of distributor-customers in the Group's customer portfolio.

(in millions of euros and as a percentage) Regions	12-month FY ended 30 June 2007		12-month FY ended 30 June 2008	
	Amount	%	Amount	%
Europe (others)	286,244	34.5	322,746	36.8
Italy	133,211	16.1	137,253	15.6
United Kingdom	116,278	14.0	106,875	12.2
France	109,548	13.2	117,683	13.4
Americas	74,326	9.0	74,781	8.5
Middle East	61,090	7.4	60,083	6.8
Others(*)	48,389	5.8	58,344	6.6
Total	829,086	100	**877,765**	**100.0**

Due to the Group's satellite resource distribution model and to the long duration of the contracts in its backlog, the geographical breakdown of revenues has remained relatively stable during the financial year 2008. The slight increase in revenues in Europe (others) results notably from the Group's lease of additional satellite capacity from its major video orbital positions and namely from the 9°East positi on.

9.3 Description of items in the income statement

Revenues

The Group's revenues are mainly derived from the supply of satellite capacity. The Group's customer base includes both customers (distributors who resell satellite capacity to final 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 above all according to the type of capacity offered and the orbital position of the satellites. However, the prices by the Group also depend on the tariffs of the competition (see Section 6.4, "Competition").

A limited percentage of the Group's revenues ("Other income") comes mainly: (i) from 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 developments in most of these factors.

In addition, a modest share of revenues ("non-recurring revenues") comes from the compensation paid by satellite constructors in the event of significant delay or interruption in the transmission capacity of the satellites in orbit.

Operating costs

Operating costs mainly include staff-related costs and other costs for controlling and operating the group's satellites, as well as satellite in-orbit lifetime insurance premiums:

- *Staff-related costs.* These costs include wages and payroll costs of employees in charge of supplying, operating and maintaining the satellites (including legal employee profit-sharing);

- *Satellite operating and control costs.* This includes the costs of running ground stations and the costs of equipment, notably range finding, control, positioning, payload management, maintenance of satellite control centre software applications and equipment, and traffic supervision and management. The amount of these costs depends on the number of satellites and satellite families operated, any repositioning of satellites and of 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). If 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 in the same way as in-orbit lifetime insurance costs. Virtually 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 terms and conditions in the space insurance market, insurance premium costs can vary from one financial year to another (see Section 4.7.2, "Insurance").

Operating costs also include a portion of the business tax (*taxe profesionnelle*), which is spread between operating costs and selling, general and administrative expenses (based on the corresponding staff head-count).

Commercial and administrative expenses

Commercial and administrative expenses include:

- Costs for commercial and administrative staff (including legal 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
- Provisions for customer receivables or other debts.

Depreciation charge

The depreciation charge is the Group's largest expense item and includes costs related to the depreciation of fixed assets.

The Group's fixed assets consist mainly 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 book value (at launch) of the incentive payments 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 (costs of studies, employee salaries and consultancy fees).

Satellites are depreciated on a straight-line basis over their period of operation in stable orbit – generally 10 to 17 years.

At least once a year, the Group reviews remaining operational duration 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 fixed assets also include the 39 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, with the risks and benefits of ownership having been transferred to it.

The satellites concerned are Sesat™ 2, Express A3, Telstar 12, Telecom 2C and Telecom 2D. The aggregate capitalised amount depends on the current value of the lease payments. Capitalised capacity costs are amortised over the duration of the contract.

Operating result

Operating income equals revenues minus operating costs, commercial and administrative expenses, the depreciation charge and other operating expenses.

9.4 Comparative analysis of the income statements for the financial years ended 30 June 2007 and 2008

Consolidated income statement for FYs ended 30 June 2007 and 2008

IFRS (in millions of euros)	**12-month financial year ended 30 June 2007**	**12-month financial year ended 30 June 2008**
Revenues	**829.1**	**877.8**
• Operating costs	**(62.5)**	(69.2)
• Selling, general and administrative expenses	**(113.9)**	(112.8)
Depreciation charge	(300.8)	(300.9)
Other operating income	37.5	3.9
Other operating expenses	(26.7)	(19.9)
Operating income	**362.5**	**378.8**
Financial result	(108.2)	(109.1)
Net income before taxes	262.2	281.0
Corporate income tax	(92.1)	(97.5)
Net income	**170.0**	**183.4**
Group's share	159.4	172.3
Portion allocated to minority interests	10.6	11.2

9.4.1 Revenues

Revenues rose from 829.1 million euros in 2007 to 877.8 million euros in 2008 – an increase of 5.9%. Revenues for the financial year ended 30 June 2007 included 11.4 million euros in late delivery penalties for the HOT BIRD™7A satellite.

As opposed to the financial year ended 30 June 2007, the revenues earned in 2008 do not include non-recurring income. Excluding non-recurring items, including late delivery penalties and satellite service interruption penalties, and at a constant exchange rate, growth compared to the previous financial year was 9.5%. At a constant exchange rate, the growth rate is 8 %.

The following table shows revenues by service for the financial years ended 30 June 2007 and 2008:

in millions of euros	**12 months ended 30 June 2007**	**2008**	**Variation (in %)**
Video applications	590.4	649.4	+10.0
Data & Value-Added Services	159.0	152.5	-4.1
of which Data	127.6	117.8	-7.7
of which Value-Added Services	31.4	34.7	+10.6
Multi-Usage Services	59.1	58.1	-1.7
Others	9.2	17.8	N.S.
Subtotal	817.7	877.8	+7.3
Non-recurring income	11.4	-	N.S.
Total	829.1	877.8	+5.9

Video Applications

In 2007-2008, Video Applications grew by 58.9 million euros i.e. 10% to 649.4 million euros, consolidating the Group's leadership in Extended Europe and reflecting strong growth in Russia, Central and Eastern Europe, the Middle East and Africa. The main factors of growth are as follows:

- the increased share of Video applications in Western Europe, resulted namely from (i) the almost immediate success of the marketing of the 9° East orbital position, opened up in May 2007, from which the EUROBIRD™ 9 satellite already broadcasts 125 television channels annually, only one year after it was put into service, and (ii) the launch of a pay-TV package called BIS on the French market from the HOTBIRD™ and ATLANTICBIRD™ 3 orbital positions together with the decision by Orange, a world leader in ADSL TV, to broadcast part of its triple play offer (telephone, Internet, TV) from those orbital positions in order to complement the coverage of its terrestrial network and to serve all French households for which its ADSL offer is unavailable.

- the sustained increase in demand in the Second Continent emerging markets (Eastern Europe, Turkey, Russia, Central Asia, Middle East, North Africa and Sub-Saharan Africa). As at 30 June 2008, the 36° East orbital position, ope rated by the W4 and SESAT 1 satellites and serving the Russian and Sub-Saharan markets has seen a more than 49% increase in the number of channels broadcast. Furthermore, at 7°/8° West, the contracts signed with key customers such as NileSat enabled the Group to quickly create a major orbital position serving the Northern African and the Middle Eastern markets. This position was opened up at the beginning of the financial year 2006-2007. It is operated by the ATLANTIC BIRD™ 2 and ATLANTIC BIRD™ 4 satellites. As at 30 June 2008, this position was broadcasting 253 TV channels i.e. a 47% increase over the period.

- the gradual development of the High-Definition Television (HDTV) offer. The 7 degrees East neighbourhood occupied by W3A benefited from the launch of the Gateway TV platform in Nigeria and from increased capacity leased by Turkey's Digiturk platform. This sales drive translated into a 14% rise in the number of TV channels broadcast to a total of 196 channels, including namely 7 HDTV channels to Digiturk's clients.

Number of TV channels broadcast by Eutelsat's fleet:

			Variation over 1 year	
At 30 June	2007	2008	Units	%
Flagship orbital positions (1)	1,381	1,422	+41	+3.0%
Major orbital positions (2)	1,113	1,535	+422	+37.9%
Other orbital positions (3)	114	166	+52	+45.6%
Total	2,608	3,123	+515	+19.7%

(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 (Rus sia, Africa), 16° East (Central Europe), 7° East (Turkey), 5° West (France), 9° East (Europe), 25.5° Ea st (Middle East)
(3) Used for video contributions and professional video networks

Data and Value-Added Services

Following the reallocation to Video Applications of some capacity that became available upon the expiry of certain contracts, mainly during the previous financial year, revenues from Data Services were down by 9.8 million euros to 117.8 million euros, representing a 7.7% decrease year-on-year.

However, the revenues generated by those services stabilised during the first half of the financial year, thanks to the new contracts signed with telecommunications and corporate networks operators such as Orascom (Algeria), Comsat (Turkey), Siemens (Germany), Telespazio (Italy) or GulfSat (Middle East).

Meanwhile, Value-Added Services posted continued sustained growth of 10.6% over the year to 34.7 million euros as at 30 June 2008 compared with 34.1 million euros as at 30 June 2007. This activity, mainly consisting of satellite broadband Internet access in areas not covered by the terrestrial networks, was driven by continued deployment of the D-STAR™ two-way service, which had 8,902 terminals in service at 30 June 2008, a 20% increase year-on-year. This improvement was mainly driven by emerging markets such as the Middle East (+32% to 2,011 terminals) and Africa (+13% to 3,255 terminals), and by Europe (+21% to 3,494 terminals).

During the 2007-2008 financial year, the Group also continued to extend its Value-Added Services by developing new broadband access solutions:

- For business aircraft: The Group continued the development of the D-STAR™ service permitting Internet access during flights inside European airspace.

- For rail transport: Eutelsat has partnered with Altsom, Orange and Cap Gemini to provide the SNCF with a turnkey solution for Internet access and multimedia services, which is currently being tested by passengers on TGV Est high-speed trains operated by France's SNCF.

- for households located at the edge of the broadband terrestrial networks: the gradual development, from the second half of the period, of the TOOWAY™ terminals for Swisscom, a telecommunications operator, to provide broadband Internet access services to all Swiss households.

Multi-Usage Services: renewal of virtually all contracts

Revenues from Multi-Usage services fell by 1.7%, from 59.1 million euros in 2007 to 58.1 million euros in 2008. This slight drop is due mainly to the adverse effect of the US dollar/Euro exchange rate. At constant exchange rate, Multi-Usage Services would have grown by 12%, reflecting the signature of new allotment agreements, mainly with the EUROBIRD™ 4 satellite brought into service during the previous period, and the renewal of almost all contracts which had reached the expiry date during the period.

Other income and non-recurring income

"Other income", which grew from 9.2 million euros at 30 June 2007 to 17.8 million euros at 30 June 2008, is mainly derived from the settlement of a business litigation for 1.4 million euros in the first half of the year and from euro/US dollar exchange hedge gains for 9.9 million euros.

9.4.2 Operating costs

The rise in operating costs during the financial year ended 30 June 2008 is due mainly to a rise in purchase for resale of terminals linked to the strong development of Value-Added Services as well as the need to increase the Group's satellite capacity by way of external purchases to meet demand while the new satellites are still under construction.

9.4.3 Commercial and administrative expenses

During the financial year ended 30 June 2008, commercial and administrative expenses decreased by 1.0% reflecting strict cost control and pro-active efforts to improve receivables recovery, partly offset by the expenses related to the plan for the allocation of free shares.

9.4.4 Depreciation charge, other operating costs and other operating income

The changes under this heading are described in detail in Notes 4 and 5 to the consolidated financial statements for the year ended 30 June 2008.

At 30 June 2008, the depreciation charge was stable year-on-year reflecting the full-year recognition of the depreciation of the HOT BIRD™ 8 satellite, offset by a reduction in the depreciation charges recorded for the EUROBIRD™ 4 satellite (formerly HOT BIRD™ 3), due to the one-off depreciation charge recorded for that satellite during the prior year.

“Other operating income and expenses” include a 12 million euros charge linked to the one-off depreciation of the EUROBIRD™ 3 satellite and another 7.9 million euros charge linked to the dilutive effects of the exercise of stock options granted by Eutelsat SA. Those expenses are partially offset by a 3.9 million euros income corresponding to the payment of insurance compensation payments.

9.4.5 Operating income

At 30 June 2008, operating income totalled 378.8 million euros, representing 43.2% of revenues, up from 362.5 million euros at 30 June 2007 and 43.7% of revenues.

9.4.6 Financial result

The financial result shows an expense of 109.1 million euros at 30 June 2008, compared with a 108.29 million euros expense for the previous financial year.

This stability despite the rise in the Group’s net debt is due to the Group’s improved cash-flow management and a decrease in the average cost of debt from 4.0% in 2006-2007 to 3.87% in 2007-2008, reflecting the use of interest rate hedging instruments.

9.4.7 Corporate Income Tax

The income tax expense rose by 5.8% during the period ending 30 June 2008 to 97.5 million euros from 92.2 million euros as at 30 June 2007, reflecting the Group’s excellent performance the previous year.

9.4.8 Consolidated net result

At 30 June 2008, the consolidated net result shows a profit of 183.4 million euros, up from 170.0 million euros at 30 June 2007. This improvement in consolidated net income is a result of the Group’s excellent operating performance, which shows an improvement in all intermediary management balances, especially operating income and the financial result.

CHAPTER 10. CASH AND CAPITAL RESOURCES

10.1 Eutelsat Communications' equity capital

Investors are asked to refer to Note 14 to the consolidated financial statements for the year ended 30 June 2008 contained in Section 20.1 of this reference document, which contains information on the issuer's equity capital.

10.2 Changes in Eutelsat Communications' cash flows

The following table shows changes in cash flows for the financial years ended 30 June 2007 and 2008.

Financial years ended 30 June	**12-month period**	
(in millions of euros)	**2007**	**2008**
Cash flows from operating activities	527.7	566.6
Cash flows from investing activities	(370.0)	(467.5)
Cash flows from financing activities	(383.9)	(130.3)
Impact of foreign exchange variations on cash flow	-	0.5
Increase (decrease) in cash assets	**(226.2)**	(31.7)
Cash assets at opening	263.0	36.7
Cash assets at closing	36.8	6.1

Cash flows from operating activities

During the financial year ended 30 June 2008, cash flows from operating activities increased by 7.37%, from 527.7 million euros to 566,6 million euros.

Cash flows from investing activities

Investing activities here relate mainly to the satellites ("Satellite acquisitions") and ground equipment ("Other fixed assets").

Satellite acquisitions reflect the costs of satellite construction, launch, and entry into operational service. These comprise 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 (studies, staff costs and consultancy). Some of the Group's procurement and launch contracts provide 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.

Satellite acquisitions are the largest component of the Group's investing activities. The cost of procuring and launching a satellite are generally spread over the two or three years preceding the satellite's launch.

Other fixed assets are essentially the satellite control and monitoring equipment. A large portion of these expenses is for the three 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 follow the satellite launch programme.

The level of investments depends essentially on the satellite launch programme and can fluctuate substantially from one year to the next.

During the financial year ended 30 June 2008, cash-flow from investing activities rose from 370.0 million euros as at 30 June 2007 to 467.5 million euros, up by 26.4%, mainly reflecting (i) the orders placed for two new satellites, (ii) the equity investment in Solaris Mobile Ltd, and (iii) the minority holdings bought out in Eutelsat S.A. during the period.

The table below presents cash flows from investing activities, as well as the number of satellites launched during the financial years ended 30 June 2007 and 2008.

FINANCIAL YEAR ENDED 30 JUNE

	12-month period	
(in millions of euros)	**2007**	**2008**
Acquisition of Eutelsat, net of acquired cash assets	--	(45.2)
Satellite and fixed assets acquisitions	(350.0)	(377.2)
Income from disposal of assets	0.1	0.6
Acquisition of minority interests	(19.9)	(47.7)
Changes in other long-life assets	(0.1)	2.1
Cash flows from investment activities	**(370.0)**	**(467.5)**
Satellites launched	1	-

Cash flows from financing activities

During the financial year ended 30 June 2008, cash flows from financing activities were negative at 130.3 million euros, compared with a negative amount of 383.9 million euros in the previous period. This change is mainly due to an increase in amount of loans during the financial year ended 30 June 2008 as opposed to the reduction in net debt seen during the financial year ended 30 June 2007.

10.3 Changes in indebtedness and the Group's financing structure

The following paragraphs describe the Group's liquidity needs and financial resources. You are urged to refer to the Company's historical consolidated financial statements for the years ended 30 June 2007 and 2008 prepared under IFRS standards. You should also refer to the Notes.

The Group's liquidity needs mainly comprise:

- Financing for satellite construction and launch;
- Servicing of the Group's debt;
- Financing for its working capital.

The Group's financial resources

The Group's principal financial resources consist of the cash flows generated by Eutelsat S.A.'s operating activities. The Group has additional financial resources in the form of credit lines with banks.

CHANGES IN THE GROUP'S NET DEBT

The following table gives details of the Group's net debt as of 30 June 2007 and 2008.

Net debt	**At 30 June**	
(in millions of euros)	**2007**	**2008**
Eutelsat Communications S.A.'s long-term bank debt	1,615.0	1,615.0
Eutelsat S.A.'s long-term bank debt	650.0	650.9
Eutelsat S.A.'s current bank debt*	61.1	160.1
Bank debt	**2,326.1**	**2,426.0**
Cash on hand and marketable securities net of bank credit balances**	(36.8)	(6.1)
Net bank debt	**2,289.3**	**2,419.9**
Long-life leases***	6.0	2.0
Net debt	**2,295.3**	**2,421.9**

* Including the current portion of long-term bank debt.
** Credit balances with banks were 8.7 million euros at 30 June 2007, and at 15.2 million euros at 30 June 2008.
*** Including the current portion of these leases.

The Group's net debt includes all bank debt, as well as debt related to satellite financing leases, less available cash and marketable securities net of credit balances with banks (see Note 15 to the consolidated financial statements for the year ended 30 June 2008).

The Group's net debt at 30 June 2007

At 30 June 2007, the Group's total net debt was 2,295.3 million euros, including: (i) 1,615 million euros in borrowings under the Refinancing Loan, (ii) 710 million euros representing Eutelsat S.A. bank debt, (iii) 6 million euros in debt related to the Telecom 2C satellite, and (iv) 36.8 million euros in available cash and marketable securities (net of credit balances with banks).

The Group also had 890 million euros remaining to be drawn under its various lines of credit.

The table below describes the Group's main credit facilities at 30 June 2007:

(in millions of euros)	**Amount granted**	**Amount used**	**Maturity**
Eutelsat Communications Bullet Loan ("Refinancing")	1, 615	1,615	8 June 2013
Eutelsat Communications Renewable Loan ("Refinancing")	300	0	8 June 2013
Eutelsat S.A. Renewable Loan	650	60	24 November 2011
Eutelsat S.A. Bullet Loan	650	650	24 November 2011
Total	3,215	2,325	

The weighted average interest on drawdowns under the renewable lines of credit was 4.3% for the year ended 30 June 2007. Interest rates on the Eutelsat Communications' loan and the Eutelsat S.A. bullet loan are 5.1% and 4.5%, respectively, at 30 June 2007.

At 30 June 2007, all of the Group's debt bore interest at a variable rate (generally EURIBOR plus margins).

An increase of 10 basis points (+0.1%) in the EURIBOR interest rate has an impact on a yearly basis of 2.33 million euros in the Group's consolidated income statement at 30 June 2007.

The changes in the Group's net debt during the financial year are mainly the result of distributing a total of 124 million euros to Eutelsat S.A. shareholders and Company shareholders in November 2006, and of financing the programmes for the satellites it has under construction and for the satellites it has ordered in the course of the financial year.

The Group's net debt at 30 June 2008

At 30 June 2008, the Group's total net debt was 2,421.9 million euros, including mainly: (i) 1,615 million euros in borrowings under the Refinancing Loan (see Section 10.3 paragraph "Eutelsat Communications Refinancing Loan"), (ii) 810 million euros representing Eutelsat S.A. bank debt and 1 million euros under its subsidiaries' bank debt, (iii) 2 million euros under satellite financing contracts and (iv) 6.1 million euros in available cash and marketable securities (net of credit balances with banks).

The Group also had 790 million euros remaining to be drawn under its various lines of credit.

The table below describes the Group's main credit facilities at 30 June 2008:

(in millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications Bullet Loan ("Refinancing")	1, 615	1,615	8 June 2013
Eutelsat Communications Renewable Loan ("Refinancing")	300	0	8 June 2013
Eutelsat S.A. Renewable Loan	650	60	24 November 2011
Eutelsat S.A. Bullet Loan	650	650	24 November 2011
Total	3,215	2,325	

The weighted average interest on drawdowns under the renewable lines of credit is 5.1% for the year ended 30 June 2008. Effective interest rates on the Eutelsat Communications' loan and the Eutelsat S.A. bullet loan are 5.7% and 4.7%, respectively, at 30 June 2008.

At 30 June 2008, all of the Group's debt bore interest at a variable rate (generally EURIBOR plus margins).

An increase of 10 basis points (+0.1%) in the EURIBOR interest rate has an impact on a yearly basis of 61 thousand euros on the Group's consolidated income statement at 30 June 2008.

The changes in the Group's net debt during the financial year are mainly the result of the additional 100 million euros drawdown carried out on Eutelsat S.A.'s Renewable Loan in the course of the financial year ended 30 June 2008.

The Group's financing structure

Eutelsat S.A.'s Lines of Credit

On 24 November 2004, Eutelsat S.A. entered into a seven-year, 1.3 billion euro syndicated loan agreement comprising (i) a 650 million euro term loan, and (ii) a renewable 650 million euro line of credit to refinance existing debt and the Company's financing needs in general.

Amounts drawn on this line of credit bear interest at EURIBOR (or LIBOR for drawdowns in US dollars) plus a margin of between 0.25% and 0.75%, depending on the long-term credit rating attributed by Standard & Poor's to Eutelsat S.A. Eutelsat S.A. has put hedging instruments in place for part of the amounts drawn on this facility.

Under this line of credit, Eutelsat S.A. is committed to maintaining a total net debt/EBITDA ratio (a contractually-defined ratio) of less than or equal to 3.75:1. This ratio is tested on 30 June and 31 December each year (see Note 15 to the Notes to the consolidated financial statements for the year ended 30 June 2008 in Section 20.1.2 of this reference document).

As of 30 June 2008, the drawdowns made under these loan facilities amounted to 160 million euros.

Eutelsat Communications Refinancing Loan

On 8 June 2006, Eutelsat Communications entered into a loan agreement with a Banking Group for a syndicated loan of 1,915 million dollars for seven years, which breaks down into two parts:

- Tranche A: A long-term loan of 1,615 million euros, repayable at maturity and remunerated 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 300 million euro revolving loan. Drawdowns with a maximum term of six months are remunerated 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 SARL's lines of credit.

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 carries certain restrictive clauses, subject to the usual exceptions contained in loan agreements. The agreement provides the option for each lender who is a party to the agreement to request prepayment of all monies owed in the event of a change of control of Eutelsat Communications' and/or Eutelsat S.A.'s.

Additionally, Eutelsat Communications has undertaken to hold 95% of Eutelsat S.A.'s capital and voting rights, directly or indirectly, for the entire term of the loan.

The lines of credit are paired with 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 contract, of which the first is on 30 June 2006. This ratio is then gradually reduced by tranches of 0.25X on a half-yearly basis starting on 31 December 2008, and reaching 4.5X at 31 December 2011.

"Interest Cover Ratio": Consolidated EBITDA/interest payable (due and paid) greater than or equal to 2.75 (if Leverage Ratio greater than 3.5).

At 30 June 2008, Eutelsat Communications was complying with the Leverage Ratio and with the Interest Coverage Ratio requirement.

This loan 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.

There was a further requirement in that the interest rates on amounts due had to be hedged for a period of at least three years, in respect of at least 50% of the amounts drawn under the bullet loan repayable at maturity. On 19 June 2006, SatBirds Finance SARL consequently transferred the interest-rate hedging instruments put in place under the previous loan to Eutelsat Communications.

Moreover, in September 2006, Eutelsat Communications acquired a new interest-rate hedging instrument to hedge the loans over the years 2010-2013.

The issue costs paid when the 1,915 million euro "Refinancing" syndicated loan was set up, representing more than a year's applicable margin on the basis of a "Net Debt/EBITDA leverage ratio" of between 3.5 and 4, were spread over the term of the loan.

The costs still to be spread at 30 June 2008 were charged against the book value of the loans. At 30 June 2008, they represent a balance of 13.6 million euros.

Other commitments of the Group

The table below summarises the Group's contractual obligations (not including financial debts) and commercial commitments at 30 June 2008 (see the Notes to Eutelsat Communications S.A.'s Consolidated Financial statements for the financial year ended 30 June 2008 in Chapter 20.1 of this reference document).

		Payments by period			
(in million of euro)	**Total**	**< 1 yr**	**1-3 yrs**	**3-5 yrs**	**> 5 yrs**
Long-life lease obligations	2.0	2.0	-	-	-
In-orbit incentive payments	45.6	10.4	17.3	10.9	7.0
Operating lease commitments	21.7	3.6	7.2	7.2	3.6
Satellite construction and launch contracts	531.2	341.7	189.4	-	-
Operating agreements[(1)]	42.1	22.1	15.0	3.8	1.1
Customer contracts	29.1	12.4	12.8	3.9	-
Retirement indemnities and other post-employment benefits[(2)]	7.3	-	-	-	7.3
Total contractual obligations and commercial commitments	**679.0**	**392.3**	**241.8**	**25.9**	**19.0**

[(1)] Mainly includes in-orbit satellite insurance and control costs, as well as costs associated with some agreements for the use of satellite capacity which are not capitalised.

[(2)] Mainly includes long-term obligations (more than five years).

At 30 June 2008, the Eutelsat S.A.'s contractual and commercial commitments comprised the following:

Long-life lease obligations

Express A3 Satellite

In 2001, the IGO entered into a lease for five transponders on the Express A3 (for its entire operating life) belonging to the RSCC Company. When the Transformation occurred, that lease was transferred by the IGO to Eutelsat S.A., and those five transponders were posted as assets by Eutelsat S.A. worth 23.9 million euros (on the basis of the net present value of the minimum lease payments, minus the accumulated depreciation charge for impairment as of that date).

Sesat 2 Satellite

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 posted as assets worth 65.7 million euros, based on the current value of future payments.

Telecom 2C Satellite

In April 2007, Eutelsat S.A. entered into a lease with France Telecom for 11 transponders on the Telecom 2C satellite until that satellite is de-orbited. These transponders were posted as assets worth 7.0 million euros, based on the net present value of the 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 fraction 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. part of the incentive payments, or reduce their amount. Repayments to 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 nine-year term. The agreement provides for the option of terminating the lease at the end of a three-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 six-year period with no penalty. At 30 June 2008, future minimum rental payments were 21.7 million euros.

Financial guarantee given 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 of the IGO as a provision for any financing shortfall in the Closed Pension Fund. During the financial year ended 30 June 2003, the emergence 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 call Eutelsat S.A.'s guarantee for 18 million euros. This was paid by Eutelsat.

In November 2004, the trust's administrators in charge of the Pension Fund requested payment of 22.3 million euros 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 in 20% instalments over a five-year period.

As of 30 June 2008, Eutelsat S.A. has already made the first three payments for a total of 17.84 million euros.

At 30 June 2008, the present value of the trust's obligations under the pension commitments amounts to 133.4 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets to 145.8 million euros (see Note 21.1 to Eutelsat Communications' consolidated financial statements in Section 20.1, “Financial information for the year ended 30 June 2008”). Calculation of total pension commitments is based on actuarial assumptions, including the discount rate, the long-term yield on assets invested and the estimate of the life expectancy of Pension Fund beneficiaries. The estimated amount of pension commitments can be greater or lesser depending on the scenarios applied (see Section 4.3 "Financial risks", especially the paragraph entitled: "Eutelsat S.A., the Group's main operating subsidiary, could be subject to new financing requests related to the financial guarantee it grants to the IGO's Closed Pension Fund."

Liquidity offers

Through its subsidiary SatBirds 2 SAS, the Group proposed to all beneficiaries of options granted under the Partners and the Managers 1 and 2 Plans, and to beneficiaries under the share 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 entered into by 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).

Under a first liquidity offer closed on 15 October 2007, 72,735 shares were sold by the beneficiaries to Eutelsat Communications at a unit price of 5.20 euros per share.

Furthermore, under this private purchase, the Company acquired 500,000 shares from an institutional shareholder at a net unit price of 5.15 euros per share.

In addition, in line with its prior commitment, the Company made a second liquidity offer during the financial year 2008, again via its subsidiary SatBirds 2 SAS. The Company offered to all the beneficiaries of the stock options granted under the Partners and Managers 1, 2 and 3 plans (with the exception of corporate officers or senior 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 in April 2008 at a unit price of 5.48 euros per Eutelsat S.A. share.

During that second liquidity offer, the beneficiaries sold 1,993,134 shares to SatBirds 2 SAS, Eutelsat Communications' subsidiary.

Under the liquidity offer made during the financial year ended 30 June 2007, 838,156 shares were sold to the Company by the beneficiaries at a price of 5.08 euros per Eutelsat S.A .share.

This commitment was evaluated at 22 million euros at 30 June 2006 and recognised as a debt. Shareholders' equity was reduced by the equivalent amount of 22 million euros on the basis that all the remaining shares would be purchased as of 2010.

10.4 Expected financing sources for future investments

The Group estimates that the cash flows generated by its operating activities, its cash assets and the funds available under its lines of credit will be sufficient to meet its expected future financial obligations its needs in working capital 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 prove accurate, nor that the funds made available to it under the resources mentioned above will be sufficient for it to meet its financial expenses and obligations.

CHAPTER 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 patents, trademarks and software) developed under contracts financed by the IGO. Its status as an international organisation prevented it from filling 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 transfer agreement.

As of the date of this reference document, the Group owns 17 patent families, two of which are held on a co-ownership basis with the European Space Agency and one with Invacom Ltd (UK), and 52 trademarks.

CHAPTER 12. TREND INFORMATION

12.1 Recent developments

At 30 June 2007, the Group had signed an agreement with a related party under the terms of which the Group was entitled to receive, subject to certain conditions being satisfied before 15 September 2007, 25 million euros in exchange for giving up certain rights in an equity holding.

In July 2008, all the conditions had been met including a transaction which triggered the payment of the 25 million euros leading to the recognition of an income which will be booked in the financial year 2008/2009.

In addition, the Group also obtained a promise to purchase from the related party, which has an unlimited duration and can be exercised twice a year, regarding this equity holding.

12.2 Future Prospects

Achievement of the objectives set at the time of the IPO

At the time of the Group's initial public offering, its objectives for the period 2007/2009 aimed at revenue growth at an average annual pace in the order of 4% and an EBITDA margin that remained above 76%. These objectives were achieved for the years ended 30 June 2006, 2007 and 2008 with respectively an increase in consolidated revenues of 5.4%, 4.8% and 5.9% and an EBITDA margin of 77.9%, 78.7% and 79.3%.

Financial objectives for the period 2008/2011

As additional satellite capacity will gradually be brought into operational service over the second half of 2008-2009, the Group has a revenue target in excess of 900 million euros for the 2008-2009 financial year.

In addition, given its outlook and its satellite launch programme, the Group targets consolidated revenues above 1 billion euros for the financial year 2010-2011 (given that Solaris Mobile Ltd (jointly owned with SES) which is consolidated using the equity method, is responsible for operating and marketing an S band payload on W2A).

This target corresponds to an average annual growth rate of 6% over the next three financial years (2008-2009 to 2010-2011) with an acceleration expected as from 2009-2010.

The Group also intends to remain in the lead among the industry in terms of profitability, with an EBITDA margin above 78% in the financial year 2008-2009 and above 77% in the period 2008-2011.

Over this period the Group intends to launch 7 satellites which are currently under construction. Together with dynamic management of the Group's in-orbit resources, this upbeat investment policy should enable the Group to have 664 additional operational transponders by 30 June 2011 (excluding the S band KA-SAT satellite).

Furthermore over the same period, the Group also expects to commit the necessary capital expenditure to renew 4 satellites launched over the period 1998-2000.

Therefore, the Group confirms its capital expenditure plan of 450 million euros/year on average over the period 2008-2011.

These objectives are based in particular on the following assumptions: (i) on-schedule and successful launch and entry into operational service of 7 satellites currently under construction (ii) continued growth in satellite demand in Western Europe and the Second Continent at satisfactory tariff conditions, (iii) maintaining the existing operating capacity of the Group's fleet, (iii) absence of any incidents affecting any of the satellites in orbit, (iv) pursuing the cost control policy for operating costs, (v) maintaining the general conditions of the space insurance and space industry market.

The objectives, and forward looking statements set out above are based on the data, assumptions and estimates set out above and considered by Eutelsat Communications to be reasonable at the date of this reference document.

Investors' attention is brought to the fact that these forward-looking statements depend on circumstances or facts that are expected to occur in the future. These statements are not historical data and must not be interpreted as guarantees that the facts and data cited will occur or that the objectives will be attained. By their nature, these data, assumptions and estimates, as well as all elements taken into consideration to determine these forward-looking objectives, statements and information, could prove to be wrong or may not materialise and may change or be modified due to uncertainties related to the economic, financial, competitive and regulatory environment in particular.

In addition, some of the data, assumptions and estimates are based, partly or fully, on assessments or decisions of Eutelsat Communications' management, which may be modified over time.

Furthermore, the materialisation of certain risks described in Chapter 4 entitled "Risk factors" of this document could have an impact on the Group's activities, financial position and results, and on its ability to achieve its objectives.

CHAPTER 13. PROFIT FORECASTS OR ESTIMATES

The Company does not forecast or estimate profits.

CHAPTER 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. There were ten directors on the Board as at the date this reference document. Directors have a term of office of six years which is renewable.

As of the registration date of this reference document, the directors of the Company are as follows:

<table>
<tr><th rowspan="2">Surname, first name, address</th><th rowspan="2">Office</th><th rowspan="2">Term of Office</th><th colspan="2">Other offices and duties performed by the director outside or within the Group during the last five years</th></tr>
<tr><th>Current</th><th>Past</th></tr>
<tr><td>Giuliano Berretta domiciled at 4, rue Leconte de Lisle 75016 Paris, 68 years old.

Eutelsat Communications 70 rue Balard 75015 Paris</td><td>Chairman of the Board of Directors and CEO</td><td>First appointed 31 April 2005 Term expires: General Meeting convened to rule on the financial statements for the year ended 30 June 2011</td><td>- Chairman of the Board of Directors and CEO of Eutelsat S.A.
- Director of Hispasat
- Director of the International Council of the National Academy of Television, Arts and Sciences.</td><td>N/A</td></tr>
<tr><td>Jean-Luc Archambault, domiciled at 17 rue de la Pompe 75116 Paris 48 years old

Lysios, 52, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine</td><td>Director</td><td>Term expires: General Meeting convened to rule on the financial statements for the year ended 30 June 2011</td><td>- Director of Eutelsat S.A.
- Chairman of Lysios SAS</td><td>N/A</td></tr>
<tr><td>CDC Infrastructure, w/ registered office at 56 rue de Lille 75007 Paris

represented by Jean Bensaïd, domiciled at 9 rue Valentin Hauy 75015 Paris 47 years old</td><td>Director</td><td>Term expires: General Meeting convened to rule on the financial statements for the year ended 30 June 2011</td><td>- Chairman of MAP SUB
- Director of Eutelsat S.A.
- Director of CDC Infrastructure, GALAXY
- Permanent representative of CDC on the Supervisory Board Tower Participations
- Chairman and representative of CDC in Bac Gestion</td><td>- Representative (as natural person) on the Board of Directors of FINANCIERE TRANSDEV
- CDC representative of FOND CARBONE EUROPEEN
- Member of the Supervisory Board (as natural person) of IXIS CIB
- Member of the Supervisory Board as CDC representative of IXIS AM GROUP
- Member of the Supervisory</td></tr>
</table>

			- 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)	Committee as CDC representative of SANTOLINE - Director of CDC ECI - CDC Representative on the Board of Directors of SOCIETE FORESTIERE - CDC Representative on the Supervisory Board of SOGEPOSTE - 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"
Lord John Birt, 63 years old **Fielden House** 13 Little College St. SW1P 3SH London, UK	Director	*Term expires:* General Meeting convened to rule on the financial statements for the year ended 30 June 2012	N/A	N/A
Carlos Espinos Gomez, domiciled c/o Tenor Massini 116 6° 1A -8028 Barcelona 44 years old **Abertis Telecom**, w/ registered offices at Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	*Term expires:* General Meeting convened to rule on the financial statements for the year ended 30 June 2011	- Director of Eutelsat S.A. - Deputy CEO/ CEO of Satellite Infrastructure Division of Abertis Telecom	N/A

Pier Francesco Guarguaglini domiciled at Via Ettore Romagnoli 3 Rome 71 years old **Finmeccanica** 4 Piazza Monte Grappa 00195 Rome, Italy	Director,	*Term expires:* General Meeting convened to rule on the financial statements for the year ended 30 June 2012	- Chairman of Finmeccanica S.p.A	- Chairman of Agusta Westland N.V.
Andrea Luminari, domiciled at Avgda Sarria 163 1er 1A -8014 Barcelona 42 years old **Abertis Telecom**, Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	*Term expires:* General Meeting convened to rule on the financial statements for the year ended 30 June 2011	- Director of Eutelsat S.A. - Director, Mergers & Acquisitions (M&A), Abertis Telecom	N/A
Bertrand Mabille, domiciled at 1, rue Méhul, 75002 Paris 44 years old **SFR Enterprises**, 1, Place Carpeaux, Tour Sequoia, 92915 Paris La Défense	Director	*Term expires:* General Meeting convened to rule on the financial statements for the year ended 30 June 2011	- Director of Eutelsat S.A. - Member of the Supervisory Board of Adeuza - Chairman of the Supervisory Board of Jet Multiédia	N/A
Tobias Martinez Gimeno, domiciled c/o Llança, 51-Planta 13 1A – 8015 Barcelona 49 years old **Abertis Telecom**, Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director,	*Term expires:* General Meeting convened to rule on the financial statements for the year ended 30 June 2011	- Director of Eutelsat S.A. - CEO, Abertis Telecom	N/A

Carlos Sagasta Reussi domiciled at Balmes 413, 1B – 8022 Barcelona 37 years old **Abertis Telecom**, Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director, Co-optation of CB Luxembourg III on 23 January 2007 (*)	*Term expires:* General Meeting convened to rule on the financial statements for the year ended 30 June 2011	- Director of Eutelsat S.A. - CFO, and Director of Management Control, Abertis Telecom	N/A

(*) the co-optation of these directors has to be ratified by the General Meeting of Eutelsat Communications' shareholders scheduled for 9 November 2007.

Giuliano Berretta 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 the Management Board of Eutelsat S.A. In September 2004, he was elected Chairman of the Board of Directors and Chief Executive Officer of Eutelsat S.A. In the course of his career with Eutelsat S.A., Mr Berretta provided fresh commercial impetus and drove a policy of growing beyond the borders of Europe and into the Americas, Africa and Asia, positioning Eutelsat S.A. as a leader in supplying satellite television capacity and acting as a pioneer 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 defining the first communications satellite programmes in Europe. Previously, he had spent the first seven 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 from the University of Bologna, Italy, and honorary professor at the University Ricardo Palma de Lima, Peru. Mr Berretta has been made a "*Cavaliere de 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 is the founder and Chairman of Lysios, an institutional strategy consulting company. He was Director of Strategy and External Relations for SFR-Cegetal, 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. Mr Archambault was also Regional Network Director at France Telecom, adviser to the Minister of Industry, and Director of Information Technology Services. Mr Archambaud is a graduate of the Ecole Normale Supérieure and the Ecole Nationale Supérieure des Télécommunications.

Jean Bensaïd 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 at 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 Ecole Normale Supérieur, ENSEA and Harvard University.

Lord John Birt, 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, he is also a consultant for Cap Gemini and Terra Firma. Previously, he was a Strategy Adviser to the British Prime Minister Tony Blair (2000-2005). Prior to that, Lord Birt was a consultant for McKinsey's Global Media Practice (2000-2005) after his career at the BBC as Deputy Director General (1987-1992) and then Director General (1992-2000). He began his career as Director of Programming for LWT from 1982-1987. Lord Birt is a graduate of Oxford University.

Carlos Espinós Gomez joined Abertis in 1997 in the highway sector (Acesa) and is directing new projects in telecommunications systems in Spain and South America. He joined Abertis Telecom (Retevisión/Tradia) in 2001. He held several positions of responsibility at Tradia. After the acquisition of Retevisión Audiovisual in 2003, he was named Deputy CEO and Commercial/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). Mr Espinós Gomez has a degree in Telecommunications Engineering from the Polytechnic University of Catalonia in Barcelona. He has also taken a management advanced-development programme at IESE's business school.

Pier Francesco Guarguaglini is Chairman and CEO of Finmeccanica, the international Italian major industrial group operating in the aeronautics and space sectors. Before joining Finmeccanica, he worked at Officine Galileo and Selenia. He is also a lifetime member of the U.S. Institute of Electrical and Electronics Engineers (IEEE). Mr Guarguaglini, who holds the title of "*Cavaliere de Lavoro*," is also a lecturer at the University of Rome. He has a degree in electronic engineering from the University of Pisa.

Andrea Luminari 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 six years. First he was appointed Internal Controller, then Project Manager in the International Affairs Division. Mr 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 has been Chief Executive Officer of SFR Entreprises since 7 November 2005. He was Director of Strategy and Regulation for Groupe SFR Cegetel from 2003. From 2000 to 2003, he has worked for Thomson as the Group's Director for Strategic Partnerships, then Chief Executive Officer of Nextream, a joint subsidiary of Thomson and Alcatel. From 1995 to 2000, Mr Mabille was in the Services of the Prime Minister. He is a graduate of the Ecole Normale Supérieure de la rue d'Ulm and the ENST.

Tobias Martínez Gimeno joined the Abertis Group (formerly Acesa) in 2000, to promote diversification of its activities, especially in telecommunications infrastructures. First 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 has a degree in telecommunications engineering and marketing management at the Instituto Superior de Marketing de Barcelone.

Carlos Sagasta 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).

14.2 Principal Executives

Giuliano Berretta (see summary of his experience in the previous Section) is the Company's Chairman and Chief Executive Officer.

Jean-Paul Brillaud is Deputy CEO and a Director of Hispasat S.A.. He joined Eutelsat as Director of Strategic Affairs in 1999. Mr Brillaud (who is 56) was appointed to the Management Board in 2001 and named Deputy CEO in 2004. In the course of his career with the Company, he has directed the transformation of Eutelsat from its status as an international organisation to a *société anonyme* [limited company], ensured its strategic development and steered through the initial public offering of its shares. Before joining the Group, Mr Brillaud was Deputy Director of Space Telecommunications at France Telecom. He was specifically in charge of managing France Telecom's space segment investments and of the operations of the satellite telecommunications centre. He began his career with the CNET (Centre National d'Etudes des Télécommunications [National Centre for Telecommunications Research]). Mr Brillaud is a graduate of the Ecole Nationale Superieure des Télécommunications.

14.3 Relations within the administrative and management bodies

There are, to 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:

- Conviction for fraud within at least the last five years;
- Bankruptcy, sequestration or liquidation within at least the last five years;
- Official public incrimination and/or sanction handed down by statutory or regulatory authorities within at least the last five years.

Finally, to the Company's knowledge, no corporate officer has been forbidden by a court from acting as a member of a 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 five years.

14.4 Conflicts of interest in the administrative and management bodies

As of the registration date of this reference document, there are, to the Company's knowledge, no potential conflicts of interest between the duties carried out by the Deputy CEO and the members of the Board of Directors on behalf of the Company, and their private interests.

CHAPTER 15. COMPENSATION AND BENEFITS

15.1 Compensation and other benefits of the Company's corporate officers and senior management

The following table shows the compensation paid to members of the management during the financial years 2006-2007 and 2007-2008:

Name and Function	Year	Fixed salary	Variable portion of compensation	Attend-ance Fees	Benefits in Kind	Total
G. Berretta	2006/2007	550,000	1,103,609	50,000	5,439	1,709,048
Chairman & CEO	2007/2008	550,000	1,010,655	50,000	4,216	1,614,871
J.P. Brillaud	2006/2007	311,720	335,940	0	5,429	653,089
Deputy CEO	2007/2008	311,720	310,851	0	5,070	627,641

The amount of Mr Berretta's fixed salary shown here is equal to the total compensation paid by Eutelsat S.A. and Eutelsat Communications to Mr Berretta during the financial year that began on 1 July 2007 and ended 30 June 2008, both for his duties as Chairman & CEO of Eutelsat Communications and his employment contract with Eutelsat S.A. as Director of International Development. Details on the variable compensation paid out over the financial year for duties as corporate officer of Eutelsat Communications are shown in Section 15.2 below. 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 CEO of Eutelsat S.A..

The amount of Mr Brillaud's fixed salary shown here is equal to the total compensation paid by Eutelsat S.A. to Mr Brillaud during the financial year that began on 1 July 2007 and ended 30 June 2008, for his duties under his employment contract with Eutelsat S.A. Mr Brillaud did not receive any compensation for his duties as corporate officer of Eutelsat Communications or for his duties as Deputy CEO of Eutelsat S.A. Details on the variable compensation paid out over the financial year for duties under his employment contract with Eutelsat S.A. are itemised in Section 15.2 below. Mr Brillaud earned no other sum from any of the Group's other companies.

The table below shows the compensation and benefits in kind due to each of the Company's directors (i.e. members of the Board) for the last financial year by the Company and the companies it controls.

Members of the Board Of Directors	Gross Compensation (a)	Director's Fee (b)	Overall Gross Compensation (c= a+b)
G. Berretta	1,564,871	50,000	1,614,871
Lord Birt	0	70,000	70,000
CDC Infrastructure represented by J. Bensaïd	0	59,000	59,000
C. Espinos Gomez	0	70,000	70,000
P.F. Guarguaglini	0	45,000	45,000
A. Luminari	0	50,000	50,000
T. Martinez Gimeno	0	68,000	68,000
C. Sagasta Reussi	0	69,000	69,000
B. Mabille	0	50,000	50,000
J.L. Archambault	0	70,000	70,000

[*]The amount of directors' attendance fees shown here is the total amount of attendance fees due by Eutelsat Communications to directors in office between 1 July 2007 and 30 June 2008

Total directors' fees due by the Company or the companies it controls to its directors for the financial year ended 30 June 2008 amounted to 601,000 euros.

15.2 Elements for determining the variable portion of the compensation granted to the Group's corporate officers and managers

Compensation paid by the Group to Mr Berretta shown in the table of the previous subsection consists in a fixed portion of 550,000 euros, 4,216 euros in benefits in kind and a variable portion. The variable portion of this compensation consists of:

- a variable discretionary bonus based on objectives of 180,000 euros for the financial year ended 30 June 2007, paid during the first half of the financial year ended 30 June 2008;

- a bonus, whose amount varies according to objectives to be reached, which takes into account the Company's performance by reference to a predetermined financial indicator (EBITDA). Thus, the amount paid as a bonus for the financial year ended 30 June 2007 was 800,000 euros, and payment was made during the first half of the financial year ended 30 June 2008.

- the sum of 30,655 euros under the profit-sharing and incentive scheme for the financial year ended 30 June 2007.

Compensation paid by Eutelsat S.A. to Mr Brillaud, as shown in the table of the previous subsection, consists in a fixed portion of 311,720 euros, 5,070 euros in benefits in kind and a variable portion. The variable portion of this compensation consists in:

- a variable discretionary bonus based on objectives of 59,850 euros for the financial year ended 30 June 2007, paid during the first half of the financial year ended 30 June 2008;

- a bonus whose amount varies according to objectives to be reached, which takes into account the Company's performance by reference to a predetermined financial indicator (EBITDA). Thus, the amount paid as a bonus for the financial year ended 30 June 2007 was 224,445 euros, and payment was made during the first half of the financial year ended 30 June 2008.

- the sum of 26,556 euros under the profit-sharing and incentive scheme for the financial year ended 30 June 2007.

The evaluation criteria for the variable portion of Mr Berretta's and Mr Brillaud's compensation for the financial years ended 30 June 2006 and 2007 were the same.

As regards the financial year ended 30 June 2008, and upon the recommendation of the Selection and Remuneration Committee, the Board of Directors decided, at its meeting on 25 September 2007 to review the assessment criteria of Mr Berretta's and Mr Brillaud's variable compensation. Variable compensation is based on performance as regards the Company's key financial indicators such as revenues, EBITDA and consolidated net profit. In addition, the Board of Directors defined qualitative assessment criteria linked to the Board's missions carried out over the financial year ended 30 June 2008. This variable compensation for the Group's corporate officers will be paid in the first half of the financial year as from 1 July 2008.

15.3 Elements of compensation and other benefits due or likely to be due because of or following to the termination of a group's senior manager's appointment

The Group contributes to a supplementary retirement plan with defined and supplemental benefits (pension: Article 39) for its corporate officers (current or former), which corresponds to 10% of their fixed remuneration and which is payable to them upon 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 appointment 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 of Eutelsat's Board of Directors.

Currently this compensation amounts to one million euros, and becomes due for payment to Mr Berretta in the event of the termination of his corporate appointment by a decision of the Eutelsat's Board of Directors or Shareholders' General Meeting (except in the event of gross misconduct).

The payment of termination indemnities was not subject to any performance-related criteria, and in order to comply with the TEPA law no. 2007-1223 dated 21 August 2007 (to promote work, employment and purchasing power), codified in the French Commercial Code under article L.225-42-1, this payment had to be subjected to performance-related criteria.

On 30 September 2008, the Board of Directors, approving the recommendation made by the Selection and Remuneration Committee, decided to subject the payment of compensation upon involuntary termination of Mr Berretta's corporate appointment to the following performance-related criteria: over each of the three financial years prior to the termination of Mr Berretta's corporate mandate, the target achieved for the payment of the variable compensation (more specifically the EBITDA target) must be higher than the budget for the year in question.

In addition, this decision in the form of a resolution is submitted for approval to the Shareholders' General Meeting on 6 November 2008.

15.4 Corporate officers' equity interests in the Company and stock options and stock purchase options

According to the By-laws, all members of the Company's Board of Directors must each hold at least one share in the Company at the time of their appointment or within three months following that date.

No stock option or stock purchase plan was established by the Company during the financial years ended 30 June 2006, 2007 and 2008.

However, the operating subsidiary Eutelsat S.A. had introduced stock option or stock purchase plans in the course of previous financial years. Under these plans:

- Mr Berretta, Chairman & CEO, exercised 9,467,917 Managers 3 stock options (see Section 17.2 "Options granted to employees on shares of the Company or of other companies in the Group") at a price of 1.26 euros, resulting in the issue of 9,467,917 new Eutelsat S.A. shares.

- Mr Brillaud, Deputy CEO, exercised 438,087 Managers 3 stock options (see Section 17.2 "Options granted to employees on shares of the Company or of other companies in the Group") at a price of 1.26 euros, resulting in the issue of 438,087 new Eutelsat S.A. shares, and 437,374 Managers 4 stock options at a price of 1.64 euros, resulting in the issue of 437,374 new Eutelsat S.A. shares

All of the shares held by Mr Berretta, Mr Brillaud and their relatives, as a result of the exercise of these Managers 3 stock options, were transferred to SatBirds 2 SAS pursuant to the commitments to sell granted by Mr Berretta and Mr Brillaud (see Section 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group").

As of the date of this reference document, Mr Berretta, Mr Brillaud and their relatives no longer hold any Eutelsat S.A. stock options.

CHAPTER 16. DESCRIPTION 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.

16.3 Description of the Board of Directors

The statutory provisions relating to the Board of Directors are summarised in section 21.2.2, "Board of Directors, Committees and Observers" of this reference document.

Duties of the Board of Directors

The Board of Directors is responsible for defining the orientations of 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 may examine any question that affects the sound operation of the Company.

In addition, 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 grouped under the following headings:

Operations 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 acquisition that would be payable in all or in part in Company shares.

Strategic operations

Any amendment to 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 submitted to prior approval of the Board of Directors. This also applies to any investment in the capital of another company for more than 50 million euros or for more than 25 million euros if the relevant investment is not included in the Strategic Plan or in the annual CAPEX Plan approved by the Board of Directors.

Investments and financial undertakings

The Group's consolidated annual budget is subject to prior approval of 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 increasing the Group's indebtedness by more than 50 million euros that is not included in the annual budget is subject to prior approval by the Board of Directors. Any decision to dispose of, lend, 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 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 remuneration is one of the six largest.

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 year 2007-2008.

Unless it is an emergency, 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, 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 by the Board of Directors and independence of Company directors

In accordance with the practices of corporate governance and the commitments entered into by the Company at the time of its IPO in December 2005, the Board of Directors undertook a procedure for the selection of independent directors, i.e. 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.

At the Ordinary General Meeting of Shareholders on 10 November 2006 and 9 November 2007, two independent directors were elected for a six-year term of office to expire at the end of the General Shareholders Meeting called upon to examine the financial statements of the Company for the year ending 30 June 2012.

These 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 was elected by the General Shareholders Meeting on 9 November 2007.

Internal rules of the Board of Directors

In addition to the legal and regulatory provisions, the management of the Board of Directors is organised in accordance with a set of internal rules, which the Board of Directors adopted on 19 December 2006.

The internal rules stipulate that each director must devote the necessary time and attention for the fulfilment of his mission. In addition, when accepting a new job or duty, he must ensure that he is in a position to fulfil that assignment. In this respect, the internal rules set out the legal and regulatory provisions applicable to directors (plurality of terms, disclosure of terms 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 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, and well as the measures being considered to improve the way in which the Board operates, are published in the Annual Report. In addition, every three 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 must divulge information about the Company obtained by him during the performance of his duties.

Observer

Since the initial public offering of the Company, the Executive Secretary of EUTELSAT IGO has performed the duties of Observer on the Board of Directors of Eutelsat Communications.

For further information, see the paragraph entitled "Current relationship between Eutelsat S.A. and EUTELSAT IGO."

Committees of the Board of Directors

The Board of Directors decided to create two specialised Committees and a working group to advise it in their respective fields of speciality.

Selection and Remuneration Committee

This Committee is notably in charge of studying and providing recommendations to the Board as appropriate on (i) the compensation of the Chairman and 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 the independent directors.

The Committee is currently chaired by Mr Tobias-Martinez. Messrs Bensaid, Espinos-Gomez and Lord John Birt are also members. The Secretary to the Committee is Mr Izy Béhar, Director of Human Resources at Eutelsat S.A..

This Committee met 9 times in the course of the year, notably to examine the employee share ownership policy and incentive plans for the Group's key managers.

On the basis of a recommendation by the Committee, the Board of Directors Meeting of 25 July 2007 decided to set up a free share plan for all Group employees and corporate officers.

This Committee also made recommendations to the Board of Directors to modify the provisions of the commitments of Mr Berretta and Mr Brillaud (respectively Chairman & CEO and Deputy CEO) to sell their Eutelsat S.A. shares, from the "Managers 3" stock option plan to the Company.

Finally, in the course of its duties the Committee oversaw the recruitment of a new Chief Financial Officer after Mr Ehlinger left the Group in July 2007 and reviewed the candidates put forward by Senior Management. On the recommendation of the Committee, the Board of Directors approved the Chairman & CEO's decision to appoint Mrs. Catherine Guillouard as CFO.

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.

This working group met 10 times over the financial year. In particular, this working group oversaw the strategic analysis carried out on the Group's growth strategy and the preparation of the Strategic Plan for 2008-2013 and the Annual Budget for 2008-2009.

In the course of the Group's preliminary reviews of future investments, the working group made recommendations to the Board of Directors on the launch and operation of the KA-SAT TOOWAY™ programme, and more specifically as regards a partnership with VIASAT in Europe and a possible minority stake by the Group in the "VIASAT 1" project for the operation of a Ka band satellite in the U.S..

The working group made a recommendation to the Board of Directors as regards the W3B satellite programme and criteria for the Group's strategy on security of infrastructure in orbit.

Audit Committee

The board of Directors also decided to set up an Audit Committee. The Committee is comprised of its Chairman Mr Archambault, and Lord Birt and Mr Sagasta-Reussi.

Its mission is to assist the Board of Directors in (i) reviewing draft half year and full year financial statements (annual and consolidated financial statements), (ii) to make recommendations on the 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 clear and fair financial information, (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 met 6 times over the financial year, and all members attended all meetings.

The Audit Committee carried out risk mapping for risks that may affect the Group's operations and recommended that a new Chief Risk Manager position be created. The latter would report directly to the Company's Senior Management and would be responsible for setting up and overseeing a cross-divisional and coordinated approach to risk management for all risks that may affect the Group's operations.

Mr José Ignacio Gonzáles-Nuňez was appointed as Group Chief Risk Manager by the Chairman & CEO.

In addition, the Audit Committee maintains an ongoing dialogue with the Company's auditors, who are present at the Audit Committee meetings when the half year and full year financial statements are prepared before being submitted to the Board of Directors for approval.

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 given in the annex to this reference document.

16.4 Description of the management bodies

Following the ruling of the Board of Directors on 31 August 2005,

the tasks of CEO of the Company are carried out by the Chairman of the Board of Directors.

Powers of the CEO

The CEO shall be vested with the broadest powers to act under any circumstance on behalf of the Company. He shall exercise his powers within the limits of the company's purpose and subject to the powers that the law expressly vests in Meetings of Shareholders and the Board of Directors.

He shall represent the Company in its relations with third parties. The Company shall be bound even by the acts of the CEO that do not fall under the Company's 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 shall not be 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 shall determine the compensation of the CEO under the conditions set by law.

The CEO may not be older than 69 years old.

Statutory Limitations

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 to the CEO's powers other than the legal and regulatory provisions which apply to Directors, particularly as regards restrictions on the number of director mandates which are restated in the Board of Directors' internal rules.

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 mandate of Deputy CEO can be revoked at any time by the Board of Directors upon a proposal by the CEO.

In agreement 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 five.

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.

16.5 Corporate governance

Following the admission of its shares on the Eurolist of Euronext, Paris, the Company implemented internal control procedures intended to prevent and curb risk resulting from Company business, as well as accounting and financial risks, in compliance with the laws and regulations applicable to listed companies.

Accordingly, the Company has 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 two independent directors on the Board of Directors.

To strengthen the Group's employer-staff communication policy, the Company has 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 visibility on the Company's operations and decisions. A procedure has been set up whereby Eutelsat S.A.'s works council is informed of any of the Company's transactions which may affect

Eutelsat S.A.'s operations or consolidation scope, and, in addition two representatives of Eutelsat S.A.'s works council are invited to attend the Board of Directors meetings, where the representatives are provided with the same information as the Directors.

During the financial year, the Chairman of the Board of Directors charged Lord Birt, with the support of the Secretary to the Board of Directors and the Deputy CEO, with the task of making recommendations in order to improve the functioning of the Board of Directors, in particular as regards the documents provided at Board Meetings.

These recommendations were reviewed by the Board of Directors on 26 April 2008 and approved at the Board Meeting.

The internal control measures are described in the special report of the Chairman of the Board of Directors, which is given as an annex to this reference document.

Adopted on 19 December 2006, 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, paragraph "Internal rules of the Board of Directors."

CHAPTER 17. EMPLOYEES

17.1 Number of Employees

As of 30 June 2008, the Company was not employing any employees and the Group employed 559 persons.

The table below illustrates the breakdown of the average number of Group employees into a) operational and b) commercial and administrative activities:

	Average number of employees for the financial years ended 30 June		
	2006	**2007**	**2008**
Operations..	205	222	226
Commercial and administrative activities.........................	286	298	314
Total..	**491**	**520**	540

The number of staff employed by the Group has risen over the last three 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 2006 and June 2008, which rose from 56 to 81 persons during the 2006/2007 financial year and from 81 to 93 persons during the 2007/2008 financial year. This rise in staff numbers mainly concerned the Italian subsidiary Skylogic.

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 situation within the social field. 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 opinion of the works' council are then provided to employees upon request and to the Company's shareholders, in accordance with Articles L. 225-108 and L. 225-115 of the Commercial Code.

In 2007, Eutelsat S.A. employed an average of approximately 10 temporary staff per month. Temporary staff worked for an average of 15 days. In 2007, employees of Eutelsat S.A. had an average length of service of 9.5 years, with professional grades 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 date of registering this reference document, no stock-option or stock-purchase option plan has been put in place by the Company.

The table below shows the stock-option or stock-purchase plans set up by Eutelsat S.A. for its corporate officers and employees.

The only two corporate officers receiving stock options are Mr Berretta and Mr Brillaud. A description of their stock options or stock-purchase options is given in Section 15.4 "Corporate officers' equity interests in the Company and stock options and stock purchase options" of this reference document.

HISTORY OF ALLOCATIONS OF STOCK OPTIONS AND STOCK PURCHASE OPTIONS BY EUTELSAT S.A.

	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	04/07/2001 Partners Plan(3)	25/10/2001 Managers Plan I(3)	13/12/2002 Managers Plan II(3)	24/02/2003 Managers Plan II(3)	17/12/2003 Managers Plan III(3)	22/03/2004 and 9/04/2004 Purchase options plan	08/04/2004 Managers Plan III(3)	28/06/04 Managers Plan III bis(3)	23/11/2004 Managers Plan IV(3)
Total number of options granted (one option giving rights to one share) including;	4 233 788	2 010 000	3 150 180	56 000	8 011 938	754 000 purchase options	1 102 000	325 000	3 000 000
- granted to Company representatives(1)	172 275	1 060 000	1 953 180	-	8 011 938	138 483	-	-	325 000
- granted to the first ten employees who are not Company representatives	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	22/03/2004	All options are exercisable	All options are exercisable	All options are exercisable
Options expire on	03/07/2009	24/10/2009	12/12/2010	23/03/2011	16/12/2011	14/05/2004	07/04/2012	27/06/2012	22/11/2012
Exercise price :									
- **at allocation**	1.10 euro	2.00 euros	1.79 euro		1.70 euro	1.615 euro	1.70 euro	2.00 euros	2.20 euros
- **after December 2004 adjustment**	1 euro	1.54 euro	1.38 euro		1.31 euro		1.31 euro	1.54 euro	1.70 euro
-after December 2005 adjustment(2)	1 euro	1.48 euro	1.33 euro		1.26 euro		1.26 euro	1.48 euro	1.64 euro
Number of options exercised As of 30 June 2008	4,094,065	2,612,083	4,254,308		10,782,178	668,020	1,370, 985	No option was exercised under this Plan	2,620,296
Number of shares underlying stock options or stock purchase options remaining (3)	67,972	53,831	18,961		0	There were no exercisable options (85 980 options expired as of 14/05/04)	40,374	437,374	1,367,545

(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 allocated options. For the Managers Plan IV, only one Company representative was allocated options.

(2) In accordance with the Commercial Code, in December 2006 Eutelsat S.A. made an adjustment to the existing options subsequent to the exceptional distribution authorised by the Ordinary and Extraordinary Meeting of Shareholders 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. The Company undertook, subject to certain conditions, to ensure liquidity for the shares resulting from the exercise of options for beneficiaries who had not signed buy and sell commitments (see Sections 15.4 “Corporate officers' equity interests in the Company and stock options and stock purchase options” and “Options or agreements concerning the capital of the Company or a member of the Group” for further information).

Liquidity offers

The Company made a commitment to employees who were shareholders of Eutelsat S.A. or beneficiaries of Eutelsat S.A. stock options and stock purchase options, with the exception of Company corporate officers or senior managers who had entered into a commitment to sell (see Section, 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group " for more information) whereby it would ensure liquidity for their shares in the event of Eutelsat Communications undertaking an IPO before the end of the 2010 financial year.

The Group consequently provided a half-semi-annual liquidity "window" to follow publication of the semi-annual and annual results.

Thus, on 28 June 2007 the Board of Directors approved the implementation of a liquidity offer in the form of a cash payment for Eutelsat S.A. shares held by employees of the Group and/or an exchange of Eutelsat S.A. shares for shares of Eutelsat Communications.

This liquidity offer opened on 26 August 2007 and closed on 14 September 2007. Final settlement of the transaction took place on 15 October 2007. Under this transaction, and at the date of the registration of this reference document, 72,735 shares were bought in cash and 152,693 shares were exchanged for Eutelsat Communications shares, giving rise to the issue of 48,721 Eutelsat Communications shares.

The Company made a second liquidity offer during the financial year 2008, via its subsidiary SatBirds 2 SAS. The Company offered all the beneficiaries of the stock options granted under the Partners and Managers 1, 2 and 3 plans (with the exception of corporate officers or senior managers who had entered into a commitment to sell) and to the beneficiaries of the March and April 2004 stock options plans, to purchase their shares in April 2008 at a unit price of 5.48 euros per Eutelsat S.A. share.

At the date of this reference document, the beneficiaries sold 1,993,134 shares to SatBirds 2 SAS, Eutelsat Communications' subsidiary under this second liquidity offer.

17.3 Allocation of free shares in the Group

Following the Company's initial public offering on 2 December 2005, the Board of Directors decided to allocate free shares to the employees of the Group, with the exception of any employee who became a shareholder of the Company before 29 November 2005. 341 shares were to be allocated to each beneficiary and the number of beneficiaries was set at 439. The vesting period for the shares was set at 2 years after this date on condition that the employee was still working for the Group at that time. The beneficiaries were then required to retain these shares for a further period of 2 years after definitive acquisition.

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 share programme, and took note of the resulting capital increase of 133,331 euros deducted from the share premium account.

By its decision on 10 May 2007, the Board of Directors of the Company decided to allocate free shares to Group' employees on the basis of 181,825 shares to be issued. The vesting period for the shares was set at 2 years after this date on condition that the employee was still working for the Group at that time. The beneficiaries were then required to retain these shares for a further period of 2 years after definitive acquisition. Under this decision it was decided that Mr Berretta would receive 30,000 free shares and that Mr Brillaud would receive 10,000 free shares.

On 25 July 2007 the Board of Directors decided to set up a free share plan for the benefit of all employees including corporate officers. In compliance with article L.225-197 of the Commercial Code, beneficiaries shall take final possession of their shares on condition that they remain within the Group for a period of two years from the allocation date (i.e. until 25 July 2009), and the shares must be kept for at least another two years from the final allocation date (i.e. 26 July 2011). The final allocation of these shares is subject to achieving performance targets over the two year period. Under this plan, Mr Berretta is entitled to 76,431 free shares and Mr Brillaud to 25,991 free shares.

Date of Board of Directors Meeting	Number of shares	Number of shares definitively allocated	Vesting period	Retention period

29 November 2005	149,699	133,331	Two years	Two years
10 May 2007	181,825	-	Two years	Two years
25 July 2007	474,831	-	Two years	Two years

17.4 Profit-sharing, staff incentives and Company savings plan

At the date of registering this reference document, there is no profit-sharing or staff incentives agreement governed by the provisions of title IV of book IV of the French Labour Code in effect within the Company. The Company has not set up a Company savings plan.

As regards the staff incentives 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 marketable securities with the help of their employer. The money invested in a savings plan is unavailable for five years, except in the cases of early release specified in the rules.

  The Company savings plan offers a number of different investment vehicles (Company 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 method.

  A *fonds commun de placement d'entreprise* (company's mutual fund) allows money to be invested in the securities of a company of the group (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. 443-5 of the French Labour Code.

  The Company savings plan also allows beneficiaries of stock options or purchase options to exercise these options through their unavailable assets in the savings plan and to keep in the savings plan the shares they obtain by the exercise of their options. The shares are frozen and remain in the savings plan. There is no possibility of taking advantage of one of the cases of early release.

- A staff-incentives agreement under Articles L. 4411-1 and following of the French Labour Code was concluded by Eutelsat S.A. on 17 November 2005 to involve Eutelsat S.A. employees in the performance of the Company. Incentive payments paid to employees is determined from performance criteria stated in the agreement, which takes into account the improvement of 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 sums paid in are unavailable for five years and can then benefit from the preferential taxation system applying to savings plans.

  The table below shows the average amount of incentive payment per beneficiary employee:

(In euros)	**2005-2006**	**2006-2007**	**2007-2008**
Average amount of incentive payment	1,845	1,850	1,004

- A profit-sharing agreement, governed by Articles L.442-1 and following of the French Labour Code was concluded by Eutelsat S.A. on 13 November 2002. Mandatory (by law) employee profit-sharing gives employees access to a fraction of the profits yielded 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. 442-2 of the French Labour Code.

  Unless early release of such sums becomes possible in accordance with the rules, money paid into the savings plan under the profit-sharing agreement remains unavailable for five years. The Eutelsat S.A. profit-sharing agreement provides for that the amounts allocated to employees to be invested in FCPEs. It is not expected to allocate profit-sharing reserve's allowance.

The table below shows the total amount of the profit-sharing special reserve determined in accordance with the profit-sharing agreement in force:

(In euros)	**2005-2006**	**2006-2007**	**2007-2008**
Amount of the profit-sharing special reserve	3,199,985	3,852,804	3,971,879

CHAPTER 18. PRINCIPAL SHAREHOLDERS

18.1 Company shareholder structure

During the financial year ended 30 June 2008, there were no material changes in the Company's shareholder structure.

The table below presents information relating to the Eutelsat Communications shareholder structure of which the Company was aware of as of 31 August 2008:

Shareholders	Number of shares and voting rights	Percentage
Abertis Telecom S.a.u.	69,022,989	31.43 %
CDC Infrastructure S.A.	56,399,660	25.68 %
Radio Televizijia Slovenia	2,468,724	1.12 %
Entreprise des Postes et Telecoms (Luxembourg)	2,395,886	1.09 %
Other minority shareholders(1)	3,227,577	1.47 %
Public	83,760,734	38.14 %
Employees and senior managers	2,366,385	1.07 %
TOTAL SHARES	**100 %**	**100 %**

(1) "Other minority shareholders" includes a number of Eutelsat Communications' minority shareholders such as the Croatian Ministry of the Sea, Transport, and Infrastructure, Turksat Satellite Communications and telecommunications companies in Bosnia-Herzegovina, Bulgaria and Albania.

As of the registration date of this reference document, the common stock is made up of ordinary shares, all of the same class. For this reason, the principal shareholders have the same voting rights as the other shareholders.

To the best of the Company's knowledge, there are no other shareholders holding registered shares with more than 1% of the capital of the Company at the date of this reference document. However, other shareholders within the general public have declared to the Company that they have crossed thresholds exceeding 1% of the capital and are therefore liable to be holding at least 1% of the capital of the Company (see the annual information document in Chapter 23 "Documents accessible to the public" in this reference document for declarations regarding the crossing of thresholds in the 2007/2008 financial year).

To the best of the Company's knowledge, as of 31 July 2007, the breakdown in capital was as follows:

Shareholders	**Number of shares and voting rights**	**Percentage**
Abertis Telecom S.a.u.	69,022,989	31,75%
CDC Infrastructure S.A.	56,399,660	25,94%
Radio Televizijia Slovenia	2,468,724	1,14%
Entreprise des Postes et Telecoms (Luxembourg)	2,395,886	1,11%
Other minority shareholders(1)	2,522,036	1,15%
Public	82,119,102	37,77%
Employees and senior managers	2,472,685	1,14%
TOTAL SHARES	**217,401,082**	**100%**

(1) "Other minority shareholders" includes a number of Eutelsat Communications' minority shareholders such as Turksat Satellite Communications, the Macedonia Ministry of Transport and Communications and the Cyprus Telecommunications Authority.

At 31 July 2007, there were no other voting rights held by the main shareholders.

In the financial year ended 30 June 2007, the main changes in the Company's shareholder structure were as follows:

On 23 January 2007, Nebozzo S.A.R.L., Eurazeo and GSCP 2000, sold their shares in Eutelsat Communications to Abertis Telecom which now owns a 31.74% stake in the Group's share capital. Abertis Telecom paid 15.5 euros per Eutelsat Communications share.

On 20 February 2007, BlueBird 2 Participations S.A.R.L., and RedBird Participations S.A. sold their shares in the Group to the Caisse des Dépôts et Consignations which now owns a 25.94% stake in the Group's share capital. The Caisse des Dépôts et Consignations paid 15.7 euros per Eutelsat Communications share.

For these two transactions, the Company granted the Caisse des Dépôts et Consignations and Abertis Telecom access to a limited data room, subject to a confidentiality agreement. During this data room process, the Company did not communicate any material information likely to have a significant impact on Eutelsat Communications' share price (see press releases dated 5 and 7 December 2006 available on the Company's website: www.eutelsat.com).

Belgacom sold its share in the Company on the market in March 2007.

To the best of the Company's knowledge, as of 30 June 2006, the breakdown in capital was as follows:

Shareholders	**Number of shares and voting rights**	**Percentage**
Companies controlled by Eurazeo	54,951,502	25.48 %
…………BlueBirds II Participations SAS	*35,096,813*	*16.27 %*
………...Redbirds Participations SAS	*19,854,689*	*9.21 %*
Nebozzo S.àr.l.(1)	33,295,037	15.44 %
CB Luxembourg III S.àr.l.(2)	25,196,325	11.68 %
GSCP 2000 Eurovision Holding S.àr.l.(2) (3)	15,346,070	7.11 %
Belgacom S.A.	4,680,118	2.17 %
Entreprise des Postes et Telecoms	2,395,886	1.11 %

(Luxembourg)		
Employees and senior managers	1,654,889	0.77 %
General public [(4)]	71,666,667	33.23 %
Other minority shareholders [(5)]	6,506,098	3.01 %
TOTAL SHARES	**215,692,592**	**100 %**

(1) Jointly controlled by Spectrum Equity Investors and Texas Pacific Group.
(2) Director of Eutelsat Communications.
(3) Controlled by Goldman Sachs PIA.
(4) The "General public" category comprises shareholders holding shares admitted on the Paris Euronext market in accordance with the IPO dated 2 December 2005.
(5) The "Other minority shareholders" category comprises certain minority shareholders of Eutelsat Communications such as RTV Slovenija (Republic of Slovenia).

At 30 June 2006, there were no separate voting rights for the principal shareholders.

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.

CHAPTER 19. AGREEMENTS WITH RELATED PARTIES

The disclosures relating to related party agreements cited in Article L. 225-38 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, SatBirds 2 SAS, WhiteBirds S.A., Eutelsat Communications Finance and Eutelsat S.A. have signed a centralised cash management agreement.

Eutelsat Communications signed an administrative assistance service agreement with Eutelsat S.A. whereby Eutelsat S.A. provides services to Eutelsat Communications.

Furthermore, with its main operational subsidiaries – Eutelsat S.A. and Skylogic S.p.A – Eutelsat Communications signed a group promotion agreement 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 signed between Mr Berretta and the Company relating to the shares of Eutelsat S.A. to be derived from the exercise of stock options, and between Mr Brillaud and the Company relating to the shares of Eutelsat S.A. to be derived from the exercise of stock 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”).

CHAPTER 20. FINANCIAL INFORMATION RELATING TO ASSETS, FINANCIAL POSITION AND RESULTS

20.1 Financial information for the year ended 30 June 2008

20.1.1 Auditors' report on the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRS for the year ended 30 June 2008

Following our appointment as statutory auditors by your by-laws and your Annual General Meeting, we have audited the accompanying consolidated financial statements of Eutelsat Communications for the year ended June 30, 2008.

The consolidated 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 consolidated financial statements

We have conducted our audit in accordance with the 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 of material misstatement.
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the Group as at June 30, 2008 and the results of its operations for the year then ended in accordance with IFRSs 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 Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

As explained in note 2.5 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 we justify our assessments are related to the following matters:

- As explained in note 3.7 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 utilization and their technically assessed lives. We assessed the reasonableness of the assumptions underlying the forecasted utilization.
- As explained in note 3.8 of the notes to the financial statements, the carrying-values of long-life assets including the satellites and equity investments are subjected to review for impairment. Your Company compares the carrying-value of these assets to their estimated recoverable value based on discounted future cash-flows. We assessed the reasonableness of the assumptions used by your Company to prepare the business plans and of the calculation of the recoverable value resulting from these assumptions.

The assessments were thus made in the context of our audit of the consolidated financial statements taken as a whole and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III Specific verification

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

In accordance with professional standards applicable in France, we have also verified the information given in the group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, August 1st, 2008

The Statutory Auditors

French original signed by

ERNST & YOUNG AUDIT

Jean-Yves JEGOUREL

MAZARDS & GUERARD

Isabelle MASSA

20.1.2 Consolidated financial statements of Eutelsat Communications prepared in accordance with IFRS for the year ended 30 June 2008

CONSOLIDATED BALANCE SHEET
(In thousands of euros)

ASSETS	Notes	30 June 2007	30 June 2008
Non-current assets			
Goodwill	4	758 179	804 869
Intangible assets	4	829 791	785 340
Satellites and other property and equipment, net	5	1 705 635	1 469 927
Prepayments for assets under construction	5	461 477	757 415
Investments in associates	6	124 599	177 169
Non-current financial assets	7,13	3 061	2 498
Deferred tax assets	20	1 380	2 255
TOTAL NON-CURRENT ASSETS		**3 884 122**	**3 999 473**
Current assets			
Inventories	8	2 092	2 013
Accounts receivable	9	220 976	239 435
Other current assets	10	18 421	17 148
Current tax receivable	20	8 585	23 579
Current financial assets	11	145 835	193 005
Cash and cash equivalents	12	45 479	21 321
TOTAL CURRENT ASSETS		**441 388**	**496 501**
TOTAL ASSETS		**4 325 510**	**4 495 974**

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 June 2007	30 June
Shareholders' equity			
Share capital	14	217 401	219 642
Additional paid-in capital		776 136	662 566
Reserves and retained earnings		242 522	469 511
Minority interests		75 454	65 525
TOTAL SHAREHOLDERS' EQUITY		**1 311 513**	**1 417 244**
Non-current liabilities			
Non-current bank debt	15	2 308 978	2 412 189
Other non-current financial liabilities	16,17	70 502	60 150
Other non-current debt	19	35 471	20 603
Non-current provisions	21	38 385	35 631
Deferred tax liabilities	20	304 932	311 417
TOTAL NON-CURRENT LIABILITIES		**2 758 268**	**2 839 990**
Current liabilities			
Current bank debt	15	23 185	31 333
Other current financial liabilities	16,17	34 263	33 799
Accounts payable		44 048	50 909
Fixed assets payable		61 062	35 668
Taxes payable		-	9
Other current payables	19	83 531	77 022
Current provisions	21	9 640	10 000
TOTAL CURRENT LIABILITIES		**255 729**	**238 740**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4 325 510**	**4 495 974**

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

CONSOLIDATED INCOME STATEMENT
(In thousands of euros, except per share data)

	Notes	Twelve-month period ended 30 June 2007	Twelve-month period ended 30 June 2008
Revenues	22	829 086	877 765
Revenues from operations		**829 086**	**877 765**
Operating costs		(62 526)	(69 239)
Selling, general and administrative expenses		(113 938)	(112 780)
Depreciation and amortisation	4,5	(300 849)	(300 886)
Other operating income	26.2	37 501	3 858
Other operating costs	5,14.3	(26 745)	(19 870)
Operating income		**362 529**	**378 848**
Financial income		16 710	15 353
Financial expenses		(124 870)	(124 441)
Financial result	23	**(108 160)**	**(109 088)**
Income from equity investments	6	7 866	11 193
Net income before tax		**262 235**	**280 953**
Income tax expense	20	(92 215)	(97 509)
Net income		**170 020**	**183 444**
Group share of net income (loss)		159 377	172 276
Minority interests' share of net income		10 643	11 168
Earnings per share attributable to Eutelsat	24		
Basic earnings per share in €		0.732	0.790
Diluted earnings per share in €		0.718	0.789

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

CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands of euros)

	Notes	Twelve-month period ended 30 June 2007	Twelve-month period ended 30 June 2008
Cash flow from operating activities			
Net income		170 020	183 444
Income from equity investments	6	(7 866)	(11 193)
(Gain) / loss on disposal of assets		224	84
Other non-operating items		187 364	209 408
Depreciation, amortisation and provisions		316 549	311 462
Deferred taxes	20	(4 411)	(144)
Changes in accounts receivable		(12 896)	(20 075)
Changes in other assets		(6 525)	(9 855)
Changes in accounts payable		2 738	8 564
Changes in other debt		11 349	5 936
Taxes paid		(128 872)	(111 039)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**527 674**	**566 592**
Cash flows from investing activities			
Acquisitions of satellites and other property and equipment	5	(350 065)	(377 224)
Acquisition of securities accounted for using the equity		-	(45 250)
Proceeds from sale of assets		57	589
Acquisition of minority interests		(19 914)	(47 680)
Changes in other non-current financial assets		(109)	563
Dividends received from associates		-	1 535
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(370 031)**	**(467 467)**
Cash flows from financing activities			
Changes in capital		2 673	150
Distributions		(124 338)	(138 920)
Increase in debt		1 886	100 000
Repayment of debt		(167 280)	(168)
Repayment in respect of performance incentives and long-term leases		(15 622)	(21 232)
Interest and other fees paid		(92 971)	(91 623)
Interest received		10 358	4 314
Other changes		1 384	17 204
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(383 910)**	**(130 275)**
Impact of exchange rate on cash and cash equivalents		(5)	(501)
Increase (decrease) in cash and cash equivalents		**(226 272)**	**(30 649)**
CASH AND CASH EQUIVALENTS, BEGINNING OF		**263 030**	**36 758**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**36 758**	**6 109**
Cash reconciliation			
Cash	12	45 474	21 318
Overdraft included under debt (1)		(8 716)	(15 209)
Cash and cash equivalents per cash flow statement		**36 758**	**6 109**

(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.

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of euros, except share data)

	Share capital			Reserves and retained earnings	Minority interests	Total
(in thousands of euros)	Number	Amount	Additional			
30 June 2006	**215 692**	**215 692**	**907 485**	**16 179**	**70 924**	**1 210 280**
Translation adjustment				(865)	(31)	(896)
Changes in fair value of cash-flow hedges				68 399	708	69 107
Tax impact				(23 551)	(244)	(23 795)
Income and expenses recognised directly under equity				**43 983**	**433**	**44 416**
Net income of the period				159 377	10 643	170 020
Total income and expenses recognised for the period				**203 360**	**11 076**	**214 436**
Transactions affecting the capital (1)	1 708 490	1 709	(14 874)	16 453		3 288
Issue costs						
Treasury stock				(26)		(26)
Changes in scope of consolidation					(1 460)	(1 460)
Distributions			(116 476)		(7 717)	(124 193)
Benefits for employees upon exercising options and free shares granted				922	(4)	918
ABSA commitments				3 202		3 202
Liquidity offer				2 433	2 635	5 068
30 June 2007	**217 401**	**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 under equity				**10 849**	**112**	**10 961**
Net income of the period				172 276	11 168	183 444
Total income and expenses recognised for the period				**183 125**	**11 280**	**194 405**
Transactions affecting the capital	2 240 873	2 241	13 144	20 080		35 465
Treasury stock				(655)		(655)
Changes in scope of consolidation					(10 882)	(10 882)
Distributions			(126 713)		(12 206)	(138 919)
Employee benefits for subscription of shares and free shares				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 95**	**219 642**	**662 566**	**469 511**	**65 525**	**1 417 244**

(1) The amount shown as additional paid-in capital includes negative retained earnings of € 20 080 thousand for this item.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1: GENERAL OVERVIEW

1.1 – 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*.

1.2 – 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 2008, the Group owns and operates, via Eutelsat S.A., 19 satellites in geostationary orbit to provide capacity (its assignment and availability) to major international telecommunications operators and international broadcasting companies, for television and radio broadcasting services, both analogue and digital, for business telecommunications services, multimedia applications and messaging and positioning services. In addition, the Group uses additional capacity on five satellites belonging to third parties or related parties.

Seven more satellites (HOT BIRD™9, W2M and HOT BIRD™10, W2A, W7, W3B and Ka-Sat) are currently under construction. The first five are expected to be launched in 2008/2009, the sixth in 2009/2010 and the last in 2010/2011.

1.3 – Approval of the financial statements

The consolidated financial statements at 30 June 2008 have been prepared under the responsibility of the Board of Directors, which adopted them at its meeting of 30 July 2008.

They will be submitted for the approval of the Ordinary General Meeting of Shareholders to be held on 6 November 2008.

NOTE 2: BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

2.1 – Compliance with IFRS

The financial statements at 30 June 2008 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 Web site:
http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission

The financial statements have been prepared on a historical cost basis, except for certain items for which the standards require measurement at fair value.

2.2 – Published standards and interpretations

The following standards and interpretations, whose application is compulsory for financial periods commencing as of 1 July 2007 and ended as of 30 June 2008, have been taken into account and reviewed by the Group:

- IFRS 7 “Financial Instruments – Disclosures”
- IAS 1 Amendment “Presentation of Financial Statements – Capital Disclosures”
- IFRIC 10 “Interim Financial Reporting and Impairment”
- IFRIC 11 “Group and Treasury Share Transactions”, for which application is compulsory as of 1 March 2007;

Apart from IFRS 7 “Financial Instruments – Disclosures” and the IAS 1 Amendment on capital disclosures, they are without impact both on previous financial periods and on the consolidated financial statements as of 30 June 2008.

The Group has applied no standards or interpretations in advance and none of the following standards that have already been published:

- Amendment to IAS 1 “Presentation of Financial Statements”, applicable as from 1 January 2009;
- IFRS 8 “Operating Segments”, for which application is compulsory in respect of financial reporting periods beginning 1 January 2009 or later;
- Amendment to IAS 23 “Borrowing Costs”, for which application is compulsory as from 1 January 2009; this text has not yet been approved by the European Union.
- IFRIC 13 “Customer Loyalty Programmes”, applicable as from 1 July 2008 and which has not yet been approved by the European Union;
- IFRIC 14 “IAS19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”, applicable as from 1 January 2008.

The Group is currently analysing the practical impact of these new texts and the effects of applying them in the financial statements.

The Group is not concerned by Interpretation IFRIC 12 “Service Concession Arrangements”, for which application is compulsory from 1 January 2008, subject to approval by the European Union.

2.3 – 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 by the IFRIC 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 3.3 – *Acquisition of minority interests*) and firm or conditional commitments to purchase minority interests (see Note 3.10.7 - *Firm or conditional commitments to purchase minority interests*).

2.4 – 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.

2.5 – Use of estimates

The preparation of consolidated financial statements requires Management to make estimates and assumptions that may affect the amounts of assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes.

Eutelsat Communications constantly updates its estimates using past experience as well as other relevant factors related to the economic environment. Based upon any changes in these assumptions or other factors, amounts that will be shown in future financial statements may differ from present estimates.

These estimates and assumptions relate in particular to:

- recognition of revenues (see Note 3.13 – *Revenue recognition*),
- allowance for bad debt (see Note 9 – *Accounts receivable*), exposure to credit risk, risk profile),
- provisions for risks and for employee benefits (see Note 21 – *Provisions*),
- the income tax expense and recognition of deferred tax assets (see Note 20 – *Current and deferred tax*),
- determination of goodwill and other intangible assets and any impairment thereof (see Note 4 – *Goodwill and other intangibles*),
- fair value measurement of financial instruments (see Note 25 – *Financial instruments*),
- appraisal of satellites' useful lives and their impairment (see Note 5 – *Satellites and other property and equipment*).

2.6 - Periods presented and comparatives

The financial year of Eutelsat Communications is twelve months ending 30 June.

The functional currency, and the currency used in the presentation of the financial statements, is the euro.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

3.1 – 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 consolidated using the full consolidation method. Control is the power to direct financial and operational policies and is presumed to exist where the Group holds directly or indirectly more than 50% of the voting rights. The 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. Similarly, the changes in their reserves following the acquisition which are not related to operations which 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.

3.2 – 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 only recognised as liabilities of the acquired entity 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.

3.3 – 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 two texts have not yet been adopted by the EU and will be compulsory only for financial years 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 consolidated financial statements of the Group prior to the acquisition, continues to be recognised as goodwill. This method will be reviewed when the relevant compulsory texts become applicable.

3.4 – Foreign currency transactions

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 the end of the period, using the balance sheet rate. The resulting gains and losses are recorded in the income statement during 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 U.S. dollar. The closing exchange rate used is 1.58 U.S. dollars per euro and the average exchange rate used for the period is 1.50 U.S. dollars 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. Revenues 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".

3.5 – 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, 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 by reference to the generally accepted methods, such as those based on revenues or market value.

Intangible assets consist of the "Eutelsat" brand and the "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 3.8 – *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 2007 and 2008, 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".

3.6 – 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 within 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 include significant, adverse developments which call into question the recoverable amount of the initial investment.

3.7 – 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 specifically related to the asset in course of construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the borrowing costs of the Company during the period after taking into account the financing structure of the Group.

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 the Group 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 in 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 technical installations, office furniture and computer equipment.

Depreciation – Depreciation 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 primarily consist of percentage completion payments for 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 which 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.

3.8 – 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 which are 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 and are based upon the medium-term plan approved by Management. Beyond a maximum five-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 deal.

Impairment losses and reversals of impairment losses are recognised respectively within the income statement captions "Other operating costs" and "Other operating income". An impairment of goodwill cannot be reversed.

As of 30 June 2007 and 2008, the following CGUs have been identified for the purpose of impairment tests:

- Each of the satellites, i.e. 24 as of 30 June 2008
- the investment in the Hispasat group
- each of the four assets related to "Customer Contracts and Relationships"

3.9 – 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.

3.10 – Financial instruments

Financial assets in respect of which changes in fair value are recorded in the income statement, including 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*: "disclosure and 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.

3.10. 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 assets held for trading purposes and financial instruments designated as being measured at fair value through the income statement at initial recognition. This category includes financial assets acquired for the principal purpose of selling in the short term (generally within a period of less than 12 months) and derivative instruments except if they are designated as hedging instruments.

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 available 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 mainly composed 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.

3.10.2 – 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.

3.10.3 – 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 3.10.5 – *Hedging transactions*)

3.10.4 – *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. Examples of 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 stock market capitalisation. Impairment is recognised in the income statement where there is objective evidence that the asset is impaired.

Impairment losses, other than those related to accounts receivable and other debit operator balances, are recorded as financial expenses.

The Group’s customers mainly comprise international telecommunications operators, broadcasters and other users of commercial satellite communications. Management regularly monitors its exposure to credit risk and recognises provisions for probable losses based upon expected collections. These are recorded in "Selling, general and administrative expenses".

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 available-for-sale financial assets, cannot be reversed.

3.10.5 – 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 into 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. In the event a pre-existing hedge relationship is maintained after a debt restructuring (i.e. the extinguishment and the issuance of a new debt), the non-zero fair value of the hedging instrument measured at restructuring date is subsequently amortised through efficiency test over the remaining life of the instrument.

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.

3.10.6 – Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, 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.

3.10.7 - 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 of 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.

3.11 – Cash and cash equivalents

Cash and cash equivalents consist mainly of cash on hand and at bank, and highly liquid investments or deposit warrants with original maturities of three months or less.

3.12 – 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 directly related to increases in capital, reduction of capital and share 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 in the form of stock options are measured at the date of grant of the options and constitute additional compensation awarded to employees. This is recognised under personnel expenses 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 (cash settled plans).

Similarly, in accordance with IFRS 2 "*Share-based Payment*", benefits granted to employees in the context of public share offerings and other transactions are measured at the date of grant. 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.

3.13 – Revenue recognition

The Group's operating revenues are mainly attributable to the leasing of satellite transponders 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 interruptions caused by under-performing transponders. Pursuant to certain contractual termination rights, the agreement can usually be terminated after two 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 residual period 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 trade 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 or advance billing of customers. Such amounts are recorded as revenue on a straight-line basis over the corresponding duration of the relevant leases or of the services provided.

3.14 – 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.

3.15 – 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.

3.16 – 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 by 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 within the financial result.

Management of the defined contribution plans is performed 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 in operating costs as incurred.

3.17 – 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 3.19 - *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.

3.19 – 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.

NOTE 4: 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 2006	**750 714**	**889 000**	**40 800**	**1 000**	**1 681 514**

Effect of the changes in the	7 465	-	-	-	7 465
Separate acquisitions	-	-	-	4	4
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
30 June 2007	**758 179**	**889 000**	**40 800**	**1 004**	**1 688 983**
Effect of the changes in the	46 690 -	-	-	-	46 690
Separate acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
30 June 2008	**804 869**	**889 000**	**40 800**	**1 004**	**1 735 673**

During the financial year ended 30 June 2007, the Group acquired from Eutelsat S.A. employees, under liquidity offers or under its option to purchase all Eutelsat S.A. shares resulting from the exercise of "Managers II" plan options by Eutelsat S.A. key personnel and mandataires sociaux (company officers) who subscribed to ABSA 1s or ABSA 2s (see Note 14.3 - Share-based payment), a proportion of their Eutelsat S.A. shares representing overall 0.44% of that company's capital.
These acquisitions resulted in the recognition of goodwill totalling € 7 465 thousand. The acquisition cost for the shares is € 19 914 thousand, including incidental expenses.

During the year ended 30 June 2008, under the offers referred to above and the Eutelsat S.A. stock purchase options (shares subscribed for by managers under the "Managers III" plan -see. Note 14.3 – Share-based payment), the Group acquired part of the Eutelsat S.A. shares, overall representing 1.25% of its share capital. The Group also acquired part of the Eutelsat S.A. shares held by institutional investors, amounting to 0.69% of its capital (see Note 14 – Shareholders' equity).
These acquisitions of minority interests resulted in the recognition of goodwill totalling € 46 690 thousand. The acquisition cost is € 47 680 thousand.

Changes in accumulated depreciation and impairment

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Accumulated depreciation at 30 June 2006	**-**	**(55 563)**	**-**	**-**	**(55 563)**
Annual allowance	-	(44 450)	-	(1 000)	(45 451)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation at 30 June 2007	**-**	**(100 013)**	**-**	**(1 000)**	**(101 014)**
Annual allowance	-	(44 450)	-	(2)	(44 452)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation at 30 June 2008	**-**	**(144 463)**	**-**	**(1 002)**	**(145 466)**

The annual testing of the goodwill for impairment at 31 December 2007 did not result in any need to adjust its value in the balance sheet. The recoverable value was close to the fair value (see Note 3.8 – Impairment of non-current assets).

The technical incidents that affected the Eurobird 4 and W5 satellites during the years ended 30 June 2007 and 2008 respectively (see Note 5 – Satellites and other property and equipment) had no impact on the value of the intangible asset "Customer Contracts and Relationships".

Net assets

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Net value at 30 June 2006	**750 714**	**833 437**	**40 800**	**1 000**	**1 625 951**
Net value at 30 June 2007	**758 179**	**788 987**	**40 800**	**4**	**1 587 970**
Net value at 30 June 2008	**804 869**	**744 537**	**40 800**	**2**	**1 590 208**

NOTE 5: 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	Satellites under construction	Total
Gross value at 30 June 2006	**1 983 896**	**93 399**	**310 116**	**2 387 411**
Effect of the changes in the scope of	-	-	-	-
Separate acquisitions	9 250	30 895	350 703	390 848
Disposals and scrapping of assets...............	(2 848)	(1 384)	-	(4 232)
Transfers..	199 342	-	(199 342)	-

Gross value at 30 June 2007	**2 189 640**	**122 910**	**461 477**	**2 774 027**
Change in gross value	-	-	-	-
Effect of the changes in the scope of	-	-	-	-
Separate acquisitions	(956)	34 643	295 938	329 625
Disposals and scrapping of assets	(1 765)	(2 551)	-	(4 316)
Transfers	-	-	-	-
Gross value at 30 June 2008	**2 186 919**	**155 002**	**757 415**	**3 099 336**

Changes in accumulated depreciation and impairment

(In thousands of euros)	Satellites [1]	Other property and equipment	Satellites under construction	Total
Accumulated depreciation at 30 June 2006	**(301 384)**	**(26 314)**	**-**	**(327 698)**
Annual allowance	(233 274)	(22 125)	-	(255 399)
Reversals	-	1 182	-	1 182
Impairment	(25 000)	-	-	(25 000)
Accumulated depreciation at 30 June 2007	**(559 658)**	**(47 257)**	**-**	**(606 915)**
Annual allowance	(233 796)	(22 988)	-	(256 784)
Reversals	1 765	1 940	-	3 705
Impairment	(12 000)	-	-	(12 000)
Accumulated depreciation at 30 June 2008	**(803 689)**	**(68 305)**	**-**	**(871 994)**

Net assets

(In thousands of euros)	Satellites [1]	Other property and equipment	Satellites under construction	Total
Net value at 30 June 2006	**1 682 512**	**67 085**	**310 116**	**2 059 713**
Net value at 30 June 2007	**1 629 982**	**75 653**	**461 477**	**2 167 112**
Net value at 30 June 2008	**1 383 229**	**86 697**	**757 415**	**2 227 341**

[1] including satellites subject to finance leases:

(In thousands of euros)	
Gross value	**92**
Net value at 30 June 2008	**53 912**

In particular, this item refers to four satellites for which capacity is leased, with the relevant agreements being considered as finance leases and thus being recognised as assets.

	Gross value (1)	Net value		
SESAT 2	59 959	42 181	12 transponders	Contract dated March 2004 related to the satellite's

				remaining useful life
Telstar 12	15 068	7 810	4 transponders	Agreement dated June 1999 related to the satellite's remaining useful life
EXPRESS A3	9 046	-	5 transponders	Agreement signed in May 2001 and renewed in August 2007 for a period up to the end of the satellite's life
Telecom 2C	7 000	3 921	11 transponders	Agreement dated April 2007 related to the satellite's remaining useful life

(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.

Satellite-related acquisitions and transfers at 30 June 2007 correspond to the entry into operational service of the HOT BIRD™8 satellite, which was successfully launched on 4 August 2006.

"Scrapping of assets" is mainly composed of the HOT BIRD™1 satellite, fully written off and now deorbited.

A technical incident in October 2006 affected the HOT BIRD™3 satellite (since rebranded EUROBIRD™4) and resulted in substantial deterioration to a solar panel, with a loss of power and a reduction in the satellite's useful life. However, as it was released of its role at 13°East after the entry into operational service of HOT BIRD™8, this incident had no impact on the services the Group provides to its customers.
As a result of this incident, the Group recorded impairment for the 2006/2007 financial year of € 25.0 million under "Other operating costs". This was measured on the basis of the present value of the future cash flows generated by this satellite, using a discount rate of 7.5%.

During the night of 16 to 17 June 2008, the W5 satellite suffered an anomaly that affected part of its power supply sub-system, and compelled the Group to reduce the number of transponders in service by four.

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.
The technical information available as of the date these financial statements were prepared does not modify any of the conclusions of this impairment test.

On the occasion of the annual update to the medium-term plan, it became apparent that future revenue flows generated by the EUROBIRD™3 satellite are lower than initially foreseen and led to the performance of an impairment test. An impairment loss of € 12 million was recognised under "Other operating costs", based on revised and discounted future cash flows, using a discount rate of 7.5%.

As of 30 June 2008, seven satellites are in course of construction compared to five at 30 June 2007.

NOTE 6: INVESTMENTS IN ASSOCIATES

At 30 June 2008, "Investments in associates" are as follows:

(In thousands of euros)	**30 June 2007**	**30 June 2008**
Solaris Mobile	-	45 007
Hispasat	**124 599**	132 162

Total	**124 599**	**177 169**

6.1 – Solaris Mobile Ltd

During the 2007/2008 financial year, the Group founded a company called Solaris Mobile Ltd. in Dublin in Ireland to provide services in S band via a partnership with SES Astra. The S-band payload on Eutelsat's W2A satellite, which is scheduled for launch in 2008/2009, will distribute television, video and radio services as well as bidirectional communications for portable mobile equipment such as telephones, computers and multimedia readers.
Solaris Mobile Ltd is 50% held by Eutelsat, which has joint control with its partner.
No financial summary is being presented for the joint venture as this is not material.

6.2 – Hispasat group

At 30 June 2008, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the Hispasat group, the private unlisted Spanish satellite operator. This equity provides certain rights related to the stability of the shareholder structure.

Change in the carrying amount of the equity investment in the balance sheet

(In thousands of euros)	**30 June 2007**	**30 June 2008**
Value of equity investment, beginning of	117 461	124 599
Share of income	7 866	11 436
Income and expenses recognised directly under equity	(728)	(3 873)
Value of equity investment, end of period	**124 599**	**132 162**

Financial information related to the equity investment

The following amounts represent the Group's share of the assets, liabilities and income of the Hispasat group.

(in millions of euros)	**30 June 2007**	**30 June 2008**
Intangible assets (1)	27.7	27.7
Service contract (2)	1.7	1.5
Investment in Hisdesat	5.0	5.0
Sub-total	**34.4**	**34.2**

(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.

The following table presents the annual accounts of the Hispasat group, based on Spanish accounting standards.

(In thousands of euros)	**31 December 2006**	**31 December 2007**
Current assets	66 502	104 672

Non-current liabilities	198 582	213 221
Current liabilities	71 128	60 966
Total net assets	**315 224**	**347 500**
Operating revenues	120 466	128 312
Net income	24 076	36 213

At 30 June 2007 and 2008, “Income from equity investments” in the consolidated income statement corresponds to the Group’s share of income from:

- Hispasat as of 30 June 2007 and 2008, after amortisation for the period of the identified intangible assets.
- Solaris Mobile Ltd as of 30 June 2008.

NOTE 7: NON CURRENT FINANCIAL ASSETS

Non-current financial assets are mainly made up of:

(In thousands of euros)	**30 June 2007**	**30 June 2008**
Available for sale non-consolidated [(1)]	436	436
Long-term loans and advances	2 625	2 062
Total	**3 061**	**2 498**

(1) Non-listed investments valued at cost less impairment

- **Available for sale non-consolidated investments**

Available for sale non-consolidated investments are mainly made up of an investment in Sitcom SpA representing an 11.56% ownership interest. This investment was acquired by Eutelsat Services und Beteiligungen GmbH and had a net value of € 370 thousand as of 31 March 2005. No impairment was recorded on these investments as of 30 June 2007 and 2008.

- **Long-term loans and advances**

Long-term loans and advances mainly consist of employee loans for € 0.6 million at 30 June 2007 and € 0.7 million to social-welfare bodies at 30 June 2008. The balance represents rental guarantee deposits for Eutelsat S.A.’s Paris premises of € 0.3 million and the “cash account” for the liquidity agreement relating to treasury stock, first set up by Eutelsat Communications during the 2005-2006 financial period (€ 0.8 million).

NOTE 8: INVENTORIES

Net inventories amount to € 2 092 thousand at 30 June 2007 and € 2 013 thousand at 30 June 2008. They mainly comprise receiving antennas and modems.

The allowance for stock depletion was € 1 845 thousand and € 2 237 thousand respectively for the financial periods ended 30 June 2007 and 2008.

NOTE 9: ACCOUNTS RECEIVABLE

Credit risk is the risk that the person responsible for a debit customer balance that is being carried by the Group will not honour his debt when that debt 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 personnel responsible. In the most important cases, the relevant financial personnel 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 by obtaining guarantees.

Accounts receivable are mainly composed of receivables from international telecommunications operators, broadcasters and other users of commercial satellite communications.

As of 30 June 2007, the net book value of these receivables was € 220 976 thousand. The allowance for bad debts was € 17 345 thousand.

As of 30 June 2008, the net book value of these receivables was € 239 435 thousand. The allowance for bad debts was € 16 766 thousand.

Accounts receivable at 30 June 2007 and 2008 are for short-term amounts and bear no interest.
The Group considers that it is not subject to concentration risk in view of the diversity of its customer portfolio at 30 June 2008.

9.1 - Evolution of the allowance for bad debt

(in thousands of euros)	**Group total**
Value at 30 June 2006	**8 440**
Annual allowance	12 403
Reversals (used)	-
Reversals (unused)	3 497
Translation adjustments and other movements	-
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**

9.2 Analysis of receivables (matured and unmatured)

(in thousands of euros)	**30 June 2007**	**30 June 2008**
Unmatured receivables	**183 409**	**194 406**
Matured and unimpaired	**30 760**	**36 627**
Between 0 and 30 days	*26 111*	*30 965*
Between 30 and 90 days	*4 379*	*1 777*
More than 90 days	*270*	*3 885)*
Matured and impaired	**24 151**	**25 145**
Between 0 and 30 days	*-*	*242*
Between 30 and 90 days	*11 445*	*14 834*
More than 90 days	*12 705*	*10 069*
Impairment	**(17 345)**	**(16 766)**
Total	**220 975**	**239 435**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9.3. Guarantees and commitments received, which reduce the credit risk

(In thousands of euros)	30 June 08		30 June 07	
	Value of accounts receivable	Value of the guarantee	Value of accounts receivable	Value of the guarantee
Guarantee deposits	50 314	12 426	37 602	10 215
Bank guarantees	23 709	23 709	19 719	19 719
Guarantees from the parent company	22 791	22 791	30 242	30 242
Total	**96 814**	**58 926**	**87 563**	**60 175**

NOTE 10: OTHERS CURRENT ASSETS

Other current assets are as follows:

(In thousands of euros)	30 June 2007	30 June 2008
Prepaid expenses	10 415	7 191
Tax and employee-related receivable	8 006	9 957
Total	**18 421**	**17 148**

At 30 June 2007, prepaid expenses mainly comprised € 3.4 million of prepaid satellite insurance and € 1.1 million of satellite operating costs.

At 30 June 2008, prepaid expenses mainly comprised € 2.6 million of prepaid satellite insurance and € 0.7 million of satellite operating costs.

NOTE 11: CURRENT FINANCIAL ASSETS

(In thousands of euros)	30 June 2007	30 June 2008
Hedging instruments(1)	135 883	139 385
Other receivables	9 952	53 620
Total	**145 835**	**193 005**

(1) see Note 25 – *Financial instruments*

NOTE 12: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(In thousands of euros)	30 June 2007	30 June 2008
Cash	19 836	11 776
Accrued interest	6	3
Cash equivalents	25 637	9 542
Total	**45 479**	**21 321**

Cash equivalents are mainly composed of deposit warrants, the great majority of which mature less than one month after the date of acquisition.

NOTE 13: 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 item 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 2007					Fair value at 30 June 2007
		Total	**Instruments measured at amortised cost**	**Instruments at cost**	**Fair value through equity**	**Instruments measured at fair value through the income statement**	
Assets							
Non-current financial assets							
Unconsolidated investments	*Available for sale*	436	-	436	-	-	436
Long-term loans and advances	*Receivables*	2 625	2 625	-	-	-	2 625
Accounts reveivable Rreceivable	*Receivables*	220 976	220 976	-	-	-	220 976
Current financial assets							
Other receivables	*Receivables*	9 952	9 952	-	-	-	9 952
Financial instruments							
Qualified as cash-flow hedges	*N/A*	122 401	-	-	122 401	-	122 401
Qualified as trading instruments	*Held for trading purposes*	13 483	-	-	-	13 483	13 483
Cash and cash equivalents							
Cash	*N/A*	19 836	19 836	-	-	-	19 836
Cash equivalents	*Receivables*	25 637	25 637	-	-	-	25 637

(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**	**Instruments at cost**	**Fair value through equity**	**Instruments measured at fair value through the income statement**	
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

NOTE 14: SHAREHOLDERS' EQUITY

14.1 – Shareholders' equity

As of 30 June 2008, the share capital of Eutelsat Communications S.A. comprised 219 641 955 ordinary shares with a par value of € 1 per share. In terms of treasury stock, the Group holds 46 473 shares as of the same date, amounting to € 873 thousand under a liquidity agreement. At 30 June 2007, the Group was holding 7 912 such shares corresponding to a total amount of € 141 thousand. Treasury stock is deducted from shareholders' equity.

Changes in the share capital and additional paid-in capital of the Company since 30 June 2007 are presented hereafter:

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)
30 June 2007		-	-	776 135	217 401	217 401 082	1
15/10/2007	Liquidity offer (BD of 15/10/07)	991 332	991	15 157	218 392	218 392 414	1
31/10/2007	Issue of capital (exercise of BSA2) (BD of 18/12/2007)	77 968	78	72	218 470	218 470 382	1
09/11/2007	Allocation of the result at 30 June 07 (GM of 09/11/07)	-	-	(20 080)	218 470	218 470 382	1
09/11/2007	Distribution of dividends (GM of 09/11/07)	-	-	(126 713)	218 470	218 470 382	1
29/11/2007	Issue of capital (grant of free shares - Decision of the Chairman of 29/11/07)	133 331	133	(133)	218 604	218 603 713	1
27/05/2008	Liquidity offer (BD of 27/05/2008)	1 038 242	1 038	18 128	219 642	219 641 955	1
30 June 2008		2 240 873	2 240	662 566	219 642	219 641 955	1

14.2 – Dividends

On 9 November 2007, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of € 0.58 per share, i.e. a total of € 126 713 thousand, taken from “Additional paid-in capital”.

The amount of the distribution for the financial year ended 30 June 2008, which is being proposed to the General Meeting of 6 November 2008, is € 131 785 thousand, i.e. € 0.60 per share.

14.3 –Share-based payment

Free allotment of shares

Following the decision by the Company’s Board of Directors on 25 November 2005, an allotment of free shares was proposed to the Group's employees in November 2005, with each beneficiary being granted 341 shares.
The free shares were granted to all employees employed on an indefinite contract as of 29 November 2005 and effectively being paid on such a basis by their employer at the time of the decision to grant the shares, and who had been working within the Eutelsat Communications Group for at least three months.
The vesting period for definitive acquisition of the shares was fixed at two years, reckoned from 29 November 2005. Beneficiaries were required to keep their shares for a further period of two years after the effective date of acquisition.
The Board gave all powers to the Chairman & CEO of the Company to finalise the implementation of the decision taken by the Board.

At 30 June 2007 and 2008, the expense recognised in respect of this operation, with a double entry to shareholders’ equity, was € 817 thousand and € 305 thousand respectively.

The Board of Directors meeting on 18 December 2007 noted a decision by the Chairman & CEO of the Company on 29 November 2007, acting under the delegation of authority granted by the Board of Directors on 29 November 2005, acknowledging the issue and definitive vesting of 133 331 shares to the benefit of 391 beneficiaries for a nominal amount of 1 euro per share as of the anniversary date of the plan (29 November 2007), and noted the subsequent capital increase of 133 331 euros 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 qualifying period for definitive acquisition of the shares was fixed at two 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 two 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 distribution 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 spread over the two-year acquisition period. The expense recognised for the periods ended 30 June 2007 and 2008, with a double entry to shareholders’ equity, was € 228 thousand and € 1 210 thousand respectively.

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 (Company officers), 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 two years time and will be available after a further period of two years has expired after the effective

date of acquisition. It should be noted that definitive acquisition of the free shares granted under this plan is subject to the achievement of certain performance objectives over a two-year period.
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 a share price volatility of 20.77%.

The value of the benefit granted under this plan was estimated at € 5.0 million spread over the two-year acquisition period. The expense recognised for the period ended 30 June 2008, with a double entry to shareholders' equity, was € 2 323 thousand.

Issue of ABSAs to Managers

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.

It will be remembered that the subscription conditions (€ 1.9240 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 make a distribution by taking the required amount from "Additional paid-in capital".

The following tables describe movements in respect of the BSAs and the status of shares issued.

Situation at 30 June 2007 after the distribution of 10 November 2006

Type	**BSAs issued**	**BSAs exercised**	**Shares issued**	**Subscription price per share in euros**	**Expiry date**
BSA 1	2 255 040	2 255 039	1 148 362	1.9240	31/03/2008
BSA 2	2 382 426	2 232 412	1 160 128	1.9240	02/08/2015
Total	**4 637 466**	**4 487 451**	**2 308 490**		

Situation at 30 June 2008

Type	**BSAs issued**	**BSAs exercised**	**Shares issued**	**Subscription price per share in euros**	**Expiry date**
BSA 1	2 255 040	2 255 040	1 148 362	1.9240	31/03/2008
BSA 2	2 382 426	2 382 426	1 238 096	1.9240	02/08/2015
Total	**4 637 466**	**4 637 466**	**2 386 458**		

The Eutelsat Communications' ABSAs issued were matched to commitments entered into between the Company and some of the key managers and *mandataires sociaux* (company officers) of Eutelsat S.A. to buy and sell 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 – see **Description of Eutelsat S.A. stock-option plans** below).

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 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 2007 and 30 June 2008 on the basis of the timetable for purchase of the securities and exercise of the stock options was € 19 854 thousand and € 8 681 thousand respectively.
The effect of unwinding the discount was recognised in financial expenses in the amount of € 1 789 thousand at 30 June 2007 and € 694 thousand at 30 June 2008.

The above resulted in the Group acquiring 10 444 312 Eutelsat S.A. shares during the financial year ended 30 June 2008 (see Note 4 – Goodwill and other intangibles).

Description of Eutelsat S.A. stock-option plans

The information contained in this Note only concerns the Eutelsat S.A. sub-Group and the governing bodies of that sub-Group.

a) 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 2007	-	**15 624 293**	**1.36**
Authorised	-	-	-
Granted	-	-	-
Exercised	-	**(13 597 863)**	**1.33**
Cancelled	-	**(40 374)**	**1.64**
Balance at 30 June 2008	-	**1 986 056**	**1.57**

b) Changes in the stock-option plans

	Granted	**Exercised**	**Cancelled**	**Balance**	**Exercise price (in euros)**
euros)					
Plans					
30 June 07					
Partners	4 389 963	(4 052 493)	(227 526)	109 944	1.00
Managers I	2 665 914	(2 612 083)	-	53 831	1.48
Managers II					
- 13/12/02	4 198 094	(4 135 342)	-	62 752	1.33
- 24/02/03	75 175	(75 175)	-	-	1.33
Managers III					
- 17/12/03	10 782 178	(876 174)	-	9 906 004	1.26
- 08/04/04	1 476 126	(137 444)	(64 767)	1 273 915	1.26
- 28/06/04	437 374	-	-	437 374	1.48
Managers IV	4 028 215	(247 741)	(1)	3 780 473	1.64
Total	**28 053 039**	**(12 136 452)**	**(292 294)**	**15 624 293**	

	Granted	**Exercised**	**Cancelled**	**Balance**	**Exercise price (in euros)**
Plans					
30 June 08					
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					
- 13/12/02	4 198 094	(4 179 133)	-	18 961	1.33
- 24/02/03	75 175	(75 175)	-	-	1.33

Managers III					
- 17/12/03	10 782 178	(10 782 178)	-	-	1.26
- 08/04/04	1 476 126	(1 370 985)	(64 767)	40 374	1.26
- 28/06/04	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**	

Assumptions used to determine the fair value of the stock-option plans

The weighted average remaining contractual life of options outstanding is 4.08 years: 1.01 years for "Partners" plan options; 1.32 years for "Managers" plan options; 2.45 years for "Managers II" plan options; 3.98 years for "Managers III" plan options and 4.40 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 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 financial years ended 30 June 2007 and 2008, a total of 3 718 004 options and 13 597 863 options were exercised respectively. These capital increases generated a loss of dilution of € 1 745 thousand and € 7 870 thousand respectively, recognised under "Other operating costs".

Liquidity offer for employees of the Group who are shareholders in Eutelsat S.A.

In similar fashion to the liquidity obligation described above, the Board of Directors decided at its meeting on 28 June 2006 to introduce a liquidity offer for employees of the Group who are shareholders in Eutelsat S.A. in the form of an offer to purchase their Eutelsat S.A. shares for cash.

The liquidity offer, which will expire in 2010, provides for a purchase price determined with reference to the Eutelsat Communications' share price and takes account of all net bank debt of the companies in the Group that are 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 for an amount of € 22.0 million.
The amount recognised as financial expenses at 30 June 2007 and 30 June 2008 with respect to the unwinding of discount (on the basis of buying all the shares in 2010) and a reassessment of the repurchase value of the debt was € 7 193 thousand and € 1 261 thousand respectively.

It should be noted that the liquidity offers made to employees during the year ended 30 June 2008 in the form of a cash offer to purchase shares or exchange them for new shares in Eutelsat Communications resulted in the purchase of 2 065 869 Eutelsat S.A. shares for € 11 301 thousand and the contribution of 152 693 Eutelsat S.A. shares as a consideration for issuing 48 721 shares in Eutelsat Communications (see Note 4 - *Goodwill and other intangibles*).

Liquidity offer for the historical shareholders in Eutelsat S.A.

During the year and in parallel to the offers made to the employees of the Group in the form of a cash offer to purchase shares and/or exchange them for new shares in Eutelsat Communications, an identical offer was made to the historical shareholders of Eutelsat S.A. This operation resulted in the acquisition of 500 000 Eutelsat S.A. shares for € 2 575 thousand and the contribution of 6 523 050

Eutelsat S.A. shares as a consideration for issuing 1 980 853 shares of Eutelsat Communications (see Note 4 – *Goodwill and other intangibles*).

14.4 – Change in the revaluation surplus of financial instruments

All financial instruments affecting the revaluation surplus are cash-flow hedges.

(In thousands of euros)	**Total**
Balance at 30 June 2007	**102 640**
Changes in fair value within equity	16 717
Transfer into the income statement	-
Balance at 30 June 2008	**119 357**

* This item only includes amounts reclassified as income due to an interruption in the hedging relationship.

14.5 – 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 a services provider of investment services 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 Financiers*;
- keep the shares so as to be able to use them as a means of payment or exchange in relation to external growth operations;
- cancel the shares.

In addition, the objective of the Group is to distribute between 50% and 75% of the Group share of consolidated net income each year.

14.6 – 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 the foreign subsidiaries.

NOTE 15: BANK DEBT

15.1 – Non-current portion

At 30 June 2007 and 2008, all debt was denominated in euros.

- Changes since 30 June 2007:

The structure of the Group’s debt remained identical throughout the year.
At 30 June 2008, the Group had access to the following credit facilities:

- A syndicated credit facility for € 1 915 million entered into by Eutelsat Communications on 8 June 2006 for a period of seven years and consisting of two parts:

    - Tranche A: a long-term bullet loan for € 1 615 million, 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 for € 300 million; 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 may be 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 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.

- Interest Cover Ratio: Consolidated EBITDA/interest payable (due and paid) 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 three years to limit exposure to interest rate risk for no less than 50% of the amounts drawn under the long-term bullet-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.

Eutelsat Communications has also put in place a new instrument for the period 2010 – 2013 (see Note 25 – *Financial instruments*):

- a 7-year syndicated credit facility entered into in November 2004 by its subsidiary Eutelsat S.A. for an amount of € 1 300 million and comprising:

- a € 650 million bullet loan repayable at maturity

- a revolving credit facility for € 650 million (€ 160 million used as of 30 June 2008).

The amounts drawn on this credit facility bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. 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 may be payable.

Under the terms of this credit facility, Eutelsat S.A. is required to maintain a total net debt to annualised EBITDA (as these terms are defined contractually) ratio less than or equal to 3.75 to 1 and this ratio is tested at 30 June and 31 December each year.

Financial information at 30 June 2007 and 2008:

The non-current portion of the Group's bank debt at 30 June 2007 and 2008 breaks down as follows:

(In thousands of euros)	**30 June 2007**		**30 June 2008**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Eutelsat Communications credit facility (Variable rate)	1 615 000	1 615 000	1 615 000	1 615 000
Eutelsat S.A. revolving credit facility (Variable rate)	60 000	60 000	160 000	160 000
Eutelsat S.A. term loan (Variable rate)	650 000	650 000	650 000	650 000
Fixed rate loan (Wins Ltd.)	379	379	338	338
Variable rate loan (Wins Ltd.)	-	-	500	500
Sub-total of debt (non-current portion)	**2 325 379**	**2 325 379**	**2 425 838**	**2 425 838**
Issue costs		(16 401)		(13 649)
Total		**2 308 978**		**2 412 189**

Issue costs incurred on putting in place the € 1 915 million syndicated credit facility (refinancing of the SatBirds Finance Senior credit facilities) were amortised over the duration of the loan. Costs remaining to be amortised at 30 June 2007 and 2008 were charged to the carrying amount of the loans. At 30 June 2007 and 2008, they represent a balance of € 16 401 thousand and € 13 649 thousand respectively.

At 30 June 2008, the Group had access to the following main credit facilities:

(In thousands of euros)	**Amount granted**	**Amount used**	**Maturity**
Bullet loan	1 615 000	1 615 000	8 June 2013
Revolving credit facility	300 000	-	8 June 2013
Bullet loan	650 000	650 000	24 November 2011
Revolving credit facility	650 000	160 000	24 November 2011
Fixed rate loan	900	465	31 December 2011
Variable rate loan	500	500	31 December 2010
Total	**3 216 400**	**2 425 965**	

The weighted average interest rate for drawdowns on these revolving lines of credit was 5.1% for the period ended 30 June 2008 and 3.1% after the effects of the hedging activities is taken into account.

The effective interest rate on the bullet loans of € 1 615 million and € 650 million was 5.74% and de 4.68% respectively at 30 June 2008 and 4.63% and 3.96% after the effects of the hedging activities is taken into account.

At 30 June 2008, the non-current debt maturity analysis is as follows:

(In thousands of euros)	**30 June 2008**	**Maturity within one year**	**Maturity between 1 and 5 years**
Eutelsat Communications bullet loan	1 615 000	-	1 615 000
Eutelsat S.A. term loan	650 000	-	650 000
Eutelsat S.A. revolving credit facility	160 000	160 000	-
Fixed rate loan (Wins Ltd.)	465	127	338
Variable rate loan (Wins Ltd.)	500	-	500
Total	**2 425 965**	**160 127**	**2 265 838**

An increase of ten basis points (+0.1%) in the EURIBOR interest rate would have an impact of € 61 thousand on an annualised basis on the consolidated income statement at 30 June 2008. At 30 June 2007, the impact on an annualised basis was € 61 thousand.

15.2 – Current portion

Current bank debt includes accrued interest not yet due at 30 June 2008 on the debt described in Note 15.1. Current bank debt consists of the following:

(In thousands of euros)	**30 June 2007**	**30 June 2008**
Bank overdrafts	8 716	15 209
Accrued interest not yet due	13 715	15 997
Portion of the loans due within one year (excluding the revolving credit facility)	754	127
Total	**23 185**	**31 333**

NOTE 16: OTHER FINANCIAL LIABILITIES

Other financial liabilities mainly comprise performance incentives.

(In thousands of euros)	**30 June 2007**	**30 June 2008**
Performance incentives (1)	77 739	65 371
Finance leases (2)	6 000	2 027
Other liabilities	21 026	26 551
Total	**104 765**	**93 949**
- current part	34 263	33 799
- non-current part	70 502	60 150

(1) Including interest related to "Performance incentives" of € 21 350 thousand at 30 June 2007 and € 19 821 thousand at 30 June 2008.

(2) At 30 June 2007, interest related to the finance lease for the T2C satellite is not material.

At 30 June 2008, amounts of interest related to the finance leases for the T2C and Express A3 satellites are not material.

NOTE 17: FINANCIAL LIABILITIES

17.1 – Breakdown by category

(in thousands of euros)	*Category of financial instruments*	**Net carrying amount at 30 June 2007** Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	**Fair value at 30 June 2007**
Liabilities						
Bank debt						
Lines of credit	*At amortised cost*	2 248 599	2 248 599	-	-	2 248 599
Revolving credit	*At amortised cost*	60 000	60 000	-	-	60 000
Fixed rate loans	*At amortised cost*	379	379	-	-	379
Bank overdrafts	*N/A*	8 716	8 716	-	-	8 716
Other financial liabilities						
Non-current	*At amortised cost*	70 502	70 502	-	-	70 502
Current	*At amortised cost*	34 263	34 263	-	-	34 263
Accounts payable	*At amortised cost*	44 048	44 048	-	-	44 048
Fixed assets payable	*At amortised cost*	61 062	61 062	-	-	61 062

(in thousands of euros)	*Category of financial instruments*	**Net carrying amount at 30 June 2008** Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	**Fair value at 30 June 2008**
Liabilities						
Bank debt						
Lines of credit	*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

17.2 –Breakdown of net financial liabilities by maturity

30 June 2008	Balance-sheet value	Total contractual cash flows	06/2009	06/2010	06/2011	06/2012	06/2013	More than 5 years
Term loan Eutelsat Com.	(1 615 000)	(2 022 345)	(82 850)	(82 850)	(82 850)	(82 850)	(1 690 945)	-
Term loan Eutelsat S.A.	(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)	(627)	(43)	-	-
Bank overdrafts	(15 209)	(15 209)	(15 209)	-	-	-	-	-
Total bank debt	**(2 441 047)**	**(2 989 381)**	**(139 451)**	**(124 242)**	**(124 742)**	**(910 087)**	**(1 690 945)**	**-**
Other financial liabilities	(93 949)	(93 949)	(33 799)	(9 386)	(7 897)	(5 967)	(4 957)	(31 943)
Total financial liabilities	**(2 534 996)**	**(3 083 330)**	**(173 250)**	**(133 628)**	**(132 639)**	**(916 054)**	**(1 695 902)**	**(31 943)**
Eutelsat S.A. foreign exchange derivatives	1 589	1 589	1 589	-	-	-	-	-
Eutelsat S.A. interest rate derivatives	47 433	47 433	24 378	8 705	10 924	3 426	-	-
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)**	**(2 887 826)**	**(76 631)**	**(108 111)**	**(104 994)**	**(892 593)**	**(1 673 640)**	**(31 943)**

NOTE 18: OPERATING AND FINANCE LEASES

18.1 – 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.
Rent expense amounted to € 3 796 thousand and € 4 002 thousand for the periods ended 30 June 2007 and 2008 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	21 672	3 612	14 448	3 612

18.2 – Finance leases

The Group operates five 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 2008, three of the five finance leases were pre-paid and the two other leases will be paid during the year to come.
Financial expenses for satellites operated under finance leases were zero as at 30 June 2007 and 2008.

NOTE 19: OTHER PAYABLES AND DEFERRED REVENUES

19.1 – Non-current portion

Details of the non-current portion of other payables and deferred revenues as of 30 June 2007 and 2008 are as follows:

(In thousands of euros)	**30 June 2007**	**30 June 2008**
Deferred revenues	8 018	5 771
Liabilities for social contributions(1)	27 453	14 832
Total	**35 471**	**20 603**

(1) including debt related to the ABSA commitment (respectively € 3 323 thousand and € 63 thousand at 30 June 2007 and 2008) and the liquidity offer (respectively € 24 130 thousand and € 14 769 thousand at 30 June 2007 and 2008) – See Note 14.3 – *Share-based payment*.

19.2 – Current portion

Other current payables and deferred revenues were as follows at 30 June 2007 and 2008:

(In thousands of euros)	**30 June 2007**	**30 June 2008**
Deferred revenues	31 906	32 714
Tax liabilities	16 561	15 759
Liabilities for social contributions(1)	35 064	28 549
Total	**83 531**	**77 022**

(1) Including the liability related to the ABSA commitment of € 16 531 thousand at 30 June 2007 and € 8,618 thousand at 30 June 2008 (see Note 14.3 – *Share-based payment*).

NOTE 20: CURRENT AND DEFERRED TAX

Since 1 July 2007, the scope of the tax consolidation for the Group headed by Eutelsat Communications includes the following subsidiaries: WhiteBirds France S.A.S, SatBirds 2 S.A.S., Eutelsat S.A., Eutelsat TV S.A.S. and Eutelsat Communications Finance S.A.S. .

There were previously two tax-consolidation groups: one headed by Eutelsat Communications S.A. with Eutelsat Communications Finance S.A.S. as a subsidiary, the other headed by SatBirds 2 S.A.S. with the following subsidiaries: WhiteBirds France S.A.S. and Eutelsat S.A.

Income tax for the years ended 30 June 2007 and 2008 has been estimated by applying the enacted tax rates.

20.1 – 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)	**Twelve-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Current tax expense	(96 626)	(97 653)
Deferred tax expense (income)	4 411	144
Total income tax expense	**(92 215)**	**(97 509)**

The theoretical income tax expense, based on application to the pre-tax result (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 2007**	**30 June 2008**
Income before tax and income from equity investments	254 368	269 760
Standard French corporate income-tax rate	*34.43%*	*34.43%*
Theoretical income-tax expense	(87 580)	(92 878)
Permanent differences and other items	(4 635)	(4 631)

Corporate income tax expense in the income statement	**(92 215)**	**(97 509)**
Actual corporate income tax rate	*36%*	*36%*

At 30 June 2007, the tax expense was 36%. The discrepancy between the rates of tax is mainly explained by the fact that the tax dispute related to the sale of the Hispasat shares by Eutelsat S.A. to the German subsidiary has now ended (see Note 20.3 – *Tax risks*).

At 30 June 2008, the tax expense was 36%. The discrepancy between the rates of tax is mainly explained by the non-deductible calculated charges.

20.2 – 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 2007 and 30 June 2008 were as follows:

(in thousands of euros)	**30 June 2007**	**Net income of the period**	**Recognised in equity**	**30 June 2008**
Basis of deferred tax assets				
Provisions for impairment of assets	17 153	(800)	-	16 353
Capitalisation of losses carried forward	18 082	(6 688)	-	11 394
Bad-debt provisions	16 909	(3 452)	-	13 457
Financial guarantee granted to the pension fund	7 703	511	-	8 214
Capitalised salaries and performance incentives	6 237	(589)	-	5 648
Provisions for risks and expenses	2 799	(396)	-	2 403
Accrued liabilities	3 501	387	-	3 888
Pension provision	1 913	191	-	2 104
Sub-total (a)	***74 297***	***(10 836)***	***-***	***63 461***
Basis of deferred tax liabilities				
Intangible assets	(285 696)	15 304	-	(270 392)
Exceptional depreciation	(39 730)	(8 142)	-	(47 872)
Financial instruments	(43 060)	3 303	(5 757)	(45 514)
Capitalised interest	(5 492)	663	-	(4 829)
Finance leases	(1 575)	68	-	(1 507)
Other	(2 296)	(216)	-	(2 512)
Sub-total (b)	***(377 849)***	***10 980***	***(5 757)***	***372 626***
Total = (a)+(b)	***(303 552)***	***144***	***(5 757)***	***(309 165)***
Reflected as follows in the financial statements:				
Deferred tax assets	1 380			2 255
Deferred tax liabilities	(304 932)			(311 417)
Total	***(303 552)***			***(309 162)***

Deferred tax liabilities break down as follows:

(In thousands of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	386	(15 851)
Due after one year	63 075	(356 775)
Total	**63 461**	**(372 626)**

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, giving rise on the occasion of the business combination to a deferred tax liability of € 320 130 thousand. The amortisation of customer contracts over 20 years, amounting to € 44 452 thousand, generated deferred tax income of € 15 304 thousand.

As of 30 June 2007, unrecognised deferred tax assets were € 4.3 million. These are mainly Eutelsat Communications S.A. tax losses sustained prior to the creation of the tax consolidation group, amounting to € 3.5 million.

20.3 – Tax risks

Following the dispute between Eutelsat and the tax authorities as a result of the transfer by Eutelsat S.A. of its Hispasat shares to its German subsidiary in 2003 and the recognition of a capital loss of € 140.4 million that was deducted from its taxable income, Eutelsat S.A. accepted the proposal of the tax authorities, so allowing this matter to be definitively closed.
This resulted in additional payment of tax and interest of € 6.3 million, which was recognised as an expense at 30 June 2007.

NOTE 21: PROVISIONS

(In thousands of euros)	30 June 2007	Depreciation	Reversal		30 June 2008
			Used	Unused	
Financial guarantee granted to a pension fund	31 294	1 623	(4 599)	-	28 318
Retirement indemnities and other post-employment benefits	6 881	750	(314)	-	7 317
Litigation[1]	7 480	5 452	(1 073)	(5 593)	6 266
Other	2 370	2 709	(1 313)	(36)	3 930
Total provisions	**48 025**	**10 534**	**(7 299)**	**(5 629)**	**45 631**
- non-current part	**38 385**	**2 172**	**(4 926)**	**-**	**35 631**
- current part	**9 640**	**8 362**	**(2 373)**	**(5 629)**	**10 000**

[1] Litigation recorded at period-end corresponds to business and employee litigation.

21.1. – 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. 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 when the agreement is signed, and a further € 4.46 million 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 2007 and 2008, € 4.46 million had been paid.

The actuarial valuation performed at 30 June 2007 and 2008 used the following assumptions:

	30 June 2007	30 June 2008
Discount rate	4.75%	5.50%
Expected rate of return on assets	4.00%	4.00%
Inflation rate	2.00%	2.00%

As of 30 June 2007 and 2008, the position was as follows:

Reconciliation of assets and liabilities recognised in the balance sheet:

(In thousands of euros)	**30 June 2007**	**30 June 2008**
Present value of benefit obligations wholly or partly funded	152 792	133 436
Fair value of plan assets	(138 358)	(145 847)
Net financing	**14 434**	**(12 411)**
Actuarial and other gains/(losses) amortised over 12 years	16 860	40 729
Net (ASSET)/LIABILITY recognised in the balance sheet	**31 294**	**28 318**

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.

Movements during the year in the liability recognised in the balance sheet:

	(In thousands of euros)
Provision at 30 June 2006	**35 934**
Net gains recognised in the income statement	(180)
Contributions paid	(4 460)
Provision at 30 June 2007	**31 294**
Net expense recognised in the income statement	1 484
Contributions paid	(4 460)
Provision at 30 June 2008	**28 318**

<u>Net expense recognised in the income statement</u>: *(In thousands of euros)*	**Twelve-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Service cost of the period	-	-
Finance cost	6 615	7 183
Expected return on plan assets	(5 439)	(5 560)
Actuarial (gains)/losses	(1 356)	(139)
Net expense (net gains) recognised in the income statement	**(180)**	**1 484**

The absence of service costs is explained by the fact that rights were frozen and that the IGO pension fund was closed prior the transfer of business on 2 july 2001.

The actual return on the plan's assets was € 2.0 million and € 5.3 million at 30 June 2007 and 2008 respectively.

21.2 – 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 retirement occurring 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 valuation performed at 30 June 2007 and 2008 was based on the following assumptions:

	30 June 2007	**30 June 2008**
Discount rate	4.75%	5.50%
Inflation rate	2.00%	2.00%

As of 30 June 2007 and 2008, the position was as follows:

(in thousands of euros)

<u>Reconciliation of assets and liabilities recognised in the balance sheet</u>:	**30 June 2007**	**30 June 2008**
Present value of obligations not financed	3 876	6 390
Past-service cost amortised over 23 years	1 290	1 225
Actuarial gains/(losses)	610	(1 588)
Liability recognised in the balance sheet	**5 776**	**6 027**

<u>Movements over the year in net liability recognised in the balance sheet</u>:	***(In thousands of euros)***
Liability at 30 June 2006	**5 453**
Net expense recognised in the income statement	323
Benefits paid	-

Liability at 30 June 2007	**5 776**
Net expense recognised in the income statement	374
Benefits paid	(123)
Liability at 30 June 2008	**6 027**

<u>**Net expense recognised in the income statement**</u>**:** *(In thousands of euros)*	**Twelve-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Service cost of the period	243	268
Finance cost	160	181
Past-service cost	(65)	(65)
Actuarial (gains)/losses	(15)	(10)
Net expense recognised in the income statement	**323**	**374**

b) Supplementary schemes

The Group also has a defined-contribution "*sur-complémentaire*" funded pension fund for its employees (excluding *mandataires sociaux* (company officers) employed by the Group), financed by contributions of 6% of gross annual salary, limited to eight times the Social Security threshold.
There are no other commitments in relation to these contributions. The employer's contributions paid for this purpose amount to € 1 202 thousand and € 1 311 thousand at 30 June 2007 and 2008 respectively.

The *mandataires sociaux* (company 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 2007 and 2008 amounted to € 757 thousand and € 1 021 thousand respectively, and the fair value of the assets was € 720 thousand and € 915 thousand. At 30 June 2007, the Group was recognising a liability of € 106 thousand.

<u>c) Mandatory schemes</u>
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. The employer's contributions paid for this purpose were € 5 027 thousand and € 5 326 thousand at 30 June 2007 and 2008 respectively.

NOTE 22: SEGMENT INFORMATION

The Group operates in a single industry segment, providing satellite-based video, business and broadband networks, and mobile services mainly to major international telecommunication 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 located in France.

The Group's revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 30 June 2007 and 2008 are as follows:

(In thousands of euros and as a percentage)	**Twelve-month period ended 30 June**		**Twelve-month period ended 30 June**	
	2007		**2008**	
Region	**Amount**	**%**	**Amount**	**%**
France	109 548	13.2	117 683	13.4

Italy	133 211	16.1	137 253	15.6
United Kingdom	116 278	14.0	106 875	12.2
Europe (other)	286 244	34.5	322 746	36.8
Americas	74 326	9.0	74 781	8.5
Middle East	61 090	7.4	60 083	6.8
Other (*)	48 389	5.8	58 344	6.6
Total	**829 086**	**100.0**	**877 765**	**100 .0**

(*) € 11.4 million in indemnity payments for late delivery for the period ended 30 June 2007.

NOTE 23: FINANCIAL RESULT

The financial result is made up as follows:

(In thousands of euros)	**Twelve-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Interest expense (banks)	(104 034)	(93 903)
Other interest expense [(2)]	(10 490)	1 405
Loan set-up fees	(2 993)	(2 974)
Commitment fees and other similar charges	(2 413)	(2 504)
Changes in financial instruments[(1)]	(127)	(18 384)
Provisions for risks and expenses	(219)	(1 622)
Foreign-exchange losses	(4 594)	(10 832)
Financial expenses	**(124 870)**	**(128 814)**
Changes in financial instruments[(1)]	2 208	4 373
Interest income	9 651	4 313
Provision on financial assets	-	139
Foreign-exchange gains	4 851	10 900
Financial income	**16 710**	**19 725**
Financial result	**(108 160)**	**(109 089)**

[(1)] Changes in financial instruments represent a net expense of € 14 011 thousand and are presented in Note 25 – Financial instruments.

(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 € 3 071 thousand at 30 June 2007 and € 8 292 thousand at 30 June 2008.

The capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 4.3% for the financial years ended 30 June 2007 and 30 June 2008.
"Other interest expense" also includes interest related to satellite performance incentives (€ 3.7 million and € 4.5 million for the years ended 30 June 2007 and 30 June 2008 respectively).

NOTE 24: 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):

	30 June 2007	30 June 2008
Net income	170 085	183 434
Income from subsidiaries attributable to minority interests, before taking into account the dilutive instruments in the subsidiaries	(11 977)	(10 899)
Net earnings used to compute basic earnings per share	**158 108**	**172 535**

	30 June 2007	30 June 2008
Net income	170 085	183 434
Income from subsidiaries attributable to minority interests, after taking into account the dilutive instruments in the subsidiaries	(14 798)	(11 212)
Net earnings used to compute diluted earnings per share	**155 287**	**172 222**

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 30 June 2007 and 2008:

	30 June 2007	30 June 2008
Restated weighted average number of shares used to compute basic earnings per share	216 117 530	218 328 597
Incremental number of additional shares that would result from the exercise of outstanding stock options (1)	67 953	-
Restated weighted average number of shares used to compute diluted earnings per share (1)	**216 185 483**	**218 328 597**

At 30 June 2008, only the subsidiary Eutelsat S.A. had issued dilutive instruments. (see Note 12.3 – *Share-based payment)* 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 25: 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.

25.1 – 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 U.S. 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 U.S. dollar revenues by means of financial instruments such as options, forward currency transactions and foreign currency deposits.
These instruments are traded over-the-counter with first-rate banking counterparts.

Purchase commitments relate to construction contracts for satellites and to launch contracts. They generally cover a three-year period with a pre-established schedule of payments. Commitments to sell relate to contracts denominated in US dollars.

During the periods ended 30 June 2007 and 2008, the Group only purchased foreign exchange options (Call euros / Put US dollars).

25.2 – Interest rate risk

The Group's exposure to interest-rate risk is managed by hedging its variable rate debt.

Further to the refinancing process during the 2005/2006 financial year of the debt related to the acquisition of Eutelsat S.A., the Group set up the following interest rate hedges:

- a tunnel (purchase of a cap and sale of a floor) over three years until 29 April 2008 for a notional amount of € 1 700 million to hedge the long-term Eutelsat Communications bullet loan. The notional amount of this tunnel was reduced on 12 April 2007 from € 1 700 million to € 1 615 million so that it would be the same as the exact amount borrowed. This partial sale generated a termination indemnity of € 1.3 million.

- a forward pay fixed/receive variable swap for a notional amount of € 850 million and the purchase of a forward cap for a notional amount of € 850 million, to serve as a hedge of Eutelsat Communications' long-term bullet loan, covering two years in April 2008. The Group also undertook a partial sale, using these financial instruments to reduce the notional amount from € 1 700 million to € 1 615 million (i.e. reducing each one from € 850 million to € 807.5 million) and generating a termination indemnity of € 0.9 million.

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 to hedge the long-term Eutelsat Communications bullet loan.

Following signature of the syndicated credit facility at the level of the Eutelsat S.A. sub-group for a notional amount of € 1 300 million in November 2004, the following derivatives related to this credit facility were immediately put in place, i.e.:

- A pay fixed/receive variable interest rate swap covering the long-term € 650 million portion of the 7-year bullet loan until its maturity; and
- a 5-year tunnel (purchase of a cap and sale of a floor) for a notional amount of € 450 million related to the € 650 million revolving credit facility.

On 12 March 2007, the tunnel was terminated, with a termination indemnity of € 0.7 million, and new operations related to the revolving credit facility of € 650 million were put in place:

- A pay fixed/receive variable swap for a notional amount of € 250 million over 4 years until maturity of the revolving credit facility;

- Purchase of a cap in return for payment of a premium (€ 2 million) for a notional amount of € 200 million over 4 years until maturity of the revolving credit facility;

On 20 November 2007, a pay EURIOBOR three-month rate / receive EURIBOR one-month rate swap (basis swap) for a notional amount of € 650 million was put in place for a period of six months until 30 June 2008.

On 11 June 2008, this operation was renewed, also for a period of six months.

These last two basis swap operations are combined with the pay fixed swap designed to hedge the € 650 million bullet loan.

25.3 – Financial counterpart risk

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and long-term investments. The Group minimises its exposure to issuer risk and its exposure to credit risk by acquiring only financial products with first-rate financial institutions or banks.
Exposure to these risks is closely monitored and maintained within predetermined limits. The Group does not foresee any loss that would result from a failure by its counterparts 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 a particular country.

25.4 – Liquidity risk

The Group manages the risk of finding itself with insufficient cash resources 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 funding needs and their flexibility through the use of overdraft facilities, bullet loans and revolver lines of credit from banks, and satellite leases.

Thirty-three per cent of the Group's debt matures in November 2011 and 67% in June 2013.

25.5 – Key figures at 30 June 2008

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives by type of contract as of 30 June 2007 and 2008.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2007**	**Change in fair value during the period**	***Impact on income***	***Impact on equity***
Foreign exchange options (Eutelsat S.A.)	140 741	2 844	(5 160)	*(5 160)*	-
Total foreign exchange derivatives		***2 844***	***(5 160)***	***(5 160)***	***-***
Tunnel (Eutelsat Communications)	1 615 000	21 425	3 039	*3 774*	*(735)*
Forward swap (Eutelsat Communications)*	807 500	21 427	9 876	*673*	*9 203*
Swap forward (Eutelsat Communications)	1 615 000	36 263	36 263	-	*36 263*
Purchased cap (Eutelsat Communications)*	807 500	11 632	4 920	*(4 574)*	*9 494*

Swap (Eutelsat S.A.)	650 000	31 654	14 654	-	*14 654*
Swap (Eutelsat S.A.) (1)	250 000	5 467	5 467	*5 467*	-
Cap (Eutelsat S.A.)*	200 000	5 172	3 172	*3 172*	-
Tunnel (Eutelsat S.A.)*	450 000	Disposal	(1 271)	*(1 271)*	-
Total interest rate derivatives		***133 040***	***76 120***	***7 241***	***68 879***
Total derivatives		**135 884**	**70 960**	***2 081***	***68 879***
Associated companies					*228*
Total					***69 107***

(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)*
Swap forward (Eutelsat Communications)	807 500	29 143	7 716	*1 807*	*5 909*
Swap forward (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.) (1)	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***
Associated companies					-
Total					***16 717***

* Including indemnities received and premium paid (see Note 25.2 - *Interest rate risk).* ** Combined swaps

(1) Swap qualifying as a hedge for € 100 million since 1 April 2008

At 30 June 2007 and 2008, the changes in fair value recognised within financial result in respect of financial instruments amounted to income of € 2 081 thousand and an expense of € 14 009 thousand respectively.

Breakdown of financial instruments qualifying as hedges as of 30 June 2007 and 2008:

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2007**	**Change in fair value during the period**	***Impact on income (1)***	***Impact on equity***
Tunnel (Eutelsat Communications)	1 615 000	21 425	3 039	*3 774*	*(735)*
Swap forward (Eutelsat Communications)	807 500	21 427	9 876	*673*	*9 203*
Purchased cap (Eutelsat Communications)	807 500	11 632	4 920	*(4 574)*	*9 494*
Swap forward (Eutelsat Communications)	1 615 000	36 263	36 263	-	*36 263*
Swap (Eutelsat S.A.)	650 000	31 654	14 654	-	*14 654*
Total		**122 401**	**68 752**	***(127)***	***68 879***
Associated companies					*228*
Total					***69 107***

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2008**	**Change in fair value during the period**	***Impact on income (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)*
Swap forward (Eutelsat Communications)	807 500	29 143	7 716	*1 807*	*5 909*
Swap forward (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.)(2)	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**
Associated companies					-
Total					**16 717**

** Combined swaps
(1) The ineffective portion of the hedges was not significant and has not been isolated.
(2) Swap qualifying as a hedge for € 100 million since 1 April 2008

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						
	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	1 653	1 653	-	-	-	-	-
- Interest-rate risk hedges	117 704	29 357	17 878	25 346	22 869	22 254	-
Net total at 30 June 2007	119 357	31 010	17 878	25 346	22 869	22 254	-

NOTE 26: OTHER COMMITMENTS AND CONTIGENCIES

As of 30 June 2008, 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:

26.1 - Purchase commitments

The Group has commitments with suppliers for the acquisition of assets and provision of services related to monitoring and control of its satellites.

The Group may seek to benefit from penalty payments related to incidents affecting the functioning of its operational satellites.

Future minimum payments, as of 30 June 2007 and 30 June 2008, are scheduled to be paid as follows:

(in millions of euros)	**30 June 2007**	**30 June 2008**
2008	34	-
2009	15	38
2010	10	20
2011 and thereafter(*)	7	15
2012 and thereafter	5	9
2013 and thereafter	-	11
Total	**71**	**93**

(*) for the period reported in respect of the financial year ended 30 June 2007

The above total includes € 3 million for purchase commitments entered into with related parties (see Note 27 - *Related parties*).

At 30 June 2008, future payments under satellite construction contracts amount to € 376 million, and future payments under launch agreements amount to € 155 million.

26.2 – In-orbit insurance

The Group's in-orbit insurance programme expired on 26 November 2007 and was replaced by a new twelve-month programme defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and its income of losing one or more satellites.
Under this programme, sixteen of the satellites belonging to the Group (excluding the W1, ATLANTIC BIRD™1 and EUROBIRD™10 satellites) are covered by insurance.
The only reservation is a limitation of insurance cover for the W3, 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 constructive partial or total losses of the sixteen satellites insured, up to a ceiling of € 180 million per satellite (compared with € 165 million per satellite previously), subject to a total maximum claim or claims each year of € 390 million. 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).

During the 2005/2006 financial year, the Group submitted a claim for compensation as a result of the technical incident that affected the W1 satellite on 10 August 2005.
It involved three insurance policies and the claim was settled during the year ended 30 June 2007 with payment of a total amount of € 37.3 million recognised under "Other operating income".

During the 2007/2008 financial year, the Group submitted a claim for compensation as a result of the reduction in capacity of the ATLANTIC BIRD™3 satellite, following the loss of battery cells and the recommendations for utilisation issued by Thales Alenia Space (TAS).
This claim was settled with payment of compensation amounting to a total of € 5.5 million, € 3.9 million of which was recognised under "Other operating income" as of 30 June 2008.

26.3 – Launch insurance

In April 2008, the Group took out L+1 (launch + 1 year) insurance for a maximum amount of cover of € 200 million per satellite, covering the seven satellites in course of construction (HOT BIRD™9, HOT BIRD™10, W2M, W2A, W7, Ka-Sat, W3B).

This policy is valid for a period of three years, i.e. until 1 June 2011, and provides the necessary flexibility to assign any type of launcher to the seven satellites insured.

26.4 – Commitments received

see Note 9 – *Accounts receivable*.

26.5 – 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 27: RELATED-PARTY TRANSACTIONS

Amounts included in current assets and current liabilities in the balance sheet, due and owed to related parties (mainly direct and indirect shareholders of the Group) as of 30 June 2007 and 2008 are as follows:

(In thousands of euros)	**12-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Gross receivables (including unbilled revenues)	9 133	54 546
Liabilities (including accrued invoices)	223	411

Transactions with related parties included in the income statements for the periods ended 30 June 2007 and 2008 are as follows:

(In thousands of euros)	**12-month period ended 30 June 2007**	**12-month period ended 30 June 2008**
Revenues	46 581	20 824
Operating costs, Selling, general and administrative expenses	926	1 433
Financial result	0	51

For the year ended 30 June 2008, 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.

Compensation paid to the members of the administrative and management bodies

(In thousands of euros)	**Twelve-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Compensation excluding employer's charges	2 312	2 193
Short-term benefits: Employer's charges	644	656
Post-employment benefits	8% 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

The following table shows how the BSAs held by the members of the administrative and management bodies of the Group have evolved:

Type	BSAs issued	BSAs exercised	Shares issued	Subscription price per share in euros	Expiry date
BSA 1	2 255 040	2 255 039	2 255 039	1.9240	31/03/2008
BSA 2	506 817	506 817	506 817	1.9240	02/08/2015
Total	**2 761 857**	**2 761 856**	**2 761 856**		

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 shares in Eutelsat Communications on 10 May 2007 to the members of the Group's administrative and management bodies.

Allotment of these free shares will become absolute provided the beneficiaries are still with the Group in two years time and will be available after a further period of two years has expired after the effective date of acquisition.

Similarly, the Board of Directors meeting of 25 July 2007 decided on a free allotment of 102 422 new shares in Eutelsat Communications 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 two-year period.

NOTE 28: STAFF COSTS

Staff costs (including mandatory employee profit-sharing) are as follows:

(In thousands of euros)	12-month period ended 30 June 2007	12-month period ended 30 June 2008
Operating costs	23 677	24 982
Selling, general and administrative expenses	39 841	44 466
Total	**63 518**	**69 448**

The average number of employees is as follows:

	12-month period ended 30 June 2007	12-month period ended 30 June 2008
Operations	184	195
Selling, general and administrative	328	345
Total	**512**	**540**

As of 30 June 2008, the Group has 559 employees, compared with 529 as of 30 June 2007.

Compensation paid to the *mandataires sociaux* (Company officers) of Eutelsat Communications employed by the Group is € 2.2 million for the financial year ended 30 June 2008.
The members of the Board received € 1 012 thousand 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 three 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 three-year period. The incentive scheme is based on objectives renewable each year.

NOTE 29: COMPANIES INCLUDED IN THE CONSOLIDATION

The list of companies included in the consolidation is as follows:

Company	Country	Consolidation method	% voting rights as of 30 June 2008	% interest as of 30 June 2008
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
SatBirds 2 S.A.S.	France	FC	100.00%	100.00%
WhiteBirds France S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	95.91%	95.91%
Eutelsat S.A. Sub-Group				
- Eutelsat TV S.A.S.	France	FC	100.00%	95.91%
- Eutelsat do Brasil S.A. (1)	Brazil	FC	100.00%	95.91%
- Eutelsat Italia	Italy	FC	100.00%	95.91%
- Skylogic Italia s.p.a.	Italy	FC	100.00%	95.91%
- Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	95.91%
- VisAvision GmbH	Germany	FC	100.00%	95.91%
- Eutelsat Inc.	United States	FC	100.00%	95.91%
- Eutelsat America Corp.	United States	FC	100.00%	95.91%
- Eutelsat UK Limited	United Kingdom	FC	100.00%	95.91%
- Eutelsat Polska s.p.z.o.o.	Poland	FC	100.00%	95.91%
- Skylogic Polska s.p.z.o.o.	Poland	FC	100.00%	95.91%
- Skylogic Mediterraneo	Italy	FC	100.00%	95.91%
- Skylogic Eurasia	Turkey	FC	100.00%	95.91%
- Eutelsat Madeira Unipessoal lda	Madeira	FC	100.00%	95.91%
- Wins Ltd (1)	Malta	FC	50.00%	47.96%
- Hispasat (1)	Spain	EM	27.69%	26.56%
- Solaris Mobile Limited (1)	Ireland	EM	50.00%	47.96%

FC: Full consolidation
EM: Equity method
(1) Companies whose financial year-end is 31 December.
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 2008.

NOTE 30: EVENTS AFTER THE BALANCE SHEET DATE

At 30 June 2007, the Group and a related party signed an agreement whereby, if certain conditions were fulfilled by 15 September 2007, the Group could receive an amount of € 25 million in return for renouncing certain rights within an equity interest.

All the conditions were met by July 2008, including completion of a transaction triggering the effective payment of the € 25 million, with recognition of the relevant income (which will be charged to 2008/2009) being dependent on this.

Eutelsat has also obtained a put option concerning the related party, with no limitation on validity, exercisable twice each year in respect of the equity interest concerned.

20.1.3 Auditors' general report on the annual financial statements of Eutelsat Communications prepared in accordance with IFRS for the year ended 30 June 2008

In compliance with the assignment entrusted to us by your by-laws and your shareholder's annual general meeting, we hereby report to you, for the year ended June 30, 2008, on:

- the audit of the accompanying financial statements of Company,
- the justification of our assessments,
- the specific verifications and information required by law.

These 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 financial statements

We conducted our audit in accordance with the 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 of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2008, and the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

II Justifications of assessments

In accordance with the requirements of article L. 823-9 of the Commercial Code 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 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 we justify 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 made sure of the reasonableness of these assumptions.

The assessments were thus made in the context of the performance of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of our unqualified audit opinion expressed in the fist part of this report.

III Specific verifications and information

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fair presentation and the conformity with the annual financial statements of the information given in the Board of 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 Board of 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.

Courbevoie and Paris-La Défense, August 1st, 2008

The Statutory Auditors
French original signed by

ERNST & YOUNG AUDIT

Jean-Yves JEGOUREL

MAZARDS & GUERARD

Isabelle MASSA

20.1.4 Eutelsat Communications – annual financial statements for the year ended 30 June 2008

(in thousands of euros)	Notes	30 June 2007	30 June 2008
ASSETS			
Long-term assets			
Financial assets	3	2 482 917	2 442 280
Total long-term assets		**2 482 917**	**2 442 280**
Current assets			
Accounts receivable		1 084	-
Other receivables	5	80 408	44 784
Cash and marketable securities	6	19 171	4 787
Total current assets		**100 663**	**49 571**
Prepaid expenses	4	20 938	16 702
TOTAL ASSETS		**2 604 518**	**2 508 553**

(in thousands of euros)	Notes	30 June 2007	30 June 2008
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock (219 641 955 ordinary shares as of 30 June 2008 with a nominal value of € 1 per share)		217 401	219 642
Additional paid-in capital		776 135	662 566
Legal reserve		79	79
Retained earnings		1	1
Result for the year		(20 081)	(4 610)
Regulated provisions		-	16
Total shareholders' equity	7	**973 535**	**877 693**
Provisions for risks		-	13
Provisions for expenses		238	184
Total provisions for risks and expenses		**238**	**197**
Loans and bank debt	**8**	1 625 430	1 627 407
Other bank debt		-	-
Total bank debt		**1 625 430**	**1 627 407**
Accounts payable		3 974	2 003
Tax and employee-related payable	9	1 338	1252
Fixed assets payable		-	-
Other payables		3	-
Total operating debt		**5 315**	**3 255**
Deferred revenues		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2 604 518**	**2 508 553**

(in thousands of euros)	Notes	Twelve-month period ended 30 June 2007	Twelve-month period ended 30 June 2008
Revenues		1 422	1 812
Costs eligible for capitalisation		-	-
Grants received		-	-
Release of provisions and reclassification of costs		-	135
Other income		-	-
Total operating income		**1 4**	**1 9**
Purchase of goods and changes in inventories			
Other purchases and external expenses		11 12	5 4
Taxes and assimilated			
Wages	10	1 1	1 2
Social charges			
Depreciation, amortisation and provisions		2 7	2 8
Other charges			
Total operating charges		**16 20**	**10 35**
– **Operating result**		**(14 782**	**(8 40**
Financial income		61 04	38 32
Financial expenses		66 48	65 01
–			
– **Financial result**	11	**(5 44**	**(26 688**
Exceptional income			
Exceptional charges			
–			
– **Exceptional result**	12		
Mandatory employee profit-sharing			
Income tax	13		(30 426)
NET INCOME		**(20 081)**	**(4 610)**

(in thousands of euros)	Notes	Twelve-month period ended 30 June 2007	Twelve-month period ended 30 June 2008
Cash flows from operating activities			
Net income		(20 081)	(4 610)
Adjustments for non-cash items:			
Capital (gain) / loss on disposal of assets		(4)	
Depreciation, amortisation and provisions		2 986	2 781
Other non-operating items		83 763	25 633
Changes in operating assets and liabilities:			
Accounts receivable		(287)	1 082
Other current assets		3 469	(27 957)
Accounts payable		850	(1 969)
Other payables		(7 429)	(87)
Net cash flows provided by operating activities		**63 267**	**(5 127)**
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		(75)	
Equity investments and other movements in financial investments		170 136	75 901
Net cash flows used in investing activities		**170 061**	**75 901**
Net cash flows provided by (used in) financing activities			
Changes in capital		2 673	150
Distribution		(116 476)	(126 713)
Dividends received			36 035
Additional long-term and short-term debt			
Reimbursements of long-term and short-term debt			
Changes in borrowing		(79 000)	65 079
Interest paid		(56 192)	(61 384)
Interest received		3 656	1 674
Changes in other debt			
Net cash flows provided by (used in) financing activities		**(245 339)**	**(85 158)**
Increase (decrease) in cash and cash equivalents		**12 011**	**(14 384)**
Cash and cash equivalents, beginning of year		31 182	19 171
Cash and cash equivalents, end of year		**19 171**	**4 787**

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

- The offers to purchase shares and/or exchange them for new shares in Eutelsat Communications that was made to Group employees during the year ended 30 June 2008 resulted in the purchase of 72 735 Eutelsat S.A. shares for € 378 thousand and the contribution of 152 693 Eutelsat S.A. shares as a consideration for issuing 48 721 shares in Eutelsat Communications.

- Liquidity offer for the historical shareholders in Eutelsat S.A.
  In parallel to the offers made to the employees of the Group in the form of a cash offer to purchase shares and/or exchange them for new shares in Eutelsat Communications, an identical offer was made to the historical shareholders of Eutelsat S.A. This operation resulted in the acquisition of 500 000 Eutelsat shares for € 2 575 thousand and the contribution of 6 523 050 Eutelsat S.A. shares as a consideration for issuing 1 980 853 shares in Eutelsat Communications.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 – Basis of presentation

The annual financial statements are prepared in accordance with the *Code de Commerce* (Articles L123-12 to L123-28) 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 the enterprise,
- 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 of evaluating 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 risks and expenses, allowances 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

Stock is recorded in the balance sheet at its acquisition value less incidental expenses.
Any excess of cost over fair value, as estimated by Management of the Company based on criteria such as the market value, the expected development and profitability or the 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 on 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 increases in capital, reduction of capital and share buy-back for reduction of capital, are allocated to the share premium net of taxes when an income tax benefit is generated.
Under French law, Eutelsat Communications S.A. is obliged to allocate 5% of its net annual result (after deduction of balances brought forward in the red, 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 2008, the legal reserve is € 79 thousand.

2.8 – Provisions

A provision is an item with a negative economic value for the Company, i.e. it is 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 (in thousands of euros):

	30 June	
	2007	**2008**
Equity interests..	2 481 329	2 440 650
Other investments in securities.................................	142	1 679
Loans and other financial assets	1 446	1

Total gross book values	**2 482 917**	**2 442 331**
Less : provisions	-	(51)
Total net carrying amounts	**2 482 917**	**2 442 280**

The changes in net carrying amounts between beginning and end of 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 2007	**2 481 329**	**142**	**1 446**	**2 482 917**
Acquisitions	39 157	18 083	16 638	73 878
Revaluation	-	-	-	-
Reimbursement (of capital contribution) and disposals	(79 836)	(16 545)	(18 083)	(114 464)
Depreciation, amortisation and provisions	-	(51)	-	-
Net carrying values as of 30 June 2008	**2 440 560**	**1 628**	**1**	**2 442 280**

3.1 – Equity interests

"Equity interests" comprises:

- Eutelsat Communications Finance shares:
  - 500 000 shares in Eutelsat Communications Finance for an amount of € 2 481 324 395.

    - 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 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 reduces 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 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" reduces accordingly.
  - The € 45.5 million 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" reduces accordingly.
  - The € 79.8 million 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 reduces 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 SA for an amount of € 38 690 161 (excluding acquisition costs of € 467 000), including:

- 3 216 183 shares derived from the liquidity offer of October 2007, as follows:
    - o the Company's share exchange offer to employees, former employees, *mandataires sociaux* (Company officers) and historical shareholders resulted in the acquisition of 3 216 183 Eutelsat S.A. shares with a value of € 16 570 977 for a contribution of 991 332 new shares in Eutelsat Communications.
    - o The buying-back of 572 735 Eutelsat S.A. shares from minority interests and institutional shareholders for an amount of € 2 953 222.
- 3 459 560 shares derived from the Company's exchange offer based on the transfer agreement relating to Eutelsat S.A. shares entered into between the Company and a historical shareholder in May 2008, and amounting to € 19 165 962 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:

- the treasury stock held as of 30 June 2008 under a liquidity agreement for € 873 thousand, corresponding to 46 473 shares.

- the SICAV de trésorerie (short-term marketable securities) held under the liquidity agreement as of 30 June 2008 for € 806 thousand, corresponding to 370 SICAV BNP Paribas.

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.

NOTE 4: PREPAID EXPENSES AND OTHERS

"Prepaid expenses and others" is composed as follows (in thousands of euros):

	30 June	
	2007	**2008**
Prepaid expenses	4 536	3 053
Expenses to be accrued over several years and expenses to be apportioned..................................	16 402	13 649
Translation adjustments for assets	-	-
Total	**20 938**	**16 702**

Prepaid expenses are mainly composed of the hedge acquisition price (see Note 8) of € 2 897.7 thousand. The initial amount (€ 7 846 thousand) was reduced to € 6 443 thousand in

October 2006 when the definitive price was fixed, and is spread over the entire duration of the hedge (approximately four 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 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 at 30 June 2008.

NOTE 5: OTHER RECEIVABLES

At 30 June 2007, “Other receivables” consisted mainly of input VAT for € 691 thousand and debit customer balances for € 79 636 thousand.

At 30 June 2008, “Other receivables” consists mainly of a tax receivable amounting to € 20.5 million, input VAT for € 434 thousand and debit customer balances for € 23.8 million.
All other receivables are not later than one year.

NOTE 6: CASH AND MARKETABLE SECURITIES

Cash and marketable securities are as follows (in thousands of euros):

	30 June	
	2007	**2008**
Cash	339	85
Liquidity agreement reimbursement	28	-
Deposit certificates (including accrued interest)	18 804	4 702
Total	**19 171**	**4 787**

NOTE 7: SHAREHOLDERS’ EQUITY

7.1 - Statement of changes in shareholders’ equity

7.2 – Share capital

During the year ended 30 June 2007, as a result of the exercise of stock warrants (BSAs) recorded during the period, the Company created 1 708 490 shares with a nominal value of € 1 each, including 548 362 shares resulting from the exercise of BSA 1s and 1 160 128 resulting from the exercise of BSA 2s.

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, resulting from the exercise of 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).

The share capital increased accordingly from € 217 401 082 to € 219 641 955.

The share capital at 30 June 2008 is 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	217 401 082	2 240 873	-	219 641 955	1 €	1 €

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.

It will be remembered that the subscription conditions (€ 1.9240 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 make a distribution by taking the required amount from "Additional paid-in capital".

The following tables describe movements in respect of the BSAs and the status of shares:

Situation at 30 June 2007 after the distribution of 10 November 2006

Type	**BSAs issued**	**BSAs exercised**	**Shares issued**	**Subscription price per share in euros**	**Expiry date**
BSA 1	2 255 040	2 255 039	1 148 362	1.9240	31/03/2008

BSA 2	2 382 426	2 232 412	1 160 128	1.9240	02/08/2015
Total	**4 637 466**	**4 487 451**	**2 308 490**		

Situation at 30 June 2008

Type	**BSAs issued**	**BSAs exercised**	**Shares issued**	**Subscription price per share in euros**	**Expiry date**
BSA 1	2 255 040	2 255 040	1 148 362	1.9240	31/03/2008
BSA 2	2 382 426	2 382 426	1 238 096	1.9240	02/08/2015
Total	**4 637 466**	**4 637 466**	**2 386 458**		

b) Free allotment of shares

On 25 November 2005, an allotment of free shares was proposed to the Group's employees in November 2005, with each beneficiary being granted 341 shares.
The free shares were granted to all employees employed on an indefinite contract as of 29 November 2005 and effectively being paid on such a basis by their employer at the time of the decision to grant the shares, and who had been working within the Eutelsat Communications Group for at least three months.
The vesting period for definitive acquisition of the shares was fixed at two years, reckoned from 29 November 2005. Beneficiaries were required to keep their shares for a further period of two years after the effective date of acquisition.

On 18 December 2007, 133 331 shares were issued and definitively vested to the benefit of 391 beneficiaries. These shares are for a nominal amount of 1 euro each.
The Company noted the subsequent capital increase of 133 331 euros 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 qualifying period for definitive acquisition of the shares was fixed at two 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 two years after the effective date of acquisition.

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 (Company officers) 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 two years time and will be available after a further period of two years has expired after the effective date of acquisition. It should be noted that definitive acquisition of the free shares granted under this plan is subject to the achievement of certain performance objectives over a two-year period.

7.4 – Additional paid-in capital

The additional paid-in capital account was reduced (i) by € 133 thousand following the issue and definitive free grant of 133 331 shares (see above), and (ii) by € 126 713 thousand as a result of the decision by the General Meeting of 9 November 2007 to distribute€ 0.58 per share by taking the corresponding amount from this account. Prior to this distribution, the loss for the year ended 30 June 2007 of € 20 081 thousand had been charged to additional paid-in capital.

Conversely, there was a € 72 thousand increase under this heading as a result of the exercise of BSAs.

NOTE 8: INDEBTEDNESS

Loans and bank debt are denominated in euros with a duration of seven years and are repayable at maturity. Breakdown is as follows (in thousands of euros):

	30 June	
	2007	**2008**
Bank debt (one year or more)	-	-
Bank debt (five years or more)..............................	1 615 000	1 615 000
Accrued interest	10 430	12 407
Total	**1 625 430**	**1 627 407**

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 reflection of 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.

Interest Cover Ratio: Consolidated EBITDA/interest payable (due and paid) 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 three 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, the SatBirds Finance subsidiary 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 PAYABLE

Tax and employee-related payable is composed of the following (in thousands of euros):

	30 June	
	2007	**2008**
State: accrued liabilities	4	29
Output VAT	177	134
Staff: accrued liabilities	856	856
Social charges payable	301	233
	1 338	**1 252**

All tax and employee related-payable is 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

The financial result is made up as follows (in thousands of euros):

	Period ended 30 June	
	2007	**2008**
Interest expense	(66 484)	(64 948)
Interest income	5 877	2 264
Income from investments	55 165	36 035
Provisions on investments	-	(51)
Foreign-exchange losses	(3)	-
Realised foreign exchange gains	-	7
Other	-	5
	(5 444)	**(26 688)**

The 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 2007, income from investments consists mainly of the penalty payments received on the occasion of the early reimbursement of loans to subsidiaries and related interest, and for the year ended 30 June 2008 to an advance payment in respect of dividends from the subsidiary Eutelsat Communications Finance.

NOTE 12: EXCEPTIONAL RESULT

The exceptional result comprises the following:

(In thousands of euros)	**Period ended 30 June**	
	2007	**2008**
Loss on repurchase of treasury stock	(22)	(182)
Proceeds from disposal of financial assets	4	-
Gain on repurchase of treasury stock	97	258
Exceptional depreciation and amortisation	-	(16)
Allocation to provisions for risks	(13)	-
	66	**60**

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 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

At 30 June 2007, Eutelsat Communications carried forward a tax loss of € 19.4 million generated in the course of the year, and recognised tax due in respect of Eutelsat Communications Finance of € 79 thousand.

Since 1 July 2007, the scope of the tax consolidation group has been extended to include the sub-subsidiaries WhiteBirds France S.A.S, SatBirds 2 S.A.S., Eutelsat S.A. and Eutelsat TV S.A.S.
At 30 June 2008, the tax expense in respect of the tax consolidation group is € 96.5 million and the amount due by the sub-subsidiaries under the tax consolidation agreement is € 126.9 million, showing a profit of € 30.4 million.

For information, Eutelsat Communications' losses prior to the tax consolidation system were € 43.3 million.

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 their 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 the bullet-loan facility. 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 to hedge the bullet-loan facility. The notional amount of this tunnel was reduced on 12 April

2007 from € 1 700 million to € 1 615 million so that it would be the same as the exact amount borrowed. This partial sale generated a termination indemnity of € 1 275 thousand for Eutelsat Communications.

- a forward pay fixed/receive variable swap for € 850 million and a purchase of a forward cap for a notional amount of € 850 million to hedge the bullet-loan facility, both covering an additional two 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 to € 1 615 million (i.e. reducing each one from € 850 million to € 807.5 million) and generating a termination indemnity for the Company of € 925 thousand.

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 to hedge the long-term Eutelsat Communications bullet loan.

Financial counterpart risk:

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and long-term investments.
The Company minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring only financial products with 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 counterparts 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 a particular country.

Key figures at 30 June 2008:
The following table analyses the contractual or notional amounts and fair value of the Group's derivatives at 30 June 2008 by type of contract.

(In thousands of euros)

Instrument	**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

NOTE 15: OTHER COMMITMENTS AND CONTINGENCIES

15.1 – Guarantees granted

Debt with banks has been contracted without real guarantees. According to the agreement, the guarantees of the lender are at least the same as for other creditors with unguaranteed and unsubordinated debt (with the exception of preferred creditors under the law).

15.2 – Other commitments given

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.

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, due by or owed to related parties on the balance sheet are as follows (in thousands of euros):

	At 30 June	
	2007	**2008**
Gross receivables (including unbilled revenues) ..	80 103	23 815
Liabilities (including accrued invoices)	686	301

Current assets comprise trade receivable balances, current accounts with customers and unbilled revenues, but do not take into account any allowances for bad debts.
Transactions with related parties included in the income statement are as follows (in thousands of euros):

	Period ended	
	30 June 2007	**30 June 2008**
Revenues	1 422	1 812
Operating charges..	1 493	1 008
Financial result	55 441	37 728

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 2008 (in thousands of euros):

Last financial period ended

	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 30/06/2007)	5 000	3 071 608	100%	-	211 050

The table below provides aggregated information for all investments held by Eutelsat Communications in subsidiaries and other companies at 30 June 2008 (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	-	5	-	35 164

NOTE 18: EVENTS AFTER THE BALANCE-SHEET DATE

None

20.2 Auditors' fees

	ERNST & YOUNG				MAZARS				CAILLIAU DEDOUIT			
(in euros)	Amount 2008	%	Amount 2007	%	Amount 2008	%	Amount 2007	%	Amount 2008	%	Amount 2007	%
Audit												

Statutiry audit, certification of the individual and consolidated financial statements												
Eutelsat communications	207,000	33%	330,000	31%	214,700	54%	202,304	100%		0%		0%
Other subsidiaries	341,850	55%	269,250	26%	181,400	29%		0%	1,971	100%	66,146	100%
Other work and services directly related to the statutory audit assignment												
Eutelsat communications	17,750	3%	365,000									
Other subsidiaries	18,625	3%	13,750									
Sub total	585,225	94%	978,000	93%	396,100	100%	202,304	100%	1,971	100%	66,146	100%
Other services where applicable												
Legal, tax and employee related matters	38,409	6%	74,513	7%	-	0%	-	0%	-	0%	-	0%
Other (to be specified if > 10% of audit fees)	-		-		-		-		-		-	
Sub total	38,409	6%	74,513	7%	-	0%	-	0%	-	0%	-	0%
TOTAL	**623,634**	**100%**	**1,052,513**	**100%**	**396,100**	**100%**	**202,304**	**100%**	**1,971**	**100%**	**66,146**	**100%**

20.3 Dividend policy

The dividend distribution policy is defined by the Board of Directors after analysing the Group's results and its financial position.

Because it was recently created, Eutelsat Communications has not paid any dividend since its creation.

Conversely, Eutelsat Communications distributed €0.54 per share taken from the "Share premium" account for the year ended 30 June 2006 and €0.58 per share, also taken from the "Share premium" account, for the year ended 30 June 2007.

For the year ended 30 June 2008, the Company's Board of Directors has decided to recommend to the Annual General Meeting of 30 July 2008 that the shareholders approve the distribution of €0.60 per share taken from the "Share premium" account.

In the future, Eutelsat Communications' target is to distribute between 50% and 75% of consolidated net income (Group share) to its shareholders

This target does not under any circumstance constitute a commitment by the Group, and future distributions will depend on the Group's results, its financial position, and a number of restrictions.

20.4 Legal and arbitration procedures

To the Company's knowledge, over a period covering the last twelve months, no government, court or arbitration proceeding exists (nor any proceeding the Company knows is pending or threatened) that could have, or recently did have, any material impact on the financial position or profitability of the Company and/or Group.

20.5 Significant changes in the commercial or financial position

To the Company's knowledge, there exists no significant change affecting the Company's commercial or financial position since the close of the financial year ended 30 June 2008.

CHAPTER 21. ADDITIONAL INFORMATION

21.1 General information concerning the capital

21.1.1 Share capital

As of the date of registering this reference document, the share capital is 219,641,955 euros. It is divided into 219,641,955 ordinary shares with a nominal value of 1 euro each.

The Company's shares are fully subscribed, fully paid-in and are all of the same category.

The Company's shares have been admitted on compartment A of Eurolist by Euronext Paris since 2 December 2005, under the code ISIN FR0010221234.

21.1.2 Securities not representing the capital

None

21.1.3 Shares held by the Company or on its own account

As of the date of registering 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 buy-back programme

The Company's Ordinary and Extraordinary General Meeting of Shareholders held on 9 November 2007 authorised the Board of Directors, for a period of 12 months and with the possibility of sub delegation under the relevant legal and regulatory terms and conditions, to purchase Company shares in accordance with Articles L. 225-209 and following of the Commercial Code and in application of the market practices permitted by the Autorité des marchés financiers, within the limit of 10% of the share capital existing at the time of the purchase. This limit is reduced to 5% of the share capital in the cases referred to in the 3rd bullet point below.

Shares shall be purchased in compliance with the applicable legal and statutory provisions and in accordance with the evolution of positive law in order to:

- stimulate the secondary market or the liquidity of the share via a provider of investment services with which it has signed a liquidity agreement compliant with a charter of ethics approved by the Autorité des marchés financiers;

- remit the shares at the time of the exercising of rights attached to securities that give access by any means, either immediately or at term, to the Company's share capital, and to perform any hedging operations 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 judged 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 operations relative to external growth, in compliance with market practices approved by the Autorité des marchés financiers, in the context, for example of mergers, demergers or contributions. It is specified that the maximum number of shares acquired by the Company in order to remit them later as a means of payment or exchange in the context of mergers, demergers or contributions, shall not exceed 5% of its share capital;

- allocate or grant shares to employees, former employees or senior managers of the Company or companies in the Group, in accordance with the conditions and procedures provided for by the law, such as in the context of the allocation of free shares provided for in Articles L. 225-197-1 to L. 225-197-3 of the Commercial Code, or in the context of sharing in the fruits of the Company's expansion, in the context of a stock-option plan or via 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, sold 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 stock 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 or by introducing strategies involving the sale or purchase of call options or put options under the conditions stipulated by the market authorities, at times thought appropriate by the Board of Directors; including during a period of takeover or exchange bid within the limits permitted by the applicable regulations.

The maximum sum destined for 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 above-mentioned purchase price in the event of the incorporation of premiums, reserves or profits giving rise either to an increase in the nominal value of the shares, or to the creation and allocation of free shares, and also in the event of dividing the nominal value of the share or regrouping shares to take into account the impact of these operations on the nominal value of the share.

The draft resolutions decided by the Company's Board of Directors on 30 September 2008, which will be submitted for the shareholders' approval at their Ordinary and Extraordinary General Meeting of 6 November 2008 provide for the renewal of the above-mentioned authorisation and an increase in the theoretical maximum sum authorised for the purchase to 400 million euros and the maximum purchase price to 30 euros per share.

The Company did not directly buy out any of its shares during the financial year ended 30 June 2008.

Liquidity agreement

After having terminated the liquidity agreement reached with SG Securities (Paris) on 1 December 2007, the Company entered into 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 by 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 2008, the liquidity agent purchased, at 30 June 2008, in the name of and on behalf of the Company 46,473 shares with a unit value of 17.69 euros i.e. a total amount of 822,107.37 euros.

21.1.4 Other securities giving access to the capital

Share Warrants

On 30 June 2005, the partners had surrendered to the Chairman of the Board their authority to issue, either immediately or in the future, one or several stock warrants (ABSA) reserved for the Group's managers and corporate officers for a maximum nominal amount of capital increase of 6,660,000 euros, subject to prior authorisation by the Board.

The Board of Directors, at its meeting on 15 July 2005, had authorised the Chairman to issue 835,200 ABSA1 (granted in full to Mr Berretta, Chairman & CEO) and 882,380 ABSA2 (including 187,710 ABSA granted to Mr Brillaud, Deputy CEO) as follows:

- ABSA1: unit price of 1.378 euros;
- ABSA2: unit price of 1.54 euros;
- 2.7 share warrants per stock warrant;
- 1 BSA conferring the right to subscribe for 1 Company share.

The issue was made on 2 August 2005, was fully paid-up in cash with the difference between the unit subscription price for the ABSAs and the nominal value being recognised as additional paid-in capital. The BSAs were detached from the shares when the ABSAs were issued.

The conditions for subscription (1.924 euros per share) and the conversion rate (2 BSA for 1.03951 share) were adjusted in November 2006 to take into account a distribution by taking the required amount from "Additional Paid-In Capital".

Following the exercise, during the period between 4 July and 18 December 2007, of the 150,014 BSA 2 that remained to be exercised at 30 June 2007, the Board of Directors meeting of 18 December 2007 recognised the issue of 77,970 new Company shares.

At 30 June 2008, all BSAs had been exercised.

Plan for the Allocation of Free Shares

By its decision on 10 May 2007, the Board of Directors of the Company decided to allocate free shares to Group' employees on the basis of 181,825 shares to be issued. The vesting period for the shares was set at 2 years after this date on condition that the employee was still working for the Group at that time. The beneficiaries were then required to retain these shares for a further period of 2 years after definitive acquisition. Under this decision, Mr Berretta received 30,000 free shares and Mr Brillaud received 10,000 free shares.

On 25 July 2007 the Board of Directors decided to set up a free share plan totalling 474,831 shares for the benefit of all employees including corporate officers, notably granting 400 free shares to each of the Group's employees (excluding key managers).

The vesting period for the shares was set at 2 years from 11 May 2009 on condition that the employee was still working for the Group at that time. The qualifying period for definitive acquisition of the shares was fixed at 2 years from that date.

Beside the requirement that the employee should still be working for the Group, the acquisition of one or more of the free shares granted is subject to the achievement for 50% of an annual EBITDA target and for the remaining 50% of a Company share price target determined after the 2 year period.

Potential dilution

As of the date of registering this reference document, the Company's share capital consists of 219,641,955 shares of 1 euro each. On such basis, the maximum potential dilution resulting from the issue of the 656,656 free shares would be approximately 0.29%.

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 Ordinary and Extraordinary General Meeting of the Company's shareholders on 9 November 2007, which are in force as of the date of registering this reference document:

	Operation concerned	Maximum nominal amount	Duration of the authorisation and expiry
1.	Authorisation granted to the Board of Directors to purchase shares of the Company	10% of the shares making up the share capital for a maximum amount of 400 million euros	12 months
2.	Delegation of powers to the Board of Directors to issue ordinary shares of the Company and securities giving a right to ordinary shares in the Company or in one of its subsidiaries, while maintaining the preferential subscription right of shareholders	120 million euros	26 months
3.	Delegation of powers to the Board of Directors to issue ordinary shares of the Company and securities giving a right to ordinary shares in the Company or in one of its subsidiaries, while suppressing the preferential subscription right of shareholders	120 million euros*	26 months
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	15% of the initial issue with a maximum of 120 million euros*	26 months
5.	Delegation of powers to the Board of Directors to increase the capital stock by incorporation of reserves, profits, premiums or other amounts whose capitalisation would be permitted	100 million euros*	26 months
6.	Delegation to issue share warrants for their free grant to shareholders if the Company is targeted by a tender offer	217,401,082 euros	18 months
7.	Delegation of powers to the Board of Directors to issue ordinary shares and securities giving a right to ordinary shares in the Company in the event of a tender offer for exchange initiated by the Company	120 million euros**	26 months
8.	Delegation of powers to the Board of Directors to increase the capital stock through the issue of ordinary shares of the Company and securities giving a right to ordinary shares of the Company as payment for contributions in kind not exceeding 10% of the share capital of the Company	120 million euros**	26 months
9.	Delegation of powers to the Board of Directors to issue ordinary shares following the issue by subsidiaries of the Company of securities giving right to ordinary shares of the Company	120 million euros**	26 months

10.	Delegation of powers to the Board of Directors to issue securities giving right to debt securities	2 billion euros	26 months
11.	Authorisation for the Board of Directors to increase the capital stock in favour of the members of a savings plan	2 million euros	26 months
12.	Authorisation granted to the Board of Directors for the free grant of shares of the Company	4% of the share capital	38 months
13.	Authorisation for the Board of Directors to grant companies share subscription and/or purchase options.	4% of the share capital***	38 months
14.	Reduction in the share capital by cancelling bought back shares	10% of the share capital by 24 month periods	18 months

(*) This maximum nominal amount is included in the total maximum amount of 120 million euros specified in point 2.
(**) This maximum nominal amount is included in the total maximum amount of 120 million euros specified in point 3.
(***) This ceiling is not autonomous and is included in that specified in point 12.

During the financial year ended 30 June 2008, the Board of Directors used the powers authorising it to:

- buy back the Company's shares under a liquidity agreement in order to stimulate the secondary market (point 1 in the above table),

- issue ordinary shares of the Company as payment for contributions in kind within the framework of the exchange offer for Eutelsat S.A. shares (point 8 in the above table), and to

- grant free shares of the Company to the Group's employees and corporate officers (point 12 in the above table).

The draft resolutions decided by the Company's Board of Directors on 30 September 2008, which will be submitted for the shareholders' approval at their Ordinary and Extraordinary General Meeting of 6 November 2008, recommend that only those authorisations set out in points 1 and 14 of the table above should not be renewed, as the other authorisations are not due to expire over the financial year 2008/2009, except the delegation granted to allocate stock warrants to the shareholders free of charge if the Company is targeted by a tender offer, which is not renewed.

21.1.6 Options or agreements concerning the capital of the Company or of a member of the Group

Offer to purchase or exchange the shares held by the minority shareholders of Eutelsat S.A.

In July and August 2007, the Company initiated a private offer to exchange shares with some of Eutelsat S.A.'s historical shareholders and Eutelsat S.A. employees holding shares derived under the Partners and Managers 1 and 2 stock options plans, except as regards the commitments to sell Managers 2 shares entered into by some employees. By its decision on 15 October 2007, the Board of Directors observed that 3,216,183 Eutelsat S.A. shares had been transferred to the Company, and approved the issue, in consideration of such contribution, of 991,332 new shares with a par value of 1 euro per share for the benefit of the contributors.

To the extent that some of Eutelsat S.A.'s institutional shareholders had not been able to participate in that offer, the Board of Directors decided on 15 October 2007 to renew this exchange offer in the second half of the financial year. The Board of Directors therefore decided on 27 May 2008 to approve the transfer to the Company of 3,459,560 Eutelsat S.A. shares by the Republic of Croatia and approved the issue, in consideration of such contribution, of 1,038,242 new shares with a par value of 1 euro per share for the benefit of the contributor.

The exchange ratios used for those transactions were as follows:

- For employees taking part in the offer, the exchange ratio was set at 0.3191 Eutelsat Communications share for 1 Eutelsat S.A. share, the odd lots being paid in cash.

- For institutional shareholders, the exchange ratio was set at 0.3001 Eutelsat Communications share for 1 Eutelsat SA share, the odd lots being paid in cash.

The transfer commitments made by the Company representatives and certain key managers of the Group

Corporate officers and some executives have signed with the Company formal commitments to buy and formal commitments to sell relating to the Eutelsat S.A. shares that may result from the exercise of the stock options granted by Eutelsat S.A. under the different "Managers I", "Managers II", "Managers III" and "Managers IV" stock-option plans (see Note 4.2 of the consolidated financial statements for the financial year ended 30 June 2007), 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 at 30 June 2008: 2.70 euros.

- Exercise period: for 3 months after the end of the period of fiscal unavailability for each tranche of shares concerned

Commitment to buy:

- Granted by Eutelsat Communications.

- Exercise price determined on the basis of a Eutelsat S.A. valuation of 8.5 times Eutelsat S.A.'s consolidated EBITDA, after deducting the Group's net debt (or adding the net financial position).

- Exercise period: for each tranche of shares concerned, for 1 month after the end of the period for exercising the corresponding commitment to sell.

In application of the above-mentioned commitments to sell, certain key managers of Eutelsat S.A., who are beneficiaries of shares issued due to the exercise of "Manager III" options, transferred to SatBirds 2 SAS a total of 538,308 Eutelsat S.A. shares in May 2008 at a price of 2.70 euros per share.

On 25 September 2007, the Company's Board of Directors had approved a modification of the provisions of the commitments to sell and to purchase the Eutelsat S.A.'s shares that would result from the exercise by Company representatives of stock options granted by Eutelsat S.A. under the "Managers III" plan.

The Board of Directors had decided:

- to fix two exercise periods for the commitments to sell, the first running from December 2007 to March 2008 and the second from March 2008 to June 2008, for shares that may be held by Mr Berretta and Mr Brillaud, and

- to unilaterally fix the maximum number of Eutelsat S.A. shares that can be sold by M. Berretta and M. Brillaud in the first period, with the balance to be transferred during the second period.

In return, the Board of Directors decided to modify the exercise price for the commitments to sell and to buy the shares resulting from the "Managers III" plan that may be held by Mr Berretta and M. Brillaud as follows:

- 3.13 euros during the first period; and

- 3.37 euros during the second period.

In application of the above-mentioned commitments to sell, Eutelsat's corporate officers who are beneficiaries of shares issued due to the exercise of "Managers III" options, transferred to SatBirds 2 SAS a total of 6,058,361 Eutelsat S.A. shares in January 2008, including 5,800,000 shares by persons connected to Mr Berretta, Chairman & CEO (at a price of 3.13 euros per share) and 258,361 shares by persons connected to Mr Brillaud, Deputy CEO (at a price of 3.13 euros per share), and then a total of 3,847,643 shares in May 2008, including 3,667,917 shares by persons connected to Mr Berretta, Chairman & CEO (at a price of 3.37 euros per share) and 179,726 shares by persons connected to Mr Brillaud, Deputy CEO (at a price of 3.37 euros per share).

21.1.7 Change in the share capital until the date of registering this reference document

The table below shows the progression of the Company's share capital since its incorporation on 15 February 2005, until the date of registering 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)	Global issue/ merger premium (in euros)	Successive amounts of the nominal capital (in euros)	Cumulative number of shares	Nominal value of the shares (in euros)
15/02/2005	Incorporation of the Company	3,700	37,000	-	37,000	3,700	10
21/03/2005	Capital reduction (nominal value of the shares divided by 10)	-	(33,300)	-	3,700	3,700	1
21/03/2005	Capital increase	33,300	33,300	-	37,000	37,000	1
4/04/2005	Capital increase (contributions in kind)	256,620,482	256,620,482	-	256,657,482	256,657,482	1
30/06/2005	Capital increase (contributions in kind)	22,075,116	22,075,116	-	278,732,598	278,732,598	1
20/07/2005	Capital reduction (reduction of the nominal value from 1 euro to 0.50 euro per share)	-	(139,366,299)	-	139,366,299	278,732,598	0.5
2/08/2005	Capital increase (issue of ABSAs -- General Meeting of 30/06/2005)	1,717,580	858,790	792,190.80	140,225,089	280,450,178	0.5

31/08/2005	Regrouping of shares	(140,225,089)	-	-	140,225,089	140,225,089	1
6/10/2005	Capital increase (remuneration for contribution of receivables)	2,938,777	2,938,777	2,938,777	143,163,866	143,163,866	1
30/12/2005	Capital increase (IPO)	71,666,667	71,666,667	761,257,000 (after deduction of charges related to the operation)	214,830,533	214,830,533	1
14/12/2005	Capital increase (exercise of BSAs)	600,000	600,000	600,000	215,430,533	215,430,533	1
19/12/2005	Capital increase (reserved for employees)	196,099	196,099	1,686,451	215,626,632	215,626,632	1
27/04/2006	Capital increase (contribution of Eutelsat S.A. shares)	65,960	65,960	65,960	215,692,592	215,692,592	1
during FY 2006	Capital increase (exercise of BSA1s)	548,362	548,362	507,000	216,240,954	216,240,954	1
during FY 2006	Capital increase (exercise of BSA2s)	1,160,128	1,160,128	1,072,000	217,401,082	217,401,082	1
15/10/2007	Capital increase (buy-back and exchange of Eutelsat S.A. shares)	991,332	991,332	15,157,466.3	218,392,414	218,392,414	1
31/10/2007	Capital increase (exercise of BSA2s)	77,968	77,968	72,042.84	218,470,382	218,470,382	1
29/11/2007	Capital increase (allocation of free shares)	133,331	133,331	(133,331)	218,603,713	218,603,713	1
27/05/2008	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

21.1.8 Pledges, guarantees and securities

Pledges of Company shares

To the Company's knowledge, as of the date of registering this reference document, Company shares have not been pledged.

Pledges, guarantees and securities regarding the Company's assets

To the Company's knowledge, as of the date of registering this reference document, there are no pledges, guarantees or securities on the Company's assets.

21.2 Constitutive documents and By-laws

The provisions described in the following paragraphs provide a summary of the Company's By-laws applicable as of the date of registering 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 Observers (Articles 13 to 19 of the Company's By-laws)

The Company shall be administered by a Board of Directors composed of at least three members and at most twelve members, subject to the exceptions stipulated by law. Directors shall be appointed for a period of six years by the Ordinary Meeting of Shareholders.

Directors may be reelected; their mandate may be revoked at any time by decision of the Ordinary 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 in office as a director. He may be reelected.

The Board of Directors may revoke his appointment at any time.

The Chairman of the Board may not be older than 70 years old. If the Chairman reaches that age limit during his term in office as Chairman, he shall be considered automatically to have resigned. However, his term in office shall extend until the next meeting of the Board of Directors during which his successor shall be appointed.

The Chairman of the Board of Directors shall organize and manage the work of the Board, about which he shall report to the Meeting of 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.

Each director must own at least one share throughout his term in office.

If, on the day of his appointment, a director does not own the required number of shares or if, during his term in office, he ceases to own them, he shall be considered automatically to have resigned if he has not rectified his situation within a period of three months.

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 two 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 shall be made by the majority of the members present or represented.

In the event of a tie, the Chairman's vote shall be decisive.

In compliance 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 means that enable their identification and guarantees 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, empower 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 director.

Powers

The Board of Directors shall determine the orientations of the Company's activity and shall see to their implementation. Subject to the powers expressly vested in Meetings of Shareholders and within the limit of the company's 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 relations with third parties, the Company shall be bound even by acts of the Board of Directors that do not fall within the company's purpose, unless it 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; the 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 compensation of their activity, by way of directors' 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 missions or mandates 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 reimbursement of travel expenses and expenses incurred by the directors in the Company's interest.

Observers

A Censor position is created.

Such Censor 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 Censor if he has any direct or indirect relationship with any direct or indirect competitor of any entity of the Eutelsat Group (such term being defined as Eutelsat Communications and all entities controlled directly or indirectly by Eutelsat Communications, including Eutelsat SA, “Control” having the meaning ascribed to such term by article L. 233-3 of the Commercial Code).

In case of a vacancy in the position of Executive Secretary of EUTELSAT IGO, the Censor position shall remain vacant as long as the Executive Secretary position remains vacant.

The Censor 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 Censor may not be represented at a meeting of the Board of Directors, unless, in case of an impossibility to attend a meeting, with the approval of the Chairman of the Board.

The Censor shall have the same information and the same documentation as the Directors, as said information and documentation shall be sent concurrently to the Directors and Censor.

All the information brought to the attention of the Censor 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 Censor without first having been authorised by the Chairman of the Board of Directors, the CEO (directeur general), if he is not the Chairman or the Deputy CEO (directeur general délégué).

21.2.3 Form of shares -- Identification of shareholders (Article 10 of the Company's By-laws)

The shares shall be in registered or in bearer form, at the option of each shareholder, and shall be recorded in an account pursuant to law.

For purposes of identifying the holders of bearer shares, the Company shall have the right, at any time, against 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 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 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 the right to one vote at Meetings of Shareholders. The By-laws impose no limit on voting rights.

The voting right shall belong to the beneficial owner at ordinary Meetings of Shareholders and to the owner of title at Meetings of Shareholders. However, shareholders may agree among themselves to any other distribution for exercising the voting right at Meetings of Shareholders, provided that the beneficial owner not be 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 notice of receipt sent to the head office. The Company shall be required to respect that agreement for any Meeting of Shareholders held at least five 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 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 capital that it represents.

Possession of a share shall automatically entail adherence to these By-laws and the resolutions duly adopted by the 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 Meetings of Shareholders (Article 22 of the Company's By-laws)

The collective decision of the shareholders shall be made in Meetings of Shareholders under the conditions defined by law. Any Meeting of Shareholders duly convened shall represent all shareholders of the Company.

The resolutions of the Meetings of Shareholders shall be binding on all shareholders, even those who are absent, dissenting or incapable.

Meetings of Shareholders 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.

The right to participate, personally or by agent, in Meetings of Shareholders shall be subject either to the shareholder's registration, five days before the date of the Meeting of Shareholders, in the accounts of registered securities kept by the Company, or the filing, within the same time limit, at the locations indicated in the notice of meeting, of a certificate from an accredited account-keeper intermediary stating that the bearer shares in the account are unavailable until the date of the Meeting of Shareholders.

The Board of Directors may shorten or eliminate the time period indicated in the preceding section.

If not attending the Meeting of Shareholders in person, a shareholder may choose among one of the following three formulas: give a proxy to another 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 up until 3:00 p.m., Paris time, on the day before the Meeting of Shareholders is held shall be counted.

The Board of Directors may shorten or eliminate the time period indicated in the preceding section.

Legal representatives of legally incompetent shareholders and individuals representing legal-entity shareholders shall participate to the Meeting of Shareholders, whether or not they are shareholders personally.

Meetings of 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 two 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 outside the 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 and Extraordinary Meetings of Shareholders shall meet on first call and, if applicable, on second call under the quorum conditions provided by law.

Resolutions of Meetings of Shareholders shall be adopted under the majority conditions provided 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 and Extraordinary Meetings of Shareholders shall exercise their respective powers under the conditions provided by law.

21.2.7 Crossing of statutory thresholds (Article 11 of the Company's 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 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. That information shall be renewed for the holding of each additional stake of 1% of the capital or voting rights without limitation.

That reporting obligation shall apply under the same conditions as those stipulated above whenever the percentage of the capital stock and/or voting rights possessed becomes less than a multiple of 1% of the capital or voting rights.

If not duly reported under the conditions stipulated above, the shares that exceed the percentage that should have been reported shall, upon request, indicated in the minutes of the Meeting of Shareholders, 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 two 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 capital stock may be increased, reduced or amortised under the conditions set by law.

CHAPTER 22. MATERIAL CONTRACTS

22.1 Contracts relating to satellites

The Group ordered two new satellites in the financial year 2007-2008:

KA-SAT, was ordered from EADS Astrium in November 2007; and
W3B, was ordered from Thalès Alenia Space in February 2008.

The Group also commissioned other satellites in previous years.

During the financial year 2006-2007, the Group ordered three satellites:

- W2A was ordered from Thales Alenia Space in September 2006;
- HOT BIRD™ 10 was ordered from EADS Atrium in October 2006;
- W7 was ordered from Thales Alenia Space in December 2006.

In addition, the Group ordered two further satellites during the financial year 2005-2006:

- HOT BIRD™ 9, ordered from EADS Astrium;
- W2M, ordered from EADS Astrium - ISRO.

For further information on these satellites, see section 6.6.1.3 "Satellites ordered and in 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 engineers of the Group 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 four 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 fraction 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 financial year ended 30 June 2007, the Group received 11.4 million euros in compensation 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.

In cases where delivery is more than six months late, the Group can cancel the satellite procurement contracts or reason of 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 three 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.

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 with Arianespace, the Group was offered a new launch, which should be 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 reimbursement of any sum it may have paid to the launch services provider. If the Group cancels the launch without giving a reason, it is required to pay the cancellation indemnities, 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 under "Capacity leased on satellites belonging to third parties" in 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 indebtedness and the Group's financing structure".

CHAPTER 23. DOCUMENTS AVAILABLE TO THE PUBLIC

All the legal documents concerning the Company, the Company's By-laws, the minutes of the General Meetings, Company and consolidated financial statements, the auditors' reports and all other Company 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 can 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 timetable for communication of financial information

The dates communicated below are provided for information only and may be modified at any time by the Company:

- 6 November 2008: General Meeting of Shareholders
- February 2009: Publication of revenues for the 2nd quarter and half-year results
- May 2009: Publication of revenues for the 3rd quarter
- July 2009: Publication of the results for the financial year ended 30 June 2009

Annual information document

In accordance with Article 222-7 of the general regulations 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 compliance with its legislative and statutory obligations in matters of financial instruments and financial instruments markets.

PUBLICATION DATE	TITLE OF PRESS RELEASE
3 September 2008	EUTELSAT UPDATE ON TECHNICAL PERFORMANCE W5 SATELLITE
1 September 2008	SISLINK SECURES 4000 HOURS OF EUTELSAT SATELLITE CAPACITY FOR KEY NEWS AND SPORTING EVENTS
28 August 2008	SKYLOGIC, EUTELSAT's BROADBAND AFFILIATE RECEIVES ISO 14001 ENVIRONMENTAL CERTIFICATION
31 July 2008	EUTELSAT REPORTS 2007-2008 ANNUAL RESULTS
25 July 2008	EUTELSAT STRONGLY AFFIRMS ITS INDEPENDENCE AND HOLDS NO PREJUDICE AGAINST NTDTV
11 July 2008	STABILISATION OF TECHNICAL PERFORMANCE OF EUTELSAT COMMUNICATIONS W5 SATELLITE
10 July 2008	THE PIEDMONT REGION AND EUTELSAT COMMUNICATIONS ANNOUNCE A SHARED COMMITMENT TO BRIDGE THE DIGITAL

	DIVIDE
17 June 2008	EUTELSAT STATEMENT ON W5 SATELLITE
11 June 2008	TVB TELEVISION BROADCASTS OF HONG KONG SELECTS EUTELSAT EUROBIRD™ 9 SATELLITE FOR NEW MULTI-CHANNEL CHINESE PLATFORM FOR EUROPE
9 June 2008	EUTELSAT NEW SENIOR EXECUTIVE APPOINTMENT: CHIEF RISK OFFICER APPOINTED
3 June 2008	DISTRIBUTION NETWORK OF EUTELSAT's TOOWAY™ BROADBAND SERVICE GATHERS SPEED WITH TELDAFAX IN GERMANY
27 May 2008	EUTELSAT COMMUNICATIONS INCREASES ITS STAKE IN PRIVATELY HELD SUBSIDIARY EUTELSAT S.A.
15 May 2008	EUTELSAT COMMUNICATIONS REPORTS 8.9% REVENUE INCREASE FOR THIRD QUARTER 2007-2008
6 May 2008	MULTICHOICE HELLAS RENEWS EUTELSAT HOT BIRD™ CAPACITY TO 2020 AND TAKES FIFTH HOT BIRD™ TRANSPONDER
29 April 2008	HDTV PLATFORM HELLO HD LAUNCHES IN HUNGARY FROM EUTELSAT'S EUROBIRD™ 9 NEIGHBOURHOOD
22 April 2008	LIVE HD PERFORMANCES FROM METROPOLITAN OPERA NEW YORK COME TO CINEMAS IN FRANCE VIA EUTELSAT SATELLITES
10 April 2008	ORANGE SELECTS EUTELSAT'S HOT BIRD™ AND ATLANTIC BIRD™ 3 SATELLITES TO COMPLETE TV ADSL COVERAGE
26 March 2008	EUTELSAT AND SPEEDCAST ANNOUNCE THE LAUNCH OF A NEW GLOBAL MARITIME BROADBAND SERVICE
19 March 2008	EUTELSAT COMMUNICATIONS PAYS TRIBUTE TO SIR ARTHUR C. CLARKE 'FATHER OF THE GEOSTATIONARY ORBIT'
26 February 2008	EUTELSAT COMMISSIONS NEW W3B SATELLITE FROM THALES ALENIA SPACE
21 February 2008	STEVE MAINE APPOINTED BY EUTELSAT AND SES ASTRA AS CEO OF JOINT VENTURE FOR MOBILE SATELLITE SERVICES
14 February 2008	EUTELSAT COMMUNICATIONS REPORTS STRONG INCREASE OF 18.5% IN NET INCOME FOR FIRST-HALF 2007-2008
8 February 2008	TELECOMS SANS FRONTIERES RECEIVES EUTELSAT SATELLITE-EQUIPPED NISSAN VEHICLE
7 February 2008	TELE COLUMBUS TEAMS WITH EUTELSAT GERMANY TO ESTABLISH NEW DIGITAL TV-PLATFORM

6 February 2008	MAJOR PLAYERS OF THE DVB-SH ECOSYSTEM JOIN FORCES TO DEMONSTRATE LIVE MOBILE TV IN S-BAND THROUGHOUT THE MOBILE WORLD CONGRESS IN BARCELONA
23 January 2008	MELODY ZEN BOOSTS EUTELSAT's EUROBIRD™ 9 SATELLITE WITH NEW HDTV CONTENT
15 January 2008	SWISSCOM SELECTS EUTELSAT'S NEW TOOWAY™ BROADBAND SERVICE TO ENSURE UNIVERSAL BROADBAND ACCESS THROUGHOUT SWITZERLAND
10 January 2008	PBLSat SELECTS TWO EUTELSAT SATELLITES TO INCREASE CAPACITY FOR PROFESSIONAL VIDEO TRANSMISSIONS ACROSS EUROPE
8 January 2008	EUTELSAT COMMUNICATIONS FIRST-HALF 2007-2008 EARNINGS CALENDAR
7 January 2008	EUTELSAT TO DRIVE SATELLITE BROADBAND TO NEW FRONTIERS WITH FIRST FULL KA-BAND SATELLITE INFRASTRUCTURE
19 December 2007	CAPITAL INCREASE: ALLOCATION OF 133 331 NEW SHARES TO EUTELSAT GROUP EMPLOYEES
5 December 2007	BIS PAY-TV PLATFORM TO LAUNCH FROM EUTELSAT’S TWO LEADING VIDEO NEIGHBOURHOODS SERVING FRANCE
3 December 2007	IMPLEMENTATION OF A LIQUIDITY AGREEMENT WITH EXANE BNP PARIBAS
29 November 2007	TDA (TELEDIFFUSION D’ALGERIE) SELECTS EUTELSAT ATLANTIC BIRD™ 3 SATELLITE TO SUPPORT LAUNCH OF DIGITAL TERRESTRIAL TELEVISION IN ALGERIA
27 November 2007	CANAL SATELLITE REUNION BOOSTS CAPACITY ON EUTELSAT W2 SATELLITE FOR NEW PAY-TV SERVICES
19 November 2007	HOT BIRD™ TV AWARDS 2007: WINNERS OF THE 10TH HOT BIRD™ TV AWARDS ANNOUNCED IN VENICE
13 November 2007	ENTERTAINMENT HIGHWAY SELECTS EUTELSAT W4 SATELLITE FOR NEW HiTV PAY-TV PLATFORM FOR NIGERIA
12 November 2007	EUTELSAT COMMUNICATIONS ANNUAL GENERAL MEETING OF SHAREHOLDERS OF NOVEMBER 9, 2007
23 October 2007	EUTELSAT COMMUNICATIONS REPORTS REVENUE FOR THE FIRST QUARTER 2007-2008 AND ANNOUNCES MID-TERM GROWTH OBJECTIVES
15 October 2007	EUTELSAT COMMUNICATIONS INCREASES ITS STAKE IN ITS UNLISTED SUBSIDIARY EUTELSAT S.A.
1 October 2007	EUTELSAT BROADBAND SUBSIDIARY, SKYLOGIC, RETAINED BY SPAIN’s SARAGOSSA REGION TO BRING BROADBAND VIA SATELLITE

	TO 120 COMMUNITIES
17 September 2007	EUTELSAT COMMUNICATIONS APPOINTS CATHERINE GUILLOUARD AS CHIEF FINANCIAL OFFICER AND MEMBER OF THE GROUP EXECUTIVE COMMITTEE
10 September 2007	TOOWAY™ CONSUMER SATELLITE BROADBAND SERVICE CONTINUES ROLL-OUT ACROSS EUROPE
10 September 2007	EUTELSAT COMMUNICATIONS INITIATES AN OPERATION TO ACQUIRE SHARES OF ITS NON-QUOTED SUBSIDIARY EUTELSAT S.A.
7 September 2007	PREMIUM ARABIC CHANNELS FROM ORBIT JOIN EUTELSAT'S KABELKIOSK DIGITAL CABLE PLATFORM
6 September 2007	T-SYSTEMS SELECTS EUTELSAT'S EUROBIRD™ 9 SATELLITE FOR BROADCASTING AND DATA SERVICES
31 August 2007	EUTELSAT AND VIASAT READY TO LAUNCH TOOWAY™ CONSUMER SATELLITE BROADBAND SERVICE IN GERMANY
30 August 2007	MULTICHOICE AFRICA TAKES NEW CAPACITY ON EUTELSAT SESAT 1 SATELLITE TO EXPAND DSTV PAY-TV PLATFORM
26 July 2007	PIER FRANCESCO GUARGUAGLINI, CHAIRMAN AND CEO OF FINMECCANICA, JOINS THE EUTELSAT COMMUNICATIONS BOARD OF DIRECTORS
26 July 2007	EUTELSAT COMMUNICATIONS RECORDS STRONG GROWTH IN ANNOUNCING ITS RESULTS FOR 2006-2007

THRESHOLDS CROSSINGS

1 August 2008	NOTIFICATION BY PIONNEER INVESTMENTS MANAGEMENT DECLARING THAT IT HAS DROPPED BELOW THE 5% THRESHOLD AND HOLDS 10,486,968 SHARES REPRESENTING 4.77% OF THE CAPITAL
9 June 2008	NOTIFICATION BY PIONNER ASSET MANAGEMENT THAT IT HAS EXCEEDED THE 5% THRESHOLD AND HOLDS 11,402,562 SHARES REPRESENTING 5,19% OF THE CAPITAL
2 June 2008	NOTIFICATION BY CRÉDIT SUISSE SECURITIES (EUROPE) LIMITED DECLARING THAT IT HAS DROPPED BELOW THE 1% THRESHOLD DUE TO THE SALE OF ALL ITS SHARES IN THE COMPANY
26 May 2008	NOTIFICATION BY BNP PARIBAS ASSET MANAGEMENT DECLARING THAT IT HAS DROPPED BELOW THE 1% THRESHOLD AND HOLDS 1,970,134 SHARES REPRESENTING 0.90% OF THE CAPITAL
21 May 2008	NOTIFICATION BY CRÉDIT SUISSE SECURITIES (EUROPE) LIMITED THAT IT HOLDS 2,188,828 SHARES REPRESENTING 1% OF THE CAPITAL
12 May 2008	NOTIFICATION BY FRANKLIN MUTUAL RESOURCES ADVISORS LLC AND TEMPLETON WORLDWIDE INC.DECLARING THAT THEY HAVE DROPPED BELOW THE 8% THRESHOLD AND HOLD 17,433,547 SHARES REPRESENTING 7.43% OF THE CAPITAL

18 March 2008	NOTIFICATION BY FRANKLIN MUTUAL RESOURCES ADVISORS LLC ET TEMPLETON WORLDWIDE INC.DECLARING THAT THEY HAVE DROPPED BELOW THE 9% THRESHOLD AND HOLD 19,630,370 SHARES REPRESENTING 8.97% OF THE CAPITAL
16 January 2008	NOTIFICATION BY FRANKLIN MUTUAL RESOURCES ADVISORS LLC AND TEMPLETON WORLDWIDE INC.DECLARING THAT THEY HAVE DROPPED BELOW THE 10% THRESHOLD AND HOLD 21,748,095 SHARES REPRESENTING 9.94% OF THE CAPITAL
26 November 2007	NOTIFICATION BY FRANKLIN MUTUAL RESOURCES ADVISORS LLC AND TEMPLETON WORLDWIDE INC.DECLARING THAT THEY HAVE DROPPED BELOW THE 11% THRESHOLD AND HOLD 23,738,225 SHARES REPRESENTING 10.86% OF THE CAPITAL
8 November 2007	NOTIFICATION BY BNP PARIBAS ASSET MANAGEMENT DECLARING THAT IT HAS DROPPED BELOW THE 1% THRESHOLD AND HOLDS 2,093,873 SHARES REPRESENTING 0.96% OF THE CAPITAL
21 September 2007	NOTIFICATION BY FRANKLIN MUTUAL RESOURCES ADVISORS LLC AND TEMPLETON WORLDWIDE INC. THAT THEY HAVE EXCEEDED THE 11% THRESHOLD AND HOLD 23,922,039 SHARES REPRESENTING 11.004% OF THE CAPITAL
24 July 2007	NOTIFICATION BY MAGNETAR CAPITAL MASTER FUNDS LLC THAT IT HOLDS 2,058,001 SHARES REPRESENTING 0.95% OF THE CAPITAL
12 July 2007	NOTIFICATION BY CDC INFRASTRUCTURE DECLARING THAT IT HAS DROPPED BELOW THE 26% THRESHOLD AND HOLDS 56,399,660 SHARES REPRESENTING 25.94% OF THE CAPITAL
	DOCUMENTS PUBLISHED IN THE BALO [*Bulletin des Annonces Légales Obligatoires / Bulletin of Compulsory Legal Notices*]
23 November 2007	ANNUAL FINANCIAL STATEMENTS
23 November 2007	REVENUES AND QUARTERLY FIGURES
3 March 2008	REVENUES AND QUARTERLY FIGURES
5 March 2008	INTERIM ACCOUNTS
23 May 2008	REVENUES AND QUARTERLY FIGURES
	DECLARATIONS OF SECURITIES OPERATIONS BY MANAGERS
16 November 2007	JEAN PAUL BRILLAUD
30 July 2007	CLAUDE EHLINGER (2 OPERATIONS DECLARED)
	DOCUMENTS FILED WITH THE COURT CLERK'S OFFICE
27 May 2008	EXTRACT FROM THE MINUTES CONCERNING THE CAPITAL INCREASE
27 May 2008	BY-LAWS UPDATED
16 May 2008	EXPERT APPRAISER’S REPORT
18 December 2008	EXTRACT FROM THE MINUTES CONCERNING THE CAPITAL INCREASE AND THE MODIFICATIONS TO THE BY-LAWS

18 December 2008	BY-LAWS UPDATED
29 November 2008	EXTRACT FROM THE MINUTES CONCERNING THE CAPITAL INCREASE AND THE MODIFICATIONS TO THE BY-LAWS
9 November 2008	EXTRACT FROM THE MINUTES CONCERNING MODIFICATIONS TO THE BY-LAWS
9 November 2008	BY-LAWS UPDATED
15 October 2007	EXTRACT FROM THE MINUTES CONCERNING THE CAPITAL INCREASE
15 October 2007	BY-LAWS UPDATED
4 October 2007	EXPERT APPRAISER’S REPORT
13 August 2007	EDICT CONCERNING THE APPOINTMENT OF AN EXPERT APPRAISER
25 July 2007	EXTRACT FROM THE MINUTES CONCERNING THE CHANGE OF DIRECTOR, THE CAPITAL INCREASE AND THE MODIFICATIONS TO THE BY-LAWS
25 July 2007	BY-LAWS UPDATED

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 on the web-site www.journal-officiel.gouv.fr.

The documents filed with the Court Clerk's Office can be consulted on the web-site www.infogreffe.fr.

CHAPTER 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 29 to the Company's consolidated financial statements for the year ended 30 June 2008.

GLOSSARY

Analog	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.
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.
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.
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
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 three 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.
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 two transmission standards or media. This technique developed by Eutelsat under the name of Simulcast makes it possible to transmit a carrier wave in analog mode and a digital TV signal on a single satellite transponder which could normally only transmit the carrier wave of the analog 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	Satellite antenna beam that can be pointed towards a given geographical area by sending a ground signal.
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.

ANNEX 1

Eutelsat Communications

SOCIETE ANONYME WITH A BOARD OF DIRECTORS
AND A SHARE CAPITAL OF 219,641,955 EUROS
REGISTERED OFFICE: 70 RUE BALARD,
75015 PARIS
PARIS TRADE AND CORPORATE REGISTER NO. 481.043.040

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS
OF EUTELSAT COMMUNICATIONS
PURSUANT TO ARTICLE L. 225-37 OF THE FRENCH COMMERCIAL CODE

Dear Shareholders,

In accordance with Article L.225-68 of the French Commercial Code, 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 2008 and on the internal control procedures set up by the Eutelsat Group.

For the purposes of our report, please note that the term “Company” refers to Eutelsat Communications and the term “Group" or “Eutelsat Group” refers to Eutelsat Communications including all companies which it controls pursuant to article L. 233-3 of the Commercial Code.

1 INTRODUCTION

After the financial year 2007 which was marked by significant changes in the Group's management bodies, the Company's role to provide financial and strategic direction for the Eutelsat Group, 3rd largest Fixed Satellite Services operator worldwide, was reinforced in 2008. This was reflected in improved corporate governance practices with the Board of Directors setting up an Audit Committee, and also tighter internal control practices applied throughout the Group.

As a reminder, the Group's main business involves operating and marketing geostationary satellite systems, situated at more than 36,000 km above the Earth for communication and broadcasting purposes.

At 30 June 2008, the Group operated 24 satellites in stable geostationary orbit, located between 15° West and 70.5° East on the Equator.

1 CORPORATE GOVERNANCE

1.1 Absence of control or parties acting in concert

You are reminded that the Company was listed on 2 December 2005 and that at 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 French Commercial Code.

This situation has not been altered by the changes in the composition of the Company’s share capital over the year or previous years.

The Group's main shareholders are represented on the Company's Board of Directors; ABERTIS TELECOM, which holds 31.85% of the share capital, and the Caisse des Dépôts et Consignations-Infrastructure, which holds 25.8% of the share capital at 30 June 2008.

At 30 June 2008, 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 French Commercial Code.

1.2 Uniqueness of the functions of Chairman and CEO

You are reminded that 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.

1.3 Changes in the composition of the Board of Directors

Apart from Mr Guarguaglini being co-opted by the Board of Directors on 25 July 2007, which was ratified by the AGM of 9 November 2007, there have been no changes in the composition of the Board of Directors over the year, which is set out in the table below.

Name	Date of appointment	End of term of office
Jean-Luc ARCHAMBAULT	10/05/2007	OGM approving financial statements for year ended 30/06/2011
Bertrand MABILLE	10/05/2007	OGM approving financial statements for year ended 30/06/2011
CDC- Infrastructure represented by Jean BENSAÏD	14/02/2007	OGM approving financial statements for year ended 30/06/2011
Carlos SAGASTA-REUSSI	23/01/2007	OGM approving financial statements for year ended 30/06/2011
Tobías MARTÍNEZ GIMENO	23/01/2007	OGM approving financial statements for year ended 30/06/2011
Andrea LUMINARI	23/01/2007	OGM approving financial statements for year ended 30/06/2011
Carlos ESPINÓS-GÓMEZ	23/01/2007	OGM approving financial statements for year ended 30/06/2011
Lord John BIRT	10/11/2006	OGM approving financial statements for year ended 30/06/2012
Pier Francesco GUARGUAGLINI	25/07/2007	OGM approving financial statements for year ended 30/06/2012
Giuliano BERRETTA	31/08/2005	OGM approving financial statements for year ended 30/06/2011

You are reminded that, pursuant to the Letter-Agreement between our Company and EUTELSAT IGO and to our Company by-laws, Mr Roisse, Executive Secretary of EUTELSAT IGO is an Observer on the Board of Directors Board of Directors.

1.4 Election of independent directors

You are reminded that in accordance with the practices of corporate governance, the Board of Directors undertook a procedure for the selection of independent directors, i.e. 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.

Resolutions were voted by the Ordinary General Meeting of Shareholders on 10 November 2006 and 9 November 2007, and two independent directors were elected for a six-year term of office to expire at the end of the General Meeting called upon to rule on the accounts of the Company for the year ending 30 June 2012.

These 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 was elected by the General Shareholders Meeting on 10 November 2007.

The Board considers that its composition, which sees the presence of independent directors alongside directors exercising management functions within the Group or representing major shareholders, is an element of sound governance.

1.5 Employee representation on the Board of Directors

To strengthen the Group's employer-staff communication policy, the Company has reached an agreement with the works council at Eutelsat S.A. This agreement aims to give Eutelsat S.A.'s works council and thereby all of Eutelsat S.A.'s employees greater visibility on the Company's operations and decisions. A procedure has been set up whereby Eutelsat S.A.'s works council is informed of any of the Company's transactions which may affect Eutelsat S.A.'s operations or consolidation scope, and, in addition two representatives of Eutelsat S.A.'s works council are invited to attend the Board of Directors meetings, where the representatives are provided with the same information as the Directors.

1.6 Mission of the Board of Directors

Under Article L.225.35 of the French Commercial Code, 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.

It should also be noted that in addition to 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 submitted for 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 submitted for 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 included in the Strategic Plan.

Investments and financial undertakings: The Group's consolidated annual budget is subject to prior approval by the Board of Directors 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 increasing the Group's indebtedness by more than 50 million euros that is not included in the annual budget is subject to prior approval by the Board of Directors. Lastly, any decision to dispose of, 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 is subject to prior approval by the Board of Directors.

Composition of the Board of Directors and Group Management: 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 one of the six most highly paid managers working for the Group.

Other matters: Any projected take-over or merger of the Company, any offer to buy any other company for which payment is to be wholly or partly in Company shares, any draft reference documents or offer documents for investors must be submitted for approval by the Board of Directors.

We remind you that the Shareholders General Meeting of 10 November 2007 delegated its powers to the Board of Directors to issue share warrants (known as "Bons Bretons") in the case of a takeover bid involving the Group. This power was not used over the year.

1.7 The Board of Directors' Committees or working groups

You are reminded that over the prior period, the Board of Directors decided to set up a specialised committee and an ad hoc working group with the task of providing the Board with advice in their respective areas of specialisation:

Selection and Remuneration Committee: This Committee is notably in charge of studying and providing recommendations to the Board as appropriate on (i) the compensation of the Chairman and 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) recruiting or dismissing any of the Group's six most highly paid managers (see chapter 9 of the Management Report).

The Committee is currently chaired by Mr Martínez Gimeno, Messrs Bensaïd, Espinós-Gómez and Lord John Birt are also members. The Secretary to the Committee is Mr Izy Béhar, Director of Human Resources.

This Committee met 9 times in the course of the financial year and all members attended all meetings.

Over the period the Committee examined the employee share ownership policy and incentive plans for the Group's key managers.

On the basis of a recommendation by the Committee, the Board of Directors Meeting of 25 July 2007 decided to set up a free share plan for the benefit of all Group employees including corporate officers. In compliance with article L.225-197 of the Commercial Code, beneficiaries shall take final possession of their shares on condition that they remain within the Group for a period of two years from the allocation date (i.e. until 25 July 2009), and the shares must be kept for at least another two years from the final allocation date (i.e. 26 July 2011). The final allocation of these shares is also subject to achieving performance targets over the two-year period.

Finally, in the course of its duties the Committee oversaw the recruitment of a new Chief Financial Officer after Mr Ehlinger left the Group in July 2007 and reviewed the candidates put forward by Senior Management. On the recommendation of the Committee, the Board of Directors approved the Chairman & CEO's decision to appoint Mrs. Catherine Guillouard as CFO.

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.

This working group met 10 times over the financial year. In particular over the period, this working group oversaw the strategic analysis of the Group's growth strategy and the preparation of the Strategic Plan for 2008-2013 and the Annual Budget for 2008-2009.

In the course of the Group's preliminary reviews of future investments, the working group made recommendations to the Board of Directors on the launch and operation of the KA-SAT TOOWAY™ programme, and more specifically as regards a partnership with VIASAT in Europe and a possible minority stake by the Group in the "VIASAT 1" project for the operation of a Ka band satellite in the U.S. The working group made a recommendation to the Board of Directors as regards the W3B satellite programme and criteria for the Group's strategy on security of infrastructure in orbit.

Audit Committee

The board of Directors also decided to set up an Audit Committee. The Committee is comprised of its Chairman Mr Archambault, and Lord Birt and Mr Sagasta-Reussi.

Its mission is to assist the Board of Directors in (i) reviewing draft half year and full year financial statements (annual and consolidated financial statements), (ii) to make recommendations on the 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 clear and fair financial information, (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 met 6 times over the financial year and all members attended all meetings.

The Audit Committee has carried out risk mapping for risks that may affect the Group's operations and recommended that a new Chief Risk Manager position be created. The latter would report directly to the Company's Senior Management and would be responsible for setting up and overseeing a cross-divisional and coordinated approach to risk management for all risks that may affect the Group's operations.

Based on this recommendation, Mr José Ignacio Gonzáles-Nuňez was appointed as Group Chief Risk Manager by the Chairman & CEO.

In addition, the Audit Committee maintains an ongoing dialogue with the Company's auditors, who are present at the Audit Committee meetings when the Hand full year financial statements are prepared before being submitted to the Board of Directors for approval.

1.8 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 year.

The attendance rate of Directors over the financial year was greater than 95%, only 3 Directors were unable to attend all of the Board Meetings held throughout the year.

Unless it is an emergency, invitations to attend meetings of the Board of Directors are sent out 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, 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.

During the financial year, the Chairman of the Board of Directors charged Lord Birt, together with the support of the Secretary to the Board of Directors and the Deputy CEO, with the task of making recommendations in order to improve the functioning of the Board of Directors, in particular as regards the documents provided at Board Meetings, namely recommending a standardized format for all Board documents.

These recommendations were reviewed by the Board of Directors on 26 April 2008 and approved at the Board Meeting.

To give Directors a clearer view of the Group's business and operations, the Chairman and CEO briefs the Board at each meeting, on business activities throughout all Group departments over the period before the Board meeting and ongoing projects throughout the Group.

1.9 The main issues examined by the Board of Directors

The Board's regular work cycle concerns mainly 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 governing the preparation of the accounts.

1.10 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 2008-2009 to 2012-2013 was approved on 30 July 2008.

Similarly, the Group's consolidated annual budget, which examines 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 current year. The annual budget for 2008-2009 was approved by the Board on 25 June 2008.

1.10.1 Review of the interim half-year accounts and consolidated accounts

With the information provided on 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 accounts and full-year accounts. The half-year accounts are adopted in the 3rd quarter (January to March) of each financial year and the annual accounts and consolidated accounts for the full year are adopted in the 1st quarter of the following financial year (July – 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 French Commercial Code, the Board of Directors adopts the management planning documents for the Company in October and April of each year, at the latest.

1.10.2 Investment decisions

Under the internal rules, the Board of Directors has to decide on any capital expenditure in excess of the pre-determined ceilings (see paragraph 2.5 above).

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.

Over the course of the financial year, the Board of Directors considered the terms and conditions of a partnership with VIASAT in Europe and a possible minority stake by the Group in the "VIASAT 1" project for the operation of a Ka band satellite in the U.S.. In addition, the Board of Directors approved the commissioning of a new satellite in November 2007, called W3B.

Monitoring the Group's activities

Management submits a full quarterly report to the Board of Directors on Group 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 of Directors to have a proper understanding of how the business has evolved, particularly at a technical or commercial level, and of budget follow-up. Similarly, Management provides the Board of Directors with a simplified monthly business report.

Lastly, the Chairman & CEO briefs the Board of Directors at each Board meeting on business activities throughout all Group departments.

Other issues examined by the Board of Directors

Under its By-laws and its internal rules, the Board of Directors is informed whenever statutory thresholds are crossed.

This information is communicated to EUTELSAT IGO in compliance with the provisions of the Letter-Agreement signed in September 2005.

1.11 Conflicts of interest and related party agreements

At 30 June 2008, and apart from 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, providing for the grant of benefits of whatsoever nature.

We remind you that over the course of the financial year, we continued to apply the tax consolidation agreement concluded in the prior period and subject to the provisions of article L.225-38 of the Commercial Code governing related party agreements.

We also inform you that the Board of Directors of 25 September 2007 (the Chairman & CEO took no part in the discussion and did not vote) decided, acting on the recommendation of the Selection and Remuneration Committee, to add an amendment to the promises to buy and sell shares from Eutelsat S.A. Manager stock option plans concluded in 2005 with a number of Eutelsat S.A.'s executives and corporate officers.

For further information, please refer to section 9 of the Company's management report.

1.12 Other information concerning the members of the Board of Directors

1.12.1 Functions held by Board members as of 30 June 2008 in other companies incorporated under French law

Functions held by Board members in other companies incorporated under French law are listed below As of 30 June 2008:

Name	Function	Other functions or offices exercised in French companies
G. Berretta	Chairman & CEO	Chairman & CEO of Eutelsat S.A.
J. Bensaïd	Permanent representative of CDC Infrastructure, Board member	Chairman of MAP SUB Board member of Eutelsat S.A. Board member of CDC Infrastructure, GALAXY Permanent representative of CDC on the Surpervisory

		Board of Tower Participations Chairman and representative of CDC in Bac Gestion. Permanent representative of CDC on the Board of Directors of Seche Environnement, TDF (TéléDiffusion de France), SANEF (Société des Autoroutes du Nord et de l'Est de la France)
J. Martínez Gimeno	Board member	Board member of Eutelsat S.A.
C. Sagasta Reussi	Board member	Board member of Eutelsat S.A.
C. Espinós Gómez	Board member	Board member of Eutelsat S.A.
A. Luminari	Board member	Board member of Eutelsat S.A.
B. Mabille	Board member	Board member of Eutelsat S.A.
J-L. Archambault	Board member	Board member of Eutelsat S.A. Chairman of Lyseos SAS
C. Roisse	Observer	Observer on Eutelsat S.A.'s Board of Directors

1.12.2 Grant of stock options or free shares to members of the Board of Directors or corporate officers

The Board of Directors meeting of 25 July 2007 decided to establish a plan for the allocation of free shares to all employees and corporate officers of the Eutelsat Group. The Board also decided, based on a recommendation by the Selection and Remuneration Committee, to grant to Mr Giuliano Berretta, Chairman and CEO, and to Mr Jean-Paul Brillaud, Deputy CEO, 76,431 and 25,991 free shares respectively under this plan.

In accordance with Article L.225-197 of the French Commercial Code, allotment of these free shares will become absolute provided the beneficiaries are still with the Group in two years time and will only be available after a further period of two years has expired. The final allocation of these shares is also subject to achieving performance targets over the two-year period.

No stock options were granted by the Board during the financial year ended 30 June 2008.

1.13 Conditions of admission to and participation in Shareholders Meetings

None of the Group shares have preferential rights or double voting rights. Resolutions of the Shareholders Meetings are approved in accordance with the quorum and majority conditions required by applicable law pursuant to the principle of one vote per share.

Conditions for participating in Shareholders Meetings are set out in article 22 of the Company's by-laws.

2 MANAGEMENT OF THE EUTELSAT GROUP

The composition of the Group's Management was not modified over the course of the financial year. We remind you that the Board of Directors dated 22 December 2005 appointed Mr Jean-Paul Brillaud as Deputy CEO, acting on the proposal of Mr Berretta. As Deputy CEO, Mr Brillaud has the same powers of representation and management as Mr Berretta. Mr Brillaud is also Deputy CEO of Eutelsat S.A.

Following Mr Ehlinger's departure, Mrs Catherine Guillouard was recruited as Group Chief Financial Officer in September 2007.

Management is assisted by the Executive Committee which is comprised of Messrs Berretta and Brillaud, and the Eutelsat S.A.'s CFO (Mrs Catherine Guillouard) and Eutelsat S.A.'s Legal Counsel (Mr Philippe Mc Allister).

Mr Philippe Mc Allister also acts as Secretary to the Board of Directors of Eutelsat Communications and Eutelsat S.A. and is Chairman of the Eutelsat Communications Finance SAS, SatBirds 2 SAS and WhiteBirds France SAS companies.

The Group considers that the mandates and functions exercised by Messrs Berretta and Brillaud, as well as the streamlining of the Group's Management, 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.

3 INTERNAL CONTROL PROCEDURES

The Company's internal control procedures are defined and implemented by the Company to ensure:

- compliance with laws and regulations;
- instructions and directions determined by Management are properly applied;
- correct implementation of the Company's internal procedures, namely those ensuring the security of its assets;
- reliability of financial information;
- and more generally, that business activity is well controlled, operations are efficient and that optimal use is made of its resources.

The Company has taken steps to align its internal control rules with those of the AMF.

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 (see section 4.2) and other Group risks (see section 4.3) 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 (see section 4.4).

The Company's role is to provide financial and strategic direction for the Eutelsat Group. The operating activities of the Group, and notably the satellite-related activities, are carried out by Eutelsat S.A. The operating procedures described in section 4.2 below are the procedures set in place at Eutelsat S.A. and its subsidiaries.

3.1 Appointment of a Chief Risk Manager

As Management is aware of the risks inherent in the Group's business, (i.e.; operating telecommunications infrastructure in space) and in an aim to apply sound corporate governance practices, it appointed Mr José Ignacio Gonzáles-Nuňez as Chief Risk Manager in May 2008. The latter will act independently as regards the Internal Audit department, and will report directly to Senior Management, and will be responsible for identifying all types of risks which could affect the Group's operations or projects, defining risk management policy, and ensure that the necessary measures are taken throughout the Group's departments and company's to identify and prevent these risks.

3.2 Satellite risk management

3.2.1 Procedures for the protection and integrity of the satellite fleet

The purpose of these procedures is to ensure continuity for the telecommunications service provided to our customers and final-users.

Administration and control of the satellite system is the responsibility of the Technical Department, which is in charge of controlling the satellites, and also of the "Operations" Department, which is in charge of controlling the quality of the signals the satellites send and receive.

These activities are carried out from Eutelsat S.A.'s two control centres, which 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 centres and recovery by the back-up facilities.

The control centres ensure that the satellites are protected and that operational continuity of the signal is maintained in order to meet the requirements of the Group's customers. Relevant recommendations and technical procedures for the various satellites are properly observed.

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 needed in a nominal situation as well as a situation where there is a technical incident or crisis situation. These procedures are periodically reviewed and tested and activated to ensure inter alia that the controllers are kept continuously up-to-date.

An incident of any nature that affects a satellite or one of the signals transported (e.g. a technical failure or interruption of the signal) is dealt with internally by the Technical and Operations Departments under escalation procedures. These procedures provide for internal expertise to be available immediately 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 satellite operations with the aim of identifying the causes of the incident and proposing and implementing the necessary corrective measures.

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,
- Where appropriate, reviewed by a panel of independent experts, depending on the nature of the incidents that have occurred,
- Published in a press release.

3.2.2 Follow-up of the security project and the certification process for Eutelsat's satellites

An audit carried out in 2007 by a specialised company determined that the team responsible for the satellite control system, maintains a satisfactory level of information system security. The auditors' recommendations are presented in an action plan.

In addition, an information system security management process has been set up within the team and is managed by the head of the information system security department. This system should lead to security certification (ISO 27001) of satellite control activities,

- showing clients, partners and/or shareholders the Company's achievements as regards satellite control.
- This process is designed to anticipate future changes (new threats, new vulnerable points, new systems....) and to ensure that the protection measures put in place are adapted to identified risks, due to a standardized and auditable process.

The following measures were put in place over the financial year:

- Security rules and standards within the division were validated (concerning organisation, technology, HR and personal safety).
- A procedure to detect security incidents was set up and a process to identify the type of incident, to deal with them efficiently and improve existing procedures and security measures.
- Security awareness of the engineers and controllers within the team responsible for satellite control was increased.

- ISO 9001 certification.

Certification of satellite-control activities under the ISO 9001 Standard obtained in 2005 was valid until the end of June. A new certification audit was carried out at the end of April which resulted in certification renewal for another three years.

Certification covers: The control and operation of the satellites, the satellite launch and orbiting operations, the satellite control system on the ground (definition, development, procurement, deployment, operation and maintenance).

3.3 Procedures related to the management of the Group's other operating risks

3.3.1 Follow-up of the projected introduction of a continuity plan for the Company's activities

At the start of 2006, Eutelsat S.A. launched the implementation of a continuity plan for its activities in order to reduce the strategic, economic and financial risks in the event of prolonged non-availability of its registered office located rue Balard in Paris.

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 management of the satellite fleet (in particular satellite and communications control centre activities) are not covered by the plan as they are covered by specific security procedures (see section 4.1 of this report).

In the first half-year of 2006, the first phase of this project led to the identification of critical activities, a choice of crisis scenarios and the selection of technical and organisational solutions.

The next phase, which was begun in June 2006, consisted in defining operational principles and drawing up the detailed procedures of the plan for the recovery of critical activities, formalising the emergency plan and the crisis management plan for setting up the required organisation, and implementing the chosen IT solutions (redundant infrastructures between the site at Balard and the teleport in Rambouillet).

In June 2007, this phase was complete as regards the Company's most critical activities (i.e. activities whose operation is essential for Eutelsat S.A.'s survival during the first week of a major crisis at the Balard site) namely: the allocation and sale of satellite resources (cross-departmental process that groups together the activities of several departments, including transponder capacity management engineering, contracts management, customer support), management of partners and of commercial projects, and cash-flow management.

During the financial year 2007/2008, the following measures were carried out:

- The steps needed to ensure financial procedures are resumed after the first week of the crisis, were defined;
- Operational procedures and measures involving the back up site, necessary in order to ensure the continuity plan is correctly activated;
- IT backup plan simulated covering infrastructure, applications and computers.

Once the IT backup plan has been tested the continuity plan will be tested in the next financial year.

3.3.2 Procedures related to security at the Balard and Rambouillet sites

You are reminded that an audit report on security of the facilities at the Balard and Rambouillet sites was provided in October 2005. The report highlighted no major risk liable to have a significant impact on the level of security required for the two sites.

The written procedures governing control of access, security staff and video-surveillance have, however, been strengthened following submission of the report, in order to satisfy the recommendations that could be implemented quickly in order to guard more effectively against already identified risks. The Company has set up a system to control access and provide uniform video-surveillance between the two sites, which provides permanent back-up between the two sites.

Management pays regular attention to risk control concerning the security of the sites and adequate measures are taken immediately these become necessary.

3.3.3 Addressing the operating risks related to the security of the information systems

The desire to address the operating risks related to the security of the Company's information systems can be seen in the post created in January 2007 for an Information Systems Security Manager. This cross-department function considers all the information systems of Eutelsat S.A.: Operation of the management information and terrestrial networks necessary for corporate activities, satellite control.

The objectives associated with this function at Eutelsat are as follows:

* Map the risks related to the security of the information systems and assess their impact on the operation of the Company;

* Introduce a policy and standards adapted to the security requirements of the Company;

* Draw up an action plan and lead a cross-department security committee responsible for monitoring its implementation;

* Evaluate the protective measures in place (organisational and technical;

* Introduce and take on the role of IT and freedoms correspondent for the CNIL (Commission Nationale de l'Informatique et des Libertés) in order to limit certain administrative formalities and ensure the law on IT and freedoms is properly applied.

Over the financial year the following measures were implemented:

* A Information Security Committee was created comprised of at least one representative from each of the Company's departments;

* The permanent tasks of this Committee are to; ensure that security measures are coordinated, risk analysis, monitor legal and regulatory obligations and where necessary inform the Management of any changes;

* Information Systems Security Officer was appointed to act as the data protection correspondent with the CNIL. The latter validated the Company's data protection systems in November 2007;

* Security of corporate information was reinforced, in accordance with security action plans, via organisational procedures (controlling flows between systems, managing incidents, setting and applying security standards) and technical procedures (encrypting sensitive data stored on removable media, reinforce the configuration of systems and networks).

3.4 Internal control procedures related to the handling of accounting and financial information

As well as establishing internal control procedures for its principal business activity, the Group has significantly developed control procedures for the handling of accounting and financial information, both for its operating subsidiaries and for its subsidiaries that deal with the management of its indirect holdings.

Monthly reporting procedures under the supervision of the Deputy CEO are in place. Reporting takes into account information on the Group's activities as provided by the operational departments of Eutelsat S.A. (Commercial Department, Multimedia Department, etc.) after due reconciliation with the necessary bookkeeping vouchers and legal documentation.

This being the case, all services provided by Eutelsat S.A. comply with the control and implementation procedures defined by Eutelsat S.A.

3.4.1 Control of the acts of the subsidiaries managing the Group's equity interests

Eutelsat S.A. and its subsidiaries and equity interests are held by the Company through a number of subsidiaries for the management of equity interests.

The subsidiaries used to manage the Company's equity interests have no operational role. Some of these subsidiaries had the role of carrying the financing received at the time Eutelsat S.A. and its subsidiaries were acquired by Eutelsat Communications, at the time when the IPO of Eutelsat Communications took place and at the time of the refinancing operation in June 2006.

Control of the undertakings and acts of these subsidiaries is essentially based on the provisions applying to them under the legal system and under the By-laws.

These subsidiaries are simplified joint stock companies under French law. The sole Chairman of these subsidiaries is Mr Mc Allister, 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 which are reserved by law to the sole shareholder, namely in fine the Management of Eutelsat Communications. Any decision or any projected modification of the By-laws, an increase in capital, a merger and/or transformation are therefore matters for the Management of Eutelsat Communications.

During the financial year 2007/2008, the Company's management implemented a number of measures aimed at improving visibility on the activities of Eutelsat SA's subsidiaries. For that purpose, two new control bodies were introduced:

- September 2007: creation of a position dedicated to financial control of the subsidiaries and equity interests;

- January 2008: creation of a committee in charge of supervising the subsidiaries. That committee meets once a quarter, and its role is namely to thoroughly monitor the subsidiaries' activities and to ensure that all Group procedures are properly applied by them;

  This committee, which reports directly to the Deputy CEO comprises the members of the Group's Senior Management (including the CFO, Director of Human Resources and Legal Counsel), each subsidiary's financial controller and legal counsel and the internal auditor.

3.4.2 Procedure for preparation of 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 that the accounting policy and methods currently in force within the Group are being correctly applied.

In addition, each time the accounts are closed (full-year and half-year), the Board of Directors meets to examine and approve the financial statements in the presence of the Eutelsat Communications auditors.

As part of their audit at each close, the Eutelsat Communications auditors make sure that the accounting policy and procedures applied by the Company are relevant and that the accounts prepared by the Board of Directors present fairly and faithfully the financial position and business activity of the Company and the Eutelsat Group.

To further Management responsibility and the control of financial data for all companies in the Group, the Company has been using since July 2007 a new consolidation and reporting system ensuring:

- a single point of provenance for the information used for the legal consolidation and the reporting process, and its conservation in a communal database;

- the recording and storing within the application of the legal data validation processes by the various managers in the companies comprising the Group.

3.4.3 Management of responsibility and authorisation levels within the Group

In 2005, authorisation and responsibility matrices were validated and distributed to the operating subsidiaries and to the subsidiaries responsible for representing and promoting the business activities of Eutelsat S.A.

The matrices foresee the necessary types of responsibility and authorisation levels upon the creation of the subsidiary and subsequently during its day-to-day life. Where appropriate, a distinction is made between threshold levels for certain functions. These matrices (both) cover all legal, litigation-related, budget-related, financial and accounting aspects, as well as commitments to suppliers, customers and employees.

Eutelsat S.A. Management ensures that the managers of the subsidiaries respect the provisions that apply to the matrices. Among its duties, the committee in charge of supervising the subsidiaries ensures namely that the requirements outlined by the matrices are compatible with each subsidiary's structure and with the constraints imposed by applicable national legislation.

3.4.4 Managing powers of attorney

In principle, all contracts and documents embodying a commitment for the Company are submitted for signature by the CEO and Chairman of the Board or by the Deputy CEO. However, in special cases and for certain specific operations, powers of attorney have been granted by the CEO and Chairman of the Board to certain persons within the Company. These delegations of authority or of signature are prepared by the Legal Counsel, who ensures that they are properly followed up. The CEO and Chairman of the Board and also the Deputy CEO are authorised to sign all expenditure commitments with no limit on the amount involved or on the nature of the expense, provided legal requirements and requirements under the Company's internal rules are properly respected.

3.4.5 Procedure for management and follow-up of the contracts signed by the Group with its suppliers and sources of financing

Preparation, negotiation and follow-up of the supplier contracts and financing contracts is the task of Eutelsat S.A. under the service agreement between the Company and Eutelsat S.A. Before being signed, contracts with suppliers are examined under a procedure that calls for endorsement by the relevant Directors, followed by formal approval by the CEO and Chairman, the Deputy CEO or the Executive officers to whom the Chairman & CEO has granted powers of attorney.

Financing contracts are approved by the Board of Directors in accordance with the Board of Directors' internal rules.

3.4.6 Procedure for management and follow-up of contracts with Customers

The Group's contracts with customers are concluded by Eutelsat S.A. or its subsidiaries on the basis of standard models prepared by Eutelsat S.A.'s Legal Counsel and Commercial Department.

Any change to this standard format is examined in advance by Eutelsat S.A.'s Legal Counsel before they 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 Director of Legal Affairs is also required. Above 600,000 euros per year, only the CEO and Chairman of the Board (or the Deputy CEO) is authorised to sign.

The Director of the Multimedia Department is authorised to sign Multimedia services sales contracts for less than 1,000,000 euros. Above this figure, such contracts have to be signed by the CEO and Chairman of the Board (or the Deputy CEO).

The processes leading up to the signature of capacity allotment agreements are complex, and end in the billing of 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 processes contributing to the recognition of revenues.

Capacity allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Commercial and Financial Departments.

3.4.7 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 must precede all purchases is as follows:

1) 1) Validation by Management of a budget envelope per project/activity as part of an annual budget approved by the Board of Directors;

2) Followed by validation by the Director of the department responsible for the purchase request.

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 various services concerned in the purchasing process, in compliance with the principles of internal control relating to the rules for 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 CEO and Chairman of the Board or of the Deputy CEO is also required.

It should be noted that as far as contracts for the procurement of satellites and launchers are concerned, such programmes are approved beforehand by the Board of Directors as part of its review of the Group’s activities and capital-expenditure decisions. Contracts related to such programmes are governed by a specific procedure (technical, legal and financial) before being signed by the CEO and Chairman of the Board or by the Deputy CEO of Eutelsat S.A.

3.4.8 Management of the principal financial risks of the Group

The Group has introduced a centralised system of cash management for its operating subsidiary Eutelsat S.A. Under service agreements between Eutelsat S.A. and the various entities within the Group (including the Company), the Treasury function at Eutelsat S.A. manages foreign-currency exchange risk and interest-rate risk on behalf of all entities in the Group.

To face such risks 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 values. The Group's policy is to use derivatives to manage exposure to such risks. 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.

(a) 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. For the financial year ended 30 June 2008, the Group hedges certain future US dollar revenues by means of financial instruments such as foreign exchange options, forward currency transactions and foreign-currency deposits. These instruments are traded over-the-counter with first-rate banking counterparties. Some contracts with suppliers (for satellites or launch services) are denominated in US dollars.

(b) Interest-rate risk

The Group manages its exposure to interest-rate risks: variable-rate bullet loans are fully hedged, and variable-rate revolving credit lines are partially hedged. To hedge its debt, the Group set up interest-rate hedges during the year both for the Company and for Eutelsat S.A.

* * *

ANNEX 2

Statutory auditors' report, prepared in accordance with article L. 225-235 of the Commercial Code, on the report prepared by the President of the Board of Eutelsat Communications, on information given on the internal control procedures relating to the preparation and processing of financial and accounting information.

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as statutory auditors of Eutelsat Communications, and in accordance with article L.225-235 of the Commercial Code, we report to you on the report prepared by the President of your company in accordance with article L.225-37 of the Commercial code for the year ended June 30, 2008.

It is for the President to give an account and submit to the approval of the board of directors a report on the composition of board of directors, the conditions in which the tasks of board of directors are prepared and organized and the internal control and risk management procedures in place within the company.

It is our responsibility to report to you our observations on information given in the President's report on the internal control relating to the preparation and processing of financial and accounting information and to confirm that this report includes the other information required by article L.225-237 of the Commercial Code.

We conducted our work in accordance with the French professional standards applicable in France. These standards require that we assess the fairness of information given in the report prepared by the President of the Board, on the internal control procedures relating to the preparation and processing of financial and accounting information. We have:

- obtained an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the President's report; and

- obtained an understanding of the company's procedures and existing documents used to support information included in the President's report.

- determined whether the major deficiencies found during our audit of the internal control over financial reporting and financial statements have been properly disclosed in the President's report.

On the basis of the procedures we have performed, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the President of the board's report, prepared in accordance with article L.225-37 of the Commercial Code.

Additionally, we confirm that this report contains the other information required by article L.225-37 of the Commercial Code

Courbevoie and Paris-La Défense, August 1st, 2008

The Statutory Auditors
French original signed by

ERNST & YOUNG AUDIT	Jean-Yves JEGOUREL
MAZARS & GUERARD	Isabelle MASSA

ANNEX 3

Eutelsat Communications
Limited Company with a Board of Directors
with capital of 219,641,955 euros
Registered offices: 70, rue Balard - 75015 Paris [France]
Paris Commercial & Corporate Registry No.: 481 043 040

The auditors special report on related party agreements and commitments

Financial year ended 30 June 2008

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as statutory auditors of your company, we hereby report on certain contractual agreements with certain related parties.

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In accordance with article L. 225-40 of the French Commercial Code, we have been informed of the related party agreements and commitments which have received the prior approval of the Board of Directors.

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.

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.

1. With Mr Giuliano Berretta and Mr Jean-Paul Brillaud, Chairman and CEO and the Deputy CEO

a. Nature and purpose

Mr Giuliano Berretta and Mr Jean-Paul Brillaud benefit, in their role as Chairman and CEO and Deputy CEO respectively, from a complementary pension scheme with defined benefits (pensions article 39) which the Group contributes to for its corporate officers.

Conditions

This pension scheme is externalised and managed by an insurance company. The pension benefits which are due on retirement, represent a percentage of the corporate officers' fixed remuneration at the retirement date. The Board of Directors of 25 September 2007 decided to increase this percentage from 8 to 10 %.

This contribution represented an expense for your Company of € 123,075 as of 30 June 2008.

b. Nature and purpose

The Board of Directors of 25 September 2007 approved the modification of certain conditions of Mr Giuliano Berretta's and Mr Jean-Paul Brillaud's commitments to sell Eutelsat S.A. shares which were granted under the Managers 3 stock options plan.

Conditions

These modifications included a restriction in the exercise conditions of the said stock options and in return a change in the unit purchase price of the corresponding shares. These modified commitments to sell were fully executed before 30 June 2008 and as such, Mr Giuliano Berretta and Mr Jean-Paul Brillaud sold all Eutelsat S.A. shares that had been granted to them under the Managers 3 stock option plan for a total amount of € 31,929,226.84.

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, was pursued during the year ended 30 June 2008.

1. With Mr Giuliano Berretta, Chairman and CEO

Nature and purpose

On the appointment of Mr Giuliano Berretta as Chairman and CEO, the Board of Directors decided grant him termination indemnities in the event of involuntary termination of his corporate appointment.

Conditions

Termination indemnities which would be due by your Company upon involuntary termination of the Chairman and CEO's mandate totalled € 1,000,000.

2. With Eutelsat S.A., Eutelsat Communications Finance S.A.S., WhiteBirds France S.A.S., SatBirds 2 S.A.S. and Eutelsat TV S.A.S.

Nature and purpose

The Board of Directors of 28 June 2007, approved a tax consolidation agreement with the above mentioned companies.

Conditions

This agreement is effective as of 1 July 2007. At 30 June 2008, the tax charge due under the tax consolidation group totalled € 96.5 million and the amount due by the sub-subsidiaries under the tax consolidation group totalled € 126.9 million. Pursuant to this agreement, your Company recorded a tax income of € 30.4 million at 30 June 2008.

Courbevoie and Paris-La Défense, 1 August 2008

Auditors

ERNST & YOUNG AUDIT	Jean-Yves JEGOUREL
MAZARS & GUERARD	Isabelle MASSA

ANNEX 4

Annual financial report

This reference document incorporates all information required for the Financial Annual Report as mentioned in article L. 451-1-2 of the French Monetary and Financial Code and in article 222-3 of the AMF regulation.

The documents mentioned in article 222-3 of the AMF regulation and the corresponding sections in this reference document are as follows:

1. Eutelsat Communications' annual financial statements: see section 20.1.4 of this reference document.

2. Eutelsat Group's consolidated financial statements: see section 20.1.2 of this reference document.

3. Management report:

- Analysis of financial situation and earnings: see chapters 9 and 10 of this reference document.

- Indications about the use of financial instruments by the Company: see chapter 10 of this reference document.

- Description of the principal risks and uncertainties: see chapter 4. 4 of this reference document.

- Elements that may have an influence in the event of a public offering: see sections 14.1, 15.1, 15.3, 16.1 to 16.5, 18.1, 18.2, 21.1.3 , 21.1.6, 21.1.7 and 21.2.1 to 21.2.8 of this reference document.

- Sale and purchase of treasury stock: see section 21.1.3 of this reference document.

4. Certification of the person responsible for the annual financial report: see chapter 1. 1 of this reference document.

5. Report of the statutory auditors on the annual financial statements: see section 20.1.3 of this reference document.

6. Report of the statutory auditors on the consolidated financial statements: see section 20.1.1 of this reference document.