eutelsat
COMMUNICATIONS

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Cover illustration: Sempé

eutelsat COMMUNICATIONS

REFERENCE DOCUMENT 2009-2010

imprima

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Expanding space **to communicate**

REFERENCE DOCUMENT 2009-2010

- Someplace, somewhere, not too far away.

CONTENTS

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Société anonyme (limited company) with a share capital of 220,113,982 euros
Registered office: 70, rue Balard – F-75015 Paris
481 043 040 R.C.S. Paris

REFERENCE DOCUMENT

2009-2010

INCLUDING THE ANNUAL FINANCIAL REPORT

This document is an unofficial translation of the French *Document de référence* filed with the Autorité des marchés financiers ("AMF") on 24 September 2010 in accordance with Article 212-13 of the AMF General Regulations. The French *Document de référence* may be used in connection with a financial transaction if supplemented with an offering memorandum (note d'opération) approved by the AMF.

In the event of any ambiguity or discrepancy between this unofficial translation and the French *Document de référence*, the French version shall prevail. The French version was drafted by the issuer and holds the signatories thereof liable.

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

- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2009 and the related Statutory Auditors' report in Sections 20.1.1 and 20.1.2 of Eutelsat Communications' 2008-2009 *Document de référence* registered under no. R. 09-080 by the AMF on 9 October 2009 (the "2008-2009 Reference Document");
- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2008 and the related Statutory Auditors' report in Sections 20.1.1 and 20.1.2 of Eutelsat Communications' 2007-2008 *Document de référence* registered under no. R. 08-107 by the AMF on 16 October 2008 (the "2007-2008 Reference Document"), and
- information on the Eutelsat Group's financial situation and results for the financial years ended 30 June 2009 and 2008, contained in Section 9.4 of the 2008-2009 Reference Document and Section 9.4 of the 2007-2008 Reference Document.

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

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EXPANDING SPACE TO COMMUNICATE REFERENCE DOCUMENT 2009–2010

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

This reference document contains the Group's consolidated financial statements and data for the year ended 30 June 2010 prepared in compliance with International Financial Reporting Standards (IFRSs) and incorporates for reference purposes the IFRS consolidated financial statements for the years ended 30 June 2009 and 30 June 2008.

This reference document also includes the Company's financial statements for the year ended 30 June 2010 as presented in section 20.1.3 "Eutelsat Communications' annual financial statements for the year ended 30 June 2010".

Unless otherwise stated, figures presented in this reference document are based on the consolidated financial statements for the year ended 30 June 2009 and the consolidated financial statements presented in section 20.1.1 of this reference document for the year ended 30 June 2010.

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

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

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

1. PERSONS RESPONSIBLE

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>> 1.1 Person responsible for the 2009-2010 reference document

Michel de Rosen, Chief Executive Officer of Eutelsat Communications.

>> 1.2 Certification by the person responsible for the 2010 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 drafted in accordance with applicable accounting standards and that they constitute a true and fair view of the assets and liabilities, the financial position and results of the Company and the consolidated Group of companies, and that the Management report contained in this document presents an accurate picture of developments in the business, results and financial position of the Company and the consolidated Group of companies as well as a description of the principal risks and uncertainties that these companies 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.

The financial information presented herein has been the subject of the Statutory Auditors' reports, to be found in paragraphs 20.1.2 and 20.1.4. The Statutory Auditors' report on the consolidated accounts ended 30 June 2010 contains the following observation:

"Without prejudice to the foregoing opinion, shareholders' attention is drawn to Note 3.2, "Published standards and interpretations", which sets forth the new standards and interpretations that must be applied".

Paris, 24 September 2010

Michel de Rosen
Chief Executive Officer

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>> 2.1 Statutory Auditors

Ernst & Young et Autres

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

41, rue Ybry
92576 Neuilly-sur-Seine

The General Meeting of 9 November 2009, having duly noted the expiry of the term of office of Ernst & Young Audit as first Statutory Auditor, appointed the firm of Ernst & Young et Autres as Statutory Auditor for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the accounts for the financial year ending 30 June 2015.

Mazars

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

61, rue Henri-Regnault
92400 Courbevoie

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

>> 2.2 Alternate Statutory Auditors

Auditex

Tour Ernst & Young Audit
Faubourg de l'Arche
92037 Paris-La Défense Cedex

The General Meeting of 9 November 2009 having duly noted the expiry of the term of office of Monsieur Thierry Gorlin as alternate Statutory Auditor, appointed Auditex as alternate Statutory Auditor for a term of six financial years. This term expires at the end of the Ordinary General Meeting called to approve the accounts for the financial year ending 30 June 2015.

Monsieur Gilles Rainaut

61, rue Henri-Regnault
92400 Courbevoie

Gilles Rainault was appointed as Alternate Statutory Auditor of the Company for a term of six financial years at the Meeting of Partners on 20 July 2005. This appointment expires at the end of the Ordinary General Meeting which will approve the accounts for the financial year ending 30 June 2011.

3. SELECTED INFORMATION AND FINANCIAL DATA

Contents

>> 3.1 Brief presentation of the Eutelsat Group

With a fleet of 26 satellites in geostationary orbit between 15° West and 75° East, and broadcasting over 3,600 TV channels, the Group is the number one operator in Extended Europe for Fixed Satellite Services (FSS).

The Group uses and delivers satellite capacity for Video Applications, professional data networks, and data and value-added services.

Eutelsat's fleet of satellites covers the whole of Europe, the Middle East and North Africa ("Extended Europe"), along with Sub-Saharan Africa. It also covers a substantial portion of Asia and America, giving it potentially access to 90% of the world's population.

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

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

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

The Group's strengths

The Group boasts significant core strengths:

- a large number of orbital positions in operational services on the European orbital arc (15° West to 70.5° East) serving Extended Europe [(1)], with a very broad base of satellite dishes installed;
- modern orbit satellite infrastructure, featuring highly flexible configurations, on-board redundancy, extensive back-up capacity and excellent operational reliability;
- significant growth potential in Video Applications – driven by the swift growth expected in the number of channels being transmitted, the development of emerging markets and the growth of high-definition TV ("HDTV") in Europe – and in Professional Data Network services, as a result of the fast-paced development in broadband satellite applications, particularly in areas with little or no terrestrial network coverage;
- pole position in the European satellite broadcasting market;
- a business portfolio combining high visibility with robust growth: as of 30 June 2010, Video Applications accounted for 71.1% of consolidated revenue, Data Services and Value-Added Services represented 19.5% of consolidated revenue and Multi-Usage Services accounted for 9.4% of consolidated revenue; and,
- significant and steady cash flow, due to the make-up and size of the Group's order backlog. The Group had 4.88 billion euros worth of orders, with a weighted average residual duration of eight years as of 30 June 2010.

With such strengths, Eutelsat Communications, for the fourth consecutive year, turned in one of the best financial performances in the FSS sector in revenue terms (up 11.3%) and the best in terms of operating performance, with an EBITDA margin of 79% as of 30 June 2010.

Group strategy

During the course of the year, the Group continued to successfully implement its development strategy, the aim of which is to consolidate and increase its position in the most profitable segments of the FSS sector, in terms of both geographical markets and applications. To this end the Group pursued its ambitious policy of renewing and developing its resources in-orbit over Extended Europe, and also of innovating so as to operate new frequency bands such as KA or S, and thus develop promising new applications achieving further growth, such as consumer satellite broadband Internet access or 3D television.

Implementing this strategy involved:

- increasing all the Group's applications during the year. Such a feat is all the more remarkable as the additional resources in-orbit were deployed only during the second half;
- sustained technological activity with the launching of a high capacity W7 satellite located at 36° East, and strengthening the 16° East orbital position by re-locating the W2M and SESAT™ 1 satellites;
- pursuing a comprehensive investment policy to renew orbital resources. Accordingly, the Company ordered, in the course of the year, W5A, W6A and EUROBIRD ™ 2A, new satellites which will be launched during 2012-2013.

(1) Extended Europe is composed of Western Europe, Central Europe, the Community of Independent States, North Africa, the Middle East, and Sub-Saharan Africa.

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>> 3.2 Key figures

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The tables below present extracts from the Group's consolidated balance sheets, income statements, EBITDA calculations and statements of consolidated cash flows, in compliance with IFRSs, for the financial years ended 30 June 2008, 2009 and 2010. The main accounting principles used by Eutelsat Communications in preparing its consolidated financial statements for the year ended 30 June 2010 are set out in Note 4 to Eutelsat Communications' consolidated financial statements, contained in Section 20.1 "Financial information for the year ended 30 June 2010".

Extract from the consolidated balance sheets of Eutelsat Communications

(In millions of euros)	30 June 2008	30 June 2009	30 June 2010
Total non-current assets	3,999.5	4,139.5	4,336.1
Total current assets	496.5	470.0	381.0
Total assets	**4,496.0**	**4,609.4**	**4,717.1**
Total shareholders' equity	1,417.2	1,397.8	1,512.3
Total non-current liabilities	2,840.0	2,823.7	2,816.4
Total current liabilities	238.7	387.9	388.3
Total liabilities	**4,496.0**	**4,609.4**	**4,717.1**
NET DEBT (1)	**2,421.9**	**2,326.0**	**2,424.3**

(1) Net debt includes all financial debt and all liabilities from long-term lease agreements, less cash and cash equivalents and marketable securities (less bank credit balances).

Extract from the consolidated income statements of Eutelsat Communications

(In millions of euros)	30 June 2008	30 June 2009	30 June 2010
REVENUES	**877.8**	**940.5**	**1,047.2**
Operating costs	(69.2)	(72.1)	(80.9)
Selling, general and administrative expenses	(112.8)	(126.3)	(138.6)
Depreciation and amortisation (1)	(300.9)	(294.3)	(313.4)
Other operating income	3.9	145.8	0.1
Other operating charges	(19.9)	(122.0)	(6.0)
OPERATING INCOME	**378.8**	**471.6**	**508.6**
Financial result	(109.1)	(99.6)	(100.6)
CONSOLIDATED NET INCOME	**183.4**	**260.0**	**282.5**
GROUP SHARE OF NET INCOME	**172.3**	**247.4**	**269.5**

(1) "Depreciation and amortisation" as of 30 June 2010 includes 44 million euros of amortisation charges on "Customer contracts and associated relationships" recognised when Eutelsat Communications acquired Eutelsat S.A.

EBITDA

(In millions of euros)	30 June 2008	30 June 2009	30 June 2010
Revenues	877.8	940.5	1,047.2
Operating expenses (1)	(182.1)	(198.4)	(219.4)
EBITDA (2)	**695.7**	**742.1**	**827.8**
EBITDA margin (as a percentage of revenues)	79.3%	78.9%	79.0%

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

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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.

Extract from the consolidated statements of cash flow of Eutelsat Communications

(In millions of euros)	30 June 2008	30 June 2009	30 June 2010
Net cash flows from operating activities	566.6	654.7	698.3
Net cash flows used in investing activities	(467.5)	(301.1)	(497.9)
Net cash flows used in financing activities	(130.3)	(217.8)	(299.9)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(30.6)**	**135.3**	**(100.0)**

Backlog

	30 June 2008	30 June 2009	30 June 2010
Value of contracts *(in billions of euros)*	3.4	3.9	4.9
Weighted remaining duration of contracts	7.4	7.8	8.0
Portion relating to Video Applications	93%	92%	92%

At 30 June 2010, the Group's order backlog totalled 4.9 billion euros or 4.7 times annual revenues (excluding other revenues and one-off revenues), compared with 3.9 billion euros on 30 June 2009.

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4. RISK FACTORS

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

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

Group risks may be divided into three categories:

- risk regarding the Group's satellite fleet and the investments associated with its deployment;
- risk relating to changes in the satellite communications market;
- financial and other risks.

This section briefly outlines the main risks that the Group might face during the course of its business. They are mentioned purely, by way of example, and are not exhaustive in nature. These risks, or any other non-identified risk at the date this reference document was registered, or those considered as without significance by the Group at that date, might possibly have an adverse effect on the Group's business, financial situation, results or future development. Furthermore, it should be borne in mind that some of the risks mentioned in this reference document or certain risks not mentioned herein may result or arise from external factors or *force majeure*, such risks being independent of the Group's wishes.

>> 4.1 Risks regarding the Group's satellite fleet and the investments associated with its deployment

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

The Group is planning to launch 7 new satellites (W3B, KA-SAT, W3C and ATLANTIC BIRD™ 7, W6A, W5A and EUROBIRD™2A) in the next three years. The purpose of these satellites is to ensure continuity of service provided by some existing satellites, increase resources in certain orbital positions, consolidate the Group's service offering and step up the level of security at certain orbital positions.

The Group may not be able to keep to the scheduled timetable for launching these satellites.

Moreover, the limited number of launch service operators reduces the Group's flexibility and options to transfer planned launches from one provider to another in the event of a launch being delayed or experiencing launch failure.

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

4.1.2 Access to space according to the Group's timetable is a crucial part of its satellite deployment plan and growth strategy

Given the small number of launch service providers offering the technical capacity to launch the 7 satellites currently on order, as well as future satellites that have not yet been ordered, the Group considers that this small number constrains its operating flexibility and could increase the cost of its launch programme within the timeframe set out by the Group.

In order to keep as close as possible to the original timetable during its deployment plan and thereby reduce costs, the Group has diversified its launch service providers. Thus, the Group currently intends to use 4 different launch service providers between 2010 to 2013 (Arianespace, International Launch Services (ILS), Long March and Sea Launch).

However, should one of the launch service providers prove incapable of meeting its contractual commitments towards the Group within the specified deadline, due to operating difficulties or following a failed launch, the Group would have to re-allocate the satellite concerned to another launch service provider, or even, in some cases, sign new launch service contracts that could prove more costly than current contracts. Such events could have a significant detrimental impact on the Group's business and financial position.

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

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

As of 30 June 2010, future payments on satellite construction contracts amounted to 374 million euros, and future payments on launch contracts amounted to 120 million euros. These future payments are spread over three years. The Group also made commitments with other suppliers for service provisions and acquisitions of fixed assets relating to monitoring and control of satellites. The following table lists the payments to be made for/made for these service provisions and acquisitions at 30 June 2009 and 30 June 2010:

	At 30 June	
(In millions of euros)	2009	2010
2010	58	-
2011	36	80
2012	15	21
2013	7	16
2014 and beyond (*)	5	13
2015 and beyond	-	47
TOTAL	**121**	**177**

During the year 2009-2010, the Group purchases from satellite manufacturers and launch service providers stood at about 351.67 million euros, and none represented more than 35% of this amount.

Satellite and launch service procurements, which at 30 June 2009 and 30 June 2010 represented 73% and 78% respectively of Group acquisitions of tangible fixed assets, mainly involved 2 satellite manufacturers, EADS Astrium and Thales Alenia Space, and 3 launch operators (Ariane, Sea Launch and ILS).

As of 30 June 2010, payments to suppliers pursuant to the Law on Modernising the Economy are as follows:

(In thousands of euros)	Under 30 days	From 30 to under 60 days	Over 60 days	Total
Payables due	4,550	5,511	8,338	18,399
Payables to come	5,274	675	0	5,949

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

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

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

Two of the launches associated with the satellite deployment programmes are to be carried out by Sea Launch Limited Partnership, which filed for Chapter 11 bankruptcy protection under the U.S. Bankruptcy Code on 22 June 2009. The purpose of Chapter 11 is to allow struggling companies to reorganise themselves so as to be able to continue operating.

Total expenditure regarding these launch services and already paid by the Group to Sea Launch is included in current fixed assets, and totalled 79.9 million euros on 30 June 2010.

Sea Launch was released from the provisions of Chapter 11 bankruptcy law on 27 July 2010.

On the basis of information available at the date upon which the Board of Directors approved this reference document, the Group believes that Sea Launch will be in a position to continue meeting its contractual undertakings towards Eutelsat in respect of its launch service provision.

In the event of a Group supplier being unable to fulfill its contractual commitments towards the Group within the agreed timeframe, the Group would be forced to reallocate the satellites concerned to other service providers and in some cases, conclude new launch service contracts, which might prove more costly. Such events could have a significant negative impact on the Group's business, financial situation and results.

4.1.5 The satellites operated by the Group may experience failures or malfunction in-orbit

Satellites are sophisticated devices that react to the external environment. Once they are in-orbit, malfunction may occur for various reasons and reduce their remaining operating life and/or permanently or intermittently reduce their transmission capacity, which could have a considerable adverse impact on the Group's business, financial situation and results.

In January 2010, there was a loss of control on W2, because unexpectedly, one of the two fuels (the oxidant) ran out earlier than expected. Most of the services were transferred to the other satellites at 16° East (EUROBIRD™ 16, SESAT™ 1 and W2M (see Section 6.6.3, "Breakdowns and losses of equipment"). Partial

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control of W2 was regained and enabled the satellite to be taken out of orbit. The premature depletion of the oxidant was attributed to the calibration methods used for fuel consumption at the initial positioning of the satellite and during its life in-orbit. This impact was taken into account in the predictions of end-of-operational life for the rest of the fleet (see table in Section 6.6.1 "The Satellite fleet").

In the past, some equipment has broken down on other Group satellites, which are then operated by using onboard redundancy equipment. During the financial year ended 30 June 2009, the W2M satellite experienced a major incident in one of the power generating subsystems, after its launch but before commissioning. This made it impossible to include it into the Group's commercial fleet during the year and resulted in a significant reduction in transmission capacity (see Section 6.6.3 "Failure and losses of equipment").

In the event of a satellite failure or experiencing malfunction in-orbit, the Group cannot guarantee continuity of service for clients by using redundant equipment or back-up capacity on another satellite, particularly if there is a lack of available satellite capacity suitable for the needs of the customers concerned. Similarly, the Group cannot guarantee continuity of service for all clients at that orbital position by successfully launching a replacement satellite or one capable of carrying out the tasks of the defective satellite.

In the event of a satellite failure or experiencing malfunction in-orbit, the Group may have difficulty in keeping its clients (who could terminate or renegotiate their capacity allotment agreement) and might not be able to enter into new capacity allotment agreements on satisfactory terms.

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

4.1.6 The Group has not taken out insurance policies for all its in-orbit satellites, and such policies might not protect the Group against all the damage sustained by its satellites

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

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

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

4.1.7 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 renew

During the financial year ended 30 June 2010, insurance premiums accounted for approximately 4.7% of total operating costs.

The main insurance policies taken out by the Group are in-orbit lifetime insurance policies, renewable on an annual basis. The orbit lifetime insurance plan taken out by the Group was renewed in June 2010 for twelve months until May 2011.

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

The Group might not be able to renew its in-orbit insurance plan on comparable terms in the future. A deterioration in the in-orbit lifetime insurance market or an increase in insurance premiums could prompt the Group to reduce its coverage of partial losses or total constructive losses, which itself could lead to 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: KA-SAT and W3B; currently under construction.

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

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

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4.1.8 A growing portion of the Group's clients are end-users and demand for capacity is becoming increasingly fragmented

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

Moreover, end-user customers require satellite capacity that may be lower than that requested by distributor-clients. Thus, a larger proportion of the Group's new capacity allotment agreements may involve the use of only a fraction of a transponder and not an entire transponder. If an end-user client using a fraction of a transponder were not to pay their invoices or were not to 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 clients using that same transponder. This fragmented capacity demand could have a significant negative impact on the Group's business, financial situation and results.

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

At the filing date of this reference document, the Group uses capacity on 2 satellites in stable orbit (Telstar 12 and Sesat™ 2) belonging to third parties, and which are recognised as assets in its consolidated balance sheet.

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

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

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

>> 4.2 Risks regarding changes in the satellite telecommunications market

4.2.1 The Group might not be able to meet demand for satellite capacity at certain orbital positions

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

Given its current high satellite capacity utilisation rate (87.5% as of 30 June 2010), the Group might not be in a position to meet additional capacity demands from existing customers at certain orbital positions. These clients could then lease additional capacity from other operators and/or choose to terminate their contracts with the Group and transfer their entire leased capacity from the Group to other satellite operators with available capacity. This could have a significant negative impact on the Group's business, financial situation and results.

Furthermore, due to high satellite-capacity utilisation rates, and given the limited number of clients and/or end-users of satellite capacity, the Group might not be in a position to satisfy demands from new clients should this dearth of capacity continue, not least due to delays or failures with upcoming satellite launches. This could have a significant negative impact on the Group's prospects and its ability to achieve its growth objectives.

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

The TV industry is sensitive to changes in advertising budgets and consumer spending, which are in turn affected by the economic climate as a whole. Over the last few years, television stations, TV broadcasting platform operators and cable operators have run into financial difficulty owing to the drop in their advertising revenue and the world economy slowing down. The Group cannot guarantee that the TV industry, which forms a large part of its user base, will not again be affected by a sluggish world economy, resulting in weaker demand or increased pressure on prices. Such a downturn could have a significant negative impact on the Group's business, financial situation and results.

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

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

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4.2.3 The Group's development greatly depends on future demand for satellite services which might not materialise, or which the Group might not be able to meet

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

Another part of the Group's strategy is developing Value-Added Services, especially IP access solutions. This will depend, in part, on ongoing growth in demand for broadband Internet services, which is not certain to occur and is hard to predict. Demand for broadband Internet services could decrease or grow more slowly than it has in the last few years. Moreover, even if this demand does continue to grow, the Group cannot guarantee that such growth will result in increased demand for satellite services, because of the cost of accessing satellite capacity. Finally, the Group might not be able to deliver broadband Internet services corresponding to market demand or at competitive prices, particularly in the event of delays or failures involving its KA-SAT TOOWAY™ service.

If the demand for satellite broadband Internet services does not increase as predicted or the Group is not able to meet it adequately, this could have a significant negative impact on its business, financial situation and results.

Development of the Group's operations also depends on its available capacity in the various frequency bands requested by customers. For certain frequency bands, there is not sufficient available capacity and such scarcity could have a significant adverse effect on the Group's ability to meet customers demands in these bands.

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

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

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

Furthermore, in the normal course of its business, the Group occasionally encounters difficulty in recovering payment for clients' use of satellite capacity. In this respect, the standard contracts concluded with clients provide for suspension or interruption of services in the event of payment not being made. During the financial year ended 30 June 2010, outstandings corresponding to service interruptions amounted to less than 1% of annual revenue.

The "Revenue Management" Department of the Financial Division has exclusive responsibility for checking payments. In the event of a dispute, it establishes contact with the Legal Department, that handles litigation with the support of specialised law firms.

Moreover, the Group considers that healthy receivables are not especially a risk, apart from the possibility of clients located in geographical areas deemed to be potentially most exposed to the impact of the financial crisis. This risk is calculated at about 1.9% of the value of receivables as of 30 June 2010.

4.2.5 A substantial percentage of the Group's revenue is generated by Multi-Usage Services, which depend heavily on the global political and economic context

Over the last few years, the Group has generated some of its revenue (9.4% of the Group's revenue for the financial year ended 30 June 2010) in the Multi-Usage Services segment. Amongst other things, this segment includes the direct or indirect provision of services to governments, especially in the USA, on the basis of 1-year capacity allotment agreements. Obtaining and/or renewing capacity allotment agreements for this segment depends to a great extent on the global political and economic context. As a result, the Group cannot be certain that it can continue to earn revenue in the Multi-Usage segment.

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

4.2.6 The Group is dependent on several major customers

The Group generates a significant portion of its revenues from a limited number of clients, including distributors, most of which are telecoms operators. As of 30 June 2010, the Group's top 10 customers represented 53.6% of its revenues (the breakdown for the Group's top ten clients as of 30 June 2009 and 2010 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, that are less favourable to the Group. This could have a significant negative impact on its business, financial situation and results.

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

4.2.7 The Group faces considerable competition from satellite and terrestrial network operators

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

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

4.2.8 Technological changes could make the Group's satellite telecommunications system obsolete

The telecommunications industry is subject to rapid technological change. Should the Group not be 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 into their own systems. If the Group's satellite telecommunications system became obsolete, demand for its services could decrease, which would have a significant negative impact on its business, financial situation and results.

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

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

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

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

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

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

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

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

In May 2010, Eutelsat and ictQATAR, representing the State of Qatar, signed a strategic partnership agreement for the joint financing and operation of a new large capacity satellite located at Eutelsat's orbital position 25.5° East. The launch of this new satellite is planned for the end of end 2012 and it will replace Eutelsat's EUROBIRD™2 satellite currently operating at this position, thus ensuring service continuity and broader coverage of the Middle East, North Africa and Central Asia.

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

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

The Group is making major investments in new infrastructure including a new satellite (KA-SAT, to be launched before the end of 2010) and a complex network of terrestrial stations, which will enable it to sell satellite broadband Internet access solutions (TOOWAY™) to the general public across Europe.

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

Furthermore, the Group's failure to develop, launch, operate or sell these innovative projects, especially the KA-SAT – TOOWAY™ project, would have a detrimental effect on the Group's prospects and growth targets, and accordingly a negative effect on its business, financial situation and results.

Moreover, the useful load of the S-band, owned by SOLARIS, experienced a technical incident during launch which prompted SOLARIS Mobile Ltd to claim insurance cover for the damage. This was paid during the financial year ending 30 June 2010. However, the worsening in the services of the S-band's useful load could lead the company to review its development prospects.

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

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

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>> 4.4 Financial risks

4.4.1 The Group has a high level of debt

As of 30 June 2010, the Group's consolidated net debt was 2,424.3 million euros and consisted mainly of: (i) 1,615 million euros of loan under the Company's Refinancing Loan (see Section 10.3 "Eutelsat Communications Refinancing Loan" for further details), (ii) 850 million euros consisting of Eutelsat S.A.'s bond, and 0.6 million euros of debt related to the Group's subsidiaries, and (iii) 41.3 million euros in cash and marketable securities (net of credit balances with banks).

The Group's high leverage could:

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

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

The Group was able to diversify its funding sources by refinancing Eutelsat S.A.'s bank credit facilities, amounting to 1.3 billion euros, first by issuing 850 million euros worth of bonds maturing in March 2017, and secondly a revolving bank credit of 450 million euros ending in March 2015.

As of 30 June 2010, Group financing sources were 74% bank-based and 26% bonded debt. Moreover the refinancing of Eutelsat made it possible for the average maturity of debt to be extended.

The following table sets out the financial liability repayments.

	Total flows		June 2011		June 2012		June 2013		June 2014		June 2015		Beyond 5 years		Total	
(In thousands of euros)	30 June 2010		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Bank loans	(1,615,623)	(1,701,025)	(409)	(28,467)	(214)	(28,467)	(1,615,000)	(28,467)	0	0	0	0	0	0	(1,615,623)	(85,402)
Eutelsat S.A. bonded debt	(850,000)	(1 086,672)	0	(35,063)	0	(35,063)	0	(35,063)	0	(35,063)	0	(35,063)	(850,000)	(61,359)	(850,000)	(236,672)
Creditor banks	(18,182)	(18,182)	(18,182)	0	0	0	0	0	0	0	0	0	0	0	(18,182)	0
Eutelsat S.A. exchange instruments	(10,372)	(10,372)	(10,372)	0	0	0	0	0	0	0	0	0	0	0	(10,372)	0
Interest rate derivatives	(119,410)	(119,410)	(34,047)	0	(37,939)	0	(47,424)	0	0	0	0	0	0	0	(119,410)	0
Other financial charges	(80,044)	(83,213)	(31,103)	0	(6,988)	0	(5,596)	0	(3,980)	0	(2,765)	0	(32,781)	0	(83,213)	0
TOTAL FINANCIAL CHARGES	**(2,693,631)**	**(3,018,874)**	**(94,113)**	**(63,530)**	**(45,141)**	**(63,530)**	**(1,668,020)**	**(63,530)**	**(3,980)**	**(35,063)**	**(2,765)**	**(35,063)**	**(882,781)**	**(61,359)**	**(2,696,800)**	**(322,074)**

The following table presents the repayments of the credit lines:

(In thousands of euros)	30 June 2010	June 2011	June 2012	June 2013	June 2014	June 2015	Total
Maturity of available unused credit facilities	750,000			(300,000)		(450,000)	(750,000)

The following table presents the repayments of the financial assets:

	Total flows	June 2011		June 2012		June 2013		June 2014		June 2015		Beyond 5 years		Total	
(In thousands of euros)	30 June 2010	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Interest rate derivatives	24	24	0											24	0
Financial assets	7,949	4,900	0									3,049	0	7,949	0
Cash flow	53,481	53,481	0											53,481	0
Cash equivalents	6,038	6,038	0											6,038	0
TOTAL FINANCIAL ASSETS	**67,492**	**64,443**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,049**	**0**	**67,492**	**0**

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

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

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

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

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

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

The Group's debt instruments are rated by independent rating agencies, namely Moody's Investor Service (Ba1) and Standard & Poor's (BBB-). These ratings affect the cost and terms of the Group's credit facilities. Future rating downgrades, should they occur, would probably affect the Group's ability to obtain financing and the terms associated with that financing.

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

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

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

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

As of 30 June 2010, the Company was highly leveraged, with 2,424.3 million euros in borrowings under the Refinancing Agreement (see Section 10.3 under the heading "Eutelsat Communications Refinancing Loan"). This Refinancing Agreement carries no security 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 seriously affected by charges, whether or not they result in any disbursement, and in particular by any impairment of assets recorded in Eutelsat S.A.'s financial statements. In the past, Eutelsat S.A. has recorded substantial write-downs of assets, and may record such write-downs in the future, thereby reducing its distributable net income. A reduction in its subsidiaries' distribution capacity could have a significant negative impact on the Group's financial situation and results.

4.4.5 The Group may be affected by the departure of key employees or be unable to hire the staff needed for its operations

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

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

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

As of 30 June 2010, the discounted value of the Trust's pension liabilities amounted to 163.9 million euros in Eutelsat S.A.'s consolidated financial statements, and the fair value of its assets was 151.6 million euros (see Note 22.1 to the consolidated

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financial statements for the year ended 30 June 2010, as set out in Section 20.1 of this reference document). The calculation of total pension liabilities is based on actuarial assumptions, including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund's beneficiaries. Estimated total pension liabilities may be higher or lower depending on the scenario applied.

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

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

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

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

4.4.7 The Group is not exposed to any substantial liquidity risk

As of 30 June 2010, available cash assets amounted to nearly 41.3 million euros, to which were added 750 million euros of bank credit facilities, which had not been drawn as of that date. The Group believes that it is not exposed to any significant liquidity risk.

As of 30 June 2010, the Group complied with all of the financial ratios (covenants) required by its various credit facilities as described in Section 10.3 "Changes in indebtedness and the Group's financing structure" of this reference document.

The Group manages liquidity risk by using a tool enabling it to monitor and manage its recurrent cash flow needs. This tool takes account of the maturity of financial investments, financial assets and estimated future cash flows arising from operations.

The Group's goal is to maintain a balance between continuous funding and flexibility by use of overdrafts, short term bank loans, revolving credit and satellite rental contracts.

66% of the Group's debt will reach maturity in June 2013, and 34% in March 2017.

>> 4.5 Regulatory risks

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

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

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

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

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

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

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

The Company undertook, in particular, not to propose and/or vote for any decision to distribute Eutelsat S.A. dividends in excess of the total net annual profits of Eutelsat S.A. and/or the aggregate of the net annual profit(s) of Eutelsat S.A. that may have been allocated to the reserve and/or that could result in increasing

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Eutelsat S.A.'s net debt/EBITDA ratio to a value higher than 3.75/1; to take all measures to ensure that the obligations entered into by the Company, or that the Company might enter into, shall in no way result in default by Eutelsat S.A. as regards its own financing; to maintain in Eutelsat S.A. a minimum amount of equity in accordance with the sound financial management of Eutelsat S.A. and to enable it to continue complying with the Basic Principles and to maintain a level of consolidated Group debt that is not contrary to market practice nor to the sound management of the Group.

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

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

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

Frequency assignments are co-ordinated internationally according to the International Telecommunication Union's (ITU's) "Radio Regulations". The purpose of this coordination is to limit the risks of interference between broadcasts (see Section 6.8.1 "Regulations governing 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, in accordance with the general regime defined by the ITU's Radio Regulations (see Section 6.8.1 "Regulations governing frequency assignment and international coordination") is not yet complete and/or is not yet in operation with any of the Group's satellites. As regards assignments for which the coordination procedure is not yet complete, 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. As regards assignments for which the coordination procedure is not yet in operation, the Group might not be in a position to activate them within the deadlines set by the Radio Regulations, which would result in a loss of their current priorities. Both situations could have a significant adverse impact on the Group's activities, financial situation and results.

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

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

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

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

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

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

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

Furthermore, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments", see Section 6.8 "Regulations"). Changes in global, European or national regulatory policies could mean that certain frequency bands previously open to satellites could no longer be accessed through future authorisation requests in France. This is the case with the 3.4-3.8 GHz band, which cannot now be used for Fixed Satellite Services. Such a situation could have a significant negative impact on the Group's business, financial situation and results.

When developing new businesses, the Group could be subject to regulatory requirements including requirements relating to broadcasting (content broadcast) and earth stations. Compliance with these new regulatory requirements could involve considerable investments of time and resources. Furthermore, the Group cannot guarantee that it will be able to obtain or maintain the necessary authorisations, which could delay or interfere with the provision of

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services to clients in the affected countries or the implementation of its development strategy, thereby having a significant negative impact on its business, financial situation and results.

Under the partnership with SES, the Group and SES formed a joint venture called SOLARIS Mobile Ltd. This company is responsible for operating and marketing an S-band payload on the W2A satellite, which was launched on 3 April 2009. On 7 August 2008, the European Commission invited applications in order to select S-band satellite mobile systems operators in the European Union. SOLARIS Mobile Ltd responded to this invitation on 7 October 2008. SOLARIS Mobile Ltd was selected by the Commission in its decision of 13 May 2009. Member States must now grant a right of use in their territory for the frequencies identified in the Commission's decision, for a period of 18 years from the date of the Decision. Today, SOLARIS Mobile Ltd has 9 national authorisations (France, Luxemburg, Italy, Finland, Slovenia, Sweden, Germany, Poland and Denmark) and another is pending.

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

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

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

4.5.4 Starting on 10 December 2010, the Group will be subject to new regulations in the form of the French Space Operations Act

The Space Operations Act was published in France's *Journal Officiel* on 4 June 2008, and its implementing decrees were published on 10 June 2009. The Group is mainly affected by decree 2009-643 relating to authorisations. The system will come into force 18 months after the decrees were published, that is to say 10 December 2010 (see Section 6.8 "Regulations").

As of 10 December 2010, the Group will have to be covered by an authorisation or a licence for its entire fleet, including satellites launched before the entry into force of the provision, for all operations relating to orbital control occurring after that date (placing in-orbit, maintaining in position, orbital manoeuvres or de-orbiting). The Group will also have to gain authorisation for each launch from France or other countries as of 10 December 2010.

Although the Group should obtain a licence equivalent to an authorisation for the "control of space devices" part of its business nevertheless remains subject to an individual authorisation requirement for launches, which will cause regulatory uncertainty for several months, especially in respect of launch operations outside EU territory. Unfortunately, the Group frequently uses launch operators located outside EU territory. Failure to obtain authorisation to launch just a few months before the launch date could therefore have a significant negative impact on the Group's business, financial situation and results.

Furthermore, for satellites launched outside France or any damage caused in-orbit during the control phase, the Group will not benefit from the State guarantee covering possible damage to third parties, beyond the insurance limit for operators laid down by French law. Thus, the Group will remain subject to the risk of having to pay for all possible claims arising from a large proportion of it's activities. Payment of such compensation could have a significant negative impact on the Group's business, financial situation and results.

Finally, the technical regulations arising from the statutory provisions will have certain effects on the Group business. The Group was associated with the various stages of drafting these technical regulations. The consultation phase is now over and the draft is being finalised by the Ministry responsible for Space and the CNES (see Section 6.8, "Regulations"). Although the technical regulations at this point are merely at draft stage, we are of the opinion that the requirements that concern us will probably not change.

In the version that the operators have knowledge of, some requirements cannot yet be met completely, given today's satellite design. Temporary measures have been provided so that, in respect of some provisions, only the best strategy possible must be implemented. All the provisions in the law will be applicable as of 1 January 2021. Design changes by manufacturers will therefore be needed before then (changed or additional equipment, etc.).

The technical regulations also impose new internal processes. Thus, the Group must be capable of informing the Ministry responsible for Space and the CNES of some technical and organisational data likely to affect space operations as authorised. As a result, the CNES may suggest changes in the initial authorisation to the Ministry and, where they are not enough to guarantee safety and security and public health and environmental protection, may request cancellation of the authorisation and a new application.

The Group will also be required to notify to the Ministry of any operations arising from use of a licence not later than one month before it is carried out. Where it includes orbital position changes, the Group will not always be able to meet the deadline, given operating constraints, and may thus fail to meet its obligations.

The Group is also required to show that co-contractors and sub contractors comply with technical regulations. Although this problem will be resolved in future contracts, for satellites currently being built it will be more difficult to secure this undertaking, given that the regulations had not been drawn up when the satellite was defined. Failure to secure this undertaking could compromise our chances of obtaining an authorisation or licence for these satellites.

Thus, if the Group and its co-contractors do not make the technical and organisational changes required by the technical regulations, within the timeframe specified, the Group could fail to obtain the required authorisation or licence, or find itself sanctioned once the authorisation or licence has been delivered and compliance is checked. This could mean withdrawal of the authorisation or licence. This could therefore have a significant negative impact on the Group's business, financial situation and results.

The Space Operations Act could therefore have a significant negative impact on the Group's business, financial situation and results.

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

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

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

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

Within the authorised European limits, some countries may be more flexible than France and their regulators may be more amenable than France's. However, certain steps relating to channels that may create compliance problems under French law and the European directive (which is merely transposed by national legislation) are initiated by the Commission itself. Such steps may therefore have repercussions regardless of which is the competent national regulator within the European Union. The position of one or other of the appropriate European regulators may, moreover, change and become entrenched over time, and this can neither be predicted nor prevented.

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

>> 4.6 Market risks

The Group is exposed to market risks, not least in terms of currency and interest rate risks. To address this problem, the Group uses various derivative instruments. The goal is, where appropriate, to reduce revenue and cash flow fluctuations arising from interest rate and exchange rate variations.

4.6.1 Currency risk

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

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

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

The Group is also exposed to EUR/USD exchange rate risks because purchases of satellites and launch services are denominated in U.S. dollars. These contracts are of a high value, generally in excess of 50 million U.S. dollars, and may involve phased payment. As of 30 June 2010, the Group owed phased payments mainly regarding 6 contracts in U.S. dollars, totalling 134.7 million U.S. dollars over the financial year ending 30 June 2011.

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

Moreover, the Group's clients located in emerging countries could face difficulties in obtaining euros or U.S. dollars, especially because of currency controls. This could significantly affect their ability to pay in euros or in U.S. dollars, thereby exposing the Group to additional exchange rate risks.

In order to hedge the risks of fluctuating exchange rates, the Group carries out synthetic forward sales of U.S. dollars and euros with knock-in options, which are exercised or not depending on the exchange rates on their expiry date.

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

As of 30 June 2010, the fair value of the Group's foreign-currency risk hedges was (10.4) million euros, against (0.3) million euros as of 30 June 2009.

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In view of the existence of instruments to hedge its exchange rate risks, the Group estimates that a 1% reduction in the value of the U.S. dollars against the euro would have had an non-material impact on its net income for the year ended 30 June 2010.

The table below shows the situation (in thousands of euros) for all existing currency-hedging instruments as of 30 June 2010.

	Notional amounts		
	2008	2009	2010
Currency options (USD puts Euro calls)	27,027	-	
Synthetic forward transaction with knock-in option	-	14,150	154,837

The net foreign-currency risk position as of 30 June 2010 was as follows:

(In thousands of euros)	
Assets	150,309
Liabilities	15,300
Net position before risk management	135,009
Off-balance sheet position (forward plus knock-in options)	154,837
Net position after risk management	(19,828)

4.6.2 Interest-rate risk

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

After refinancing the debt related to the acquisition of Eutelsat S.A. during the 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) expiring 29 April 2008 for a principal amount of 1,700 million euros, to hedge Eutelsat Communications' long-term loan. This collar's notional amount was reduced on 12 April 2007, from 1,700 million euros to 1,615 million euros, bringing it in line with the exact loan amount. This partial sale generated a termination profit of 1,300 million euros;
- a fixed-pay, receive-variable interest-rate swap with a deferred start, for two years (2009 and 2010), in a notional amount of 850 million euros, plus the purchase of a cap in a notional amount of 850 million euros, to hedge Eutelsat Communications' long-term credit line. The Group also made a partial sale of these instruments, taking their national amount from 1,7 million euros to 1,615 million euros (*i.e.* reducing the notional amount of each from 850 million euros to 807.5 million euros) and generating a termination profit of 0.9 million euros.

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

- a fixed-pay, receive-variable interest-rate swap in a notional amount of 1,615 million euros to hedge Eutelsat Communications' long-term interest-only loan.

Following the refinancing of Eutelsat S.A.'s bank debt during the year ending 30 June 2010, the Group cancelled the derivatives hedging the 2004 credits still in force on 1 April 2010 (for more details see Chapter 10, "Cash flow and Capital") in exchange for payment of a balance of 25,443 thousand euros for the derivatives hedging the 650 million euros credit, and payment of 12,572 thousand euros for those hedging the 650 million euros revolving credit in the amount of 250 million euros.

Following the refinancing of this syndicated credit on 26 March 2010 (see Note 16 "Financial Debt" to the consolidated accounts for the financial year ended 30 June 2010 at Section 20.1 of this reference document), the hedge provided by these financial instruments was interrupted, and the instruments thus became totally ineffective due to the extinction of the financial debt in respect of IAS 39 "Financial instruments: accounting and evaluation". Consequently, the variations of fair value accumulated in equity capital were recognised in the income statement.

The table below shows the situation for all existing interest-rate hedging instruments as of 30 June 2010:

(In thousands of euros)	Contractual/ notional values	Fair value at 30 June 2010	Change in fair value over the financial year	Impact on income	Impact on equity
Instant hedge					
Swap (Eutelsat Communications)	807,500	-	14,811	(8,243)	23,055
Cap purchase (Eutelsat Communications)	807,500	-	-	(218)	218
Swap (Eutelsat Communications)	1,615,000	(119,410)	(71,926)	(8,174)	(63,753)
Swap (Eutelsat S.A.) (1)	650,000	Assignment	(895)	(21,834)	20,939
Swap (Eutelsat S.A.) (1)	650,000	-	(225)	-	(225)
Swap (Eutelsat S.A.)	250,000	Assignment	870	(4,403)	5,273
Cap (Eutelsat S.A.)	200,000	24	(358)	(358)	-
TOTAL		**(119,386)**	**(57,723)**	**(43,230)**	**(14,493)**

(1) Combined Swaps.

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The net interest-rate position as of 30 June 2010 was as follows:

Maturity *(In thousands of euros)*	**< 1 year**	**1-5 years**	**> 5 years**	**Total**
Financial liabilities	409	1,615,214	850,000	2,465,623
Financial assets [1]	59,519	24	-	59,543
Net position before hedging	(59,110)	1,615,190	850,000	2,406,080
Off-balance sheet items (fixed-rate swaps, caps, collar)	-	1,815,000	-	1,815,000
Net position after hedging	(59,110)	(199,810)	850,000	591,080

(1) Cash position and financial instruments.

As of 30 June 2010, an increase of 10 basis points (0.1%) in the EURIBOR interest rate would have no impact on the Group's financial charges for 12 months.

It would be evinced in a variation of 4,291 thousand euros in equity capital, linked to the variation in effective fair value of the hedging instruments known as future cash flow cover.

Although the Group has an active rate risk management policy, a substantial increase in interest rates could have a negative impact on its business, financial situation and results.

4.6.3 Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk regarding liquidity and forward investments. The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products from A rated financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits. The Eutelsat Communications banking syndicate is made up of 46 lenders as of 30 June 2010 and that of Eutelsat S.A. consists of 4.

If any of the lenders default on the term loan part of the credit facilities, the Group retains the amounts initially allocated in full.

If any counterparty defaults on the revolving part of a credit facility, the amount obtained may be less than the total amount requested. In this case, the Group has the possibility of drawing one or more additional amounts from the other counterparties in order to obtain the extra sums needed to make up the total amount required.

The Group does not foresee any loss resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded.

4.6.4 Share risk

As of 30 June 2010, the Group owned no shares of its own (except for shares held under the liquidity contract concluded with Exane-BNP Paribas), nor interests in listed companies. It is therefore not running any significant risk in this area.

>> 4.7 Risk management

4.7.1 Risk management policy

In the conduct of its business activity, the Group is exposed to certain operational risks, particularly those which are likely to affect its satellite fleet.

Operating and developing the Group's satellite fleet are highly complex matters. As a result, the Group's Executive Management has always paid very close attention to managing the Group's risks. However, corporate risks in general have grown considerably in recent years, due partly to developments in regulation, finance and trade. As a result, to reflect the importance of risk management, and following a recommendation made by the Audit Committee to the Board of Directors, the Group created the new position of Risk Management Officer in 2008.

The Risk Management Department reports directly to the Group's Executive Management and is independent of Internal Audit.

What follows are the principal responsibilities of The Risk Management Department:

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

During the financial year ended 30 June 2010, the Group risk map was updated. The initial intention was to identify and measure risks that could affect the Group's operations or business. The Risk Management Department also continued the previous year's work to develop cross-functional methods, adjusted to the Group's various business areas.

The work carried out during 2009-2010 continued to focus on access to space. This work included systematically assessing the risk of satellite launches failing or being delayed, and was carried

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out with the support of the Technical, Sales and Financial Departments. It also included solutions to reduce the impact of these risks as far as possible. The new sales and investment projects were also thoroughly scrutinised.

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

To manage the risks arising from its business and operating environment to the maximum extent possible, the Group has set up internal control procedures (see the report by the Chairman of the Eutelsat Communications' Board of Directors, prepared in accordance with Article L. 225-37 of the French *Code de commerce* in appendix 1 of this reference document).

Supervised and implemented independently of the concept of risk management, the internal control procedure was put into place under the responsibility of the Internal Audit cell, and its purpose is to ensure:

- compliance with statutory and regulatory provisions;
- application of the Executive Management's instructions and guidelines;
- proper functioning of internal corporate processes, not least those contributing to the protection of corporate assets;
- reliable financial information;
- and, more generally, to ensure that operations are fully mastered, business is efficient, and resources are used sparingly.

The Company has undertaken to align its internal control procedures with the AMF reference framework. This work is ongoing.

It should be noted that internal control procedures relating to the security of Group operations (that is to say, the procedures regarding satellite risk management and other Group risks) are to be distinguished from internal control procedures relating to the treatment of accounting and financial information on the business of the Company and its subsidiaries, in compliance with the provisions in force.

It should also be recalled that as Eutelsat Communications is charged with the financial and strategic steering of the Eutelsat Group, the Group's operational activities, in particular its satellite-related activities, are performed by Eutelsat S.A. The operational procedures described below are those implemented by Eutelsat S.A. and its subsidiaries.

Procedures regarding the satellite fleet and its operation

Protecting and ensuring integrity of the satellite fleet

The Group has set up procedures, the purpose of which is to ensure continuity of telecommunications services provided to customers and end-users.

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

These activities are carried out from Eutelsat S.A.'s 2 control centres in Paris and Rambouillet, which have back-up systems and redundant equipment to guard against operational unavailability or interruptions. Exercises are carried out regularly at the principal control centres, involving evacuation of the premises and system recovery by the back-up facilities.

These control centres are in charge of satellite protection, and continuity of signal production to meet the needs of the Group's clients, in accordance with the technical recommendations and procedures for each satellite.

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

An incident of any nature that affects a satellite or any of the signals transmitted (*e.g.* a technical failure or interruption of the signal) is dealt with internally by the Operations Department under "escalation" procedures. These procedures provide for internal expertise to be available immediately as well as the expertise of the satellite manufacturer where necessary. All incidents affecting either a satellite or the control system are properly logged and followed up under the authority of the person responsible for operating satellites, with the aim of identifying the causes of the incident and proposing and implementing the necessary corrective measures.

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

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

IT security and certification of satellite control systems

The implementation of the IT security management system, continued over the past year within the team in charge of satellite control. This work is co-ordinated by the person responsible for IT Systems security and more specifically, the person responsible for the Operating Department's IT security. As of this year, biometric security mechanisms for satellite control workstations have been set up. Other measures to improve IT security and security of data networks used for satellite control are under way.

The team in charge of satellite control targets (ISO 27001) security certification by the end of 2010.

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

The quality management system modelled on the ISO 9001 standard, covering the Operating Department at the Rambouillet centre, is being set up. The activities concerned are those linked to the communications control centre, the radiofrequency systems and the technical infrastructure.

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Prevention and management of other Group operating risks

Introduction of a business continuity plan for the Company's operations

The business continuity plan includes:

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

At the start of 2006, the Group initiated a business continuity plan ("BCP") aimed at reducing strategic, economic and financial risks in the event of the prolonged unavailability of its registered office located at 70, rue Balard, 75015 Paris.

Placed under the responsibility of the IT Systems management, the purpose of this project is to determine the conditions for continuing commercial, financial, administrative and legal activities, institutional communications, and IT and HR Systems management.

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

In the year 2008-2009, the BCP underwent full-scale testing (in January 2009), which covered the 10 most critical processes, *i.e.* those which must be resumed during the first week after the plan has been triggered.

In the year 2009-2010, a second full-scale testing process was organised on the backup site to test the resumption of the following financial processes: revenue management, financial settlements and analysis, management control, closing of accounts and legal consolidation, general accounts and taxation, monitoring of fixed assets, and cash flow.

These tests confirmed that the organisational and technical procedures worked properly in the presence of affected business-line users at the back-up site, in conditions similar to those that would exist during a crisis. They confirm that the BCP is entirely operational.

Security of IT Systems

The wish to take account of operating risks arising from IT Systems security in our Company led to the creation of an IT Systems security Manager in January 2007. This transversal function applies to the various IT Systems at Eutelsat S.A.'s: operations of terrestrial and IT networks needed for the corporate business and satellite control.

The objectives of this management function at Eutelsat are as follows:

- mapping of risk arising from IT Systems security, assessment of the impact on corporate operations;
- setting up standards ajusted to security needs at Eutelsat;
- drawing up an action plan and setting up a transversal security committee to oversee its implementation;
- assessing the protective measures set up in organisational and technical fields;
- setting up the position and carrying out the duties of correspondent between the company and the CNIL (*Commission nationale de l'informatique et des libertés*, body for protection of individual freedoms) to limit certain administrative formalities and ensure the law on individual freedoms is properly applied.

During 2009-2010, the following measures were taken:

- designation of the IT Security Manager as personal data protection correspondent for CNIL purposes, for the subsidiary Fransat;
- application of the technical recommendations issued following an audit, and relating to protection of information systems from the Internet;
- putting into place the appropriate infrastructure to secure IT traces for the purposes of prevention (definition of alerts in the event of suspicious occurrences) and reaction (faster reactions in the event of incidents relating to IT security);
- adoption of methods to take account of security in IT projects;
- introduction of a new campaign to make all Eutelsat employees aware of information security issues and of best practice they must apply.

Prevention and management of the Group's commercial risks

Management and monitoring of the Group's supplier contracts

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

Following the example of other contracts of the Group, these contracts and those financing the Company are prepared, negotiated and monitored by Eutelsat S.A. pursuant to the service agreements between the Company and Eutelsat S.A.. Thus, before signature, supplier contracts receive endorsement from the Directors concerned, and formal approval by the CEO, the Deputy CEO or the Directors to which the CEO has delegated proxy signature.

Furthermore, financial contracts are approved by the Board of Directors in accordance with the provisions of the Board's Rules of Procedure.

Power of Attorney and Signature

In principle, all contracts and documents setting out a Company commitment are subject to signature by the CEO or Deputy CEO. However, in some particular cases such as processing of supplier contracts covering small amounts, the CEO has delegated his signature to certain persons within the Group. These proxies are drafted by the Legal Department, which monitors them. The CEO and Deputy CEO are authorised to sign any undertaking of any amount or type, subject to statutory provisions and the Rules of Procedure.

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Management and follow-up of contracts with customers

The Group's contracts with clients are concluded by Eutelsat S.A. or its subsidiaries on the basis of standard models prepared by the office of the General Counsel and the Commercial Department of Eutelsat S.A.

Any change to this standard format is examined in advance by the office of Eutelsat S.A.'s General Counsel before the contracts are signed by those with authority to do so.

The Commercial Director of Eutelsat S.A. has authority to sign sales agreements for up to 300,000 euros per year. Where sales agreements are for amounts between 300,000 and 600,000 euros per year, the signature of the General Counsel is also required. Above 600,000 euros per year, only the CEO (or the Deputy CEO) is authorised to sign. The Director of the Multimedia Department is authorised to sign Multimedia services sales contracts for up to 1,000,000 euros. Above this figure, such contracts have to be signed by the CEO (or Deputy CEO).

The processes leading up to the signature of capacity allotment agreements are complex and end in the billing of clients. During each financial year, the sales cycle, 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 internal procedures in place. On the basis of the findings of these audits, appropriate modifications are made to the internal procedures to increase the reliability of those procedures contributing to the recognition of revenue.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Commercial Department and the Finance Department.

Customer contract risk

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

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

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 should precede all purchases is as follows:

1) Validation by Management of a budget per project/activity as part of the Annual Budget approved by the Board of Directors;
2) Followed by validation by the Director of the Department from which the purchase request originates.

Invoices received are compared with the appropriate items delivered and/or the appropriate services provided subsequent to submission of the relevant contract or order form.

Payment of the invoices is subject to the agreement of the services concerned in the purchasing process, in compliance with the internal control policy regarding the rules for the separation of each function involved.

All payments are based on the principle that there will be two signatures. If certain pre-determined amounts are exceeded, the signature of the CEO or of the Deputy CEO are also required.

With regards to procurement contracts for satellites and launchers, these are approved beforehand by the Board of Directors as part of its review of the Group's activities and investment decisions. Contracts for such programmes are governed by a specific procedure (technical, legal and financial) before being signed by the CEO or Deputy CEO of Eutelsat S.A.

Management of the Group's main financial risks

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

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

Foreign exchange risk

The euro is the Group's base currency. The Group is mainly exposed to fluctuations in the EUR/USD exchange rate. For the financial year ended 30 June 2010 the Group has used financial Instruments such as standard exchange rate options or knock-in options and currency deposits to cover some sources of future income in U.S. dollars. These instruments are negotiated over the counter with A-rated banking counterparties. Some supplier contracts for satellites or launch services are in U.S. dollars.

The instruments the Group uses to hedge part of its future dollar income are described in Section 4.6.1 "Exchange-rate risk".

Interest-rate risk

The Group hedges its exposure to variations in interest rates by keeping part of its debt at fixed rates (Eutelsat S.A. bonded debt) and a policy of total cover on its variable rate credit lines. To hedge its debt, the Group set up interest-rate hedges both for the Company and for Eutelsat S.A.

Counterparty risk

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments.

The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products exclusively from A-rated financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

Cash flow risk

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

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The Group's objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans and revolver lines of credit from banks, and satellite leases.

Processing accounting and financial information

In addition to the control procedures inherent to its main business, the Group developed significant control procedures for processing of financial and accounting information, for both its operating subsidiaries and those managing its investments.

Monthly reporting is prepared under the supervision of the Deputy CEO. This presents information on the various Group activities carried out by the different departments at Eutelsat S.A. (Sales, Multimedia, etc.) once it has been compared with the appropriate accounting and legal documents.

Thus, the control procedures put into place by Eutelsat S.A. apply to all the services provided by Eutelsat S.A.

Controlling the actions of subsidiaries that manage the Group's equity interests

Following the simplification of the Group's structures in 2008-2009, the Company has held over 95% of Eutelsat S.A., the main operating company in the Group, via its fully controlled subsidiary Eutelsat Communications France S.A.S.

Control of the undertakings and actions of Eutelsat Communications Finance is essentially based on the applicable legal provisions and By-laws. Its legal form is that of a joint stock company (*société par actions simplifiée*) incorporated under French law. The sole Chairman of this subsidiary is Mrs Sylvie Lallement, Eutelsat S.A.'s Legal Counsel. There is no limit under the By-laws on the powers of the sole Chairman, with the exception of those subjects reserved by law to the sole shareholder, namely *in fine* the Management of Eutelsat Communications. Any decisions or projected modifications pertaining to the By-laws, capital increases, mergers and/or transformations are made by the Management of Eutelsat Communications.

Controlling the actions of the operating subsidiaries

During 2007-2008, the Company's Management took steps to improve visibility of the activities of Eutelsat S.A.'s subsidiaries. Two new control mechanisms were introduced:

- September 2007: creation of a position to provide financial control over subsidiaries and equity interests;
- January 2008: creation of a Subsidiaries Committee, which meets on a quarterly basis and whose main task is to provide increased supervision of the subsidiaries' activities and ensure that Group procedures are being duly applied. This Committee reports directly to the Deputy CEO and is composed of members of Management, the financial controller for the subsidiaries, the legal expert responsible for subsidiaries, the Group HR department and the internal auditor.

During 2009-2010, the "Subsidiaries Committee" met once every half-year.

Preparing the consolidated financial statements

At the end of each month, the financial data of each Eutelsat subsidiary is reviewed by the consolidation and reporting manager to verify compliance with the Group's current accounting policy and methods.

Moreover, each time the books are closed (full-year and half-year), the Board of Directors meets to examine and approve the financial statements in the presence of Eutelsat Communications' Statutory Auditors.

Furthermore, as part of this whole process, the Eutelsat Communications' Statutory Auditors ensure that the accounting policy and procedures developed in the consolidation manual and applied by the Company are appropriate, and that the financial statements prepared by the Board of Directors present fairly and faithfully the financial position and business activity of the Company and the Eutelsat Group.

To encourage Management responsibility and the control of financial data for all companies in the Group, the Company has been using a consolidation and reporting system since July 2007 guaranteeing that:

- a single source of information is used for legal consolidation and the reporting process managed within a shared database;
- the application records and archives the process of validating legal data by the managers of Group's companies.

4.7.2 Insurance

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

Furthermore, the Group has taken out other customary commercial insurance policies regarding its operations.

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

In the financial year ended 30 June 2010, the Group's premiums for launch and in-orbit insurance totalled 66 million euros.

"Launch-plus-one-year" insurance programme

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

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

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

In April 2008, the Group took out one of the largest insurance policies ever signed by a Fixed Satellite Service operator. The policy covered the launch-plus-one-year of orbit for 7 satellites under-

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going procurement at that date (HOT BIRD™ 9, HOT BIRD™ 10, W2M, W2A, W7, KA-SAT, W3B), up to a limit of 200 million euros per satellite programme for a three-year period. This policy gives the Group the opportunity to use all launch vehicles available in the market, affording it optimal flexibility in implementing its in-orbit expansion programme over the next three years.

Additional cover was taken out in 2009 and 2010 for W7, W3B and KA-SAT satellites whose price exceeds the aforementioned limit, to ensure that all of the net carrying value of these satellites is covered.

In June 2009, the insurance contract was extended to future satellites ordered until end 2011 (W3C ATLANTIC BIRD™, and more recently, W5A and W6A).

In-orbit lifetime insurance

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

The Group's in-orbit insurance programme expired on 26 November 2009. It was replaced by a new 12-month programme entered into with a group of 22 insurers with a cancellation option at 30 June 2010. The programme was defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and income of losing one or more satellites. This programme comes in two parts (French "Tranches"): one covers losses in excess of 80 million euros up to a maximum of 390 million euros and the other covers losses ranging from 50 million euros to 80 million euros. These insurance policies were underwritten by 18 and 4 insurance companies respectively. Under this programme, 16 of the satellites belonging to the Group (excluding the EUROBIRD™ 4A (former W1), ATLANTIC BIRD™ 1, W75 (former EUROBIRD™ 4), W5 and W2M satellites) are covered by insurance. The only reservation concerns limited cover for the W4 and W6 satellites due to incidents resulting from technical problems now identified.

The general insurance policy taken out against damage under this programme covers any cumulative partial or total constructive losses of the 16 satellites insured, up to a ceiling of 175 million euros per satellite, subject to a total maximum claim or claims each year of 390 million euros. The Group's satellites covered under this policy are insured for their net book value.

Recent satellites: HOT BIRD™ 9, ATLANTIC BIRD™ 4A (former HOT BIRD™ 10) and W2A (C and Ku-Bands) are included in this policy as of the date of maturity of their previous L +1 year policy.

The cancellation option as of 30 June was exercised. A new in-orbit insurance programme was taken out for one year starting on 1 July 2010. The programme design remains unchanged: one covers losses in excess of 80 million euros up to a maximum of 500 million euros, and the other covers losses ranging from 50 million euros to 80 million euros. The amount of insurance cover per satellite was increased from 175 million euros to 223 million euros and there are no more exclusions regarding insurance cover for the W4 and W6 satellites due to incidents caused by already identified technical problems.

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

In October 2009, the Group took out a spacecraft third-party liability insurance policy for a period of one year renewable, which covers damage caused to third parties by the Group as a satellite system operator. Under the current policy, relocations and/or de-orbiting of Eutelsat satellites are covered against damage to third parties up to 60 million euros per incident per year.

Credit insurance

The Group has taken out an insurance policy covering the risk of non-payment by most of its customers. This new policy took effect on 5 February 2010 for a 12-month period.

Other insurance

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

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

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5. INFORMATION ABOUT THE ISSUER

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>> 5.1 Group history and development

5.1.1 Corporate and trading name

Eutelsat Communications.

5.1.2 Commercial and Corporate Registry

Eutelsat Communications is registered with the French *Registre du commerce et des sociétés* in Paris (Commercial and Corporate Registry of Paris) under number 481 043 040.

5.1.3 Incorporation date and duration

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

5.1.4 Registered office, legal form and applicable legislation

Registered office

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

Legal form and applicable legislation

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

5.1.5 Key events

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

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

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

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

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

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

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

Furthermore, in 2007, the Group carried out restructuring activities aimed at streamlining its organisational chart, and Eutelsat Communications repurchased non-controlling interests in Eutelsat S.A. during the financial 2007-2008.

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

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

On 26 March 2010, to refinance its bank debt, Eutelsat S.A. issued a 7-year 850 million euros inaugural eurobond on the Luxembourg Stock Exchange regulated market (see Section 10.3 "Evolution of Group indebtedness and financing structure" for more details on the refinancing transaction).

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>> 5.2 Main investments

During the year, the Group continued with one of the biggest investment programmes it has experienced, involving the launch of seven satellites, namely KA-SAT, W3B, W3C, ATLANTIC BIRD™ 7, W5A, W6A and EUROBIRD™ 2A.

The purpose of this investment programme is to establish the foundations of future corporate growth, enabling us to consolidate our resources in-orbit resources on orbital positions with strong growth potential and finally, harness fresh opportunities for growth with innovative new applications for our clients and consumers.

5.2.1 New satellite orders

During the fourth quarter of the year ended 30 June 2010, Eutelsat announced the selection, respectively, of Thalès Alenia Space, EADS Astrium and Space Systems/Loral Inc. for the manufacture of the W6A, W5A and EUROBIRD™2A satellites, the launches of which are planned for the second half of 2012:

- W6A will replace the W6 satellite and increase the resources of the 21.5° East orbital position by over 50%. This position is used for Video Services and Data and Value Added Services for the North African and Middle Eastern markets.
- W5A will replace the W5 satellite with over 100% increased capacity at the 70.5° East orbital position. It will enable Eutelsat to provide better service to each regional market using this orbital position (mainly central and south-eastern Asia), but also to offer interconnection solutions among all the regions covered by the fleet. For instance, W5A will make it possible to establish efficient satellite links for a range of services such as government services from teleports located in central Asia and Europe, corporate networks between South-Eastern Asia and Africa, or direct connections between Europe and Australia.
- The purpose of EUROBIRD™2A will be to replace the EUROBIRD™2 at the 25.5° East orbital position. Its 46 transponders, 32 of which are in Ku-band and 14 in Ka-band, will be shared equally with ictQATAR, representing the State of Qatar. It will deliver continuous services in Ku-band on the satellite it will replace, with enlarged coverage over the Middle East, North Africa and Central Asia, and will provide this orbital position with its first resources in Ka-band, enabling Eutelsat to offer new services in the regions covered.

5.2.2 Satellites under procurement

The Group, furthermore, continued with procurement of the 4 satellites ordered during previous financial years, currently under construction at Thales Alenia Space and EADS Astrium.

- KA-SAT, ordered from EADS ASTRIUM in January 2008, is the Company's first satellite operating solely in Ka-band. This satellite will be the cornerstone of 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 will be equipped with more than 80 narrow beams, making it the most advanced multibeam satellite ever designed in the world. As an integral part of this new infrastructure system, a network of 8 stations managed by Eutelsat will allow access to KA-SAT and provide end-users with the entire range of broadband services.

  The KA-SAT multibeam satellite will be located at 9° East where it will enable customers to have easy access to content in Ku-band HOT BIRD™, currently regarded as the world's leading video neighbourhood. This flagship position will increase the Group's extended range of services to the public by allowing homes equipped for DTH reception in Ku-band to access new Ka-band multimedia content with the same dual frequency antennae.

  The purpose of this new satellite boasting capacity unrivalled in Europe, will be to deliver broadband Internet access solutions, and serve Data and Professional Video Networks as well as the local or regional television market.
- W3B, ordered in May 2008 from Thales Alenia Space. W3B is scheduled for launch in the second quarter of 2010, and will be located at 16° East. Backed up by Thales Alenia Space's Spacebus 4000 platform and with operational capacity of up to 56 transponders, W3B will enable Eutelsat to offer significantly improved capacity at this orbital position.
- W3C, ordered from Thales Alenia Space, will offer considerable capacity for tasks similar to those of W3B that the Group has decided to locate at 16° East, in order to renew and consolidate resources at this orbital position. Thus W3C will increase and secure resources at 7° East and attenuate the risk of possible failure in the launches of the W7 or W3B satellites.

  As with the W3B, the W3C satellite, with its flexible architecture, will also contribute to ensuring continuity of service at 36° East or 16° East in the event of a failed launch of the W7 or W3B satellites.
- ATLANTIC BIRD™ 7: ordered from EADS Astrium. This other large-capacity satellite will take over from ATLANTIC BIRD™ 4A at 7° West to to ensure there are significant increases of resources at this key position jointly operated with Nilesat for broadcasting to the Middle East and North Africa.

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The following table provides an overview of satellites under construction or ordered during the past year. An additional period of one to two months after the launch date is required to assess the date at which a satellite should be commissioned.

Satellite name	Manufacturer	Estimated launch period	Capacity	Operating orbital position
KA-SAT	EADS Astrium	Oct/Dec 2010	+80 Ka spots	9° East
W3B	Thales Alenia Space	Sept/Nov 2010	56 Ku	16° East
W3C	Thales Alenia Space	July/Sept 2011	56 Ku	7° East
ATLANTIC BIRD™ 7	EADS Astrium	Oct/Dec 2011	50 Ku	7° West
W5A	EADS Astrium	Oct/Dec 2012	48 Ku	70.5° East
W6A	Thales Alenia Space	July/Sept 2012	40 Ku	21.5° East
EUROBIRD ™ 2A	Space Systems/Loral	Oct/Dec 2012	32 Ku/14 Ka	25.5° East

5.2.3 Launch services associated with satellites under procurement

Generally speaking, under its security policy and its resource deployment plan, the Group's objective is to diversify its launch service providers as much as possible, to ensure a degree of operational flexibility in the event of a failed launch. Thus, its satellites are technically adaptable to launching by several different types of launch vehicle. Similarly, the Company may choose to re-allocate satellite launches to another of its launch service providers under its firm or optional launch service contracts.

However, the reader's attention is drawn to the fact that none of the satellites under procurement are yet coupled with a launch service.

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>> 6.1 Presentation

On the 30 June 2010, the Group had a fleet of 26 satellites in geostationary earth orbit (or GEO), three of which in inclined orbit (Telecom 2D, W48 and W75), located at 20 orbital positions ranging from 15° West to 75° East, thereby enabling it to cover the whole of the European continent, the Middle East, North Africa and Sub-Saharan Africa, as well as large part of the Asian and American continents.

The Group's fleet of satellites had 652 operational transponders in stable orbit at 30 June 2010, as opposed to 589 transponders in stable orbit at 30 June 2009, following the success of the initial stages of our large-scale strategy to renew and increase our resources.

At 30 June 2010, the Group broadcast 3,662 television channels and 1,070 radio stations to more than 204 million cable and satellite households.

Users of the Group's satellite resources include leading media and telecommunications operators in Europe and the world, such as:

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

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

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

During the financial year ended 30 June 2010, the Group generated consolidated revenues of 1,047.2 million euros and consolidated EBITDA[2] of 827.8 million euros. At 30 June 2010, the Group's order backlog came to 4.88 billion euros.

>> 6.2 The Group's strengths and strategy

6.2.1 The Group strengths

The Group believes that its business boasts the following strengths:

A broad portfolio of attractive orbital positions

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

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

The orbital position located at 13° East today represents the leading television programme transmission position in Europe and has fully benefited from two favourable and mutually reinforcing trends: the increased number of channels broadcast from an orbital position, and the larger number of households equipped to receive its signals. In fact, the 3 HOT BIRD™ satellites broadcast 1,122 channels at 30 June 2010 (more than any other orbital position in Europe) to over 52 million households equipped for direct satellite reception. The Group has furthermore developed the 28.5° East position, providing efficient coverage of the United Kingdom and Ireland with the EUROBIRD™ 1 satellite, which broadcast 332 channels as of 30 June 2010 to almost 11 million English and Irish households equipped for direct satellite reception. The Group therefore estimates that the channels broadcast at these 2 flagship positions are picked up by more than 63 million homes equipped with individual or collective satellite antennae (source: Eutelsat cable and satellite review 2010).

In addition to these 2 flagship orbital positions, the Group is in the process of developing major orbital positions specialised by geographical area. These positions, which broadcast 1,996 television channels as of 30 June 2010, enabled the Group to capitalise on the swiftly increasing number of digital television channels in geographical areas such as Central and Eastern Europe,

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

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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 believes that its orbital positions constitute a rare resource, bestowing upon it a strategic advantage with which to develop its business. Almost all orbital positions and associated frequency rights for the Ku-band have already been allocated to existing operators by the International Telecommunication Union (ITU), thus making it virtually impossible for new operators to secure access to orbital positions in Ku-band under current ITU rules (see Section 6.8 "Regulations" for further details). Thanks to its current portfolio of utilisation rights for orbital positions and its active rights Management policy, the Group believes itself capable of rapidly adjusting to any possible change in demand and seize fresh market opportunities that may arise in the future.

In-orbit satellite infrastructure – a major strategic advantage for the Group

The Group's fleet of satellites, comprising 26 satellites in geostationary orbit as of 30 June 2010, enjoys the following major advantages:

- a broad portfolio of orbital positions concentrated on the European orbital arc, serving geographical areas covering mature markets (Western Europe) and rapidly expanding markets (the Second Continent[(3)]) alike;
- a modern satellite fleet with an average age of 5.3 years[(4)] as of 30 June 2010 (excluding satellites in inclined orbit), in the process of being renewed with the launch of 7 new satellites over the next few years. By way of reference, the operating life of satellites in stable orbit is usually 12 to 15 years;
- a high level of technical flexibility, in particular including on-board antennae with steerable beams or several beams with different coverage areas, thereby allowing the Group to adjust and reconfigure coverage areas to meet customer needs, respond to geographical market features and reconfigure the coverage area in the event of a satellite being relocated;
- connectivity between transponders and the various geographical coverage areas, enabling the Group to cater to changing customer demand; and
- on-board redundant equipment and large-scale back-up capacity at key orbital positions, enabling the Group to offer, under certain circumstances, service continuity in the event of a satellite breaking down or malfunctioning.

Significant growth potential

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

In the Video Applications market, the Group is of the opinion that several factors should further stimulate growth in its business, in particular:

- rapid growth in the number of channels being transmitted, a trend expected to continue;
- significant growth in demand from emerging markets (such as Central and Eastern Europe, Russia, North Africa, the Middle East and Sub-Saharan Africa);
- the swifter roll-out of HDTV in Extended Europe where the Group has established a firm foothold due to its capacity and leading orbital positions, which can be immediately allocated to this kind of application. The Group believes, moreover, that it will stand to gain from its leading position in Europe, to the extent that its existing customer base includes several HDTV players with which the Group enjoy long-standing close relationships. The Group reckons that broadcasting high definition channels is a genuine driver of growth, because high-definition digital television channels in MPEG 4 format require 2.5 times more capacity than standard digital television in MPEG 2 format; and
- the Group believes that it will further benefit from growth in the broadcasting of 3D content to digital cinemas as part of special events and in the longer term to homes.

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

- the swift development in broadband satellite applications. By way of example, demand for satellite capacity for business networks and broadband services, excluding capacity allocated to broadband services distributed by multibeam satellites, grew at a CAGR of 23% between 2005 and 2009 in Extended Europe (source: Euroconsult 2010);
- rapidly increasing demand in emerging markets (such as Central and Eastern Europe, Russia, North Africa, the Middle East and Sub-Saharan Africa);
- the development of new mobile services and applications, which may constitute an additional source of growth. The Group today boasts considerable know-how in this segment, especially via its services aimed at the land, sea and air transport sectors; and,
- the development of new broadband Internet access-orientated services and applications in new frequency bands such as the Ka-band, which should make it possible to slash the costs involved in securing access to satellite capacity in regions where there is little or nothing in the way of terrestrial networks

Furthermore, because its satellites are appropriately located, Eutelsat is in a position to capitalise on the opportunities arising from the sizeable growth in satellite requirements for national defence and security systems.

The Group's growth potential also depends on its ability to innovate, which has forever been the primary focus of its strategy. Historically speaking, the Group has demonstrated its ability to develop new technologies and Value-Added Services, which now constitute significant sources of revenue and growth (D-STAR™, TOOWAY™) and should further fuel the Group's growth in the future.

A leading position in the European satellite broadcasting market

The Group is the number one operator in Europe's satellite TV and radio broadcasting market in terms of the number of channels broadcast and transponders, with 3,662 television channels and 1,070 radio stations broadcast to almost 204 million cable and satellite households as of 30 June 2010.

A significant share of the Group's video business is carried out in Europe. The European satellite broadcasting market is rather attractive compared to other geographical regions, particularly in terms of pricing.

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

(4) Weighted average using the number of transponders.

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A business portfolio geared to the most lucrative applications

As part of its development strategy, the Group has focussed its satellite resources on Video Applications, Data and Value-Added Services, as much as in Europe as in Central Europe, Russia, the Middle East, North and Sub-Saharan Africa.

Video Applications are regarded as the industry's most stable source of revenue. On the one hand, audiovisual platform operators have significant and recurrent capacity needs; on the other, the broad base of satellite dishes installed makes it more difficult for end-users to change operators. Operators therefore have agreed to sign long-term contracts (often covering the operating life of the satellites concerned, generally speaking 12 to 15 years). This provides the Group with a stable customer base and a regular source of income.

Video Applications accordingly account for a large share of the Group's revenue. The leasing of transponders for Video Applications represented 71% of the Group's revenue (excluding other forms of revenue and non-recurring revenue) in the year ended 30 June 2010 compared with 73.3% in the year ended 30 June 2009.

The stability of this source of revenue is increased by the fact that the Group has little exposure to falling demand for capacity resulting from the transition from analogue to digital. The Group broadcasts only 8 analogue channels (7 of which are French channels for reception in "shadow" areas of mainland French from the 5° West orbital position). Furthermore, the Group has benefited from growth in digital TV markets in emerging-market countries (Central Europe, Russia, the Middle East, North Africa, and Sub-Saharan Africa) with the launch of the first HDTV channels.

In addition to its Video Applications business, the Group also operates in the Data Services and Value-Added Services market. These activities, which accounted for 20% of Group revenues (excluding other revenues and non-recurrent revenues) in the financial year ended 30 June 2010, grew by 17.8% compared to the financial year ended 30 June 2009.

Data Service revenues had risen by 17.3% on 30 June 2010, compared to 30 June 2009.

Value-Added Services have generated constant growth for more than five years, up 19.3% compared to the financial year ended 30 June 2009. As of 30 June 2010, Value-Added Services accounted for 4.4% of total revenues (excluding other revenues and non-recurrent revenues), having made only a modest contribution to revenues over the last five years.

Finally, Multi-Usages Services to public sector entities, spurred by rapidly increasing demand on the part of government agencies, represented over 9% of the Group's revenue (excluding other revenues and non-recurrent revenues), for the year ending 30 June 2010, an increase of 30.1% compared to the result on 30 June 2009.

The Group's business portfolio is based on a very effective distribution network, essentially made up of incumbent telecommunications operators, which are both customers and distributors, which are well-established in their respective markets, and with which the Group enjoys close relationships. In addition to this network of incumbent distributors, and so as to respond to requests from various customers, the Group has developed a targeted sales and direct marketing strategy, and actively manages its relationships with is key account clients.

Significant and predictable cash flow

Over the last few years, the Group has generated significant cash flow from operating activities, representing 66.7% of its revenue in 2010, and totalling 654.7 million euros and 698.3 million euros respectively for the financial years ended 30 June 2009 and 2010.

Cash flow from operating activities is for the most part predictable in nature, due to the make-up and size of the Group's order backlog and the average residual length of contracts (weighted by amount), which was eight years on 30 June 2010. The order backlog mainly consists of long-term contracts (often corresponding to the operational life of satellites) entered into on the basis of pre-determined tariff conditions. As of 30 June 2010, the Group's total order backlog was 4.88 billion euros, which represents 4.7 times the amount of consolidated revenue for the financial year ended 30 June 2010.

Impressive financial performance in the Fixed Satellite Services (FSS) sector

The Group's financial performance over the last three years has been especially robust:

- revenue has grown over the last five years at an annual average growth rate of 7% (ended 30 June 2006, 2007, 2008, 2009 and 2010);
- a very high level of profitability, as illustrated by the margin for EBITDA, which has been around 79% over the last three years, establishing the Group as the world's major FSS operator in terms of profitability (source: Eutelsat Communications). This high level of profitability is attributable to the Group's high utilisation rate of fleet capacity and its relatively high capacity leasing rates for its flagship orbital positions, confirming the effectiveness of the Group's strategy, which involves maximising revenue per transponder and keeping strict control over costs.

A Management team acknowledged for its leadership skills

The Group's Management team has a wealth of experience in the FSS market and in-depth knowledge of its technical requirements.

6.2.2 Strategy

The Group focuses on the most profitable segments and services within the FSS sector. The Group's strategy is based on delivering outstanding satellite capacity (in terms of technical features and antenna arrays and/or associated terminals), along with Value-Added Services. During the course of the financial year ended 30 June 2010, the Group successfully pursued the implementation of its development strategy. This long-term strategy combines growth and profitability, and revolves around two main objectives:

- maximising revenue per leased transponder by positioning its services on the most lucrative applications. The Group thus focuses its satellite resources on Video Applications and Value-Added Services, as much in countries of the European Union as in the emerging markets of Sub-Saharan Africa, North Africa and the Middle East, Russia and Central Asia; and,
- ensuring the Group's long-term growth by enhancing its portfolio of orbital positions, by pursuing an ongoing policy of innovation so as to oversee the development of new applications such as 3D television, consumer satellite broadband Internet access and infomobility by providing access to new frequency bands (Ka-or S-bands).

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Implementing this strategy also involves the following:

Consolidating the Group's pole position for satellite TV broadcasting in Extended Europe

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

- consolidating its flagship orbital position at 13° East, which led to new resources being laid on with the launches of HOT BIRD™ 7A in March 2006, HOT BIRD™ 8 in August 2006, HOT BIRD™ 9 in December 2008 and HOT BIRD™ 10 in February 2009;
- strengthening and developing the appeal – for both broadcasters and consumers – of its major orbital video positions (36° East, 25.5° East, 16° East, 9° East, 7° East, 5° West and 7° West), which cover emerging markets such as Central and Eastern Europe, Russia, North Africa, the Middle East and Sub-Saharan Africa. This hinges on concluding strategic agreements such as the one signed by the Group in May 2010 with ictQATAR for developing the orbital position at 25.5° East, and by targeted increases in satellite capacity, similar to that of the deployment of satellite W7 in January 2010 at 36° East, to serve the markets in Russia, the CIS and Africa, and deliver new capacity for the development of these services; and,
- implementing an active fleet security policy at the flagship orbital position 13° East, which will lead to 100% redundant satellite capacity as well as at position 7° East where there will be partial redundancy, as of 2011 with the launch of the W3C satellite.

Finally, the Group is implementing a watch on external growth opportunities that could create value, on its current markets or those with a strong potential like Asia.

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

Taking into account the exponential growth in Internet usage and the demand for broadband access (especially in emerging markets), the Group intends to further develop Value-Added Services for broadband IP applications, in particular by:

- developing the D-STAR™ service, enabling it to offer an economical and effective solution for broadband networks and services, aimed especially at companies and regional or local authorities operating in areas with little or no coverage from terrestrial networks, chiefly in the emerging-markets of Africa and the Middle East;
- expanding the range of mobile communication services, particularly for land, air and sea transport. The Group is, to this end, working with Alstom, Orange and Capgemini to provide the SNCF's TGV Eastern high-speed trains with onboard broadband Internet access; and,
- developing the TOOWAY™ offering, launched in Europe at the end of 2007 and which should considerably speed up during 2011 with the launch of the KA-SAT satellite. This service provides broadband access to the general public. Once KA-SAT is in service, it will offer competitively priced, new generation broadband access to the Internet for households with poor access or no access to terrestrial electronic communication networks. Commercialised under agreements concluded with European telecommunications operators, this is an example of the Group's willingness, at a time of digital convergence, to develop and structure its partnerships with such operators, thus positioning the satellite as a technology that complements terrestrial networks. TOOWAY™ is operated by Skylogic S.p.A., a broadband subsidiary of Eutelsat S.A.

The Group also intends to strengthen its competitive position in the Professional Data Network segment, especially by developing new solutions based on IP technology which harness the exceptional performances delivered by the KA-SAT satellite.

Remaining attentive to customer needs

The Group is of the opinion that long-term partnerships with its clients, meeting their needs in the best possible fashion, but also looking ahead to their future requirements in an industry based on long cycles, are the essential prerequisites for consolidating its orbital positions in the run. It therefore intends to maintain and increase the contact it has with its current and potential customers, to the benefit of all parties.

Pursuing an active innovation policy

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

During the year 2007-2008, the Group established a partnership with SES Astra to set up SOLARIS Mobile Ltd (SOLARIS) based in Dublin, Ireland, the purpose of which is to operate and market the S-band payload of the W2A satellite launched on 3 April 2009. This particular frequency band makes it possible t to distribute TV, video and radio services, along with bi-directional communications using mobile equipment such as telephones, PCs and multimedia players.

Furthermore, the Group has developed innovative technical solutions geared to professional markets, such as broadband Internet access via satellite on French high -speed trains, or delivering content to cinemas via satellites (digital cinema), especially for 3D broadcasting.

Pursuing a proactive policy for managing non- allocated capacity

It is the Group's wish to continue making its available satellite resources as profitable as possible by optimising the allocation of these resources, taking into account utilisation rates observed in each geographical area and for each application as well as the expected increase in demand. Accordingly, the Group intends to harness all opportunities arising in segments that are not part of its core business (including services to public-sector entities), while giving priority to contracts that deliver greater added value in the long term when allocating available capacity.

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Maintaining a high-quality, flexible fleet able to adjust to the Group's strategic requirements

The Group intends to maintain its first-class satellite capacity by:

- increasing the satellite fleet's technological advantage, from on-board redundancy to back-up capacity;
- maintaining flexibility in the fleet's operating and technical configuration; and
- carrying out targeted investments aimed at increasing satellite capacity as and when required by the Group's growth strategy.

Keeping a tight rein on costs

It is the Group's intention to maintain strict control over operating costs, as it has done in recent years. The Group, in particular, reviews on a regular basis its policy for insuring its fleet in-orbit, and takes a close look at solutions potentially enabling it to reduce associated costs in future, whilst maintaining a satisfactory level of coverage for the fleet.

>> 6.3 Main markets

Data on the main markets in which the Group operates is taken, unless otherwise indicated, from Euroconsult's *Satellite Communications & Broadcasting Markets Survey* – 2010 edition.

Fixed Satellite Services (FSS) industry

FSS providers operate satellites in geostationary earth orbit (GEO), positioned approximately 36,000 kilometres from the earth in the equatorial plane. At this altitude, a satellite rotates around the earth at the same speed as the earth spins on its own axis, which allows it in space to remain in a fixed position in relation to a given point on the earth's surface. This makes it possible to transmit signals towards an unlimited number of fixed terrestrial antennae 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 is required for television broadcasting, for example. GEO satellites are also suitable for linking together a group of sites spread out over vast geographical areas (private business networks or providing communications support at retail outlets), as well as rolling out the coverage of GSM networks and Internet access to geographical areas where terrestrial networks provide little or no coverage (for example, at sea or in "shadow" areas) and establishing or restoring communications networks in emergency situations (civil protection or humanitarian operations).

FSS operators rent out transmission capacity (*i.e.* transponders) to customers: TV broadcasting platform operators, TV networks, telecoms operators and Internet service providers in particular. Transponders are the items of equipment installed on-board satellites. They receive, amplify and re-transmit signals they pick up.

The FSS sector uses several different frequency bandwiths: C, Ku and Ka.

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

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

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

There is also an S-band, which is close in frequency to UMTS used in 3G telephony. This band is currently unused and is fully available. It is reserved exclusively for satellite and terrestrial mobile services.

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

The FSS sector has various attributes, in particular:

- major barriers to entry, owing especially to the limited number of commercially viable orbital positions in the world, the complex international regulatory framework, the significant investment involved and high level of technical expertise required to develop and operate a fleet of GEO satellites, and the substantial and sustained commercial effort needed to develop various orbital positions;
- limited risk of losing and having to replace customers, to the extent that GEO satellites are the most efficient and economical form of broadcasting technology for content distribution over a wide geographical area. Moreover, transferring broadcasting services to a rival satellite operator involves sizeable costs for a television platform operator owing to the need to re-point the base of receiving antennae to another orbital position;
- a robust business model, with a large order book resulting in a high level of visibility with regard to future revenue;
- generally high operating margins and a high proportion of fixed costs, hence the strong operating leverage; and,

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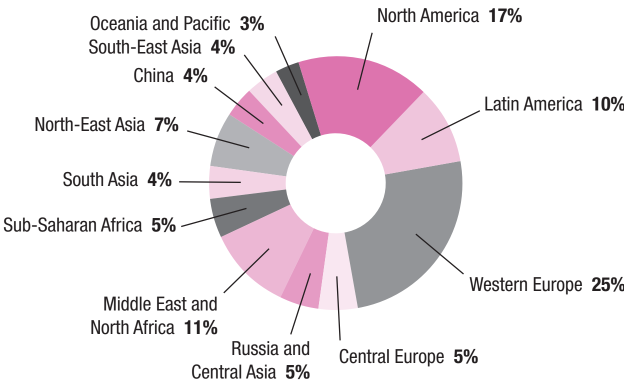
- the existence of several new growth drivers, including the emergence of HDTV and 3D TV and the development of mobile communication solutions (television on mobile phones and broadband Internet on trains, business aircraft and ships).

According to Euroconsult, the FSS sector generated worldwide revenues of 10.3 billion U.S. dollars as of 31 December 2009, including more than 9.2 billion U.S. dollars in infrastructure revenue(5). Total infrastructure revenue in Extended Europe(6) amounted to 4.6 billion U.S. dollars. In 2009, there were 263 commercially active satellites.

The geographical breakdown of infrastructure revenues generated in 2009 by the FSS sector is shown below:

Breakdown of infrastructure revenues in the FSS sector by region



Source: Euroconsult 2010.

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

Satellite capacity supply and demand

Changes in demand

Demand for satellite capacity depends on several factors, in particular:

- the increase in the number of television channels;
- the development of new applications requiring more satellite capacity, such as HDTV, 3D TV and broadband Internet access services;
- technological innovation, which reduces access costs to satellite services;
- deregulation in certain geographical markets; and,
- economic growth in various regions of the world.

Furthermore, certain events, such as major sporting events *i.e.* the Olympic Games and the World Cup – as well as news events can occasionally drive up demand.

According to Euroconsult, world demand for transponders (36 MHz-equivalent) increased at a CAGR of 6.7% per year between 2005 and 2009 and by 5.3% in 2009.

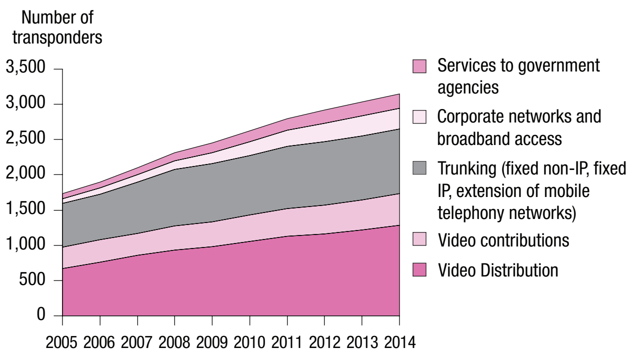
The current recession, which is different from the one that took place in 2000, and which impinged adversely on the telecoms sector, should only have a limited effect on the FSS sector. According to Euroconsult, growth in demand is likely to slow down only slightly, although this depends on how long the recession lasts. After 2007 and 2008 when demand increased 8% per year, the growth rates fell to 5.3% in 2009.

In the medium term, total global demand for satellite capacity should continue to rise at a CAGR of 4.4% between 2009 and 2014.

Moreover the CAGR varies considerably between geographical zones. Therefore in Extended Europe, where the Group is well-established, demand for satellite capacity is expected to grow at a CAGR of 5.2% in 2009-2014 compared with 1.5% in North America (source: Euroconsult, 2010).

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

Breakdown by application of transponder demand in Extended Europe between 2009-2014



Source: Euroconsult, 2010.

Changes in supply

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

According to Euroconsult, the world supply of transponders rose at a CAGR of 3% per year between 2005 and 2009.

World supply of satellite capacity is likely to grow at a CAGR of 2.1% between 2009 and 2014 according to Euroconsult, with the rate varying between geographical zones.

Between 2010 and 2012, some regions, mainly Latin America and southern Asia, could find themselves facing a dearth in available satellite capacity

From 2012 onwards, the large number of orders being placed for fresh satellite capacity could alter the balance between supply and demand for satellite capacity in some regions.

(5) Infrastructure revenues represent revenues generated solely by the sale of satellite bandwidth (broadcasting capacity), excluding revenues from services.
(6) Extended Europe is composed of Western Europe, Central Europe, the Community of Independent States, North Africa, the Middle East, and Sub-Saharan Africa.

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

Regional operators (like Arabsat, Measat, RSCC and Hispasat) have, furthermore, also launched large-scale investment programmes in order to expand in their own markets and compete with global operators. Recently, more than 25 regional operators ordered at least one satellite.

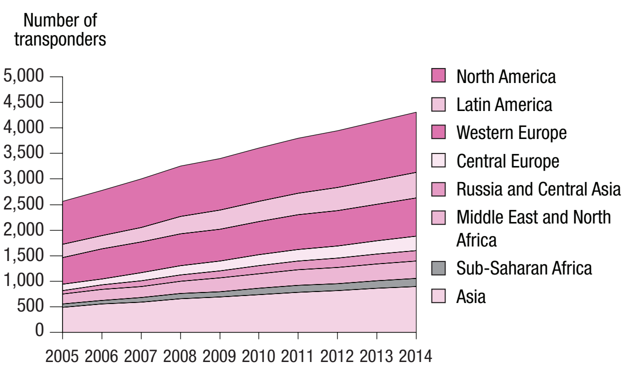
Finally, various national operators (such as Yahsat, Paksat, Vinasat, KazSat, Andesat and Venesat, etc.) are likely to embark upon investment programmes as well. This will make competition fiercer and accordingly create excess capacity in some regions from 2012 onwards.

Main market trends of this sector

Growth in the Video Applications market

According to the consultancy Euroconsult, broadcasting capacity demand for Video Applications should continue to grow at a CAGR of 5.4% between 2009 and 2014 in Extended Europe.

The chart below shows the growth in the number of transponders used for Video Applications between 2005 and 2014 by geographical zone.



Source: Euroconsult 2010.

This growth should be mainly generated by:

- **An increase in the number of television channels.** According to Euroconsult, the number of TV channels should increase from 9,659 in 2009 to around 15,000 within 10 years in Extended Europe. This increase will, apparently, be in particular driven by the development of TV offerings in emerging countries in Central and Eastern Europe, North Africa and the Middle East. Reduced costs of accessing satellite capacity should also foster the growth of theme-based and community channels.
- **The development of high-definition TV (HDTV).** Broadcasting HDTV programmes requires greater satellite capacity than traditional digital television. In MPEG 2 compression mode (the standard currently used by traditional digital television), a high-definition channel requires 5 times more capacity for transmission than a standard digital channel. A HD channel, using MPEG 4 compression and the DVB-S2 broadcast system, requires 2.5 times more capacity than the same channel with standard digital definition using MPEG 2. The development of HDTV will require additional satellite capacity to allow TV channels to be simulcast in both standard and high definition.

  According to data published by Lyngsat in December 2009, the number of HD channels broadcast by satellite in Extended Europe increased by 55% over a year, from 194 HD channels at 31 December 2008 to 301 HD channels at 31 December 2009. Euroconsult reckons that the number of HDTV channels is likely to rise at a CAGR of 37% in Extended Europe between 2009 and 2014, reaching more than 1,600 in 2014.

  This sharp acceleration is due to the fact that current context is conducive to growth in HDTV, following widespread take-up of HD-ready and Full-HD TV sets in Eastern and Western Europe. Growth is being underpinned by falling prices for plasma screen sets and by the fact they are HD standardised.

  According to the European Information Technology Observatory (EITO), sales of plasma screen TV sets should reach 50 million units in 2010, *i.e.* an increase of 6% compared to 2009 prompted by the Winter Olympics and the World Cup. According to the Screendigest Institute, 81 million European households had a HD-ready TV set by the end of 2009, *i.e.* near to 50% of all TV sets in use.

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

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

  Of the 301 HD channels in Extended Europe, 281 belonged to pay-TV operators as of 31 December 2009.

  HDTV is no longer the exclusive domain of paid premium and theme channels, but is also used by free-to-air channels, as shown by the 7 free-to-air HD channels broadcast by the Group as of 30 June 2010.

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

  Because of the additional bandwidth required to broadcast in HD, the Group believes that the gradual adoption of HD will drive up demand for satellite capacity. This will be a major source of growth for its Video Applications business.
- **The development of digital terrestrial television (DTT).** Initially launched in Western Europe countries like the UK, Spain, Switzerland, Germany, France and Italy, DTT is beginning to expand further in Europe. At the end of 2009, around 78 million European households had access to DTT, mainly using it to watch free channels (source: Screendigest June 2010). The arrival of DTT gives satellite operators an opportunity to provide capacity to feed terrestrial retransmitters and to provide complementary coverage for DTH reception via satellite dishes for households located in the "shadow" areas of the terrestrial retransmitters.
- **Interactive services on digital broadcast platforms.** A large number of satellite broadcast platforms offer or plan to offer interactive services such as home shopping, betting services and video on demand (VOD). The increase in the range of interactive services available should result in greater demand for satellite capacity.
- **Increased compression rates for television signals.** In the 1990s, the Video Applications segment saw, with the development of the DVB standard, a transition from analogue to digital broadcasting. The number of channels is expected to increase significantly with the development and deployment of the DVB-S2

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standard and also with the further use of statistical multiplexes, which can be used to broadcast up to 15 television channels per transponder in MPEG 2 format, thereby using less bandwidth per television channel and reducing the cost of accessing satellite capacity. The development and adoption of the MPEG 4 compression format will make it possible to broadcast up to twice as many channels per transponder. On average, this format allows approximately 10 channels per transponder to be broadcast instead of just one in the analogue format.

- **Digital cinema (D-Cinema) and the emergence of 3D.** The cinema industry is experiencing a digital revolution. More and more cinema complexes are installing at least one digital projector, which will eventually replace conventional film-based projectors. The use of digital equipment soared with the distribution of *Avatar,* James Cameron's film, at the end of 2009. Thus, between 2008 and 2009, the number of digitally-equipped screens in Europe tripled, from 1,500 at end 2008 to almost 4,600 at end 2009 (source: Screendigest 2010). Films that are digitised into files of around 200 Gb can be distributed physically (on removable hard drives or optical discs), via ADSL or fibre-optic, or by satellite.

  Satellite is currently the only technology that allows low-cost broadband transmission of films to cinemas equipped with a dish and a receiver in a given region. Satellite is also capable of broadcasting live events in HD quality to cinemas, enabling cinemas to diversify their businesses. Eutelsat set up a network of cinemas in Europe capable of receiving 3D film live, for major sports or artistic events such as Julien Clerc's concert in July 2009, the France-England match during the Rugby Six Nations Cup in 2010, or 3D retransmission of important matches in the Football World Cup 2010. This same equipment also enables satellite transmission of digital films in cinemas.

  Many 3D films have recently been released. In 2009, 38 3D films were released by major studios, with 58 expected in 2010 and 37 in 2011 (source: 3D@Home Consortium, 2010).

  Eventually, 3D content will inevitably be broadcast by TV channel operators. To familiarise these operators and consumers with 3D content, Eutelsat set up a permanent TV channel in 3D to demonstrate the technology, via its EUROBIRD™ 9A satellite.

  These initiatives led to distinct interest from theme and TV channel operators, and resulted in the creation of the Orange 3D channel on ATLANTIC BIRD™ 3 and HOT BIRD™, or again Al Jazeera Sport Channel 3D on ATLANTIC BIRD™ 4A. TF1 also created an events channel TF1 3D, for the 2010 Football World Cup.

Growth in the Data and Value-Added Service market

The FSS industry is profiting from sustained growth in capacity demand for Internet applications. The demand for satellite capacity to be used for Data Service applications (including Internet trunking) and Value-Added Service applications is expected to grow at a CAGR of 4.2% in Extended Europe between 2009 and 2014. The CAGR will apparently come to 12.7% for only the private network and broadband Internet access segments (source: Euroconsult).

Growth will be sustained in emerging-market countries that have less dense terrestrial networks than those of Western Europe. Euroconsult reckons that capacity demand for professional network services, in C and Ku-band will grow by more than 11% between 2009 and 2014, underpinned by the development of networks for the oil industry, banks and international organisations.

According to estimates, Russia and Central Asia are likely to see the strongest growth in demand, with an increase of around 26% over the same period.

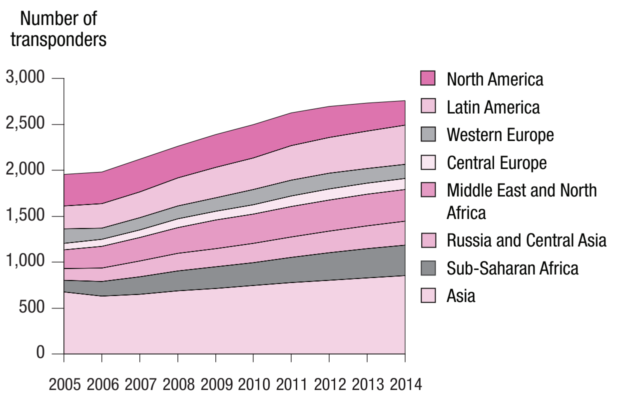
The Group, furthermore, believes that Value-Added Services will grow significantly between 2009 and 2014, due in particular to the development of substantial Ka-band service capacity as of early 2011.

Given the scarcity of available resources on Ku-band and their technical characteristics in terms of reception, the Group's view is that the Ka-band is better suited to delivering data and broadband services due to there being some capacity available in this frequency band and also because of its transmission characteristics which make it possible to have satellite transmissions concentrated into very narrow spot beams for reception, and therefore to have recourse to small receiver antennae. The Group believes that this Ka-band offering is particularly well suited to delivering broadband in geographical areas located beyond the reach of terrestrial and broadband networks.

Satellite Internet access services include connection to the Internet backbone (IP connectivity) for Internet Service Providers and connection to a local Internet loop (IP access) for companies and local authorities and the dissemination of data under IP (IP broadcast) so as to disseminate multimedia content. In this manner, they link up 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 Group expects the market for satellite broadband services to be driven by falling prices for user terminals and by improvements in the quality of service offerings, and also by the emergence of mobility-orientated solutions (trains, aircraft, ships).

The chart below shows growth in the number of transponders used in Data and Value-Added Services between 2005 and 2014 by geographical zone (excluding capacity allocated to broadband services distributed by multibeam satellites):



Source: Euroconsult, 2010.

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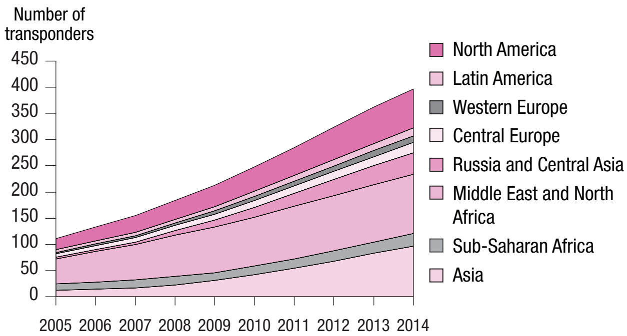
Recent developments in the government services market

According to Euroconsult, this market, which mainly involves demand for satellite services from government defence and security departments, should experience CAGR of 9.6% between 2009 and 2014 in Extended Europe. These applications are very closely linked to changes taking place in the international environment, especially geopolitical conflicts and natural disasters.

Demand for these kinds of services are highly concentrated, since North America, the Middle East and North Africa account for 60% of demand for military communications via satellite, according to Euroconsult. The market has also demonstrated a degree of volatility, comprising short-term contracts lasting one year. Moreover, alternative military satellite capacity is also being developed.

The chart below shows the growth in the number of transponders used for government services between 2005 and 2014 by geographical zone (source: Euroconsult).



Source: Euroconsult, 2010.

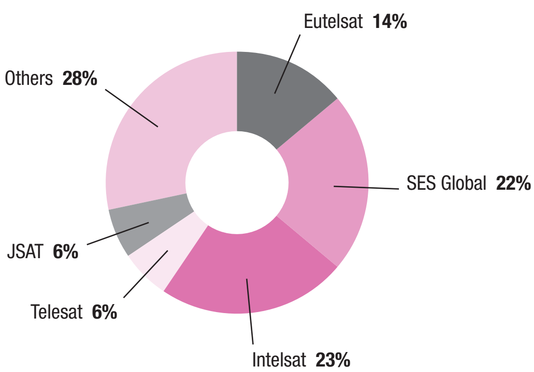
>> 6.4 Competition

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

Satellite operators

The Group's chief competitors are the other major FSS operators, that is to say primarily SES and Intelsat. According to Euroconsult, as of 31 December 2009 and based on infrastructure revenues, the Group is the third-largest FSS operator in the world with market share of 14%.

Market share of operators around the world (based on infrastructure revenues[7])



Source: Euroconsult, 2010.

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

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

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

As of 31 December 2009, SES's fleet consisted of 39 satellites located in 26 orbital positions (*i.e.* 1,102 transponders), as opposed to 40 satellites (*i.e.* 1,082 transponders) As of 31 December 2008. The fleet covered the whole of the world's population. As of 31 December 2009, SES generated revenue of 1,701.6 million euros, up from 1,630.3 million euros as of 31 December 2008, and its EBITDA came to 1,189.5 million euros as opposed to 1,100 million euros at 31 December 2008, *i.e.* its EBITDA margin was 69.9% in 2009 as against 67.5% as of 31 December 2008[8].

SES operates in Extended Europe via its subsidiary SES Astra and partly via SES WorldSkies. In Europe, the 12 satellites in the SES fleet broadcast from 5 orbital positions to over 2,500 TV and radio channels, including over 100 HDTV channels to an audience of more than 124.8 million cable and satellite households as of 31 December 2009.

SES is listed on the Euronext stock market's Eurolist, as well as in Luxemburg.

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.

As of 31 December 2009, Intelsat operated a fleet of 54 satellites (*i.e.* 2,025 transponders), against 52 satellites (*i.e.* 2,127 transponders)

(7) Infrastructure revenues represent revenues generated solely by the sale of satellite bandwidth (broadcasting capacity), excluding revenues from services.

(8) Source SES Annual Results.

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as of 31 December 2008. Its satellites are situated above North America and the Atlantic, Pacific and Indian oceans. As of 31 December 2009, Intelsat generated proforma revenue of 2.51 billion U.S. dollars, up from 2.36 billion U.S. dollars in 2008 and its proforma EBITDA came to 1,391.9 million U.S. dollars as opposed to 916.8 million U.S. dollars as of 31 December 2008.

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

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

For the vast majority of such services, the Group does not see itself as being in direct competition with satellite mobile service operators (notably Inmarsat). Inmarsat, however, competes with the Group in maritime Value-Added Services (D-STAR™).

Terrestrial communication services

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

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

DSL networks, dedicated mainly to providing broadband Internet access and television channels, can offer their services in urban and suburban areas at more competitive financial conditions than satellite operators. However, because of the technical constraints involved with this kind of distribution (constraints concerning volume and the proximity of DSLAM distribution frames), DSL networks currently only offer limited geographical coverage and are not suitable for delivering large volumes over point-to-multipoint links.

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

Furthermore, as the performance of the Group's Value-Added Services and Video Applications clearly demonstrates satellite transmission today has several competitive advantages over terrestrial networks. Satellites can be used (i) for the point-to-multipoint transmission of signals, at particularly wide bandwidth, very much independent of terrestrial infrastructure and with particularly high transmission output and (ii) to provide coverage of vast geographical areas at low marginal cost, in contrast to terrestrial networks.

Thus, by way of example, the Group considers that currently the maximum cost per subscriber or viewer for the broadcast of a digital TV channel via a Eurosat satellite is less than 0.01 euro per month, based on 4 million subscribers or viewers.

Lastly, the Group takes the view that satellite transmission services can act as complement to terrestrial networks, especially for transmission to mobile terminals. In 2009 the Group set up SOLARIS Mobile Ltd, in association with SES Astra to develop mobile TV services via next generation satellite technology, using a payload in S-band on satellite W2A. The role of SOLARIS Mobile Ltd is to distribute TV, video and radio services, along with interactive communications across all types of mobile and on-board terminals built into vehicles. SOLARIS Mobile Ltd will deploy its services in the 2 GHz (S-band) frequencies reserved exclusively for satellite and terrestrial mobile services. The S-band, which is close to the UMTS frequencies used in 3G telephony, is currently unused and fully available.

SOLARIS Mobile Ltd. was granted use of 15MHz (out of a total 30 MHz available) by the European Commission in May 2009, subject to allocation of rights by the Member States.

>> 6.5 Business overview

Diverse range of services

The Group designs and operates satellites aimed at providing capacity for Video Applications, Data and Value-Added Services, as well as for Multi-Usage Services. The services offered by the Group vary considerably in terms of output (from 4.8 kbit/s to 155 Mbit/s and more).

In geographical terms, the Group has extended its coverage beyond its original market to include Central and Eastern Europe, the Middle East, central Asia, and North Africa to take advantage of strong demand in these markets.

Video Applications constitute the Group's main area of activity and accounted for 71.1% of revenue in the financial year ended 30 June 2010 (excluding other revenues and one-off revenues). The Group, moreover, has a firm foothold in the Data and Value-Added Service segments which represented 19.5% of revenue (excluding other revenues and one-off revenues) as of 30 June 2010. Lastly, the Group offers Multi-Usage Services, which accounted for 9.4% of revenue (excluding other revenues and one-off revenues) as of 30 June 2010.

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Presentation of services offered by the Group by application

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

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

Data and Value-Added Services	
Data Services	
• Professional VSAT data communication networks	• Press agencies, financial agencies, retail, oil industry
• Internet backbone connectivity	• Internet Service Providers (ISPs)
• Private networks for companies and local authorities	• Communication network integrators and operators
• GSM connections via Satellite	• Mobile operators
• International point-to-point links	• Telecom operators
Value-Added Services	
• Professional broadband access solutions D-STAR™/D SAT	• Businesses and local authorities in regions with little or no coverage from terrestrial broadband networks
• TOOWAY™ consumer broadband Internet access solutions	• Internet services providers, terrestrial network operators, local authorities
• Mobile Internet access solutions and GSM mobile network extensions	• Large ships, business aircraft, trains
• Mobile communications services (EutelTRACS)	• Road haulage companies

Multi-Usage Services	
• Supply of capacity for government services	• Government agencies, civil protection

6.5.1 Video Applications

With revenue of 742 million euros in the financial year ended 30 June 2010 (up by 9.2%), Video Applications represent the Group's main area of business, with 71.1% of revenues (excluding other revenues and non-recurrent revenues).

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

Broadcasting

The Group broadcast near to 3,700 TV channels as of 30 June 2010, making it the European market leader in terms of the number of channels broadcast (source: Lyngsat, June 2010).

The 3 HOT BIRD™ satellites located at the 13° East orbital position make up the leading transmission array in Europe, the Middle East and North Africa with 1,122 channels transmitted as of 30 June 2010 (source: Lyngsat and Eutelsat, 30 June 2010), and an audience of over 121 million households (source: Eutelsat cable and satellite review, 2010). One of the Group's priorities is to consolidate this flagship position by maintaining a flexible and high-performance fleet capable of meeting users' needs and providing back-up capacity for its clients. Launching the HOT BIRD™ 9 satellite has significantly increased redundancy regarding transponders in this orbital position.

As an example, Poland's leading pay-TV operator Cyfrowy Polsat also increased its capacity on HOT BIRD™ 9 to support the expansion of its digital services and the arrival of new HD programmes for Polish households equipped for DTH reception.

This leading position has been strengthened by the EUROBIRD™ 1 satellite, located in orbital position 28.5° East, and which broadcast 322 TV channels as of 30 June 2010 (source: Lyngsat, 30 June 2010) to more than 11 million households in the UK and Ireland via both DTH receivers and cable (source: Eutelsat cable and satellite review, 2010). EUROBIRD™ 1 is also used by the Sky Digital platform to broadcast its programmes.

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Beyond 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. Thus, the Group, so as to harness growth in certain markets, is using various other orbital positions:

- 36° East with the W7 and W4 satellites, which serve the Russian, Ukrainian and Sub-Saharan African markets. They are now used by the DStv digital broadcasting platform operated by Multichoice Africa, aimed at Sub-Saharan Africa, and the NTV Plus and Tricolor TV platforms broadcasting to Russia and Ukraine. This position broadcast 525 channels as of 30 June 2010, up by 16% compared with 30 June 2009.

  This rapid expansion arises partly from the entry into service of satellite W7, launched in November 2009, providing additional capacity at 36° East, and partly from growth in the Russian and African markets.

  A good illustration of how these markets have surged upwards is the fact that the audience for position 36° East in direct reception more than doubled to a total 8.1 million satellite antennae. In direct reception or via cable networks, the audience at 36° East rose to over 17 million households, an average annual rise of 20% (source: Eutelsat Cable and Satellite Review, 2010);
- 16° East with the W2M, EUROBIRD™ 16 and SESAT™ 1 satellites, which is used by digital TV broadcast platforms such as CanalSatellite Réunion and Parabole Océan Indien for islands in the Western Indian Ocean and regional broadcast platforms in Central Europe and the Balkans (including DigitAlb and Tring TV in Albania, Total TV in Serbia, Croatia, Bulgaria, Slovenia, Montenegro and Bosnia-Herzegovina). This position broadcast around 415 channels as of 30 June 2010, an increase of nearly 10% year-on-year. In direct reception, 16° East served some 3 million households (source: Eutelsat Cable and Satellite Review, 2010);
- 7° East with the W3A satellite, used by the digital broadcast platform DigiTurk (the leading pay-TV platform in Turkey. In direct reception, the audience for 7° East rose to more than 3 million households (source: Eutelsat Cable and Satellite Review, 2010);
- 5° West with the ATLANTIC BIRD™ 3 satellite, which broadcasts all national French channels to homes that cannot otherwise receive them because of terrestrial shadow zones, along with the Bis platforms and the Orange package, to complement its ADSL TV coverage. This satellite has been used since March 2005 to broadcast terrestrial digital channels to the head-ends of DTT retransmitter networks in France.

  The Group, furthermore, developed a service for broadcasting French free-to-air DTT channels using this satellite. This service, called FRANSAT™, has been available since June 2009. The digital switchover of this key French orbital position is a logical part of the "France Numérique 2012" plan and the new broadcasting act of 5 March 2009, which aims to give homes in shadow zones access to DTT, not involving any costs arising from altering installed dishes;
- 25.5° East with the EUROBIRD™ 2 satellite, which covers the Middle East and today broadcasts more than 90 television channels;
- 9° East with the EUROBIRD™ 9A satellite, which is used by the new Russian HD package Platforma HD, the Hungarian package Hello HD, by European TV channels and by the third largest German cable-operator TeleColombus, for transmitting TV channels to head-ends. Roots Global, the new pan-European TV package dedicated to South Asian communities living in Europe, the Middle East and North Africa, has expanded the range of channels it broadcasts using the EUROBIRD™ 9A satellite; this position transmitted some 272 channels as of 30 June 2010, *i.e.* an increase of over 10% compared to 30 June 2009;
- 7° West with the ATLANTIC BIRD™ 4A satellite for North Africa and the Middle East. This satellite is co-located with Nilesat's 2 satellites, and broadcasts 321 TV channels as of 30 June 2010.

Growth in the number of TV channels at positions dedicated to emerging-market countries was very strong in the past year, reaching over 20% between 30 June 2009 and 30 June 2010. The number of channels rose from 1,434 as of 30 June 2009 to 1,731 as of 30 June 2010. The Group broadcast 3,662 channels as of 30 June 2010.

The development of HDTV gained momentum during the financial period of 2009-2010. The Group broadcast 155 HDTV channels (6 of which were free-to-air) across its fleet as of 30 June 2010, up from 86 (7 of which were free-to-air) as of 30 June 2009.

Amongst the clients buying satellite capacity from the Group, SKY Italia and Mediaset (Italy), BSkyB (UK), Polsat, n and Cyfra+ (Poland), NTV+ and Platforma HD (Russia), Hello HD (Hungary), DigitAlb (Albania), Al Jazeera Sport (Middle East) and DigiTurk (Turkey) launched or developed their HDTV offerings during the financial year ended 30 June 2010.

Professional Video Networks

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

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

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

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

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

For the occasion of the Football World Cup, Eutelsat, in partnership with industrial players in the development of 3D (including Sony) developed a commercial platform for 3D projection in cinemas. 21 of the 60 matches played in South Africa were broadcast in 3D in Europe via Eutelsat satellites and projected on cinema screens in 20 countries, including Germany, Italy, Spain, France, Russia, Poland, the Netherlands, as well as the Scandinavian countries and Baltic States.

6.5.2 Data and Value-Added Services

Data and Value-Added Services generated revenue of 203.7 million euros in the financial year ended 30 June 2010 (an increase of 17.8%).

6.5.2.1 Data Services (15.1% of revenue[9] in the financial year ended 30 June 2010)

Data Services generated revenue of 157.4 million euros in the financial year ended 30 June 2010.

Professional VSAT-type networks

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

These VSAT networks mostly use Ku-band capacity, 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 C-band, along with extended coverage in Africa and for connections between the east coast of North America, Europe and Africa. Network operators such as Cable & Wireless, BT, Telespazio, T-Systems, Belgacom, Hughes Network Systems, Orascom (Algeria), BT Turkey (Turkey), Siemens (Germany) and Gulfsat (Middle East) lease capacity on these satellites.

Internet backbone connectivity

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

Provision of capacity to network integrators offering IP access solutions

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

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

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

6.5.2.2 Value-Added Services (4.4% of revenue[10] in the financial year ended 30 June 2010)

Value-Added Services generated revenue of 46.3 million euros in the financial year ended 30 June 2010.

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

IP access solutions

The main IP access solutions offered by the Group are the following:

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

As of 30 June 2010, the number of D-STAR™ terminals in operation totalled 9,329, down 6% compared to 30 June 2009. Despite this drop in D-STAR™ terminal numbers traffic increased and revenue rose by 12% year-on-year. Growth was especially underpinned by mobile applications (trains, boats and planes).

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

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

The Group continues to develop D-STAR™ equipment for use on business jets., the deployment of which is handled by Arinc (around 40 aircraft equipped).

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

(9) Excluding other revenues and non-recurring revenues.

(10) Excluding other revenues and non-recurring revenues.

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D-SAT service. This satellite IP access solution makes it possible to set up mesh networks for transferring sizeable volumes of data at high speed, with payment based on actual usage. This service uses larger and more expensive terminals than the D-STAR™ service, and is to be found in particular on cruise ships and ferries. As of 30 June 2010, the number of D-SAT terminals in operation was around 80, the same number as the 30 June 2009.

TOOWAY™ consumer broadband Internet access solutions. During the previous year, the Group introduced a major innovation to provide the public with satellite Internet access at prices and bandwidths comparable to ADSL broadband. This next-generation TOOWAY™ service is based on SurfBeam® DOCSIS technology developed by VIASAT – the world leader in satellite communication equipment – which has already been installed in 400,000 households in North America, and a Ka-band payload on board the HOT BIRD™ 6 satellite. This service will also draw on part of EUROBIRD™ 3's Ku-band resources. This Ka-band Internet access solution is, at the present time, unique in Europe, and has been adopted by Swisscom (Switzerland), Fastweb (Italy), El Corte Ingles (Spain), Telecom Italia (Italy), Hellas On Line (Greece), 3 (Ireland), SFR (France) and Tiscali (Italy) and more than 50 other operators in Europe in order to deliver universal broadband Internet access service and serve regions not covered by terrestrial networks. The service is already being rolled out across Europe and several thousand TOOWAY™ terminals are in operational service. TOOWAY™ currently uses the HOT BIRD™ 6 and EUROBIRD™ 3 satellites. It has all the features required to supplement terrestrial broadband coverage and meet targets set by a growing number of governments to ensure universal broadband access throughout their respective countries by 2012.

In October 2007, the Group ordered a Ka-band satellite called KA-SAT from EADS Astrium which will be the cornerstone of a new satellite and ground unit. By offering geographical coverage based on relatively small spot-beams and the possibility of re-using unallocated frequencies between certain spots, the Ka-band satellite should reduce the cost of accessing Ka-band satellite capacity by a factor of 6-8. KA-SAT, with capacity of 70 Gbps, will have the greatest capacity of any commercial satellite in the world. The equipment is relatively cheap for end-users (around 300-400 U.S. dollars per terminal). As a result, this satellite should make it possible to deliver broadband Internet access at competitive prices for households located in areas that are not covered by terrestrial broadband networks. Recent market research shows that more than 30 million homes in Europe and Africa are not covered by terrestrial broadband services (source: IDATE, 2010).

IP Broadcast. This service is used for the unidirectional satellite distribution (Opensky™) of large amounts of data (files or continuous data streams) using IP technologies. The principal applications of these solutions are as follows: the transmission of television channels in MPEG4 format, the transmission of corporate television channels and video content (in multicast mode) to retail outlets, distance learning, and also Internet connections via a hybrid link (satellite/telephony networks).

Mobile Internet access solutions and GSM mobile network extensions

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

WINS

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

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

When the ships leaves the port and loses contact with terrestrial GSM networks, the WINS satellite network takes over and is displayed on the screen of mobile phones according to the principle of international call routing between operators.

EutelTRACS

EutelTRACS was the first European satellite mobile messaging and positioning service developed for managing and securing vehicle fleets. EutelTRACS lays on a closed secure network between the central office of a road haulage operator and its vehicle fleet for localisation and data communication. The service is operated in co-operation with Qualcomm and draws on capacity provided by the SESAT™ 1 satellite serving 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 enables clients to develop additional solutions specific to their needs.

The Group estimates that the number of activated EutelTRACS terminals came to around 24,982 as of 30 June 2010, compared to 27,000 as of 30 June 2009.

6.5.3 Multi-Usage Services

Multi-Usage Services generated revenue of 98.1 million euros for the year ended 30 June 2010 (an increase of 30.1%, which would have reached 33.1% with constant euro-dollar parity). These services mostly involve delivering capacity to other satellite operators and to providers of Internet services to government agencies, particularly in the USA. The service mainly uses capacity on the EUROBIRD™ 2, W5, ATLANTIC BIRD™ 2 and ATLANTIC BIRD™ 3 satellites.

>> 6.6 Satellites and coverage areas

As of 30 June 2010, the Group operated a fleet of 23 satellites in stable geostationary orbit, 2 of which were leased to third parties. In addition to the fleet in stable orbit, the Group drew on capacity from 3 satellites in inclined orbit, Telecom 2D, W48 and W75, located respectively at the 8° West, 48° East and 75° East orbital positions.

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The Group is also planning to launch 7 new satellites (W3B, KA-SAT, W3C, ATLANTIC BIRD™ 7, W5A, W6A and EUROBIRD™ 2A) in the next three years.

6.6.1 The satellite fleet

As of 30 June 2010, the Group's fleet covered 20 orbital positions ranging from 15° West to 75° East, providing coverage of the entire European continent, the Middle East, Africa, and a large part of the Asian and American continents.

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

- a broad portfolio of orbital positions concentrated on the European orbital arc, serving both mature markets (Western Europe) and rapidly expanding markets;
- a fleet which ranks as one of the youngest among major satellite operators, having an average age of 5.3 years as of 30 June 2010 (weighted by number of transponders), excluding satellites in inclined orbit;
- a high level of technical flexibility, with satellites featuring on-board antennae with steerable beams or several beams having different coverages, allowing the Group to adjust and reconfigure the areas covered to meet customer needs, respond to geographical market features or reconfigure coverage areas in the event of a satellite being repositioned to a new orbital position;
- connectivity between transponders and the various possible zones of geographical coverage, enabling the Group to respond to changing customer demand; and,
- on board redundant equipment and considerable back-up capacity in orbital positions enabling the Group to offer, in some cases, service continuity in the event of a satellite breaking down or beginning to malfunction

Every year, the Group reviews the estimated operational life of satellites in-orbit (for further information, see Notes 4.7 and 6 to the consolidated financial statements for the financial year ended 30 June 2010 in Section 20.1 "Financial information for the year ended 30 June 2010" of this reference document).

The table below is a detailed breakdown of the Group's operational satellite fleet in stable orbit as of 30 June 2010. Nominal capacity is the nominal number of transponders per satellite. The dates provided for the end of operational use in stable orbit, are similar to the dates in the Group's in-house estimates.

Satellite	Orbital position	Type of transponder (C, Ku or Ka)	Nominal capacity *(Number of transponders)*	Launch date	Estimated end of operational use in stable orbit as of 30 June 2010 *(Calendar year)*
HOT BIRD™ 6	13° East	Ku/Ka	28/4	Aug 2002	Q1 2018
HOT BIRD™ 8	13° East	Ku	64	Aug 2006	Q1 2025
HOT BIRD™ 9	13° East	Ku	64	Dec 2008	Q3 2024
EUROBIRD™ 1	28.5° East	Ku	24	Mar 2001	Q2 2018
EUROBIRD™ 2	25.5° East	Ku	16	Oct 1998	Q1 2013
EUROBIRD™ 3	33° East	Ku	20	Sept 2003	Q3 2014
EUROBIRD™ 4A (1)	4° East	Ku	14	Sept 2000	Q3 2011
EUROBIRD™ 9A	9° East	Ku	38	Mar 2006	Q4 2024
EUROBIRD™ 16 (2)	16° East	Ku	15	Feb 1998	Q4 2011
W2M	16° East	Ku	8	Dec 2008	Q4 2021
W2A	10° East	Ku/C	42/10	Apr 2009	Q2 2023
W3A	7° East	Ku/Ka	42/2	Mar 2004	Q2 2021
W4	36° East	Ku	31	May 2000	Q2 2017
W5 (3)	70.5° East	Ku	20	Nov 2002	Q4 2016
W6	21.5° East	Ku	24	Apr 1999	Q1 2013
W7	36° East	Ku	70	Nov 2009	Q3 2026
SESAT™ 1	16° East	Ku	18	Apr 2000	Q4 2011
ATLANTIC BIRD™ 1	12.5° West	Ku	19	Aug 2002	Q1 2018
ATLANTIC BIRD™ 2	8° West	Ku	26	Sept 2001	Q4 2018
ATLANTIC BIRD™ 3	5° West	Ku/C	35/10	July 2002	Q3 2019
ATLANTIC BIRD™ 4A	7° West	Ku	39	Feb 2009	Q3 2024
Telstar 12 (4)	15° West	Ku	4	Oct 1999	Q4 2011
SESAT™ 2 (5)	53° East	Ku	12	Dec 2003	Q1 2016

(1) Following the incident of 10 August 2005, the electrical power of this satellite and its estimated remaining life have been reduced.
(2) Given this satellite's coverage, and the associated rights and frequencies, its maximum capacity covers 12 transponders at this orbital position.
(3) Following the incident of 16 June 2008, the power of this satellite and its estimated remaining life have been reduced. See Note 6 to the consolidated financial statements for the year ended 30 June 2010.
(4) Owned by Loral Skynet. Capacity corresponds to that operated by Eutelsat.
(5) Owned by Russian Satellite Communications Company (RSCC). Capacity corresponds to that operated by Eutelsat.

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The following table lists the satellites currently in service, whose names were changed, when being re-located:

Current name/orbital position	Previous names/orbital positions	
EUROBIRD™ 2 / 25.5° East	EUROBIRD™ 2 / 33° East	HOT BIRD™ 5 / 13° East
EUROBIRD™ 4A / 4° East	W1 / 10° East	N/A
EUROBIRD™ 9A / 9° East	HOT BIRD™ 7A / 13° East	N/A
EUROBIRD™ 16 / 16° East	ATLANTIC BIRD™ 4 / 7° West	HOT BIRD™ 4 / 13° East
W6 / 21.5° East	W3 / 7° East	N/A
W48 / 48° East	EUROBIRD™ 9 / 9° East	HOT BIRD™ 2 / 13° East
W75 / 75° East	EUROBIRD™ 4 / 4° East	HOT BIRD™ 3 / 13° East

6.6.1.1 Satellite fleet usage and performance

As of 30 June 2010, the Group operated a total of 652 transponders in stable orbit compared to 589 as of 30 June 2009. The number of transponders in operation can vary over time depending on the electrical power of the satellites, their degree of working order, their age, the frequencies available at the orbital positions and technical characteristics relating to the strength of signal transmitted by the satellites in-orbit.

The utilisation rate (or fill factor) represents the total percentage of the Group's overall allotted satellite capacity in stable orbit, which is expressed as a percentage of total operational satellite capacity in stable orbit. It came to 87.5% as of 30 June 2010 compared to 88.8% as of 30 June 2009.

During the year, the Group:

- put the large capacity W7 satellite into operation at orbital position 36° East, thereby nearly doubling its resources at that position;
- redeployed 2 satellites (W2M and SESAT™ 1) at orbital position 16° East to secure and bolster its resources at that position, thus taking full advantage of its fleet's flexibility.

Following fuel depletion, the W2 satellite was de-orbited in March 2010. Its services were transferred to the other satellites at 16° East (EUROBIRD™ 16, SESAT™ 1 and W2M). W2M was put into partial service after the incident in February 2009 and subsequently almost a year of characterisation testing. This satellite configuration will remain in service at 16° East until the arrival of W3B, planned for the second half of 2010.

Having properly implemented its deployment strategy during the year, the Group was well placed to meet the sustained demand for capacity on its orbital positions, as illustrated by the 9% rise in the number of transponders leased as of 30 June 2010 as well as also significantly improving the fleet's operational flexibility.

The following table reviews fleet changes over the previous three years:

	30 June		
	2008	2009	2010
Number of operational transponders (1)	501	589	652
Number of leased transponders (2)	468	523	570
Fill rate	93.4%	88.8%	87.5%

(1) Number of transponders on satellites in stable orbit, excluding back-up capacity.
(2) Number of transponders leased on satellites in stable orbit.

6.6.1.2 Group-owned in-orbit satellites

As of 30 June 2010, the Group owned 23 geostationary satellites, 2 of which were in inclined orbit. Most of these satellites were constructed by Thales Alenia Space and EADS Astrium.

HOT BIRD™ satellites

As of 30 June 2010, with 102 Ku-band transponders operating in stable orbit over Europe (and 4 Ka-band transponders on **HOT BIRD**™ 6), the **HOT BIRD**™ 6, **HOT BIRD**™ 8 and **HOT BIRD**™ 9 satellites form one of the largest satellite broadcasting systems in the world, providing full coverage of Europe, the Middle East and parts of Africa and Asia.

EUROBIRD™ satellites

EUROBIRD™ 9A (formerly **HOT BIRD**™ 7A) has, since February 2009, been located at 9° East, adjacent to the **HOT BIRD**™ orbital position at 13° East. Such a degree of proximity allows homes equipped for DTH reception to receive services and television channels from each of these 2 positions via the same dual-feed antenna. **EUROBIRD**™ 9A provides coverage of Europe, the Middle East and North Africa.

In this orbital position, it replaced **EUROBIRD**™ 9 (formerly **HOT BIRD**™ 2), which itself was relocated to 48° East and operated in inclined orbit under the name W48 since August 2009.

EUROBIRD™ 4A (previously W1), has been located at 4° East since June 2009 and is chiefly deployed for multi-usage applications in the Middle East. It replaced **ATLANTIC BIRD**™ 4, formerly **HOT BIRD**™ 3, relocated at 75° East and operated in inclined orbit under the name W75 since November 2009.

EUROBIRD™ 16 (formerly **HOT BIRD**™ 4, then **ATLANTIC BIRD**™ 4), has since May 2009 been located at orbital position 16° East, which is the main position for broadcasting TV channels to Central and Eastern Europe and to islands in the Indian Ocean. It is co-positioned with the **W2M** and **SESAT**™ 1 satellites.

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 delivers direct broadcasting services to the Middle East.

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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 considerable broadcasting power of **EUROBIRD**™ 1 makes it a suitable satellite for broadcasting television programmes to homes equipped with dish antennae.

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

W satellites

The seven W satellites provide broad coverage and deliver a high-level of flexibility through steerable beam antennae. They are operated at 7° East, 10° East, 16° East, 21.5° East, 36° East and 70.5° East, with bandwidth options and coverage suitable for video broadcasting, Professional Data Networks and Value-Added Services in Europe, Asia and Africa.

The **W2M** satellite launched in December 2008, was repositioned at 16° East to replace W2 in January 2010. It offers Ku-band capacity and pan-European coverage, and provides, more notably, capacity to television channels and pay-television platform operators in Central Europe and the Balkans. It is co-positioned-with EUROBIRD™ 16 and SESAT™ 1.

The **W2A** satellite, which was launched in April 2009, is operated at 10° East orbital position, and is used for broadcast, broadband and telecoms services in Europe, Africa and the Middle East. W2A is equipped with a payload of 10 transponders in C-band, and has bolstered the Group's resources in this band over Africa. W2A also has payload in the S-band, which belongs to and should be operated by SOLARIS Mobile Ltd, a joint venture with SES Astra. However, an incident occurred during orbit and significantly reduced the operational capacity of this payload because the technical specifications for the antenna were not met. An insurance claim was lodged and SOLARIS recovered its claim in full (see Section 6.6.3, "Breakdowns and loss of equipment" for more details). Operational tests are currently underway to demonstrate S-band capacity for the delivery of innovative mobile communications services.

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

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

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

Satellite W7, launched in November 2009, is equipped with a Ku-band payload connected to 6 beams covering Europe, Russia, Africa, the Middle East and central Asia. Co-located with W4, it makes it possible to virtually double available power for digital video services in Russia, Ukraine and Sub-Saharan Africa at 36° East, and replaced the total capacity of SESAT™ 1. It supplies Specialised Data services (EutelTRACS) and new resources to South Africa via a fixed high power-beam, and to central Asia with a steerable beam.

SESAT™ 1

Located at orbital position 16° East (which it shares with satellites EUROBIRD™ 16 and W2M), the satellite, SESAT™ 1, delivers video services in the Balkans for direct reception of television channels from central Europe, with the capacity for a whole host of different telecommunications services, especially satellite IP services, specialised Data Services and video contribution links.

ATLANTIC GATE

Via 4 satellites: ATLANTIC BIRD™ 1 (12.5° West) ATLANTIC BIRD™ 2 (8° West), ATLANTIC BIRD™ 3 (5° West) and ATLANTIC BIRD™ 4A (7° West). ATLANTIC GATE provides capacity for Video Applications, IP and data applications for intercontinental links between the 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 was launched in August 2002. It delivers a wide selection of telecommunication services, such as Data Services, professional video links, transmissions of audiovisual programmes, and connections to the Internet backbone. It covers Europe, the Middle East and parts of the USA and South America.

ATLANTIC BIRD™ 2

ATLANTIC BIRD™ 2 was launched in September 2001 and is located at 8° West. Its main purpose is to provide a wide range of telecommunications services, such as Data Services, professional video links, transmissions of audiovisual programmes, and connections to the Internet backbone. ATLANTIC BIRD™ 2 provides wide coverage of Europe and the American continent. It has a steerable beam covering the Middle East and Central Asia, and can provide direct connections between these geographical areas and Europe and the American continent. ATLANTIC BIRD™ 2 can, more specifically, provide direct connections between the USA and the Middle East, as far as Afghanistan.

ATLANTIC BIRD™ 3

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

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

ATLANTIC BIRD™ 4A

This satellite, originally launched under the name HOT BIRD™ 10, was ordered from EADS Astrium in October 2006 and successfully

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launched in February 2009. This high-power satellite is currently located at 7° West ahead of the arrival of ATLANTIC BIRD™ 7 in late 2011.

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

Other satellites

The satellite used at 13° East under the name HOT BIRD™ 2, from 2006/07 at 9° East under the name EUROBIRD™ 9, was replaced in this orbital position by EUROBIRD™ 9A in February 2009. It is now located at 48° East, where it has been operated in inclined orbit under the name W48 since August 2009.

The satellite deployed at 13° East under the name HOT BIRD™ 3 from 2006/07 at 4° East under the name EUROBIRD™ 4, was replaced in this orbital position by EUROBIRD™ 4A in June 2009. It is now located at 75° East, where it has been operated in inclined orbit under the name W75 since November 2009.

6.6.1.3 Capacity leased on third-party satellites

As of 30 June 2010, as well as operating its own satellites, the Group drew on capacity of 3 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, located at orbital position 15° West, is owned by Loral Skynet. It covers Europe, the American continent and the Caribbean. Under an agreement entered into with Loral Skynet on 10 December 1999, the Group is operating and marketing 4 Ku-band transponders on Telstar 12 until the end of its operating life in stable orbit for services between Europe and the American continent, in exchange for Loral Skynet's use of the orbital position assigned to Eutelsat S.A.
- SESAT™ 2. By taking advantage of a very flexible configuration of fixed and steerable beams on this satellite, launched by RSCC in December 2003, the Group has access to high-power Ku-band capacity over Europe, Africa, the Middle East and Central Asia. This enables it to deliver telecommunications services, including broadband, broadcasting and professional broadband data networks, via 12 Ku-band transponders at 53° East. The satellite boasts 24 transponders, 12 of which are used by the Group and marketed under the name SESAT™ 2 for the duration of the satellite's operational life (contractual guarantee of 12 years minimum) under an agreement entered into on 16 March 2004. Capacity on the other transponders is, in accordance with an agreement concluded on 16 March 2004, marketed by RSCC in Russia under the name Express AM 22.
- The Group also operates capacity on the Telecom 2D satellite owned by France Télécom, currently in inclined orbit at 8° West.

The Group leased two Ku-band transponders on satellite Express A4, located at 14° West and owned by RSCC, until December 2009.

6.6.1.4 Satellites ordered and under construction

The Group ordered 5 satellites in the years ended 30 June 2007, 2008 and 2009. It ordered 2 satellites during the year ended 30 June 2010, and one satellite since 30 June 2010.

- **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 second half of 2010, will be equipped with more than 80 narrow beams, making it the most advanced multibeam satellite ever designed in the world. As an integral part of this new infrastructure programme, a network of 8 stations, managed by Eutelsat, will allow access to KA-SAT and provide end-users with the entire range of broadband services.

  The KA-SAT multibeam satellite will be located at 9° East where it will join EUROBIRD™ 9A. It will be in close proximity to 13° East and the 3 large Ku-band HOT BIRD™ broadcasting satellites, currently regarded as the world's leading TV broadcasting orbital array. Such proximity means that the Group will be able to offer households access to interactive broadband services as well as television reception from HOT BIRD™ with the same dual frequency antennae.

  The bandwidth provided by KA-SAT, in conjunction with SurfBeam® DOCSIS, VIASAT's next generation ground network system, will increase this satellite's operational capacity and enable it to achieve unrivalled levels in terms of efficiency and resources, with total bandwidth of more than 70 Gigabits/second. This capacity, made available by the new infrastructure system created between the satellite and its associated access stations, constitutes a major turning point in satellite IP access. It increases the number of households that can access satellite broadband at ADSL-equivalent speeds to well over 1 million. Internet via satellite has thus been brought within reach of the general public at bandwidths and prices comparable to broadband. At present, only a few tens of thousands of professional users use the Ku-band satellite capacity currently available in Europe.

  In addition to the consumer market, KA-SAT will allow small medium enterprises to access a broadband IP connection of professional standard, thus enabling rural areas in Europe to break out of their isolation.
- **W3B,** ordered in May 2008 from Thales Alenia Space. W3B is scheduled for launch in the second quarter of 2010, and will be located in orbital position 16° East. Backed by Thales Alenia Space's Spacebus 4000 platform and with operational capacity of up to 56 transponders, W3B will replace W2M, SESAT™ 1 and EUROBIRD™ 16, and provide more capacity. It will later be replaced at 16° East by W3C and relocated at 7° East, where it will enable the Group to deliver to clients significantly improved back-up capacity as well as increase the number of operational transponders at this position by more than 50%. Co-located with satellite W3A, W3B will increase the capacity in operating service at 7° East from 44 to 70 transponders. This co-location reflects Eutelsat's intention to transform the orbital position at 7° East into a flagship position, as was the case when HOT BIRD™ became the leading position in terms of the number of television programmes broadcast worldwide. Offering special coverage in Europe, Africa, the Middle East and central Asia, the W3A satellite at 7° East already offers nearly 200 television channels and data and professional video services.

  These additional resources will enable Eutelsat to provide capacity for existing clients, not least radio broadcasters. They will also enable Eutelsat to consolidate its resource offering on other regional target markets.

  W3B is a large satellite, and will provide Eutelsat high-level coverage of 3 key markets in which demand for satellite capacity is on an upward trend:

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– high-power Ku-band coverage of Europe, with a beam centred over Central Europe and Turkey that is particularly well-suited to Direct-to-Home (DTH) reception in these regions;

– extensive coverage across Extended Europe, including North Africa and the Middle East as far as Central Asia, via a Ku-band beam optimised for professional video links and data networks;

– Ku-band coverage of Sub-Saharan Africa and islands in the Indian Ocean for regional telecommunications and Internet services. African coverage will also offer links to Europe through a combination of Ka-band frequencies in Europe and Ku-band frequencies in Africa.

- **W3C,** ordered in March 2009 from Thales Alenia Space. After Eutelsat decided not to incorporate W2M into its fleet in January 2009, following a major fault that appeared while being transferred from its test position to its planned operational position of 16° East, the Group quickly ordered W3C. In light of this incident, Eutelsat decided to locate W3B satellite, which had been under construction for a year, at 16° East whilst awaiting W3C.

  W3C, similarly to W3B, was designed to play 2 roles, *i.e.* to help develop and increase redundancy at the 7° East position, and to ensure continuity of service in the event of W2M, W2A or W7 being lost. W3C will also make it possible to ensure continuity of service at 16° East should W3B be lost at launch stage.

  W3C is scheduled to be launched in the third quarter of 2011 and will be able to operate up to 56 transponders, using a Spacebus 4000 platform made by Thales Alenia Space.

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

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

  When ATLANTIC BIRD™ 7 comes into service, it will increase Eutelsat's orbital resources at position 7° West, taking the number of operational Ku-band transponders from 39 up to almost 50. These additional resources will be located alongside Nilesat 101 and 102, as well as Nilesat 201, which is currently being built for launch in mid-2010. Under this partnership, the 2 companies decided to give orbital position 7° West the shared name of Nilebird.

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

  – Up to 44 Ku-band transponders will be connected to a high-power broad beam covering the Middle East, Gulf and North Africa, broadcasting TV channels to households equipped with small antennae.

  – A second beam covering Northwest Africa, including all countries in North Africa through to the Gulf of Guinea, will be operated by a payload consisting of up to 12 Ku-band transponders. In addition to consumer broadcasting services, these resources will enable Eutelsat to meet demand for Ku-band satellite Internet access services.

- **W6A** was ordered from Thales Alenia Space on 12 May 2010. This satellite will be located at the 21.5° East orbital position and launch is planned for the fourth quarter of 2012 to replace satellite W6A, the operational life of which is due to end in the first quarter of 2013. Its life in-orbit will last over 15 years.

  Supported by a Spacebus 4000 C3 platform made by Thales Alenia Space, it will have premium broadcasting resources via three beams and up to 44 operational transponders, delivering excellent coverage of the entire Middle East, the Gulf Region and North and North-West Africa. A second beam will cover Western and Eastern Europe, and a third beam will extend coverage through to Central Asia.

- **W5A,** ordered on 12 May 2010 from EADS Astrium, will be located at 70.5° East. It is scheduled to be launched in the fourth quarter of 2012. Its life in-orbit will exceed 15 years. With 66 operational transponders in Ku-band, W5A's entry into service to replace satellite W5 will virtually increase Eutelsat's orbital resources at 70.5° East threefold.

  EADS Astrium's EUROSTAR 3000 platform will have on-board coverage for 5 regions: the Middle-East, Africa, Central Asia, Asia and Europe. Europe, Central Asia and Africa will be able to operate with re-used frequencies. The Middle-East, Europe, Central Asia and Africa will also be able to operate re-used frequencies with Asia.

- **EUROBIRD™ 2A (Es'hail),** ordered in partnership with ictQATAR from Space Systems/Loral in July 2010. This satellite will be located at the 25.5° East orbital position. The launch is scheduled for the fourth quarter of 2012 to replace 2, the operational life of which will end in the first quarter of 2013. Its life in-orbit will exceed 15 years.

  Assisted by a Space Systems/Loral FS 1300 E platform, the Es'hail satellite will carry 46 transponders for four distinct missions:

  – Mission 1: identical to that of EUROBIRD™ 2 with 24 transponders covering three areas: (i) the Middle East/North Africa, (ii) Central and Eastern Europe and (iii) Western Europe;

  – Mission 2: 6 transponders in Ka-band reserved for government use with a beam for Qatar and three steerable beams;

  – Mission 3: Ka-band trunking with 2 transponders and 2 coverages, the Qatar beam as in mission 2 and a steerable trunkint beam;

  – Mission 4: 14 active transponders in Ka-band with coverage of the Middle East/North Africa and Western Europe.

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The table below lists those satellites which, on the filing date of this document, were under construction or ordered during the year, as well as their estimated launch dates:

Name of satellite	Constructor	Estimated launch	Nominal capacity	Orbital position
KA-SAT	EADS Astrium	Q4 2010	+80 Ka-band transponders	9° East
W3B	Thales Alenia Space	Q3 2010	56 Ku-band transponders	16° East
W3C	Thales Alenia Space	Q3 2011	56 Ku-band transponders	7° East
ATLANTIC BIRD™ 7	EADS Astrium	Q4 2011	50 Ku-band transponders	7° West
W5A	EADS Astrium	Q4 2012	48 Ku-band transponders	70.5° East
W6A	Thales Alenia Space	Q3 2012	40 Ku-band transponders	21.5° East
EUROBIRD™ 2A (Es'hail)	Space Systems/Loral	Q4 2012	32 Ku-band transponders/14 Ka-band transponders*	25.5° East

* *Missions shared with ictQATAR. Does not include the other missions for ictQATAR's own needs.*

6.6.2 TCR – Telemetry, Command and Ranging

The Group's fleet is operated from control centres at the Group's head office in Paris and at the Rambouillet teleport, which the Group bought from France Télécom in September 2004. There is full back up between the Paris and Rambouillet facilities. The first control centre handles satellite telemetry and remote control (Satellite Control Centre) and the second manages communications and space segment access from clients terrestrial stations (Communications Control Centre). All software used to control the satellite platforms and 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 2010 employed approximately 70 specialist technicians and engineers in this capacity.

Activities of the Satellite Control Centre

As of 30 June 2010, the Group managed the 23 satellites it owned, with support from a contractor for ATLANTIC BIRD™ 1. Telecom 2D is controlled by France Télécom. Telstar 12 is controlled by Skynet, while SESAT™ 2 is 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 change the orbital position of a satellite so that it is able to serve new markets or provide in-orbit back-up capacity to another satellite.

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

The Group's satellite control activities are certified ISO 9001. ISO 9001 certification was obtained in 2005 and renewed in 2008 for a period of three years up to June 2011. The Rambouillet teleport contains the largest number of TCR stations. This site is also used for in-orbit positioning of the new satellites in the Group's fleet. LEOP ("Launch and Early Orbit Phase") operations were successfully performed for the first time from Rambouillet for the W3A satellite in March and April 2004. Since then, LEOP operations have been carried out from the Rambouillet site for W3A, EUROBIRD™ 9A, HOT BIRD™ 8 and 9, ATLANTIC BIRD™ 4A, W2A and W7, launched between 2004 and 2009. Furthermore, the Group has entered into long-term service agreements with 5 operators that provide capacity at their transmission/reception earth stations and perform telemetry and monitoring operations. These contracts also cover the operation and maintenance of the Group's equipment installed on their sites. Under these contracts, the Group has extended control and supervision rights. These services are currently provided from TCR stations located in Sintra in Portugal, Dubna in Russia, Redu in Belgium, Makarios in Cyprus and Fucino in Italy. A new site located on the island of Madera should start to provide TCR services by the end of the third quarter of 2010. The stations and control centres are all linked up with a network of protected and redundant voice/data lines. The network and the location of the sites were selected so that operations could be continued even if one of the sites were to become unavailable.

Activities of the Communications Control Centre

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

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

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network of protected and redundant voice/data communication lines.

6.6.3 Technical failures and loss of equipment

The theoretical length of operation 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 satellite, the operational lives of the Group's most recently launched satellites (W3A, EUROBIRD™ 9A, HOT BIRD™ 8, HOT BIRD™ 9, ATLANTIC BIRD™ 4A, W2A, W2M and W7) were estimated at approximately 14-18 years once they became operational. A number of factors can reduce the operating life of a satellite and/or affect its transmission capability, including:

- defects in the quality of the satellite's on-board components or equipment;
- defects concerning 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 believes that its fleet of satellites is, overall, in good operating condition. Some of the Group's satellites, however, have experienced equipment failure and are currently operating with their back-up equipment.

Technical failures and loss of equipment in-orbit for Group-owned satellites

In 1999, the Group experienced operational faults on its EUROBIRD™ 16 (formerly HOT BIRD™ 4 and ATLANTIC BIRD™ 4) and EUROBIRD™ 2 (formerly HOT BIRD™ 5) satellites because some solar panels (the energy source for the satellites) deteriorated faster than expected. To date, these faults have had only a limited impact on these satellites (shutdown of 4 transponders on each of the satellites).

The ATLANTIC BIRD™ 1 satellite has suffered from a number of failures since it began operational service in October 2002. All necessary measures have been taken to address and rectify the problems encountered so far.

Additionally, the ATLANTIC BIRD™ 3 and HOT BIRD™ 6 satellites have suffered from a small reduction in battery power. The reduction in battery power of ATLANTIC BIRD™ 3 was caused by the loss of 6 cells out of a total of 108 during the eclipse period in March-April 2004. These batteries are the energy source of the satellites during eclipse periods. A loss of cells leads to a reduction in the electrical power of the satellites and may lead to reduced transmission capability during such periods. To date, these faults have only had a limited impact on the overall performance of the satellites during eclipses. However, the implementation of the constructor's recommendations and corrective measures may in the future compel the Group to reduce transmission capability of the ATLANTIC BIRD™ 3 and HOT BIRD™ 6 satellites from that originally planned although it will have no effect on the satellites' operating capacity.

The EUROBIRD™ 4A (formerly W1) satellite experienced a service interruption 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 made it possible to restore services to all clients at conditions considered acceptable by 11 August 2005, this incident precipitated a significant slow-down in the growth of the Group's Value-Added D-STAR™ Services in the Middle East and affected the provision of Data Services. The failure resulted in the loss of half of the satellite's available power and an estimated 50% reduction in its residual operational life.

The W75 satellite (formerly HOT BIRD™ 3 then EUROBIRD™ 4) suffered an in-orbit incident during the night of 3 October 2006. This incident occurred the day after its communication services were transferred to HOT BIRD™ 8. This incident, consequently, did not adversely impinge on the services marketed by Eutelsat at its 13° East orbital position, which were provided at the time of the incident by HOT BIRD™ 2, HOT BIRD™ 6, HOT BIRD™ 7A and HOT BIRD™ 8. Nevertheless, the consequence of this failure was the loss of half of the satellite's available electrical power and an estimated reduction in its remaining operational life by 15 months (see Note 5 to the consolidated financial statements for the year ended 30 June 2007).

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

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

On 3 December 2008, EUROBIRD™ 4 (now W75) experienced a service interruption of around 4 days due to a fault with its propulsion sub-system. Following this incident, preventive measures were taken to minimise its impact on the mission and its services. Since then, services provided by EUROBIRD™ 4 have gradually been transferred to other satellites in Eutelsat's fleet. The succession of problems with the satellites propulsion system led to the end of its life in stable orbit and it is now operated at 75° East in inclined orbit.

The performance of the W2M satellite, which was launched on 20 December 2008, do not comply with the specifications established with its constructor EADS Astrium/ISRO Antrix, because of a major fault affecting its electrical power sub-system. This fault came to light on 22 January 2009 while the satellite was being transferred from its test position to its planned operational position. A claim for total loss was filed with the insurance company, which refunded the total claim during the 2008-2009 financial year. After almost a year of characterisation testing, W2M was put into operational service at the 16° West position in February 2010, with limited capacity.

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

On 27 January 2010, control of satellite W2 was lost due to premature loss of one of the two propulsants (the oxydant). Most of the services were transferred to the other satellites at 16° East

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(EUROBIRD™ 16, SESAT™ 1 and W2M) on 27 and 28 January 2010. Limited control of W2 was re-established, thus making it possible for it to be de-orbited. The premature loss of oxydant was attributed to the calibration methods used for fuel consumption during initial positioning after the satellite was launched and during its life in-orbit. This impact was taken into account for end of life predictions for the rest of the fleet (see table paragraph 6.6.1).

Launch failures

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

Technical faults and loss of equipment affecting satellites leased by the Group

The Group has no knowledge of technical faults or loss of equipment affecting satellites that it leases from third parties.

Under its capacity lease agreements, the Group can request compensation if there is any interruption in the capacity's availability or if there is any deterioration in the transponders. The amount of such compensation, which is limited to a certain amount per year, is calculated on the basis of the frequency and duration of the interruptions affecting the transponders leased. Moreover, certain agreements stipulate that the Group may, 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 penalties being incurred. In such cases, the Group can request reimbursement of that part of the lease cost corresponding to the period in which it was unable to make use of the capacity.

6.6.4 Back-up capacity and redundancy

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

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

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

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

6.6.5 Satellite end of life

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

The Group complies with the principles discussed at international level by the Inter-Institution Coordination Committee on Space Debris and the United Nations Committee on the Peaceful Uses of Outer Space as well as the new French law on space which will enter into force in December 2010.

In the year ended 30 June 2010, the W2 satellite was successfully de-orbited.

>> 6.7 Commercial and distribution policy

As a consequence of the Group's past dealings, a large portion of its revenues comes from capacity allotment agreements with telecom operators such as France Télécom/Globecast, Telespazio, British Telecom/Arqiva and Deutsche Telekom/Media Broadcast.

Furthermore, 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 end users such as television channels or pay-TV platforms.

The Group's top 4 client-distributors (France Télécom/Globecast, Telespazio, British Telecom/Arqiva and Deutsche Telekom/T-Systems) accounted for 33.3% of the Group's consolidated revenue in 2008/2009 and 29.1% in 2009/2010.

This reduction in the considerable contribution made by client-distributors' to the Group's consolidated revenue reflects the willingness of certain end-users of the Group's capacity to establish direct contractual links with the Group, particularly for Video Applications. Some pay-TV operators now prefer to sign contracts directly with the Group when the time comes to renew their existing allotment agreements or when they require additional capacity.

Moreover, through its teleports at Rambouillet and Turin and drawing upon the experience of its subsidiary, Skylogic S.p.A., 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 clients and end-users regarding provision satellite-capacity provision, such as the uplinking of multiplexing services on the ground and the encryption/decryption of signals for 300 television channels broadcast by the satellite fleet.

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Direct commercial activities and marketing

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

Tariff structure

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

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

Since the Transformation, the tariffs applied by the Group for new leases depend on a number of factors, including (i) the orbital position of the satellite, (ii) the installed user base of antennae pointed at the satellite, (iii) the geographical region covered by the satellite, (iv) the type of applications and the amount of bandwidth requested by the customer, (v) the type and duration of the lease, (vi) the type and number of transponders leased, (vii) the existence of a pre-emption right for capacity allotted (*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 client requesting an existing client's capacity and (iv) the tariffs charged by the competition for a similar service or capacity type.

Although the Group faces fierce 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 HOT BIRD™ and EUROBIRD™ positions). However, the Group cannot be certain that it will be able to maintain the same tariffs in the future (see Section 4.2 "Risks inherent in the FSS (Fixed Satellite Services) sector" and particularly paragraph 4.2, "Risks relating to changes in the satellite telecommunications market", and especially paragraph 4.2.6, "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. Some, however, are inflation-linked.

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

Customers

The Group's customer base includes client-distributors, who sell satellite capacity to end-users, and clients who are themselves users, and make use of the Group's satellite capacity for their own requirements. In terms of utilisation of the Group's satellite capacity, it should be noted that none of the Group's end-users individually accounted for more than 10% of the Group's revenue as of 30 June 2010.

As of 30 June 2010, the Group's top 10 clients accounted for 53.6% of the Group's revenues. These clients were the following:

	Revenue per customer	
Customers	*(In millions of euros)*	*(As a percentage)*
France Télécom/Globecast	108.9	10.4%
Public sector entities	95.8	9.1%
Telespazio/Telecom Italia	77.9	7.4%
Sky Italia	65.5	6.3%
British Telecom/Arqiva	61.2	5.8%
Deutsche Telekom/T-Systems/Media Broadcast	56.4	5.4%
Noorsat WLL	29.8	2.8%
Nilesat	29.7	2.8%
TVN/ITI Neovision	19.3	1.8%
European Broadcasting Union	17.3	1.7%
Total of 10 top clients	**561.7**	**53.6%**
Other	485.5	46.4%
TOTAL	**1,047.2**	**100%**

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As of 30 June 2009, the Group's top ten clients, 6 of whom were distributors, representing 53.8% of revenue, were the following:

	Revenue per customer	
Customers	*(In millions of euros)*	*(As a percentage)*
France Télécom/Globecast	105.1	11.2%
Telespazio/Telecom Italia	80.2	8.5%
Public sector entities	72.2	7.7%
British Telecom/Arqiva	68.3	7.3%
Deutsche Telekom/T-Systems/Media Broadcast	59.4	6.3%
Sky Italia	41.5	4.4%
Noorsat WLL	24.1	2.6%
TVN/ITI Neovision	20.1	2.1%
European Broadcasting Union	17.7	1.9%
Groupe Canal+	17.2	1.8%
Total of top ten customers	**505.7**	**53.8%**
Others	434.8	46.2%
TOTAL	**940.5**	**100%**

Technical qualifications of the Group's clients and technical assistance

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

Customer allotment agreements

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

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

- Full-time leases of capacity. These cover the lease of an entire transponder or part thereof on a full-time basis (*i.e.* 24 hours a day, 7 days a week) for periods longer than one year. They can be extended over the whole of the satellite's operational life. These agreements are primarily used for broadcasting. They are also used for Professional Data Services and for Value-Added Services.
- Part-time and/or short-term leases of capacity. These cover either the (i) full-time (*i.e.* 24 hours a day, 7 days a week) lease of an entire transponder or part thereof for periods of less than one year, (ii) occasional use, where transponder capacity is provided in increments of 10 minutes on a "first-come, first-served" basis, (iii) customised use, where capacity is provided only at predetermined times (for a minimum of 5 hours a week for one year), or (iv) subscriptions for 15 hours of use per month or for 180 hours of use over 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.
- 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, clients are required to obtain operating licences from the relevant regulatory authorities, comply with regulations governing the content of audiovisual programmes, obtain the rights to operate their earth stations, and comply with the Group's technical specifications. The Group may also require a customer to provide a bank guarantee or another form of appropriate guarantee as security for payment with regard to allotted capacity and for the performance of the client's 's contractual obligations.

Order backlog

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

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

At 30 June	2009	2010
Value of contracts *(in billions of euros)*	3.9	4.9
Weighted remaining duration of contracts	7.8	8.0
Portion relating to Video Applications	92%	92%

As of 30 June 2010, the Group's order backlog totalled 4.9 billion euros representing 4.7 times annual revenue (excluding other revenues and one-off revenues), compared with 3.9 billion euros as of 30 June 2009. The 23.8% increase in the order backlog between 30 June 2009 and 30 June 2010 mainly arose from the signature of new contracts in the year ending 30 June 2010. These more than offset natural erosion resulting from the increase in the fleet's average age, with most of the backlog consisting of contracts lasting for the entire life of the satellites.

The portion of the order backlog represented by Video Applications as of 30 June 2010 was 92%, unchanged compared to the previous year, affording the Group strong visibility on future revenues. Broadcasting platform operators have a recurring requirement for long-term capacity. The average remaining duration of the contracts in the backlog as of 30 June 2010 (weighted by value) was eight years, compared with 7.8 years as of 30 June 2009.

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The breakdown of the backlog by year as of 30 June 2010 was as follows:

Financial year ended 30 June	Backlog (Unaudited, in millions of euros)
2011	922.5
2012	701.6
2013 and later	3,252.7
TOTAL	**4,876.9**

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. Early termination penalties are based on the length of time the contract has been in force and the remaining duration of the contract. During the year, no capacity allotment agreement was terminated so as to require the payment of an early termination penalty.

>> 6.8 Regulations

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

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

6.8.1 Regulations governing frequency assignments and international coordination

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

The World Radiocommunication Conference held in Geneva from 22 October to 16 November 2007 (WRC-07) made several amendments to the Radio Regulations and their Appendices. The new amended Radio Regulations came into force on 1 January 2009. The next WRC (WRC 12) will take place in Geneva from 23 January to 17 February 2012.

6.8.1.1 International coordination of frequency assignments under the Radio Regulations

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

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

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The Radio Regulations define 3 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", "S-band" and "Ka-band" with the exception of those explicitly governed by one of the 2 special systems described below;
- the first special system (referred to below as the "SRS System") governs assignments in the Ku-band spectrum assigned to the Broadcasting Satellite Service (BSS) and the corresponding resources in the Ka- and Ku-bands to be used for the uplinks to the broadcasting satellites; and
- the second special system (referred to below as the "FSS System") governs assignments in specific sections of the spectrum in the C-and Ku-bands, assigned to the Fixed Satellite Service (FSS).

Under these 3 systems, the countries that have international responsibility for the given assignments, either individually or jointly, must submit through their competent regulatory authority (the "Administration", which for France is the ANFR) certain items of 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 lasts nine years and for assignments filed after November 1997, this period lasts seven years.

A second submission, known as the "Request for coordination," which provides very detailed information on the assignments, marks the beginning of the actual coordination process. From the date it is received by the Radiocommunication Bureau, this Request for coordination takes 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 problematic 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 or Requests for coordination.

The general system does not prohibit the implementation 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 adjusted if such operation causes harmful interference to operations covered by assignments with a higher priority.

Priority continues to apply for the seven or nine-year period during which assignments can be brought into operation. If the assignments have not been brought into operation 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 2 submissions again. The new Request for coordination then gives these assignments a lower priority than the 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 (30-40 years for the Group's frequency assignments).

The special BSS and FSS systems

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

The 2 systems do not involve an initial submission (the 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 is the start of an eight-year period during which the assignments have to be brought into use, otherwise the entire process must be restarted with a new submission (request for registration) and a lower priority. Once operation has begun, it can continue for 15 years, and is renewable once, without loss of rights as long as the technical specifications of the uses remain the same. As under the general system of coordination, operation may begin before the end of the coordination process with priority uses that are predefined as being additional. In situations where there is harmful interference, the priority ranking will determine the uses that can be continued without adjustments and those which will have to be interrupted or adjusted, with pre-defined uses having the highest priority.

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

- the assignments do not affect the rights of any Member State, as predetermined 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;
- the administrations whose rights would have been affected have explicitly accepted that their rights can be affected.

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

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

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

At certain orbital positions, the Group operates satellites under frequency assignments governed by the special BSS and FSS systems. Most of these assignments have been the subject of a successful 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 certainty obtained by satellite operators from the application of the Radio Regulations governing international coordination of frequency assignments depends on strict compliance with these procedures by all ITU Member States.

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

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

6.8.1.2 Frequency assignments under joint responsibility

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

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

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

6.8.1.3 Frequency assignments granted directly to Eutelsat S.A.

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

6.8.1.4 Frequency assignments granted to other satellite operators

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

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

6.8.1.5 French regulations relating to satellite frequency assignments and their operation

Before the adoption of French Law No. 2004-575 on 21 June 2004, satellite frequency assignments were under the sole control of ANFR. They depended on ANFR submitting to the ITU's Radiocommunication Bureau information required under the Radio Regulations governing international coordination of frequency assignments. Relations between the operators and ANFR for the operation of frequency assignments were not legally formalised. Law no. 2004-575 of 21 June 2004 concerning confidence in the digital economy (known as LCEN) contains a section on "satellite frequency assignments" and was transposed into the *Code des postes et des communications électroniques* (Postal and Electronic Communications Code, hereinafter "CPCE") in Articles L. 97.2 and subsequent articles. This law, together with decree no. 2006-1015 of 11 August 2006, transposed into the CPCE in Articles R. 52-3-1 and subsequent articles, establishes a new 2-stage system:

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

Persons who have asked the French government or ANFR to declare to the ITU a frequency assignment prior to the publication of the LCEN had to request, if they wanted to retain the rights to use the frequency assignment, the authorisation provided for in Article L. 97-2 of the CPCE within a period of one year from 12 August

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2006, which was the publication date of decree No. 2006-1015 of 11 August 2007 on frequency assignments to satellite systems, which amended the CPCE. This was done by the Group on 10 August 2006, and a summary of the requests submitted on that occasion was published by ANFR.

Currently, Eutelsat S.A. is authorised to operate frequency assignments at the following orbital positions:

- 1° East (order of 3 December 2007);
- 3° East (order of 5 February 2008);
- 10° East – C-band – (order of 17 February 2009);
- 7° West (order of 5 August 2009);
- 76° East (order of 6 March 2010);
- 4° East, 7° East, 9° East, 10° East (other than C-band), 13° East, 16° East, 25.5° East, 33° East, 36° East, 70.5° East, 12.5° West (order of 22 June 2010).

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

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

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

6.8.2.1 Regulations in France

The *Autorité de régulation des communications électroniques et des postes* (ARCEP) is the French authority responsible for ensuring that operators comply with the obligations contained in applicable legislative and regulatory requirements.

Operation of telecommunications networks

In France, the installation and operation of telecommunications networks open to the general public and the provision of telecommunications services required prior authorisation from the Minister of Telecommunications. Independent networks reserved for a closed group of users to exchange internal communications required prior authorisation by ARCEP. Under French 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 ARCEP. This formality does not apply to independent networks.

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

Access to frequencies

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

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

6.8.2.2 Regulations in other countries

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

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

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

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the state entity, with all associated ground services provided by that entity. These operating agreements also allow clients to possess and use their own equipment, while requiring them to purchase the Group's services through the state entity.

Landing rights

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

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

Access to the Group's satellites from the USA

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

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

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

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

6.8.2.3 European Union regulations

Current regulatory framework

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

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

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

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

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

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

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

After the first phase of selection, involving checks to ensure compliance with various steps during the project's progress, the European Commission in the absence of spectrum shortage made its decision on 13 May 2009. Demand for spectrum did not exceed the amount available. SOLARIS Mobile Ltd was selected and will be authorised by the Member States to use the 1,995-2,010 MHz (earth to space) and 2,185-2,200 MHz (space to earth) frequencies.

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

Regulatory reform

Further reforms to the framework applicable to the telecoms sector were adopted by the European Parliament on 24 November 2009.

The Directive aims to rationalise and harmonise frequency Management in Europe.

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

Mechanisms guaranteeing free competition will be put into place. More specifically, operators determined as exercising significant influence in a given market will be subject to more stringent obligations. As a last resort to end anti-competitive conduct,

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they may be ordered by the national regulator, subject to the Commission's control, to separate their businesses. This means that network operations and the provision of services could be separated into 2 separate entities.

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

6.8.3 Regulations governing content

6.8.3.1 "Television without Frontiers" Directive

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

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

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

Channels established in an EU Member State

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

Channels not established in an EU Member State

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

Until the "Audiovisual Media Services" Directive came into force, the EU Member State responsible was the one granting the frequency used (criterion 1), or, in the absence of which the one with authority over the satellite capacity used (criterion 2), or finally, in the absence of which, the one from whose territory the signal was uplinked to the satellite (criterion 3).

According to the European Commission's written interpretation of the "Television Without Frontiers" Directive, France and its regulatory authority (*Conseil supérieur de l'audiovisuel,* or CSA) were the default regulator for all channels transmitted by the Group's satellites based in non-EU countries, in accordance with criterion 2. The frequencies used for broadcasting were deemed to be jointly owned by the countries party to the Eutelsat IGO and not allocated to any country in particular, and so criterion 1 was not applicable.

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

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

This provision of the European Directive came into force simultaneously across all European countries, including France, on 19 December 2009.

As a result, since that date, a large proportion of non-European channels broadcast by the Group in Europe using an uplink in an EU country are now covered by other European regulators, and no longer by France's CSA.

6.8.3.2 France's freedom of communication Act 1986

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

As of 30 June 2010, the Group broadcast approximately 1,000 non-EU channels, including programmes from the Middle East and North Africa.

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

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

- it is required under Article 19 to provide the CSA with all information needed to identify the producers of the channels it broadcasts;

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

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

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

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

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

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

6.8.4 Regulations governing space operations

The French Space Operations Act was published in the France's *Journal officiel* on 4 June 2008. This law directly results from France's international obligations, imposed by various UN treaties including:

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

The Group is mainly affected by decree 2009-643 of 10 June 2009, relating to authorisations. The system will come into force one year after the publication of the associated technical regulations, which are currently being prepared, and at the latest 18 months after the decrees were published. Insofar as the technical regulations have not yet been published, the entry into force of the decree should be as scheduled on 10 December 2010.

6.8.4.1 Principles set out in the Act

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

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

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

If, as a result of an operation authorised under this Act, any operator is required to compensate a third party for damage caused by a space object during and/or after launch, the operator may claim under its guarantee an amount over and above the amounts set out in the authorisation and enshrined by the applicable finance law. (As things currently stand, the ceiling is between 50 and 70 million euros as laid down by Article 119 of Law No. 2008-1443 of 30 December 2008 rectifying finances for 2008). However, the operator will not be able to claim in the event of intentional fault, and will only be able to claim if the operation is conducted from France or any EU or EEA country or using resources or facilities under the jurisdiction of any such country. Furthermore, during the orbital control phase, the guarantee will only apply if the damage is caused on the ground or in the airspace.

6.8.4.2 The authorisation process

Decree No. 2009-643 lays down the authorisation process, providing for delivery of authorisations by the Ministry for Space not later than four months following filing of a completed application which can be extended two months if the decision is justified. The process and timeframe are the same for licence applications. If the applicant already has a level 1 or 2 licence, the authorisations are delivered within one month, which may be extended by two months.

Authorisation applications come in two parts:

- an administrative part, to justify sufficient moral, professional and financial guarantees;
- a technical part, to show that the systems and procedures the applicant intends to use comply with technical regulations.

The technical part of the applications is dealt with by the *Centre national d'études spatiales* (CNES), which transmits its decision to the Ministry responsible for Space. Before handing down a decision,

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the Ministry informs the applicant of its draft decision, and the latter has a fortnight in which to make comments.

6.8.4.3 Setting up technical regulations

The consultation process instigated by the CNES and the interested parties is now complete and the draft is being finalised by the Ministry and the CNES. It will then be transferred to the European Commission, which will be able to comment on it for a period of three months, under Directive 98/34 CE of the European Parliament and the Council, which provides for exchange of information in respect of technical standards and regulations. The technical regulations will be adopted by the ministry only after the three-month period has ended.

The technical regulations require various studies on orbital control for its authorisation process (studies on danger and environmental impact), risk control measures (plan for limitation of debris in space, plan for preventing collision risk etc.), documents on quality, and justification for setting up an organisation to deal with all technical and organisational issues, as the case may be, that might affect space operations as authorised. The regulations also require the CNES to be informed of the co-contractors' and subcontractors' undertaking to comply with the technical regulations.

They also require limitation of debris in space, in the form of information on the likelihood of accidental disintegration, passivation at the end of working life, the probability of being able to dispose of the energy resources needed for end of operational life manoeuvres etc.

The regulations provide for temporary measures and progressive entry into force (best efforts) for the various requirements, to take account of the current design of satellites and to allow manufacturers to apply the new constraints. It will enter fully into force as of 1 January 2021.

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

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

6.8.6 Other provisions applicable to the Group

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

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

Role of Eutelsat IGO

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

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

Current relationship between Eutelsat S.A. and Eutelsat IGO

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

Eutelsat S.A.'s obligations

- Eutelsat IGO shall be given 60 days' notice of any proposal to change its By-laws which would materially affect the observance of the Basic Principles.
- Eutelsat S.A. shall inform Eutelsat IGO, and take into account any recommendation made by Eutelsat IGO, in the event of any major changes to its operating, technical, marketing or financial policies that might materially affect the observance of the Basic Principles.
- Eutelsat S.A. shall obtain written prior approval from Eutelsat IGO if it intends to go into voluntary liquidation, or if it intends to merge or combine with another entity.

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- Eutelsat IGO's Executive Secretary shall be named as a Non-voting Director on Eutelsat S.A.'s Board of Directors, subject to certain conditions.
- Eutelsat S.A. shall finance Eutelsat IGO's annual operating costs (as an illustration, the budget for this was approximately 940,000 euros for the year ended 30 June 2010).

Eutelsat IGO's obligations

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

Liaison and information

- A joint committee made up of representatives of Eutelsat IGO and Eutelsat S.A. shall meet at least once per quarter to ensure 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 caused by any changes in regulations, particularly European or French, applicable to it.
- In his capacity as Non-voting Director, the Executive Secretary of Eutelsat IGO shall have access to information under the same conditions as those which apply to a Director and shall attend, but not vote at, meetings of Eutelsat S.A.'s Board of Directors.

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

Relationship between Eutelsat Communications and Eutelsat IGO

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

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

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

The Letter-Agreement also provides for the creation of a 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 Non-voting Director, and (iii) to examine in particular the annual accounts and the list of third-party experts designated to resolve any problem arising as to what information may be circulated by the Non-voting Director to the Parties to the Convention.

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

In the event of assignment 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.

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7. ORGANISATIONAL CHART

The year ending 30 June 2010 saw the development of new Eutelsat commercial subsidiaries designed to meet the needs of the Group's clients in the various markets and in the best possible manner.

As of 30 June 2010, the Group had direct or indirect control of 22 subsidiaries and held 5 shareholding interests.

The 2 charts below show the holdings of Eutelsat S.A., the Group's main operating subsidiary (Part 1) and all the subsidiaries and interests held directly or indirectly by Eutelsat S.A. (Part 2) as of 30 June 2010. Eutelsat Communications is a holding company, with no operational role other than its indirect interest in Eutelsat S.A.

It should be noted that the subsidiaries managing the Company's interests in Eutelsat S.A. have no operational, commercial or technical role.

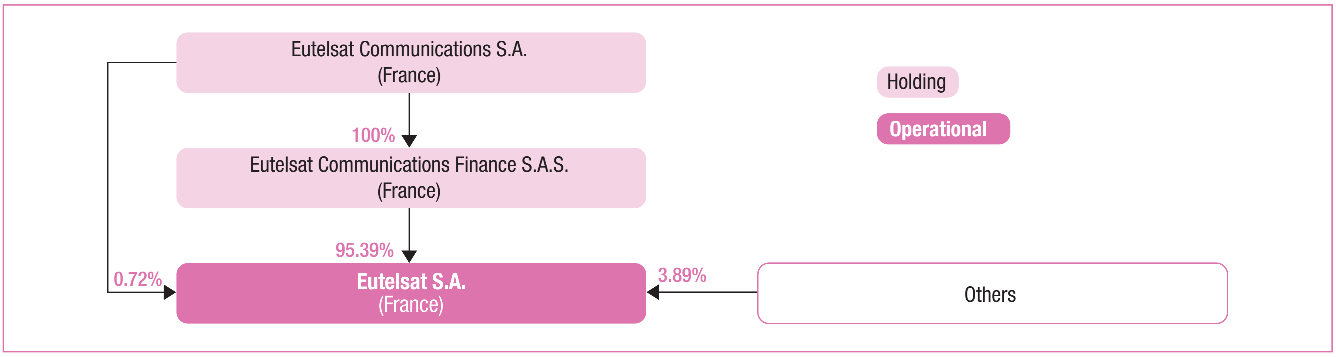
The revenues and results of the companies mentioned in Section 7.2 "subsidiaries and interests" have been drafted on the basis of the annual accounts of these companies, in accordance with the accounting standards applicable locally. This data does not represent the contribution of these companies to the Group's consolidated financial indicators.

The list of mandates held by Company Management in the Group can be found in Section 14.1 "Composition of the Board of Directors" in this reference document.

>> 7.1 The Group's Organisational Chart

The two flow charts below represent the organisation of the Group at 30 June 2010.

Group Organisational Chart as of 30 June 2010 (Part 1)



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

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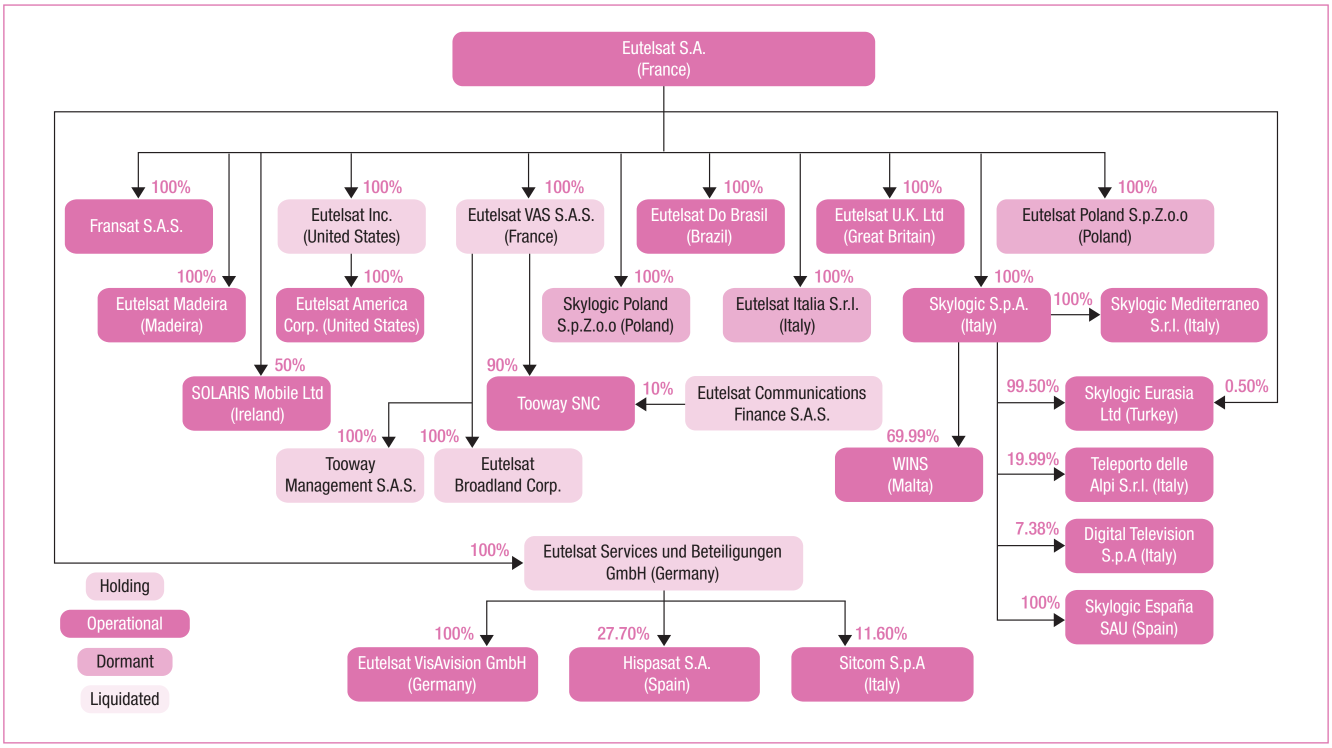
Group Organisational Chart as of 30 June 2010 (Part 2)



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

>> 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 S.A.S. (France)

This French *société par actions simplifiée* (joint-stock company) is wholly owned by Eutelsat Communications. It was created in June 2006 and is located at 70, rue Balard, 75015 Paris. Its purpose was to receive financing arising from the refinancing of the Revolving and Senior Credits, taken out by some of the Group’s subsidiaries during the 2005-2006 financial year.

The sole activity of Eutelsat Communications France S.A.S. is to hold 95.39% of Eutelsat S.A.’s share capital.

During the 2008-2009 financial year, Eutelsat Communications Finance S.A.S. acquired SatBirds 2 S.A.S. and WhiteBirds S.A.S., which it fully controls.

As of 30 June 2010, no revenue was reported and its net profit was 262.9 million euros arising from the flows from its subsidiary Eutelsat S.A.

Eutelsat S.A. (France)

As of 30 June 2010, Eutelsat Communications indirectly held a 96.11% stake in Eutelsat S.A., the Group’s main operating company, through which it had control of several subsidiaries and sub-subsidiaries of Eutelsat S.A. as well as indirect interests, including Hispasat S.A. and SOLARIS Mobile Ltd.

Eutelsat S.A. is a *société anonyme* (limited company) with registered offices at 70, rue Balard, 75015 Paris.

As of 30 June 2010, its revenue[13] totalled 1,025 million euros, and net profit was 257.6 million euros.

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

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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 activities are to promote the Group's products and services and to represent Eutelsat S.A.

Eutelsat Inc. (USA)

Eutelsat Inc. is in charge of promoting Eutelsat S.A.'s services and satellite capacity in the USA. As of 30 June 2010, Eutelsat Inc. generated revenue of 651 thousand euros and net income of 50 thousand euros.

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

Eutelsat America Corp. (USA)

Created on 28 November 2006, Eutelsat America Corp's role is to distribute Eutelsat S.A.'s capacity throughout the North American market. As of 30 June 2010, it generated revenue of 96.2 million euros and net income of 2.7 million euros.

Eutelsat do Brasil (Brazil)

Eutelsat do Brasil is in charge of promoting and marketing Eutelsat's capacity and services in Latin America. Furthermore, 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 2010, this company generated revenue of 1,807 thousand euros and a net loss of 261 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 2010, Eutelsat UK Ltd generated revenue of 795 thousand euros and net income of 37 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 2010, Eutelsat Poland s.p.z.o.o. generated revenue of 892 thousand euros and net income of 8 thousand euros.

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

This company was set up in January 2004, and was dormant as of 30 June 2010. Its net loss was 5 thousand euros.

Eutelsat S.A., which initially held 100% of its capital, assigned all its shares on 26 August 2010 to Skylogic S.p.A. At the date of filing hereof, Skylogic S.p.A. holds 100% of the capital of Skylogic Poland.

Eutelsat Italia S.r.l. (Italy)

Created in 2002, this company, chaired by Mr Berretta, represents and promotes the Group in Italy. As of 30 June 2010, it generated revenue of 624 thousand euros and its net profit was 195 thousand euros.

7.2.2.2 Other subsidiaries of Eutelsat S.A.

In the framework of its activities, Eutelsat S.A. has created a number of operational subsidiaries to operate new services and/or commercialise capacity dedicated to specific markets.

Skylogic S.p.A. (Italy)

Skylogic S.p.A. is Eutelsat S.A.'s largest subsidiary, and its role is to operate Value-Added Services including satellite Internet access solutions by D-STAR and TOOWAY™.

Skylogic S.p.A. owns a 7.38% stake in Digital TV S.p.A., after a 1 million euros capital increase, and a 19.9% stake in Teleporto delle Alpi S.R.L, which was dormant as of 30 June 2010.

Skylogic's business concentrated mainly on the sale of its D-STAR service and development of the technical activities linked to the development of TOOWAY™.

As of 30 June 2010, Skylogic generated revenue of 44.3 million euros. Its net loss after tax was 9.3 million euros. At 30 June 2010, Skylogic S.p.A. employed 119 people.

Skylogic also holds 70% of WINS (Malta), in partnership with the Maltese operator MALTASAT, in charge of sales of the D-STAR service in the Mediterranean basin to provide GSM telephony and broadband access to cruisers and ferries.

Skylogic fully owns Skylogic Mediterraneo S.r.l, which operates a teleport in Sardinia.

WINS (Malta)

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

As of 30 June 2010, WINS generated revenue of 1,779 thousand euros and made a net profit of 37 thousand euros.

Skylogic Mediterraneo S.R.L. (Italy)

This company, which is wholly owned by Skylogic S.p.A., was created on 7 July 2006 and its role is to operate a teleport in Sardinia. As of 30 June 2010, the company did not generate any revenue, and it made a net loss of 1,039 thousand euros.

Skylogic Eurasia Ltd (Turkey)

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

As of 30 June 2010, this company generated revenue of 142 thousand euros and a net loss of 4 thousand euros.

Skylogic España SAU (Spain)

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

As of 30 June 2010, Skylogic España SAU generated no revenue and recorded a net loss of 716 thousand euros.

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Eutelsat do Madeira Lda (Portugal)

Eutelsat do Madeira is in charge of commercialising 25 transponders on satellite W2A over the African and Portuguese markets that Eutelsat S.A. fully transferred to it and worth 72.8 million euros in April 2009. A capital increase of 6 million euros in cash was made in May 2009.

As of 30 June 2010, this company generated revenue of 27.9 million euros and net profit of 11.7 million euros.

Eutelsat Services und Beteiligungen GmbH (Germany)

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

Amongst 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.

In exchange for assigning some of its rights in Hispasat, this company received 25 million euros with the association of Eutelsat.

As of 30 June 2010, it generated revenues of 2.3 million euros and net profit of 3.4 million euros.

Eutelsat VisAvision GmbH (Germany)

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

As of 30 June 2010, this company generated revenues (annual accounts) of 3.2 million euros and a net loss of 21 thousand euros.

Eutelsat VAS S.A.S.

This is a dormant company that is wholly owned by Eutelsat S.A. As of 30 June 2010, it generated a net loss of 2,315 thousand euros. It fully owns a company called Eutelsat Broadband Corporation.

TOOWAY S.N.C. is a French general partnership *(société en nom collectif)* set up in July 2008. It is 90%-owned by Eutelsat VAS S.A.S., the remaining 10% being held by Eutelsat Communications Finance S.A.S.

TOOWAY Management S.A.S. (France) was set up in July 2008, and manages TOOWAY SNC. It is wholly owned by Eutelsat VAS S.A.S.

Eutelsat BroadBand Corp. (USA)

Eutelsat BroadBand Corporation was set up in 2008, and is currently dormant.

Fransat S.A. (France)

Fransat S.A. was set up in May 2009 as a stock company *(société par actions simplifiée).* In February 2010, it was turned into a *société anonyme* (limited company), with a board of Directors. Fransat SA is fully owned by Eutelsat S.A.

Its role is to develop and market the FRANSAT offering on the satellite ATLANTIC BIRD™ 3. This free-to-air offering includes all the French free to air DTT channels to enable households not receiving from terrestrial emitters to continue to receive free French television after the end of analogue television and at minimal cost, since the switch over to digital will only involve changing the decoder without changing the antenna already pointed towards ATLANTIC BIRD™ 3.

As of 30 June 2010, the company generated revenue of 4.3 million euros and a net loss of 3.9 million euros.

7.2.2.3 Equity interests

Hispasat S.A. (Spain)

As of 30 June 2010, the Group indirectly held 27.69% of the voting rights of Hispasat Group, a private unlisted Spanish satellite operator. A 21.15% stake was acquired on 28 December 2001 and a further 6.54% stake was acquired on 8 April 2002.

The table below shows a summary of Hispasat Group's annual data for the year ended 31 December 2009 (latest data published by Hispasat):

(In thousands of euros)	**31 December 2009**
Assets	840,742
Equity	458,151
Operating income	149,316
Net income	71,469

SOLARIS Mobile Ltd (Ireland)

As of 30 June 2010, the Company indirectly held 50% of the voting rights and capital of SOLARIS Mobile Ltd, a company incorporated in Ireland and headquartered in Dublin, with share capital of 150,000,000 euros. SOLARIS Mobile Ltd was set up in March 2008 and is jointly owned by the Company and SES Astra SA. Its role is to operate and market the W2A satellite's S-band payload.

In May 2009, the European Commission authorised SOLARIS Mobile Ltd to use 15 MHz of S-band frequencies (out of the 30 MHz allocated), subject to rights being allocated by Member States, in order to provide services on those frequencies across the European Union.

In May 2009, the satellite experienced a fault in the S-band payload owned by SOLARIS Mobile Ltd, preventing its. proper operation. SOLARIS Mobile Ltd made a claim to its insurers to be compensated for the S-band payload's non-compliance with contractual conditions. It received full payment of its claim from the insurance company.

As of 30 June 2010, SOLARIS Mobile Ltd did not generate any revenue and it made a net loss of 1,596 thousand euros.

Sitcom S.p.A. (Italy)

As of 30 June 2010, the Company indirectly held 11.6% of Sitcom S.p.A.'s voting rights. Sitcom S.p.A. was created in 1997 and is an operator and producer of audiovisual programmes and television channels in Italy. The channels produced by Sitcom S.p.A. are broadcast mainly in Italy, via the Sky Italia package.

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>> 7.3 Group cash flow

At the filing date of this reference document, no contractual relationships generate significant cash flow apart from the cash flow generated under the service agreements or centralised cash Management agreements signed within the Group. Cash flow for which regulated conventions have been made are presented in the Statutory Auditors' Report, in Appendix 3 hereof.

The table below summarises relations between the Company and its subsidiaries as of 30 June 2010:

Consolidated items (except dividends) *(In millions of euros)*	**Eutelsat S.A. (sub-group)**	**Eutelsat Communications Finance**	**Eutelsat Communications**	**Consolidated total**
Non-current assets (incl. goodwill)	4,285	-	51	4,336
Debt (owed to non-Group entities)	851	-	1,615	2,466
Cash assets on balance sheet	40	-	1	41
Cash flow from operating activities	701	2	(5)	698
Dividends paid	2	170	-	172

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8. PROPERTY, PLANT AND EQUIPMENT

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>> 8.1 Group property and equipment

The registered office of the Company and Eutelsat S.A. is located at 70, rue Balard, 75015 Paris.

In August 2009, Eutelsat S.A. renewed the lease on the building for nine years, which includes a period of six years and five months during which the lease cannot be terminated.

On 1 September 2004, Eutelsat S.A. entered into an agreement to acquire the Rambouillet teleport facilities from France Télécom for 5.3 million euros. The Rambouillet teleport is deployed in particular as a back-up control and satellite telecommunications centre, to be used in the event of a failure at the control centres located in Eutelsat S.A.'s technical control centre in Paris. This teleport also has the technical resources required to deliver value-added services. It hosts, amongst other things, a D-STAR™ platform and the EutelTRACS platform. Furthermore, the teleport enables the Group to lay on uplink/downlink services to its clients, including for Video Applications or hosting operator platforms for satellite communications networks. The Rambouillet teleport also acts as the base for Eutelsat's Low Earth Orbit Phase centre, which handles the positioning of the satellites on station, once they have been launched.

In January 2005, Skylogic S.p.A. acquired a new site in Turin, Italy, worth 930,000 euros, for its Skyparc teleport and it has invested around 40 million euros in building and equipping this new facility. In addition, Skylogic Mediterraneo S.r.l., a company based in Cagliari, Italy and wholly owned by Skylogic S.p.A. acquired a plot of land in February 2008 for 423,000 euros. A teleport, which will operate, amongst others, C-band and S-band services, is under construction on that plot.

Eutelsat Madeira has occupied a 5,000 m^2 site to the east of the island since early 2009, and it is building a satellite control centre, the first phase of which was completed in June 2010, with the first four antennae coming on stream. Later, four more will be installed and be operational by the end of 2010. The total investment will come to around 6.5 million euros.

The Group, moreover, owned 21 satellites in geostationary orbit at the date this document was filed. A description thereof may be found in Section 6.6.1.2 entitled "Group-owned in-orbit satellites".

>> 8.2 Environment, health and safety

In the Group's view, its activities as an operator of fixed satellite communications services do not constitute a significant risk to the environment. Its business makes use of no manufacturing process that could cause serious harm to the environment, rare or non-renewable resources, natural resources or biodiversity. The Group's assets are mainly satellites in geostationary orbit at 36,000 km from Earth.

In the absence of any regulation or law applicable to de-orbiting manoeuvres, the Group complies with the principles discussed at international level by the Inter-Institutions Coordination Committee on space debris, and by the UN Committee for peaceful uses of extra-atmospheric space.

For the purposes of its business, the Group, furthermore, runs ground stations that use antennae to receive and emit radioelectrical signals towards its satellite fleet. These installations all comply with the laws in force on the environment, especially the regulations on radiation of radioelectrical signals.

The Group's activities are subject to health and safety regulations, including regulations on exposing workers and the public to electromagnetic fields. The activities carried out at the Group's registered office in Paris and at the Rambouillet teleport are conducted in compliance with the rules governing RF exposure. Personnel working at these installations undergo specific training and are furthermore provided with equipment to measure and detect potential malfunctions.

Furthermore, some facilities operated by the Group also come under the regime governing installations classified for environmental protection (Articles L. 511-1 *et seq.* of the French Environmental Code). Indeed, some of the Group's operations require continuous electrical power. The Rambouillet teleport, in particular, has stores of fuel and batteries for emergency generators, which are subject to an official reporting procedure.

Attention is drawn to the fact that the Group also commissioned an inspection company to create a map of electromagnetic fields.

As either owner or operator, and with regard to the current or past operation of some of its sites, the Group could incur high costs, including the cost of clean-up operations, fines, sanctions or third-party claims, resulting from non-compliance or liabilities under environmental, health and safety laws and regulations. However, the Group considers that its operations are carried out in compliance with these laws and regulations.

9. REVIEW OF FINANCIAL POSITION AND RESULTS

>> 9.1 Preliminary note on the presentation of the financial statements

The Company is a holding company without any business activities of its own, other than its indirect equity interest in Eutelsat S.A. As of 30 June 2010, the Company held 96.11% of the share capital of Eutelsat S.A.

The following paragraphs are mainly dedicated to the presentation and analysis of Eutelsat Communications' consolidated results for the financial year ended 30 June 2010.

Readers are invited to peruse the following presentation together with the reference document as a whole, including Eutelsat Communications' consolidated financial statements for the financial year ended 30 June 2010, prepared in accordance with the International Financial Reporting Standards ("IFRS"), and the Notes to those financial statements in Section 20.1 "Financial information for the financial year ended 30 June 2010" of this reference document.

The review of the Company's financial position and results for the financial years ended 30 June 2009 and 2008 are incorporated for reference purposes in this reference document and may be found in Section 9.4 of the Company's 2008-2009 reference document and Section 9.4 of the 2007-2008 reference document respectively.

>> 9.2 Overview

The Group is one of the European leaders in satellite services. It operates a fleet of 26 satellites in geostationary orbit (or GEO). The Group provides capacity for Video Applications, Data and Value-added Services, as well as Multi-Usage Services. With its fleet of satellites located from 15° West to 70.5° East, the Group covers the whole of Extended Europe, Sub-Saharan Africa and a substantial portion of Asia and the Americas, giving it potential access to 90% of the world's population. This fleet represents a total of 652 operational transponders in stable orbit as of 30 June 2010, compared with 589 transponders in stable orbit as of 30 June 2009.

The Group delivers 3 types of services (the percentages shown below are based on Group estimates, excluding other revenues and one-off revenues):

Business portfolio (stated as a percentage of revenues) (1)

12 months ended 30 June	2009	2010
Video Applications	73.3%	71.1%
Data and Value-Added Services	18.6%	19.5%
of which Data Services	*14.4%*	*15.1%*
of which Value-Added Services	*4.2%*	*4.4%*
Multi-Usage Services	8.1%	9.4%
TOTAL	**100%**	**100%**

(1) Excluding other revenues and one-off revenues of respectively 12.5 million euros in the year ended 30 June 2009 and 3.4 million euros in the financial year ended 30 June 2010.

>> 9.3 Analysis of income statement elements

Revenues

The Group's revenues chiefly come from supplying satellite capacity. The Group's client base includes both customers (distributors who resell satellite capacity to end users) and user-customers (who use the Group's satellite capacity for their own needs). The Group's ability to generate revenues largely depends on its tariffs, which vary mainly according to the type of capacity offered and the orbital neighbourhood of the satellites. However, the prices charged by the Group also depend on the rates charged by the competition (see Section 6.4 "Competition").

In addition, a modest portion of the Group's revenue ("Others") principally derives from: (i) the sale or lease of terminals and equipment for business networks and mobile services; (ii) from compensation paid on the settlement of business related litigation; (iii) from the financing of certain research programmes by the European Union and other organisations, and (iv) from the recognition of euro/USD foreign exchange gains. It is difficult to predict trends in most of these factors.

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Furthermore, a modest portion of revenues ("One-off revenues") results from compensation paid by satellite manufacturers in the event of a significant delay or interruption in the transmission capacity of the satellites in-orbit.

Operating costs

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

- **Staff costs.** These costs include wages and payroll charges of employees responsible for supplying, operating and maintaining the satellites (including the Group's statutory employee profit-sharing costs).
- **Satellite operating and control costs.** These costs include the cost of running ground stations and the cost of equipment, notably range finding, control, positioning, payload Management, maintenance of software applications and satellite control centre equipment, and also traffic supervision and Management. The size of these costs depends on the number of satellites and satellite families operated, any possible repositioning of satellites and on the number and type of services being 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 insurance for its in-orbit lifetime generally takes effect when the launch insurance policy expires (generally one year after the satellite's launch). When the Group takes out launch insurance providing in-orbit lifetime coverage, the premiums for periods subsequent to the first anniversary of the launch date are treated as in-orbit lifetime insurance costs. Almost all satellites in-orbit belonging to the Group are covered for amounts defined under an insurance policy structured in *tranches* (parts). Depending on the selected risk-management policy and the conditions in the space insurance market, insurance premium costs may vary from year to another (see Section 4.7.2 "Insurance").

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

Selling, general and administrative expenses

Selling, general and administrative expenses include:

- costs related to commercial and administrative staff (including statutory employee profit-sharing);
- marketing expenses, such as advertising and co-marketing expenses with client-distributors and users;
- overheads for leasing of premises, external studies and logistics;
- expenses relating to developing and marketing new products;
- a portion of operating taxes (including a portion of the business tax); and,
- impairment allowances for trade and other receivables.

Depreciation and amortisation

The depreciation charge is the Group's largest expense item and includes costs concerning the depreciation of non-current assets.

The Group's non-current assets mainly consist of its satellites and ground facilities. Capitalised satellite costs include (i) satellite construction and launch costs, (ii) launch insurance premiums (which generally include in-orbit coverage until the first anniversary of the launch date), (iii) charges for associated capitalised interest, (iv) net present value (at launch) of the incentives payable to the manufacturer throughout the satellite's operation, depending on its compliance with technical and contractual specifications, as well as (v) costs associated directly with procurement programme monitoring (research costs, employee salaries and consultancy fees).

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

The Group reviews at least once a year the remaining service life of its satellites, according to forecast use and a technical assessment of their operational performance. If a change in operational life occurs, future depreciation charges are calculated on the basis of the satellite's new remaining operational life.

The Group's non-current assets also include the 27 transponders, which are covered by contracts, under which its subsidiary Eutelsat S.A. has capacity on all or some of the transponders of the third-party satellites, since the risks and benefits of ownership have been transferred to it.

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

Operating income

Operating income reflects revenues less operating costs, selling, general and administrative expenses, depreciation and amortisation, and other operating income and charges.

Financial result

The financial result principally reflects (i) interest expense and bond issuance costs related to the Group's borrowings, less borrowing costs off set against the value of eligible assets, (ii) changes in the fair value of the financial instruments (primarily including changes in time value and changes in the fair value of derivatives not eligible for hedge accounting) and (iii) foreign exchange gains and losses.

Consolidated net income

Consolidated net income reflects the sum of operating income, financial result and income from equity investments, less income tax.

Group share of net income

Group share of net income represents the Group's consolidated net income less the income from subsidiaries attributable to non-controlling interests in these subsidiaries.

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>> 9.4 Comparative analysis of the income statements for the financial years ended 30 June 2009 and 2010

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Condensed consolidated income statement for financial years ended 30 June 2009 and 2010

IFRS	12-month financial year ended	
(In thousands of euros)	**30 June 2009**	**30 June 2010**
REVENUES	**940,541**	**1,047,224**
Operating costs	(72,104)	(80,877])
Selling, general and administrative expenses	(126,325)	(138,552)
Depreciation and amortisation	(294,271)	(313,419)
Other operating income	145,769	(148)
Other operating charges	(121,968)	(5,973)
OPERATING INCOME	**471,642**	**508,551**
Financial result	(99,624)	(100,644)
NET INCOME BEFORE TAXES	**387,972**	**425,750**
Income tax expense	(127,988)	(143,239)
CONSOLIDATED NET INCOME	**259,984**	**282,511**
Group share of net income	247,348	269,501
Non-controlling interests	12,636	13,010

9.4.1 Revenues

The following table provides a breakdown of revenues by service for the financial years ended 30 June 2009 and 2010:

			Change	
(In millions of euros)	**30 June 2009**	**30 June 2010**	*(In millions of euros)*	*(In %)*
Video Applications	679.7	742,0	+62.3	+9.2%
Data & Value-Added Services	173.0	203,7	+30.8	+17.8%
of which Data Services	*134.1*	*157,4*	*+23.2*	*+17.3%*
of which Value-Added Services	*38.8*	*46,3*	*+7.5*	*+19.3%*
Multi-Usage Services	75.4	98,1	+22.7	+30.1%
Other revenues and one-off revenues[14]	12.5	3,4	-9.1	NA
TOTAL	**940.5**	**1,047.2**	**+106.7**	**+11.3%**

(14) One-off revenues include indemnities for late delivery and interruption in satellite capacity transmission.

Revenues rose from 940.5 million euros as of 30 June 2009 to 1,047.2 million euros as of 30 June 2010, *i.e.* an increase of 11.3%. At constant exchange rates and excluding "one-off revenues", revenue growth stands at 12.4%.

Video Applications

Video Applications posted a revenue increase of 62.3 million euros during 2009-2010, *i.e.* growth of 9.2%, moving up from 679.7 million euros as of 30 June 2009 to 742 million euros as of 30 June 2010.

The new satellite resources enabled the Group to consolidate its orbital positions in all its markets:

- In Western Europe, the increased attraction to the HOT BIRD™ position was evidenced by the extension of existing contracts with leading operators such as Sky Italia. The number of TV channels broadcast at this orbital position rose to 1,122 as of 30 June 2010, an increase of 81 channels year-on-year;
- On the Second Continent[15], the number of TV channels broadcast from the video orbital positions serving this region stood at 1,730, up by 20.7% as of 30 June 2010.This is a particularly sharp rise at the orbital positions where Eutelsat increased its capacity, especially at 7° West and 36° East.

(15) Eutelsat makes a distinction between the First Continent (Western Europe) and the Second Continent comprising Central and Eastern Europe, Russia, Africa, the Middle East and Asia.

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Strong progress in the number of TV channels broadcast from the video orbital positions serving the Second Continent:

Orbital positions	Market	30 June 2009	30 June 2010	Change
7° West	North Africa and Middle-East	181	321	+77.3%
7° East	Turkey	181	198	+9.4%
9° East	Central and Eastern Europe	245	272	+11.0%
16° East	Balkans and Indian Ocean Islands	376	415	+10.4%
36° East	Russia and Africa	451	525	+16.4%
TOTAL		**1,434**	**1,731**	**+20.7%**

In total, the number of TV programmes broadcast by the Eutelsat satellite fleet stood at 3,662 as of 30 June 2010, an increase of 471 channels (+ 14.8%). HDTV largely contributed to this growth, increasing by 69 channels (+80%); as of 30 June 2010, the Eutelsat fleet broadcast 155 HDTV channels, 61 of which from its flagship positions HOT BIRD™ and EUROBIRD™ 1 targeting Western Europe, and 94 channels from its orbital positions targeting the Second Continent.

Number of TV channels broadcast by the Eutelsat fleet

	At 30 June		
	2009	2010	*In %*
Flagship orbital positions for TV broadcasting (1)	1,369	1,444	+5.5%
Major orbital positions for TV broadcasting (2)	1,708	2,033	+19.0%
Other orbital positions (3)	114	185	+62.3%
TOTAL	**3,191**	**3,662**	**14.76%**

(1) HOT BIRD™ position at 13° East (Europe) and EUROBIRD™ 1 position at 28,5° East (UK and Ireland).
(2) 7° West (Middle East, North Africa), 36° East (Russia, Africa), 16° East (Central Europe), 7° East (Turkey), 5° West (France), 9° East (Europe) and 25,5° East (Middle East).
(3) Used for professional contribution or distribution services.

Reflecting the dynamism of the Video Applications market, especially on the Second Continent, the global audience of the Group's TV broadcasting satellites rose by 17.9% over the past three years, from 173 million to 204 million households.

Data and Value-Added Services

Data Services recorded a strong increase of 17.3%, rising from 134.1 million euros as of 30 June 2009 to 157.4 million euros as of 30 June 2010. This confirmed sustained demand from fixed and mobile telecommunication and Internet markets, particularly in Africa, Central Asia and the Middle East. In these markets, satellites remain the most cost-effective way of feeding or interconnecting local networks spread over large territories.

The entry into service of 2 satellites providing excellent cover of Africa and the Middle East, in May 2009 and January 2010, enabled Eutelsat's position to be reinforced on these markets. There is sustained demand for satellite capacity in services to corporate networks, GSM network interconnections, and connections to the Internet backbone of access provider platforms outside the optical fibre networks.

Value-Added Services, the division's second business segment, registered growth of 19.3% during the 2009-2010 financial year, recording revenue of 46.3 million euros as of 30 June 2010, up from 38.8 million euros as of 30 June 2009. This growth was driven especially by direct Internet access services, which increased by 19.3% during the year 2009-2010. Direct Internet access services for enterprises and communities remains the main driver of growth for these activities. As of 30 June 2010 the installed base of D-STAR™ terminals fell by 6% to 9,329 terminals compared to the year ended 30 June 2009, but despite this fall, the traffic increased and the revenue from this service rose 12% year-on-year. Growth was particularly good in mobile applications (trains, boats and planes).

Over the year, the Group continued to deploy a distribution network in preparation for the arrival of the KA-SAT satellite in 2011, with which Eutelsat will offer consumers large scale access to TOOWAY™ broadband service. This service is now marketed by 63 distributors in 30 countries. KA-SAT will also enable Eutelsat to offer innovative services/solutions to professional data or video services, as well as to the local or regional television markets.

Multi-Usage Services: almost all contracts renewed

Multi-Usage Services recorded an increase in revenue of 30.1% moving from 75.4 million euros as of 30 June 2009 to 98.1 million euros as of 30 June 2010 owing to ongoing robust demand from government services, not least for services covering Central Asia and the Middle East. Activity was bolstered by the relocation of EUROBIRD™ 4A[16] in June 2009.

Other revenues and one-off revenues

Other revenues and one-off revenues mostly refer to late delivery penalties for satellites W2A and W7. They stood at 3.4 million euros as of 30 June 2010, compared to 12.5 million euros as of 30 June 2009.

(16) Formerly W1, relocalised at 4° East.

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Geographical breakdown of revenues

The Group generated 22% of its revenue in U.S. dollars. The Group's policy is to hedge the foreign exchange risk on its sales, using forward exchange or options contracts (see Section 4.6.1 on "Currency risk").

The table below gives a breakdown of the Group's revenue by geographical area during the years ended 30 June 2009 and 2010. This table has been put together on the basis of billing addresses and does not indicate the geographical origins of satellite capacity end users, mainly owing to the substantial proportion of the Group's client portfolio accounted for by distributor-customers.

	12-month financial year ended			
Regions	**30 June 2009**		**30 June 2010**	
(In millions of euros and as a percentage)	**Amount**	**%**	**Amount**	**%**
Italy	**147.1**	**15.6**	**170.1**	**16.2**
United Kingdom	105.5	11.2	87.9	8.4
France	124.2	13.2	145.3	13.9
Europe (Rest of)	337.1	35.8	360.4	34.4
Americas	94.3	10.0	116.8	11.2
Middle East	74.1	7.9	101.6	9.7
Others*	58.3	6.2	65.2	6.2
TOTAL	**940.5**	**100**	**1,047.2**	**100**

* *Including other products.*

Owing to the Group's satellite resource distribution model and to the long duration of the contracts in its backlog, the geographical breakdown of revenues remained relatively stable during the year 2010. The slight increase in revenues in (Rest of) Europe was attributable in particular to the Group's leasing of additional satellite capacity from its major video orbital neighbourhoods and namely from the 9° East and 36° East positions.

9.4.2 Operating costs and selling, general and administrative expenses

Operating costs and selling, general and administrative expenses came to 21% of 2009-2010 revenues compared with 21.1% for the 2008-2009 financial year.

The increase of 10.6% (+21 million euros) compared with the previous year reflects:

- a policy of rigorous control of Group costs;
- increased resources invested in developing its new activities (FRANSAT, TOOWAY™);
- changes in marketing costs due to development of Group businesses in high potential areas;
- increased Life in-orbit insurance costs corresponding to fleet growth.

9.4.3 Depreciation and amortisation, other operating charges and other operating income

A breakdown of trends in this line item is presented in Notes 5, 6 and 27.2 of the Appendix to the consolidated financial statements shown in Section 20.1.1 hereof.

Depreciation and amortisation chiefly represents the depreciation of satellites and ground facilities, as well as the amortisation of intangible assets recorded under "Customer Contracts and associated relationships"; this item amounted to 44 million euros per year.

It represents the Group's largest expense item.

As of 30 June 2010, depreciation and amortisation expenses rose to 313.4 million euros, up by 6.5% compared to the previous financial period. This is due to the full-year effect of amortisation of satellites launched during the last financial year (HOT BIRD™ 9, ATLANTIC BIRD™ 4, W2A), and satellite W7 put into service in January 2010, partly offset by the end of the amortisation process of some satellites, such as W2 (de-orbited during the financial year).

"Other operating income (charges)" showed a loss of 5.8 million euros as of 30 June 2010, compared to the net profit of 23.8 million euros as of 30 June 2009. Last year, the increase was predominantly attributable to the one-off income of 25 million euros received in consideration for the sale of certain rights in Hispasat S.A.; whereas for the 2010 financial year, it is mainly composed of exceptional depreciation of satellite W75 of around 5.5 million euros.

9.4.4 Operating income

As of 30 June 2010, due to the Group's excellent performance, operating income rose by 7.8% to 508.6 million euros, representing 48.6% of revenues.

9.4.5 Financial result

The Group recorded a financial result of 100.6 million euros as of 30 June 2010, compared to 99.6 million euros as of 30 June 2009.

This virtually stable financial result was attributable, despite specific financial charges due to refinancing of the subsidiary Eutelsat S.A. and the ensuing termination of certain interest rate hedge derivatives. These charges were offset by interest on loans after the effect of much reduced hedges due to the lower interest rates.

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9.4.6 Income tax

Income tax expense moved up 11.9% to 143.2 million euros during the year ended 30 June 2010, compared with 128.0 million euros as of 30 June 2009. This increase was attributable to the Group's particularly robust performance during the year.

9.4.7 Consolidated net income

As of 30 June 2010, consolidated net profit totalled 282.5 million euros, up from 260.0 million euros at 30 June 2009.

The rise in net income reflects the Group's extremely solid operating performance and the contribution from equity investments, which again reflects the quality of Hispasat.

9.4.8 Group share of net income

Group share of net income came to 269.5 million euros as of 30 June 2010, compared to 247.3 million euros as of 30 June 2009.

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10. LIQUIDITY AND CAPITAL RESOURCES

>> 10.1 Eutelsat Communications' equity

Investors should refer to Note 15 of the consolidated financial statements for the year ended 30 June 2010 shown in Section 20.1 of this reference document, which contains information on the issuer's equity.

>> 10.2 Changes in Eutelsat Communications' cash flow

The following table shows changes in cash flow for the financial years ended 30 June 2009 and 2010.

	Financial year ended 30 June	
(In millions of euros)	**2009**	**2010**
Cash flow from operating activities	654.7	698.3
Cash flow from investing activities	(301.1)	(497.9)
Cash flow from financing activities	(217.8)	(299.9)
Impact of exchange rate on cash and cash equivalents	(0.6)	(0.5)
Increase (decrease) in cash and cash equivalents	**135.3**	**(100.0)**
Cash and cash equivalents at beginning of the year	6.1	141.4
Cash and cash equivalents at end of the year	141.4	41.4

Cash flow from operating activities

During the year ended 30 June 2010, the Group continued to generate a very strong cash flow from operating activities. Cash flow from operating activities increased by 6.7% from 654.7 million euros to 698.3 million euros, accounting for 66.7% of revenues.

Cash flow from investing activities

Investing activities here mainly concern satellites ("Acquisitions of satellites") and ground equipment ("Other property and equipment").

Satellite acquisitions reflect the costs of satellite construction, launch, and entry into operational service. These expenses comprise construction costs (including performance-related incentive payments), launch costs, launch-plus-one-year insurance premiums, capitalised interest, and other costs associated with programme supervision and deployment (research, staff costs and consultancy). Some of the Group's procurement and launch contracts state that the Group has to pay incentives according to whether or not 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 predetermined criteria.

Acquisitions of satellites are the largest component of the Group's capital investments. The cost of procuring and launching a satellite is generally spread over the two or three-year period prior to the satellite's launch.

Other property and equipment essentially comprise satellite control and monitoring equipment. A large portion of these expenses is for the 3 control and monitoring sites as well as equipment for the Group's registered office (such as technical facilities, office furniture and IT equipment). Investments in on-ground equipment closely mirror trends in the satellite launch programme.

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

During the year ended 30 June 2010, cash flow from investing activities increased by 65% from 301.1 million euros as of 30 June 2009 to 497.9 million euros as of 30 June 2010. This rise was primarily due to the fact that flows arising from investment operations were not offset by one-off items as was the case the previous year with the 120.5 million euros insurance payout received from the insurance and the repayment by SOLARIS Mobile Ltd of the 33.0 million euros in costs incurred by the Group on its behalf.

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The table below shows cash flow from investing activities, as well as the number of satellites launched during the financial years ended 30 June 2009 and 2010.

Financial year ended 30 June	12-month period	
(In millions of euros)	2009	2010
Acquisition of Eutelsat, net of cash acquired	(29.7)	-
Acquisitions of satellites and property and equipment	(386.8)	(494.4)
Proceeds from sale of assets	0.2	-
Insurance indemnities on property and equipment	120.5	-
Acquisition of non-controlling interests	(7.5)	(6.7)
Changes in other long-life assets	2.2	3.2
Cash flows from investing activities	**(301.1)**	**(497.9)**
Satellites launched	4	1

Cash flow from financing activities

During the year ended 30 June 2010, cash flow from financing activities rose from a negative amount of -217.8 million euros to a negative amount of -299.9 million euros. The 82.1 million euros decrease in cash flow from financing activities was driven primarily by the costs incurred by the refinancing (bond issue premium, banking commissions and termination of hedge instruments), the fall in gross debt and a higher dividend distribution.

>> 10.3 Changes in debt and the Group's financing structure

The following paragraphs primarily describe the Group's liquidity needs and financial resources. Please refer to the Company's historical consolidated financial statements for the years ended 30 June 2009 and 2010 prepared under IFRS standards and also to the Notes of these financial statements.

The Group's liquidity needs mainly comprise:

- financing for satellite construction and launches;
- servicing of the Group's debt;
- financing for its working capital.

The Group's financial resources

The Group's financial resources primarily comprise cash flows generated by Eutelsat S.A.'s operating activities. The Group possesses additional financial resources owing to the credit facilities that it has been granted and to its bonded debt issued by Eutelsat S.A. during the financial year.

Trend in the Group's net debt

The following table shows a breakdown of the Group's net debt at 30 June 2009 and 2010.

Net debt	At 30 June	
(In millions of euros)	2009	2010
Eutelsat Communications' long-term bank debt	1,615.0	1,615.0
Eutelsat S.A.'s long term bonded debt		850.0
Eutelsat S.A.'s long-term bank debt	650.6	0.2
Eutelsat S.A.'s short-term bank debt (1)	200.2	0.4
Bank debt	**2,465.8**	**2,465.6**
Cash, cash equivalents and marketable securities net of bank overdrafts (2)	(141.4)	(41.3)
Net bank debt	**2,324.4**	**2,424.3**
Long-life leases (3)	2.1	-
Net debt	**2,326.5**	**2,424.3**

(1) Including the short-term portion of long-term bank debt.
(2) Bank overdrafts stood at 2.4 million euros as of 30 June 2009 and 18.2 million euros as of 30 June 2010.
(3) Including the short-term portion of these leases.

The Group's net debt includes all bank and bonded debt, as well as debt related to satellite financing leases, less cash, cash equivalents and marketable securities net of bank overdrafts (see Note 16 to the consolidated financial statements for the year ended 30 June 2010 in Section 20.1 hereof).

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The Group's net debt as of 30 June 2009

As of 30 June 2009, the Group's consolidated net debt stood at 2,326.5 million euros and mainly comprised: (i) 1,615 million euros debt related to the Term Loan (see paragraph below, "Eutelsat Communications refinancing credit", (ii) 850 million euros in respect of Eutelsat S.A.'s bank debt and 0.8 million euros debt for its subsidiaries, (iii) 2.1 million euros in debt linked to satellite financing agreements, and (iv) 141.4 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also had a further 750 million euros available under various credit facilities that had not yet been drawn down.

Group's principal credit facilities at 30 June 2009

(In millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications Term Loan ("Refinancing")	1,615	1,615	8 June 2013
Eutelsat Communications Revolving Credit facility ("Refinancing")	300	0	8 June 2013
Eutelsat S.A. Revolving Credit facility	650	200	24 November 2011
Eutelsat S.A. Term Loan	650	650	24 November 2011
TOTAL	**3,215**	**2,465**	

The weighted average rate of interest on amounts drawn down under the Revolving Credit facilities was 5.1% for the financial year ended 30 June 2009. Effective interest rates on the Eutelsat Communications term loan and the Eutelsat S.A. term loan were 3.8% and 3.2%, respectively, as of 30 June 2009.

At 30 June 2009, all of the Group's debt carried interest at a floating rate (generally EURIBOR plus margins).

The Group's net debt at 30 June 2010

As of 30 June 2010, the Group's consolidated net debt came to 2,424.3 million euros, mainly comprising: (i) 1,615 million euros in debt under the Term Loan of Eutelsat Communications, (ii) 850 million euros representing Eutelsat S.A. bonded debt (iii) 0.6 million euros debt for Eutelsat S.A.'s subsidiaries, and (iv) 41.3 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

During the year ended 30 June 2010, Eutelsat S.A. refinanced its existing credit lines of a total 1.3 billion euros, by means of two operations: (i) a 850 million euros 7-year bond issue ("bonds") and (ii) a 5-year 450 million euros revolving credit ("Eutelsat S.A.'s bank loan").

The Group also had a further 750 million euros available under various credit facilities that had not yet been drawn down.

Group's main credit facilities at 30 June 2010 and bond issue by Eutelsat S.A. during the year ended 30 June 2010

(In millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications Term Loan ("Refinancing")	1,615	1,615	8 June 2013
Eutelsat Communications Revolving Credit facility ("Refinancing")	300	-	8 June 2013
Eutelsat S.A. Revolving Credit facility ("bank loan")	450	-	24 March 2015
Eutelsat S.A. bond issue ("Bonds")	850	850	27 March 2017
TOTAL	**3,215**	**2,465**	

The weighted average rate of interest on amounts drawn under Group bank debt was 1.48% and 5.33% after taking account of the effects of the hedge instruments for the year ended 30 June 2010. Effective interest rates on the Eutelsat Communications' term loan and the Eutelsat S.A. term loan were 3.48% and 4.64% after hedge effects. Effective interest rates on the Bonds issued by Eutelsat S.A. was 4.35% as of 30 June 2010.

As of 30 June 2010, the Group's debt carried interest at a floating rate (generally EURIBOR plus a margin) and a fixed rate for the bonded debt.

Given the changes in the level of interest rates due to the financial crisis, the fair value of the Group's financial instruments fell substantially, entered into equity capital or financial result. However, the effectiveness of the hedge instruments used to cover future cash flow is not in question.

Given the range of financial instruments used by the Group as of 30 June 2010, an increase of 10 basis points (+0.1%) in the EURIBOR interest rate would not impinge upon interest charges in the Group's consolidated income statement as of 30 June 2010. It would lead to a variation in equity capital of 4,291 thousand euros arising from the variation of effective fair value of the hedge instruments qualified as future cash flow cover.

The trend in the Group's net debt during the year was principally the result of an increase in financing requirements for the programmes of satellites under construction or ordered during the year, payment of the remainder on termination of certain financial instruments, and an increased amount paid out to Eutelsat S.A. and the Company's shareholders in November 2009. During the past year, the Group profoundly changed its debt structure with the Eutelsat S.A. bond issue.

The Group's financing structure

Eutelsat Communications Refinancing Loan

On 8 June 2006, Eutelsat Communications entered into a loan agreement with a Banking Pool for a syndicated credit facility of 1,915 million euros for seven years, consisting of 2 parts:

- Part *(tranche)* A: a long-term loan of 1,615 million euros, bearing interest at EURIBOR plus a margin of between 75 basis points and

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162.5 basis points depending on the financial ratio of consolidated net debt to consolidated EBITDA;

- Part *(tranche)* B: a revolving credit facility for 300 million euros. Drawdowns with a maximum term of six months bear interest at EURIBOR plus a margin of between 75 basis points and 162.5 basis points depending on the financial ratio of consolidated net debt to consolidated EBITDA.

This loan agreement enabled the Group to prepay the SatBirds Finance S.à.r.l.'s credit facilities.

The "Refinancing" loan agreement of 8 June 2006 carries no guarantee from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders. This loan agreement includes certain restrictive clauses, subject to the usual exceptions contained in loan agreements (see Note 13, «Cash and cash equivalents» to the consolidated accounts ended 30 June 2010 in Section 20.1 hereof for more information on the restrictive conditions and limitations in this loan contract.). The agreement allows each lender who is a party to the agreement to request prepayment of all monies owed in the event of a change in control of Eutelsat Communications and/or of Eutelsat S.A or concerted action.

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

The credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in IFRS format:

- Leverage ratio: consolidated net debt/consolidated EBITDA less than or equal to 5.5 for the half-year and full-year periods defined in the agreement, with the first being 30 June 2006. This ratio then gradually falls to 5.25 as of 31 December 2008, to 5 as of 31 December 2009, to 4.75 as of 31 December 2010 and then to 4.50 as of 31 December 2011;
- Interest Cover Ratio: Consolidated EBITDA/due and payable interest greater than or equal to 2.75 (if Leverage Ratio greater than 3.5).

In addition, interest rate hedging is required for a minimum period of three years to limit exposure to interest rate risk to no less than 50% of the amounts drawn under the term loan facility. On 19 June 2006, SatBirds Finance S.à.r.l. consequently transferred to Eutelsat Communications the interest-rate hedge put in place for the previous loan.

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

The issuance costs paid when the 1,915 million euros "Refinancing" syndicated loan was set up, representing close to a year's applicable margin on the basis of a "Net Debt/EBITDA leverage ratio" of between 3.5 and 4, were recognised on a deferred basis over the term of the loan.

The fees still to be deferred on 30 June 2010 were set off against the book value of the loans. As of 30 June 2010, they amounted to 8.2 million euros.

Eutelsat S.A.'s Credit facilities as of 30 June 2009

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

The amounts drawn on this credit facility bore 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. Eutelsat S.A. put in place hedging instruments for some of the amounts drawn down on this credit facility.

Under the terms of this credit facility, Eutelsat S.A. was required to maintain a ratio between its total net debt and its EBITDA ratio (contractually defined ratio) of less than or equal to 3.75 to 1; compliance with this ratio was verified on 30 June and 31 December each year (see Note 16 to the consolidated financial statements for the year ended 30 June 2009 in Section 20.1.1 of this reference document).

As of 30 June 2009, the drawdowns made under these credit facilities amounted to 200 million euros.

Refinancing Eutelsat S.A.'s bank debt: bond issue by Eutelsat S.A. and Eutelsat S.A. credit line opened during the year ending 30 June 2010

These credits were repaid in advance by Eutelsat S.A. during the year, following Eutelsat S.A.'s issue of 7-year bonds listed on the Luxemburg Stock Market worth 850 million euros (the Bonds). At the same time, Eutelsat S.A. opened a new 5-year revolving credit facility for 450 million euros (not drawn down as of 30 June 2010), ("Eutelsat S.A. credit facility").

The amounts drawn on this credit will bear interest at the EURIBOR rate (or LIBOR for amounts drawn in U.S. dollars) plus a margin of between 0.75% and 2.50%, depending on Eutelsat S.A.'s long-term debt rating assigned by Standard & Poor's. A non-use commission is paid representing 40% of the aforesaid applicable margin. Finally, the contract provides for payment of a use commission of 0.25% In the event of more than 50% of the credit being drawn, but only upon the fraction in excess of 50% of the total credit.

Under this credit contract, Eutelsat S.A. has undertaken to maintain an annual total net debt/EBITDA ratio (as contractually defined) below or equal to 3.75 to 1 (this ratio is checked on 30 June and 31 December each year).

The credit contract and bond issue include neither the Group's guarantee nor pledges on assets in favour of the lenders, but do include restrictive clauses (subject to the usual exceptions contained in loan agreements) restricting the capacity of Eutelsat S.A. and its subsidiaries, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional debt;
- grant loans and carry out certain types of investments;
- enter into mergers, acquisitions, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly authorised in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The loans provide for the possibility of each lender party to the credit contract or bond issue to request premature repayment of the total sums due in the event the Eutelsat S.A. or its bond issue credit rating deteriorating due to a change of control at Eutelsat S.A. or a change of control at Eutelsat Communications (except in the case of a takeover by the Group's main shareholders). This provision does not apply to reorganisations of Group.

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The credit contract comprises an undertaking to maintain the launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite in any other orbital position, an undertaking not to have more than one satellite remaining uncovered by a launch insurance policy.

The issue costs for the 850 million euros bond issue were deferred over the loan period.

Charges still to be deferred on 30 June 2010 were deducted from the book value of the loans.

Other Group commitments

The table below summarises the Group's contractual obligations (not including long-term-debt) and commercial commitments as of 30 June 2010 (see the Notes to Eutelsat Communications S.A.'s consolidated financial statements for the year ended 30 June 2010 in Chapter 20.1 of this reference document).

	Payments by period				
(In millions of euros)	**Total**	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**
Long-life lease obligations	0.1	0.1	-	-	-
In-orbit incentive payments	30.1	9.7	12.6	6.7	1.1
Operating lease commitments	22.0	4.0	8.0	8.0	2.0
Satellite construction and launch contracts	640.2	302.6	219.8	72.9	45.0
Operating agreements (1)	97.1	63.3	15.4	5.8	12.5
Customer contracts	58.1	12.8	14.0	10.1	21.3
Retirement indemnities and other post-employment benefits (2)	8.2	-	-	-	8.2
TOTAL CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS	**855.9**	**392.5**	**269.8**	**103.5**	**90.2**

(1) Primarily includes costs of controlling satellites in-orbit.
(2) Mainly includes long-term obligations (more than five years).

As of 30 June 2010, the Eutelsat S.A.'s contractual and commercial commitments comprised the following:

Long-life lease obligations

SESAT™ Satellite 2

In March 2004, Eutelsat S.A. entered into a lease with RSCC for 12 transponders on the SESAT™ 2 satellite for its entire operating life (with a contractual minimum of 12 years). These transponders were recognised as assets worth 65.7 million euros, based on the present value of future payments.

In-orbit incentive payments

Eutelsat S.A.'s satellite construction contracts provide for certain payment obligations based on satellite performance. In certain contracts, a portion of the purchase price is paid to the manufacturer in instalments throughout the satellite's operating life, according to its compliance with technical and contract specifications. For the most recent contracts, Eutelsat S.A. has agreed to pay the entire satellite price upon its initial entry into operational use, including in-orbit incentives. If the satellite does not comply with technical operating requirements, the constructor has to repay Eutelsat S.A. a portion of the incentive payments, or reduce their amount. Repayments by the constructor are generally guaranteed up to the amount of the incentive payments by a bank guarantee or a shareholders' guarantee.

Eutelsat S.A. recognises the present value of payments to be made in the future as a liability and includes those costs in the overall 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 in a prospective manner

Operating leases

During the year ended 30 June 2005, Eutelsat S.A. renewed the lease for its registered office in Paris for a nine-year period. On 25 November 2009, Eutelsat S.A. concluded a rider to the contract renewing the lease for a period of nine years as of 1 August 2009, with a firm period of six years and five months. The agreement provides for the option of terminating the lease on 31 December 2015 at the earliest, in consideration for six months' notice and payment of a termination penalty equal to 668,000 euros, or subsequently on 31 July 2018, with no penalty. As of 30 June 2010, future minimum rental payments came to 22 million euros.

Financial guarantee granted to the IGO's Closed Pension Fund

Before the Transformation, the IGO managed the Closed Pension Fund for its staff members. Subsequently, Eutelsat S.A. took over the unlimited financial guarantee arranged by the IGO to cover any financing shortfall in the Closed Pension Fund. During the year ended 30 June 2003, recognition of a difference between the value of the assets in the Pension Fund and the value of the corresponding pension obligations led the administrators of the Trust to invoke Eutelsat S.A.'s guarantee to call on 18 million euros, paid by Eutelsat S.A.

In November 2004, the Trust's administrators in charge of the Pension Fund requested payment of 22.3 million euros from Eutelsat S.A. under the guarantee to cover the estimated gap between the fair value of the Pension Fund's assets and the amount of the pension commitments. In July 2005, Eutelsat S.A. decided to pay this amount. The payment will be paid in 20% instalments over a five-year period. Under this commitment, Eutelsat S.A. paid a total amount of 22.3 million euros as of 30 June 2009.

As of 30 June 2010, the present value of the trust's obligations in respect of the pension commitments amounted to 163.9 million euros in Eutelsat Communications' consolidated financial

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statements, and the fair value of its assets to 151.6 million euros (see Note 22.1 to Eutelsat Communications' consolidated financial statements in Section 20.1.1 "Consolidated financial statements of Eutelsat Communications prepared under IFRSs for the financial year ended 30 June 2010"). Calculation of total pension commitments is based on actuarial assumptions, including the discount rate, the long-term yield on assets invested and the estimated life expectancy of Pension Fund beneficiaries. The estimated amount of pension commitments can be greater or smaller depending on the scenarios applied (see Section 4.4.6 "Eutelsat S.A., the Group's main operational subsidiary, could be subject to new financing regarding the financial guarantee it provides to the IGO's Closed Pension Fund").

Liquidity offers

The Group made an offer to all beneficiaries of options granted under the Partners and the Managers I, II, III and IV plans, and to beneficiaries under the stock purchase plans of March and April 2004 (see Section 17.2 "Options granted to employees on shares of the Company or of other companies in the Group") to buy back their Eutelsat S.A. shares, except as regards the Eutelsat S.A. shares subject to commitments to buy or sell granted to the Corporate Officers and some of the Group's key managers (see Section 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group" for more details).

Through its Eutelsat Communications Finance S.A.S. subsidiary, the Group made an initial liquidity offer, for which the subscription period began on 30 November 2009 and closed on 11 December 2009. Final settlement of the transaction took place on 18 December 2009. Pursuant to this transaction, 513,119 shares were purchased at a unit price of 6 euros per Eutelsat S.A. share.

Furthermore, in line with its prior commitments, the Company made a second liquidity offer via its Eutelsat Communications Finance subsidiary, the subscription period of which opened on 15 March 2010 and closed on 26 March 2010. Final settlement of this transaction took place on 2 April 2010. This transaction saw 349,749 Eutelsat S.A. shares repurchased at 6.85 euros per Eutelsat S.A. share.

In connection with the liquidity offers that were made during the year ended 30 June 2009, 127,699 shares were sold at a price of 5.01 euros per Eutelsat S.A. share and 179,779 shares were sold at a price of 4.88 euros per Eutelsat S.A. share.

>> 10.4 Expected financing sources for future investments

The Group believes that the cash flow generated by its operating activities, its cash and cash equivalents and the funds available under its credit facilities will be sufficient for it to meet its future financial obligations as currently anticipated, to satisfy its working capital requirements and to carry out its investment programme. However, the Group's financial performance depends on the general economic climate, the competitive, legislative and regulatory environment and other factors that do not necessarily depend on the Group. The Group cannot guarantee that its expected investment and working capital needs will materialise, nor can it guarantee that the funds made available to it under the resources mentioned above will be sufficient to meet its financial expenses and honour its obligations.

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11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

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When the IGO was operating as an intergovernmental organisation, its strategy was to secure for itself and for its signatories, on conditions that varied in accordance with the use of intellectual property, a free licence for any intellectual property (notably in respect of invention patents and software) developed under contracts financed by the IGO. Its status as an international organisation prevented it from filing patent applications for technologies developed jointly with third parties. At the time of the Transformation on 2 July 2001, all intellectual property developed by the IGO was transferred to Eutelsat S.A., which is now the owner thereof.

As regards trademarks, the IGO had assembled a portfolio prior to July 2001. This portfolio was transferred to Eutelsat S.A. under the contribution agreement.

At the date of this reference document, the Group owned 26 patent families, 2 of which are held on a co-ownership basis with the European Space Agency, one with Invacom Ltd (UK), and one with the company Calearo Antenne SpA (Italy), plus 58 trademarks.

Research and development activities are mainly directed at the multimedia business. No development expenses were capitalised as of 30 June 2010.

>> 12.1 Recent developments

None.

>> 12.2 Future prospects

Objectives for 2010 to 2013

Solid mid-term growth prospects

The Group is aiming to achieve revenues of over 1,120 million euros in 2010-2011 and weighted average annual growth of more than 7% for the three-year period between July 2010 to June 2013. Such an objective is not overambitious, bearing in mind the increase of around 25% in fleet capacity (including KA-SAT) as forecast by the Group's investment's strategy for this particular timeframe (see Section 6.6.1.4 "Satellites ordered and under construction").

High profitability target

Given the extremely robust performance last year, the Group has adjusted its profitability targets: it now forecasts EBITDA of more than 77%, as against the objective of around 77% forecast in July 2009, for each year through to June 2013, with more specifically EBITDA in excess of 875 million euros for 2010-2011.

An active, focussed investment strategy

To take full advantage of its very favourable position in Western Europe and of markets experiencing strong growth in the Second Continent, the Group intends to pursue an active and focussed investment strategy. It will channel an average of 450 million euros per year into said strategy between July 2010 and June 2013. These investments revolve around the acquisition and launching (including insurance) of 7 satellites currently under procurement.

Consolidated financial structure

Eutelsat Communications intends to maintain a sound financial structure, with a net debt/EBITDA ratio of less than 3.5, in order to maintain the credit ratings issued by Moody's and Standard & Poor's, which are of investment grade.

Attractive shareholder remuneration policy

The Group will continue to involve shareholders in its development by distributing every year between 50% and 75% of its net income (Group share) to shareholders in the period between July 2010 and June 2013.

These aims are based mainly on the following assumptions: (i) successful launching and entry into service at the specified periods set by the Group of the 7 satellites currently in the procurement stage, during each of the years of the period, (ii) continuing growth in demand for satellites in Western Europe and the Second Continent at reasonable rates, (iii) continuance of the Groups' fleet's current operational capacity, (iv) absence of any incident occurring to any satellite in-orbit, (v) continuance of our policy to control operating costs and their evolution, (vi) maintenance of the general terms and conditions of the space insurance market and the space industry, (vii) development of sustained demand for broadband Internet access, especially consumer demand.

The objectives, statements and forecasts summarised above are based on the data, assumptions and estimates set out earlier on and considered as being reasonable by Eutelsat Communications at the date this reference document registered.

Investors' attention is drawn to the fact that these projections depend on circumstances and events expected to occur in the future. These statements are not based on historical data and must not be interpreted as a guarantee that the facts and information will actually occur or that the objectives will be achieved. By their nature, these facts, assumptions and objectives, as well as all the variables taken into consideration to determine the afore-mentioned objectives, data and future-oriented statements, may prove to be incorrect or not arise and are subject to change or may be altered as a result of the uncertainty surrounding the economic, financial, and regulatory environment as well as the degree of competition involved.

Moreover, some of the data, assumptions and objectives result from or are based, in whole or in part, on assessments or decisions of Eutelsat Communications' Management bodies, which could change or be modified in the future. Furthermore, the occurrence of certain risks described in Chapter 4 ("Risk factors") of this reference document could impinge adversely on the Group's business activities, financial position and results, and on its ability to attain its objectives.

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13. PROFIT FORECASTS AND ESTIMATES

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The Company does not carry out profit forecasts or estimates.

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

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>> 14.1 Composition of the Board of Directors

The Company was established on 15 February 2005, as a *société par actions simplifiée* [joint-stock company] and was transformed into a *société anonyme* [limited company] with a Board of Directors on 31 August 2005.

The Company is managed by a Board of Directors composed of 11 Directors at the date of this reference document. Each Director has a six-year renewable term of office.

The composition of the Board of Directors changed considerably during the financial year.

- Mr Michel de Rosen, who was appointed Deputy CEO during the previous year (Board of Directors Meeting on 11 June 2009), was appointed as a Director by the Shareholders' General Meeting of 10 November 2009 and appointed as CEO by the Board of Directors Meeting on the same day.
- Mr Olivier Rozenfeld was co-opted by the Board of Directors Meeting on 22 June 2010 to replace Mr Pier Francesco Guarguaglini, who resigned during the last financial year (Board of Directors Meeting on 25 June 2009). Approval of this co-optation will be submitted to the Ordinary Shareholders' General Meeting to be held on 9 November 2010.
- Mr Francisco Reynes was co-opted by the Board of Directors Meeting on 22 June 2010 to replace Mr Carlos Sagasta Reussi, who resigned on 16 April 2010 (Board of Directors Meeting on 16 April 2010). Approval of this co-optation will be submitted to the Ordinary Shareholders' General Meeting to be held on 9 November 2010.

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The Directors of the Company are as follows at the date of filing of this reference document:

Surname, first name, business address	Office	Date of first appointment and expiry date of office	Other offices and positions held within the Eutelsat Group over the past 5 years	Offices and positions held outside the Eutelsat Group over the past 5 years
Giuliano Berretta **Eutelsat Communications** 70, rue Balard 75015 Paris	Chairman of the Board of Directors	*First appointment:* 31 August 2005	*Current offices and functions:* • Chairman of the Board of Eutelsat S.A. • Sole Director of Eutelsat Italy	*Current offices and functions:* • Director of Palladio Finanzaria
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011	*Offices and positions having expired:* • Chief Executive Officer	*Offices and positions having expired:* • Director of Hispasat SA • Director of the International Council of the National Academy of Television, Arts and Sciences
Michel de Rosen **Eutelsat Communications** 70, rue Balard 75015 Paris	Chief Executive Officer *Director*	*First appointment:* 10 November 2009	*Current offices and functions:* • CEO and Director of Eutelsat S.A. • Director of SOLARIS Mobile Ltd • Director of Skylogic S.p.A. • Representative of Eutelsat S.A., Chairman of Eutelsat VAS • Director and Chairman of the Board of Eutelsat Inc.	*Current offices and functions:* • Director of Hispasat S.A. • Director of ABB Ltd.
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2015	*Offices and functions having expired:* • Deputy CEO of the Company	*Office and functions having expired:* • Chairman and CEO of SGD • CEO of the US company ViroPharma
Jean-Luc Archambault **Lysios** 260, boulevard Saint-Germain 75007 Paris	Director	*First appointment:* 10 May 2007	*Current offices and functions:* • Director of Eutelsat S.A.	*Current offices and functions:* • Chairman of Lysios SAS • Member of Supervisory Board of L.Loret & Cie and AGI subsidiary (Auto Guadeloupe Investissement) (Pointe-à-Pitre)
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011	*Offices and positions having expired:* None	*Offices and positions having expired:* None
CDC Infrastructure whose head office is at 140 bis, rue de Rennes 75006 Paris Represented by: **Jean Bensaïd**	Director	*First appointment:* 14 February 2007	*Current offices and functions:* • Representative of CDC Infrastructure, Director of Eutelsat S.A.	*Current offices and functions:* • CEO of CDC Infrastructure • Director of Galaxy • Representative of CDC, Director of SANEF (Société des Autoroutes du Nord et de l'Est de la France), Director of SECHE Environment and TDF (TéléDiffusion de France) • Representative of CDC, Member of Tower Participation Supervisory Board, • Representative of CDC Infrastructure, Director of CDC International • Chairman of the Supervisory Board of Hime • Chairman of MAPSUB

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Surname, first name, business address	Office	Date of first appointment and expiry date of office	Other offices and positions held within the Eutelsat Group over the past 5 years	Offices and positions held outside the Eutelsat Group over the past 5 years
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011	*Offices and positions having expired:* None	*Office and positions having expired:* • Deputy CEO of CDC • Member of the Board of Directors of Financière Transdev • Director of CDC Infrastructure • CDC representative, Member of the Board of Directors of the Fonds Carbone Européen • Member of the Supervisory Board of IXIS CIB • CDC representative, Member of the Supervisory Board as of the IXIS AM GROUP • CDC representative, Member of the Supervisory Board as of Santoline • Director of CDC ECI • CDC Representative, Member of the Board of Directors of Société Forestière • CDC Representative, Member of the Supervisory Board of Sogéposte • CDC Representative, Transdev S.A. • CEO of CDC Holding Finance • Director of EGIS • Representative of CDC, Member of on the Supervisory Board of Société d'Épargne Forestière "Forêts Durables SC" • Chairman of BAC Gestion
Lord John Birt Fielden House 13 Little College St. SW1P 3SH London UK	Director	*First appointment:* 10 November 2006	*Current offices and functions:* None	*Current offices and functions:* • Chairman and CEO of Maltby Capital Ltd • Non-executive Director of Infinis and Paypal Europe • Consultant for Capgemini and Terra Firma
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2012	*Offices and positions having expired:* None	*Office and positions having expired:* • Chairman of Infinis and Waste Recycling Group • Consultant for McKinsey Global Media Practice • Strategy advisor to Prime Minister Tony Blair
Carlos Espinós-Gómez **abertis telecom** Edificio B Avgda del Parc Logistic, 12-20 08040 Barcelona Spain	Director	*First appointment:* 23 January 2007	*Current offices and functions:* • Director of Eutelsat S.A.	*Current offices and functions:* • Deputy CEO of abertis telecom • CEO of abertis telecom • Satellite Infrastructures division Director of Hispasat S.A. • Chairman of Overon
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011	*Offices and positions having expired:* None	*Offices and positions having expired:* • Director of Sales and Technology of abertis telecom

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Surname, first name, business address	Office	Date of first appointment and expiry date of office	Other offices and positions held within the Eutelsat Group over the past 5 years	Offices and positions held outside the Eutelsat Group over the past 5 years
Andrea Luminari **abertis telecom** Edificio B Avgda del Parc Logistic 12-20 08040 Barcelona, Spain	Director	*First appointment:* 23 January 2007	*Current offices and functions:* • Director of Eutelsat S.A.	*Current offices and functions:* • Director of Strategic Development of abertis telecom • Director of Hispasat S.A.
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011	*Offices and positions having expired:* None	*Offices and positions having expired:* None
Bertrand Mabille **Carlson Wagonlit** Travel Direction France 31, rue du Colonel Pierre Avia 75015 Paris	Director	*First appointment:* 10 May 2007	*Current offices and functions:* • Director of Eutelsat S.A.	*Current offices and functions:* • CEO of CWT France • Representative of Carlson Wagonlit Travel France • Chairman of Carlson Wagonlit Voyages • Representative of Carlson Wagonlit Travel France • Chairman of Carlson Wagonlit Meetings & Events • Chairman of SETA (Forum Voyages) • Director of Acta Voyages • Director of Comevat
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011	*Offices and positions having expired:* None	*Offices and positions having expired:* • Chairman of the Supervisory Board of Jet Multimédia • Chairman of the Supervisory Board of Adeuza • Member of the Supervisory Board of Cofite
Tobías Martínez Gimeno **abertis telecom** Edificio B Avgda del Parc Logistic, 12-20 08040 Barcelona, Spain	Director	*First appointment:* 23 January 2007	*Current offices and functions:* • Director of Eutelsat S.A.	*Current offices and functions:* • Chief Executive Officer of abertis telecom
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011	*Offices and positions having expired:* None	*Offices and positions having expired:* None
Olivier Rozenfeld **Eutelsat Communications** 70, rue Balard 75015 Paris	Director	*First appointment:* 22 June 2010	*Current offices and functions:* None	*Current offices and functions:* • Director of Iliad • Member of Supervisory Board of LowendalMasai • Director of OpenERP (Belgium)
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 10 June 2012	*Offices and functions having expired:* None	*Offices and positions having expired:* • Financial Director, Iliad Group

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Surname, first name, business address	Office	Date of first appointment and expiry date of office	Other offices and positions held within the Eutelsat Group over the past 5 years	Offices and positions held outside the Eutelsat Group over the past 5 years
Francisco Reynes **abertis** Edifico A Avgda del Parc Logistic, 12-20 08040 Barcelona, Spain	Director	*First appointment:* 22 June 2010	*Current offices and functions:* • Director of Eutelsat S.A.	*Current offices and functions:* • Deputy Director of abertis group • Director of SANEF • Director of SegurCaixa Holding • Director of Hispasat • Director of TBI
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011	*Offices and functions having expired:* None	*Offices and positions having expired:* • CEO of Criteria CaixaCorp CEO and member of Executive Committee of Gas Natural • CEO of Uniland
Resigning Director: **Carlos Sagasta Reussi*** **abertis telecom** Edificio B Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	*First appointment:* 23 January 2007	*Current offices and functions:* None	*Current offices and functions:* • Financial Director of ONO Group
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011	*Offices and positions having expired:* • Director of Eutelsat S.A. until 16 April 2010	*Offices and positions having expired:* • Financial and Management Control Director of abertis telecom

Giuliano Berretta (DoB: 17 July 1940) joined Eutelsat S.A. as its first Commercial Director in 1990. From January 1999 to July 2001, Mr Berretta was Director General of the Intergovernmental Organisation. From July 2001 to September 2004, Mr Berretta was Chairman of Eutelsat S.A.'s Management Board. In September 2004, he was appointed as Chairman of the Board of Directors and Chief Executive Officer of Eutelsat S.A. During his career with Eutelsat S.A., Mr Berretta has injected fresh commercial impetus into the company and, set in motion a policy of expansion beyond the frontiers of Europe and into the Americas, Africa and Asia, positioning Eutelsat S.A. as a leader in the supply of capacity for satellite TV and playing a pioneering role in the development of broadband services. Before he joined Eutelsat S.A., Mr Berretta worked at the European Space Agency in Paris, as well as the Agency's Technical Centre (ESTEC) in the Netherlands, where he played an active part in drawing up the first communications satellite programmes in Europe. Previously, he had spent the first 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". In April 2010, Mr Berretta received the 2010 Arthur C. Clarke Lifetime Achievement Award from the Arthur C. Clarke Foundation in Washington. He also sits on the Board of Directors of Palladio Finanzaria. With a doctorate in electronic engineering from the University of Padua, Italy, Mr Berretta is also a *doctor honoris causa* in Management sciences at the University of Bologna, Italy, and honorary professor at the University Ricardo Palma de Lima, Peru. Mr Berretta has been made a *"Cavaliere del Lavoro"*, a Commander of the Order of Merit of the Italian Republic, and a Knight *(Chevalier)* of the French Order of the *Légion d'honneur.*

Michel de Rosen (DoB: 18 February 1951) joined Eutelsat Communications on 1 July 2009 as Deputy Chief Executive Officer, before being appointed as Chief Executive Officer by the Board of Directors on 10 November 2009 and Director of the Company by the Shareholders' General Meeting of Eutelsat Communications held on the same date. On the same date, Mr de Rosen was appointed CEO of Eutelsat S.A. by the Board of Directors of Eutelsat S.A. and Director of Eutelsat S.A. by the Shareholders' General Meeting of Eutelsat S.A. Mr de Rosen graduated from the French *Hautes Études Commerciales* (HEC) Business School and the *École Nationale d'Administration* (ENA). He began his career in State finance at the *Inspection générale des finances.* He was a chargé de mission for the Minister of Defence from 1980 to 1981 and then Principal Private Secretary to the Minister for Industry and Telecommunications from 1986 to 1988. In the Rhône-Poulenc Group which he joined after that, Mr de Rosen was CEO of Pharmuka (1983-1986), CEO of Rhône-Poulenc Fibres and Polymères (1988-1993), then Chairman and CEO of Rhône Poulenc Rorer (United States, 1995-1999). In 2000, Mr de Rosen became CEO of the American company Viro-Pharma before returning to France in 2008 as Chairman and CEO of the company SGD.

Jean-Luc Archambault (DoB: 28 April 1960) is the founder and Chairman of Lysios, an institutional strategy consulting company. Since 22 December 2009, he has also been a member of the Supervisory Board of L.Loret & Cie and of the subsidiary AGI (Auto Guadeloupe Investissement) based at Pointe-à-Pitre. He was Director of Strategy and External Relations for SFR-Cegetel, France's leading telecommunications carrier. Previously, he was Associate Director of BNP Private Equity, where he managed investments in the telecommunications and technology sector. Jean-Luc Archambault was also Regional Network Director at France Télécom, adviser to the Minister of Industry, and Director of Information Technology Services. Mr Archambault is a graduate of the *École Normale Supérieure* and the *École Nationale Supérieure des Télécommunications.*

Jean Bensaïd (DoB: 19 June 1961) is Deputy Director of the *Caisse des Dépôts et Consignations* and was Director of the Employment and Social Affairs Department of the Ministry of Finance, Economic and Tax Adviser in the Office of the Prime Minister, Financial Attaché to the French Embassy in the United States, Director of the Tax

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Department at the Ministry of Finance and an economist at INSEE. He is a graduate of the *École Normale Supérieure,* ENSAE and Harvard University.

Lord John Birt (DoB: 10 December 1944), Chairman and Chief Executive Officer of Infinis Ltd from 2006 to 2007 and of Waste Recycling Group in 2006, and currently Chairman and Chief Executive Officer of Maltby Capital Ltd. and non-executive Director of Infinis Ltd and PayPal Europe, is also a consultant for Capgemini and Terra Firma. Previously, he was a Strategy Adviser to the British Prime Minister Tony Blair from 2000 to 2005. Prior to that, Lord Birt was a consultant for McKinsey's Global Media Practice from 2000 to 2005 after his career at the BBC as Deputy Director General from 1987 to 1992 and then Director General from 1992 to 2000. He began his career as LWT's Director of Programming from 1982-1987. Lord Birt is a graduate of Oxford University.

Carlos Espinós-Gómez (DoB: 4 April 1964) joined the abertis group in 1997 in the highway sector (Acesa) and led new telecommunications systems projects in Spain and South America. He joined abertis telecom (Retevisión/Tradia) in 2001. He initially held several positions of responsibility at Tradia. After the acquisition of Retevisión Audiovisual in 2003, he was named Deputy CEO and Commercial and Technology Director for abertis telecom. In 2010 he was appointed CEO of abertis telecom Satellite Infrastructures. He is a member of the Executive Committee of abertis telecom, and he has been Chairman of Overon since 14 April 2010. Before joining the abertis group, he was responsible for the Technology division of Andersen Consulting (Barcelona). Carlos Espinós-Gómez has a degree in Telecommunications Engineering from the Polytechnic University of Catalonia in Barcelona. He has also taken an advanced-development programme in Management at the IESE business school.

Andrea Luminari (DoB: 25 July 1966) joined Retevisión in 1998 as Director of Strategic Planning and Development. After Retevisión Audiovisual's acquisition by the abertis group, in 2003, he became Director of Strategic Development for abertis telecom, the position he currently occupies. Before joining Retevisión Audiovisual, he held various positions at Telecom Italia for six years. First he was appointed Internal Controller, then Project Manager in the International Affairs Division. Andrea Luminari has a degree in economic and industrial politics from the University L.U.I.S.S. of Rome and an MBA from the Institute Guglielmo Tagliacarne in Rome.

Bertrand Mabille (DoB: 18 March 1964) has been Chief Executive Officer of Carlson Wagonlit France since October 2008. He was briefly Chairman of the Supervisory Board of Jet Multimedia in late 2008, after having successively been Chief Executive Officer of SFR Entreprises in 2005 and Director of Strategy and Regulatory Affairs for the SFR Cegetel Group since 2003. From 2000 to 2003, he worked for Thomson as the Group's Director for Strategic Partnerships, then Chairman and Chief Executive Officer of Nextream, a joint subsidiary of Thomson and Alcatel. From 1995 to 2000, Bertrand Mabille worked for the French Prime Minister's office. Mr Mabille is a graduate of the *École Normale Supérieure* and the *École Nationale Supérieure des Télécommunications.*

Tobías Martínez Gimeno (DoB: 27 April 1959) joined the abertis group (formerly Acesa) in 2000, to promote diversification of its business activities, especially in telecommunications infrastructure. Firstly, he was Chief Executive Officer of Tradia, after its acquisition in 2001. After the takeover of Retevisión Audiovisual in December 2003, he was appointed CEO of abertis telecom, which includes Retevisión and Tradia Telecom. He is a member of the Executive Committee of abertis telecom. Before joining the abertis group, he held various positions of responsibility in consulting and technology companies. Mr Martínez holds a degree in telecommunications engineering and marketing Management from the *Instituto Superior de Marketing* in Barcelona.

Olivier Rozenfeld (DoB: 24 November 1970) began his career at Merrill Lynch in the investment banking department, where he participated in various privatisation programmes, before joining Goldman Sachs as head of primary issues in New York and Hong Kong. Mr Rozenfeld was Financial Director of the Iliad Group from January 2001 to January 2008. He is a Director of Iliad. Mr Rozenfeld is also a member of the Supervisory Board of LowendalMasai and of OpenERP, Belgium. He is a graduate of the *École de commerce Solvay* (Belgium). Mr Rozenfeld's co-optation as a Director replacing Mr Guarguaglini should be ratified by the Shareholders' General Meeting to be held on 9 November 2010.

Francisco Reynes (DoB: 8 April 1963) was appointed Deputy Director of abertis group in June 2010. He had been appointed since May 2009 as a Director of the Group in charge of Development. Mr Reynes is an industrial engineering graduate of the Polytechnic University of Catalonia and holds an MBA from IESE. From July 2007 until his arrival at abertis, he was the Chief Executive Officer of Criteria CaixaCorp. Previously, Mr Reynes had been Chief Executive Officer of Uniland, and during his career he occupied various Management positions in companies such as Johnson Controls UK, Volkswagen Group and Dogi. Mr Reynes' co-optation in replacement of Mr Sagasta Reussi should be ratified by the Shareholders' General Meeting to be held on 9 November 2010.

* Carlos Sagasta Reussi (DoB: 30 March 1970) resigned from his position as Director of Eutelsat Communications on 16 April 2010, to take up the position of Financial Director of ONO Group. He was previously Director for Planning and Financial Control at abertis telecom.

Moreover, pursuant to the Letter-Agreement between the Company and Eutelsat IGO and the Company's By-laws, Mr Christian Roisse, Executive Secretary of Eutelsat IGO, sits on the Board of Directors as an observer *(censeur).*

Finally, pursuant to its policy aimed at improving labour relations within the Group, in a previous financial year, the Company entered into an agreement with the Workers' Council of its operating subsidiary, Eutelsat S.A., under which the two representatives of the Eutelsat S.A. Workers' Council at the Board of Directors of Eutelsat S.A. are invited to take part at the meetings of the Board of Directors of the Company and are provided with the same information as the Company Directors.

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>> 14.2 Main Executives

Surname, first name, business address	Office	Date of first appointment and expiry date of office	Other offices and positions held within the Eutelsat Group over the past 5 years	Offices and positions held outside the Eutelsat Group over the past 5 years
Michel de Rosen Eutelsat Communications 70, rue Balard 75015 Paris	CEO	*First appointment:* 10 November 2009	*Current offices and functions:* • CEO and Director of Eutelsat S.A. • Director of SOLARIS Mobile Ltd. • Director of Skylogic S.p.A. • Representative of Eutelsat S.A. • Chairman of Eutelsat VAS • Director and Chairman of the Board of Directors of Eutelsat Inc.	*Current offices and functions:* • Director of Hispasat S.A. • Director of ABB Ltd.
		Expiry date of office: General Assembly to be held to approve the accounts for the financial year ending 30 June 2015	*Office and positions having expired:* • Company's Deputy CEO	*Office and positions having expired:* • Chairman and CEO of SGD • CEO of US company ViroPharma
Jean-Paul Brillaud Eutelsat Communications 70, rue Balard 75015 Paris	Deputy CEO	*First appointment:* 22 December 2005	*Current offices and functions:* • Deputy CEO of Eutelsat S.A. • Director of SOLARIS Mobile Ltd • Member of the Supervisory Board of Eutelsat Services & Beteiligungen GmbH • Director of Eutelsat Inc.	*Current offices and functions:* • Director of Hispasat S.A.
		Expiry date of office: General Assembly to be held to approve the accounts for the financial year ending 30 June 2015	*Office and positions having expired:* None	*Office and positions having expired:* None

Michel de Rosen is the Company's Chief Executive Officer (see summary of his experience in the previous section).

Jean-Paul Brillaud (DoB: 29 October 1950) is the Company's Deputy CEO and also a Director of Hispasat S.A and SOLARIS Mobile Ltd. He joined the Group in 1999 as Director of Strategic Affairs and Institutional Relationships. Mr Brillaud was appointed to the Management Board in 2001 and appointed as Deputy CEO of the Company and of Eutelsat S.A. in 2005. The CEO having changed in 2009, Mr Brillaud's office as Deputy Chief Executive Officer expired, and so he was re-appointed as Deputy CEO of the Company for a period of six years, expiring at the end of Mr de Rosen's term of office as Chief Executive Officer. Mr Brillaud was also appointed as Deputy CEO of Eutelsat S.A. for three years starting on 10 November 2009. During his career with the Company, he has overseen the transformation of Eutelsat from its status as an international organisation to a *société anonyme* [limited company], led its strategic development and steered it through the initial public offering of its shares. Before joining the Group, Jean-Paul Brillaud was Deputy Director of Space Telecommunications at France Télécom. He was specifically in charge of managing France Télécom's space segment investments and of the operations of the satellite telecommunications centre. He began his career with the CNET (National Centre for Telecommunications Research). Jean-Paul Brillaud graduated from the *École Nationale Supérieure des Télécommunications.*

>> 14.3 Relations within the administrative and Management bodies

There are, to the best of the Company's knowledge, no family ties between the Company's Corporate Officers.

Furthermore, to the Company's knowledge, no corporate officer faced:

- conviction for fraud within at least the last five years;
- bankruptcy, sequestration or liquidation within at least the last five years;
- official public charges and/or sanctions handed down by statutory or regulatory authorities within at least the last five years.

Finally, to the best of the Company's knowledge, no corporate officer has been forbidden by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from taking part in the Management or running of the affairs of an issuer within at least the last five years.

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>> 14.4 Conflicts of interest within the administrative and Management bodies

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

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>> 15.1 Compensation and other benefits paid to the Company's Corporate Officers and senior management

At its meeting of 10 December 2008, the Board of Directors of Eutelsat Communications decided to comply with the practices recommended in the AFEP-MEDEF code on compensation paid to Directors and Corporate Officers after becoming better acquainted with this code. All the standard information in line with the AFEP-MEDEF recommendations, together with that required by the AMF recommendation of 22 December 2008 is presented in Chapters 15 and 17 of this reference document.

The following table presents a summary of the compensation and stock/purchase options or shares freely granted to Corporate Officers and Directors during the financial years ended 30 June 2009 and 2010.

Summary of compensation and benefits paid to Corporate Officers and Directors (Table 1 – AMF Recommendation)

(In euros)	2008-2009 financial year	2009-2010 financial year
M. de Rosen Deputy CEO (until November 2009) CEO (since November 2009)		
Compensation (see Table 2 for details)	N/A	400,000
Valuation of options granted during the year 2009-2010		
Valuation of performance shares granted during the year 2009-2010		
TOTAL	**N/A**	**400,000**
G. Berretta CEO (until November 2009) Chairman of Board of Directors (since November 2009)		
Compensation (broken down in Table 2)	1,470,625	2,158,453
Valuation of options granted during the year 2009-2010		
Valuation of performance shares granted during the 2009-2010 financial year		
TOTAL	**1,470,625**	**2,158,453**
J. -P. Brillaud Deputy CEO		
Compensation (broken down in Table 2)	576,385	575,415
Valuation of options granted during the year 2009-2010		
Valuation of performance shares granted during the year 2009-2010		
TOTAL	**576,385**	**575,415**

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The following table summarizes compensation paid to executive and non-executive Directors during the financial years ended 30 June 2009 and 2010:

Summary of compensation paid to each executive and non-executive director (Table 2 – AMF Recommendation)

	Financial year 2008-2009		Financial year 2009-2010	
(In euros)	**Amounts payable**	**Amounts paid**	**Amounts payable**	**Amounts paid**
M. de Rosen Deputy CEO (until November 2009) CEO (after November 2009)				
Fixed salary	N/A	N/A	400,000	400,000
Variable portion of compensation	N/A	N/A		
Attendance fees	N/A	N/A		
Benefits in kind	N/A	N/A		
Exceptional compensation				
TOTAL	**N/A**	**N/A**	**400,000**	**400,000**
G. Berretta CEO (until November 2009) Chairman of Board of Directors (since November 2009)				
Fixed salary	550,000	550,000	402,227	402,227
Variable portion of compensation	865,676	865,676	1,181,977	1,181,977
Attendance fees	50,000	50,000	75,000	72,500
Benefits in kind	4,949	4,949	1,749	1,749
Exceptional compensation (non-competition indemnity and exceptional bonus)	-	-	500,000	500,000
TOTAL	**1,470,625**	**1,470,625**	**2,160,953**	**2,158,453**
J.-P. Brillaud Deputy CEO				
Fixed salary	311,720	311,720	312,502	312,502
Variable portion of compensation	257,957	257,957	255,653	255,663
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	6,708	6,708	7,250	7,250
Exceptional compensation	-	-	-	-
TOTAL	**576,835**	**576,835**	**575,415**	**575,415**

Mr de Rosen's compensation

Fixed salary

The amount of Mr de Rosen's fixed salary as stated herein is equal to the total compensation paid by Eutelsat Communications to Mr de Rosen during the financial year ended 30 June 2010 for his duties as Deputy Chief Executive Officer from 1 July to 10 November 2009, then as Chief Executive Officer of Eutelsat Communications.

Mr de Rosen forwent his compensation for his duties as a Board Member of Eutelsat Communications or Eutelsat S.A.

Variable portion of compensation

The variable compensation that will be paid to Mr de Rosen will be based on objectives to be reached, taking account of the performance of the Company with regard to predetermined financial indicators and quality objectives.

Mr Berretta's compensation

Fixed salary

The amount of Mr Berretta's fixed salary as stated herein is equal to the total compensation paid for (i) his duties as Chairman and Chief Executive Officer and later Chairman of the Board of Directors of Eutelsat Communications during the financial years ended 30 June 2009 and 30 June 2010, (ii) his employment contract with Eutelsat S.A. as Director of International Development during the financial years ended 30 June 2009 and 30 June 2010 (this contract was terminated when he retired at the Shareholders' General Meeting of 10 November 2009) and (iii) his duties as Sole Director of Eutelsat Italia during the financial year ended 30 June 2010.

Variable portion of compensation

The variable portion of Mr Berretta's compensation for the financial year ended 30 June 2009 and paid during the financial year ended 30 June 2010 comprises:

- a bonus whose amount varies according to targets to be reached, which take into account the Company's performance by reference

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to predetermined financial metrics. The amount paid for the financial year ended 30 June 2009 was 500,000 euros, and payment was made during the first half of the financial year ended 30 June 2010;

- a variable bonus for reaching qualitative objectives, amounting to 416,105 euros for the financial year ended 30 June 2009, and which was paid during the first half of the financial year ended 30 June 2010;
- a variable bonus for qualitative objectives, proportional to the period of work within the company (July to November) for the financial year ended 30 June 2010, and amounting to 238,384 euros, paid during the first half of the financial year ended 30 June 2010;
- an amount of 27,488 euros paid under the employee profit-sharing and incentive schemes for the financial year ended 30 June 2009;
- an exceptional bonus of a discretionary nature amounting to 230,000 euros paid during the first half of the financial year ended 30 June 2010;
- a non-competition indemnity amounting to 270,000 euros paid during the first half of the financial year ended 30 June 2010.

Mr Berretta received no other amount, in any capacity whatsoever, from any other company belonging to the Group.

Mr Brillaud's compensation

Fixed salary

The amount of Mr Brillaud's fixed salary stated here is equal to the total compensation paid by Eutelsat S.A. to Mr Brillaud during the financial year ended 30 June 2009 and 30 June 2010 under his employment contract with Eutelsat S.A.

Mr Brillaud received and receives no compensation for his duties as a corporate officer of Eutelsat Communications and Eutelsat S.A.

Variable portion of compensation

The variable compensation paid to Mr Brillaud for the financial year ended 30 June 2009 and paid during the financial year ended 30 June 2010 comprises:

- a bonus whose amount varies according to objectives to be reached, which take into account the Company's performance with regard to predetermined financial metrics. The amount paid for the financial year ended 30 June 2009 was 186,853 euros, and payment was made during the first half of the financial year ended 30 June 2010;
- a variable bonus based on quality objectives, which amounted to 38,903 euros for the year ended 30 June 2009, and was paid during the first half of the financial year ended 30 June 2010;
- an amount of 28,907 euros paid under the employee profit-sharing and incentive schemes for the financial year ended 30 June 2009.

Mr Brillaud received no other amount, in any capacity whatsoever, from any other company belonging to the Group.

Evaluation criteria for the variable portion of compensation

The evaluation criteria for the variable portion of Mr Berretta's and Mr Brillaud's compensation were the same for the financial years ended 30 June 2009 and 2010.

As recommended by the Selection and Remuneration Committee, the Board of Directors reviewed and determined at its meeting on 25 September 2007 the criteria used to determine Mr Berretta's and Mr Brillaud's variable compensation. Variable compensation is based on performance assessed with respect to the Group's key financial indicators, *i.e.* revenues, EBITDA and net income. Moreover, the Board of Directors established on 30 September 2008 qualitative criteria for assessing the Board's work during the financial year ended 30 June 2009.

The criteria for evaluating the variable portion of Mr de Rosen's compensation are also based on objectives that take account of Company performance with regard to predetermined financial indicators and qualitative objectives.

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The following table lists the attendance fees and other forms of compensation payable to each of the members of the Group's Board of Directors in respect of the financial years ended 30 June 2009 and 30 June 2010 by the Company and the companies it controls.

Attendance fees and other forms of compensation received by non-executive Directors and Corporate Officers (Table 3 – AMF Recommendation)

Members of the Board of Directors	Year 2008-2009 (In euros)	Year 2009-2010 (In euros)
Lord J. Birt **Director**		
Attendance fees	52,500	80,000
Other forms of compensation	0	0
CDC Infrastructure **Director represented by J. Bensaïd**		
Attendance fees	70,000	58,500
Other forms of compensation	0	0
C. Espinós-Gómez **Director**		
Attendance fees	52,500	70,000
Other forms of compensation	0	0
A. Luminari **Director**		
Attendance fees	37,500	50,000
Other forms of compensation	0	0
T. Martínez Gimeno **Director**		
Attendance fees	52,500	70,000
Other forms of compensation	0	0
B. Mabille **Director**		
Attendance fees	50,000	60,000
Other forms of compensation	0	0
J.-L. Archambault **Director**		
Attendance fees	70,000	70,000
Other forms of compensation	0	0
P. F. Guarguaglini **Director** (1)		
Attendance fees	11,250	N/A
Other forms of compensation	0	N/A
C. Sagasta Reussi **Director**		
Attendance fees	52,500	72,000
Other forms of compensation	0	0
F. Reynes **Director**		
Attendance fees	N/A	0
Other forms of compensation	N/A	0
O. Rozenfeld **Director**		
Attendance fees	N/A	0
Other forms of compensation	N/A	0
TOTAL	**448,750**	**530,500**

(1) Mr Guarguaglini resigned during the year 2008-2009 (Resignation dated 25 June 2009).
Mr Sagasta Reussi resigned during the year 2009-2010 (Resignation dated 16 April 2010).
(2) Mr Rozenfeld was co-opted by the Board of Directors on 22 June 2010, replacing Mr Guarguaglini who resigned.
Mr Reynes was co-opted by the Board of Directors on 22 June 2010, replacing Mr Sagasta Reussi, who resigned.

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In accordance with the provisions of Act No. 2003-706 dated 1 August 2003 amending Act No. 2001-420 dated 15 May 2001 on new economic regulations, the company shall inform shareholders of the total amount of compensation (including benefits in kind) paid to Corporate Officers during the financial year ended 30 June 2010 (see appendices to the consolidated financial statements for more details).

The Shareholders' General Meeting of 10 November 2006 fixed at 700,000 euros the amount of attendance fees to be paid to Directors for participating in the meetings of the Board of Directors and those of the specialised committees of the Board for the financial year 2007, and for all years thereafter until a new decision by the meeting.

The draft resolutions adopted by the Board of Directors of the Company on 22 September 2010 to be submitted for the approval of the shareholders during the Combined General Meeting of 9 November 2010 plans to increase the gross amount of attendance fees paid to members of the Board of Directors to 855,000 euros for the financial year ending 30 June 2011.

The amount of attendance fees paid to Directors depends on (i) their attendance at Board Meetings and (ii) their duties or special charges as members of the various Committees or working groups of the Board of Directors.

At its meeting on 15 October 2007, the Board of Directors agreed to the suggestion of the Selection and Remuneration Committee on attendance fees for Board and Committee Meetings, limited to a maximum amount approved by the General Meeting for the current year:

- for Board meetings: 10,000 euros for their attendance in person, 5,000 euros for their attendance by video conference and 2,500 euros for participation by tele conference, with a maximum amount of 50,000 euros per Director; and
- for Committee Meetings (Selection and Remuneration Committee and Audit Committee): 4,000 euros for their attendance in person, 2,000 euros for their attendance by video conference and 1,000 euros for their attendance by tele conference, with a maximum amount of 20,000 euros per Director per Committee.

At its meeting of 17 February 2010, the Board of Directors set a ceiling of 75,000 euros for attendance fees to which the Chairman is entitled as non-executive Chairman at Board of Directors' meetings during each year, and took note of the Chief Executive Officer's decision to forgo his attendance fees for the Board Meetings.

At its meeting of 22 June 2010, the Board of Directors decided to maintain the same attendance fee structure and ceiling for each Director and Committee Member, *i.e.* 75,000 euros for the Chairman, 50,000 euros per Director and 20,000 euros for Committee Members, and further decided to:

- raise the amount of attendance fees to be paid to Committee Chairmen to 30,000 euros if they are independent Directors;
- increase by a lump sum of 20,000 euros the amount of attendance fees due to any independent Director, this discretionary amount being paid as a loyalty bonus within two financial years of ratification of the appointment by the General Meeting.

The total amount of attendance fees paid by the Company and the companies it controls to non-executive Directors and Corporate Officers of the Company during the year ended 30 June 2010 stood at 576,500 euros.

The Social Security Financing Act for 2010, which came into force on 28 December 2009, changed two aspects of the Social Security Code: (i) it extended the scope of application of the *"forfait social"* (corporate social contribution) to attendance fees laid down in Articles L. 225-44 and L. 225-85 of the French *Code de commerce* (Art. L. 137-15 of the Social Security Code), and (ii) it raised the rate of the *forfait social* from 2% to 4% (Art. L. 137-16 of the Social Security Code). It should be recalled that this contribution was introduced by the Social Security Financing Act for 2009 to reduce social niches. It targets items of remuneration that are exempted from both social contributions and the CSG tax. As a result, the following rules were set with regard to attendance fees:

- attendance fees paid to the Chairman of the Board of Directors, the Chief Executive Officer or the Deputy Chief Executive are not liable to the *forfait social* (as they are liable to social contributions);
- attendance fees paid to other Directors are liable to the *forfait social* (as they are exempt from any kind of social taxation, being recognised as income from transferable securities);
- attendance fees paid to legal entities that are Directors are also liable to the *forfait social* (ACOSS Circular No. 2010-012 dated 21 January 2010);
- attendance fees paid to Directors not domiciled in France for fiscal purposes are not liable to the *forfait social* (as they are exempt from the CSG, pursuant to the principle of territoriality).

Since the new provisions entered into force at the same date as the Social Security Financing Act for 2010, *i.e.* 28 December 2009, attendance fees due for the financial year ended 30 June 2009 and payable in 2010 were liable to the *forfait social.*

The methods for collecting the *forfait social* are those in force under the general Social Security regime for employers' contributions based on their employees' compensations and assimilated salaries. Accordingly, the *forfait social* must be deducted at the source from the attendance fees and paid back to the URSSAF (Social Security contribution collection office).

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>> 15.2 Compensation and other benefits due or likely to be payable as a result of or pursuant to the termination of office of a senior Group manager

The Group contributes to a supplementary retirement scheme with defined and supplemental benefits (pension Article 39) for its currently serving Directors and Corporate Officers, which corresponds to 12% of their fixed remuneration and which is payable to them upon retirement. To qualify for this defined retirement benefit, Corporate Officers must satisfy criteria based on presence and on the attainment of objectives during the three years prior to their retirement. This commitment is covered by a pension provision.

Employment contract and pensions (Table 10 – AMF Recommendation)

	Employment contract		Supplementary pension scheme		Payments of benefits due or likely to be payable as a result of termination or change in office		Payments pursuant to a non-competition clause	
Officers and Directors	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
G. Berretta **Chairman of the Board of Directors** Appointment started on 31 August 2005 End of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011		X (1)	X			X	X (2)	
M. de Rosen **Chief Executive Officer** Appointment started on 10 November 2009 End of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2015		X (3)		X		X		X
J.-P. Brillaud **Deputy Chief Executive Officer** Appointment started in 2004	X (4)		X			X		X

(1) Mr Berretta, Chairman of the Board of Directors of the Company, had an employment contract with Eutelsat S.A. when he joined the Group until his retirement, which occurred at the Shareholders' General Meeting of Eutelsat Communications on 10 November 2009. Since then, Mr Berretta has no longer been an employee with Eutelsat S.A. Mr Beretta is no longer bound by an employment contract with any of the Group's companies, in accordance with the provisions of the AFEP-MEDEF Code. However, he remains Chairman of the Board of Directors of Eutelsat Communications.

(2) This compensation was paid during the financial year (see Section 15.1 "Remuneration and perquisites of officers and managers of the Company".

(3) Mr de Rosen has no employment contract with Eutelsat S.A.

(4) Mr Brillaud has an employment contract with Eutelsat S.A.

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>> 15.3 Directors and Corporate Officers' equity interests in the Company and stock purchase or subscription options

Stock option and stock purchase plans

No stock option or stock purchase plans were set up by the Company during the financial years ended 30 June 2008, 2009 and 2010.

However, in the course of previous financial years, the operational subsidiary Eutelsat S.A. had introduced stock option or stock purchase plans.

At the date of this reference document, none of the Directors and Corporate Officers or their relatives held any Eutelsat S.A. stock purchase or subscription options.

Free share grants

Free share grant plan of 27 May 2007

For the financial year 2008-2009, as recommended by the Selection and Remunerations Committee, the Board of Directors of the Company Meeting on 27 May 2009 definitively granted to Mr G. Berretta, then Chairman and CEO, and Mr J.-P. Brillaud, Deputy CEO, 30,000 and 10,000 shares respectively, in accordance with the provisions of the Free Share Allocation Plan of 10 May 2007.

Pursuant to the provisions of Art. L. 225-197 of the French *Code de commerce,* these shares shall be fully available at the expiry of an additional two-year period.

Free share grant plan of 25 July 2007

Pursuant to the powers delegated to it by the Shareholders' General Meeting, the Board of Directors Meeting on 25 July 2007 decided to introduce a plan allocating free shares to all employees of the Group, representing a total of 474,831 free shares. These free shares were to be acquired definitively by the beneficiaries provided they stayed with the Group for two years after this date, and were to be available only after a further period of two years after the effective date of acquisition. It should be noted that, under this plan, definitive acquisition of the free shares was subject to the achievement of certain objectives over a two-year period, including an objective in terms of annual EBITDA (50% of the relevant portion) and an objective linked to the Company's share price growing by at least 20% at the end of the two-year period (the remaining 50%).

As of 30 June 2008, the annual performance objective had been attained for the first year and at 30 June 2009 it had been attained for the second year. Nevertheless, the target linked to the share price was not reached at the maturity of the plan. Subsequently, the Board of Directors Meeting on 30 July 2009 decided, at the end of the two-year acquisition period, the definitive grant of 310,017 shares to 439 employees and managers (including Directors and Corporate Officers) of the Group.

Under this plan, on 30 July 2009, 38,216 shares were freely granted to Mr G. Berretta and 12,996 to Mr J.-P. Brillaud. These shares are to be kept for a further two-year period starting on the shares' vesting date.

Free share grant plan of 1 February 2010

On 1 February 2010, the Board of Directors approved a new plan for allocating free shares to all employees of the Group, including the Directors and Corporate Officers, representing a maximum of 700,000 shares and decided that the allocation plan should be implemented through the distribution of previously repurchased shares. The allocation of free shares is subject to the condition that the beneficiaries are still employed within the Group three years as from the above mentioned date and that they hold the shares for a further two-year period starting on the shares' vesting date. The plan breaks down into two parts:

- on the one hand, the grant of 600 shares per employed beneficiary, conditional upon the attainment of performance objectives over three financial years ending 30 June 2012, including one objective linked to cumulative EBITDA (50% of the relevant portion) and another objective linked to average ROCE (the remaining 50%);
- on the other hand, the grant of 368,200 shares to Directors and Corporate Officers and managers, conditional upon the achievement, over the same three financial periods, of one objective based on cumulative EBITDA, one objective based on average ROCE, one objective linked to cumulative EPS and one TSR-linked objective, all four objectives being equally weighted.

The performance is that based on the Group's consolidated financial statements. The shares will be fully granted on 2 February 2013, subject to achievement of the performance objectives.

Subsequently, 553 eligible Group beneficiaries received letters informing them of the free grant of at least 600 shares in the Company.

Under this plan, subject to attainment of the performance targets determined by the Board of Directors, Mr de Rosen may be entitled to a total of 66,952 shares and Mr Brillaud 36,122 shares.

As of the date of filing of this reference document, no other grant was made by the Board of Directors during the financial year ended 30 June 2010.

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Performance shares granted to each Director and Corporate Officer (Table 6 – AMF Recommendation)

Performance shares definitely granted during the financial year by the Board of Directors under delegated powers from the General Meeting in each Corporate Officer by the issuer and all companies in the Group	No. and date of plan	Number of shares granted since 30 June 2008	Valuation of shares based on method used in the consolidated accounts	Date of vesting	Date of availability	Plan performance conditions
M. de Rosen Deputy CEO, then CEO						
G. Berretta Chairman and CEO, then Chairman of the Board of Directors	25/07/2007 for 2 years	38,216*	536,934.80 euros	26/07/2009	26/07/2011	50% of grant based on EBITDA performance per financial year, and 50% of grant based on a minimum 20% rise in share price (*i.e.* 21.58 euros) compared to grant price (*i.e.* 17.99 euros)
J.-P. Brillaud Deputy CEO	25/07/2007 for 2 years	12,996*	182,593.80 euros	26/07/2009	26/07/2011	
TOTAL		**51,212**	**719,528.60 euros**			

* Shares fully vested on 30 July 2009.

No performance share was made available to Directors and Corporate Officers during the 2009-2010 financial year.

16. OPERATION OF ADMINISTRATIVE AND MANAGEMENT BODIES

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>> 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 on employment and 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 Brillaud 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 any kind.

>> 16.3 Operation of the Board of Directors and its Committees

The statutory provisions relating to the Board of Directors are summarised in Section 21.2.2 entitled "Board of Directors, Committees and Non-voting Directors" of this reference document.

Duties and powers of the Board of Directors

The Board of Directors provides guidelines regarding the Company's business activities and ensures that they are implemented. Subject to the powers expressly reserved for General Meetings of Shareholders, the Board of Directors may examine any question that impinges upon the proper conduct of the Company.

Furthermore, pursuant to the Board's rules of procedures adopted on 10 November 2009, a number of strategic decisions and undertakings require the prior approval of the Board of Directors.

Such decisions, requiring prior approval, may be broken down into the following categories:

Transactions affecting the Company

- Any transaction that results in an increase in the Company's capital or changes being made to the Company's By-laws.
- Approval of draft resolutions presented at Shareholders' General Meetings, especially those concerning distribution of profit and the policy thereof.
- Any offer to purchase third party companies, the payment for which is in Company shares, any use of Company shares for acquiring other companies, any reply to a takeover offer received by the Company.
- Any reference document or offering circular intended for current or potential investors (except for cases where stock market regulations require shareholders' authorisation).

Strategic transactions

- Approval of the Group's Five-Year Strategic Plan, as well as any amendment thereto.
- Any transaction and acquisition with a substantial effect on the Company's structure or strategy or resulting in a major change in the Company's development policy, and any decision to introduce significant changes into overall strategy or the nature of the Company's main businesses seen as a whole, not least the creation of new businesses or the suspension of important existing ones.
- Any transaction to buy out, invest in or disinvest in another company involving amounts in excess of 50 million euros where this is provided for in the Five-Year Strategic Plan or in the annual Investment Plan approved by the Board of Directors, is submitted for prior approval by the Board of Directors.
- Any transaction to buy out or invest in another company involving amounts in excess of 25 million euros (individually or cumulated over the financial year) where this is not provided for in the Five-Year Strategic Plan or in the annual Investment Plan approved by the Board of Directors.

Investments and financial undertakings

- The Group's consolidated Annual Budget (including CAPEX/ Investment/finance and employment plans) and any change therein.
- All capital expenditure in excess of 25 million euros (Individually or cumulated over the financial year) not expressly included in the Group's Annual Budget.
- All investments provided for either in the Group's Annual Budget or in the Strategic Plan above 50 million euros.

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- Any disinvestment, assignment or loan of assets by the Company (other than capacity allotment contracts with customers) or any other form of asset transfer not expressly provided for in the Group's Annual Budget, involving amounts in excess of 50 million euros per transaction or group of transactions made during the year.
- Any loan, financing contract, financing or refinancing or any other contract linked to indebtedness, not included in the Group's Annual Budget, that leads to debt of more than 50 million euros (including re-financing of existing debt) per transaction or per group of transactions during the financial year.
- The provision of any guarantee or pledge regarding assets.

Half-yearly and annual accounts

- Drawing up the forecast financial statements and associated reports, in compliance with Art. L. 232-2 of the French *Code de commerce.*
- The consolidated half-yearly and annual accounts and the associated legal reports.
- The selection and appointment, renewal or revocation of the Statutory Auditors, to be submitted to the Shareholders' General Meeting.

Management of the Company

- Appointment of the Chairman of the Board of Directors and/or the Chief Executive Officer and approval of all the items of their remuneration (including supplementary pension, incentives and stock options) and annual objectives.
- Definition of the requirements for independence and selection of the independent Directors.
- Appointment of any Deputy Chief Executive Officer, on the proposal of the CEO, and approval of all the items of his/her remuneration (including supplementary pension, incentives and stock options) and annual objectives.
- Prior approval before any recruitment or dismissal of a manager working for the Group whose compensation (in the case of recruitment) ranks (or ranked, in the case of dismissal) among the 6 highest compensation packages in the Group.
- Approval of all recommendations by the Selection and Remunerations Committee in respect of selection or co-optation of any new Director.
- Allocation of attendance fees among Directors.
- Setting up of any standing or ad hoc committee of the Board of Directors.
- Appointment of all members to the standing or ad hoc committees of the Board of Directors, especially independent Board Members.
- Attribution of all options under the Company's stock option plans.
- Allocation of free shares.

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 13 times during the year 2009-2010. The average attendance rate by Directors at meetings during the financial year exceeded 94%,

Barring emergencies, invitations to attend meetings of the Board of Directors are sent out to Board Members at least 5 days before the meeting concerned.

Information communicated to the Board of Directors

In accordance with the relevant provisions of the By-laws and the Rules of Procedure 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.

In order to enable Directors to gain greater knowledge of Group business and operations, the Chief Executive Officer regularly updates the Board on the activities of all Group divisions during the period before the meeting of the Board of Directors, and of the projects under way in each division.

Evaluation of the Board of Directors and independence of Board Members

The Rules of Procedure provide for evaluation, at least once per year, of the way in which the Board of Directors works. The result of this evaluation, and the measures envisaged for improving that way in which it operates, are published in the annual report. Furthermore, every three years, an independent Director is tasked with carrying out a formal evaluation of the Board of Directors' *modus operandi*, for which he may request the assistance of a consultant from outside the Company.

In line with best practice of corporate governance, the Board of Directors initiated a selection process for independent Directors, *i.e.* Directors having no conflict of interest or any business relationship with the Eutelsat Group liable to cloud their judgement.

At the Shareholders' Ordinary General Meetings of 10 November 2006 and 9 November 2007, 2 independent Directors were appointed for a six-year term of office to expire at the end of the General Meeting of Shareholders to be held to approve the financial statements of the Company for the financial year ending 30 June 2012.

They were: Lord Birt, former Director General of the BBC, and Mr Guarguaglini, Chairman of the Finmeccanica Group, who was co-opted to replace Mr Dangeard, who resigned. Mr Guarguaglini's appointment was ratified by the General Meeting of Shareholders on 9 November 2007.

During the 2008-2009 financial year, Mr Guarguaglini resigned. Mr Olivier Rozenfeld was co-opted by the Board of Directors Meeting on 22 June 2010 to replace Mr Guarguaglini. This co-optation should be ratified by the Shareholders' General Meeting to be held on 9 November 2010.

The Board of Directors believes that its composition, which featured the presence of independent Directors alongside Directors with an executive role within the Group or representing significant shareholders almost throughout the year 2009-2010, constitutes a factor conducive to good governance.

Rules of Procedure of the Board of Directors

In addition to regulatory and legal provisions, the Board of Directors operates in accordance with a set of rules of procedure, which the Board of Directors adopted on 10 November 2009. The modifications of these rules compared to the previous version of 31 July 2009 relate to the statutory changes adopted by the Extraordinary General Meeting held on 6 July 2009 (for more information, see Section 21.2 "Organisational Documents and By-laws").

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The rules of procedure stipulate that each Director must devote the necessary time and attention to performing his duties. In addition, when accepting a new job or position, he must ensure that he is always in a position to fulfil that assignment. In this respect, the rules of procedure set out the provisions of law and the regulations applicable to Directors (number of concurrent Directorships, disclosure of appointments held, etc.). Unless genuinely prevented from attending, every Director must attend every Board Meeting, every meeting of each Committee on which he sits, and every General Meeting of Shareholders.

As mentioned in the previous paragraph, the rules of procedure also state that the way in which the Board of Directors operates must be evaluated at least once each year. The result of this evaluation, as well as the measures being envisaged to improve the way in which the Board operates, are published in the Annual Report. In addition, every 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 rules of procedure 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 rules of procedure also specify measures applying to transactions undertaken by senior managers and their related parties regarding 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 regarding Company securities. No Director may divulge information about the Company obtained whilst perfoming their duties.

"*Censeur*" (observer)

Since the initial public offering of the Company, the Executive Secretary of Eutelsat IGO has performed the duties of *"censeur"* (observer) on the Board of Directors of Eutelsat Communications.

See Section 6.8.6 "Other provisions applicable to the Group", paragraph on "Current relationships between Eutelsat Communications and Eutelsat IGO" for further details.

Committees of the Board of Directors

During the financial year ended 30 June 2008, the Board of Directors decided to set up an Audit Committee alongside the Selection and Remuneration Committee and the "Strategy and Investment" working group responsible for advising it in their respective areas of expertise. At its meeting on 22 June 2010, the Board of Directors decided to institutionalise the "Strategy and Investment" working group which hitherto had met on an ad hoc basis, by creating a Strategy and Investment Committee. The Board therefore examined a possible change in the Rules of Procedure in respect of the missions of the three Committees: Audit, Selections and Remunerations, and Strategy and Investment.

Selection and Remuneration Committee

This Committee is notably responsible for examining and making any relevant recommendation to the Board of Directors with respect to (i) the compensation of the Chief Executive Officer and the Deputy CEO (ii) the implementation of stock or purchase option plans, and free share grant plans within the Group, (iii) the allocation of attendance fees between members of the Board of Directors, (iv) the selection of independent Directors In the event of vacancies, in compliance with the By-laws, and (v) the recruitment or dismissal of any employee earning one of the 6 highest compensation packages in the Group.

The Committee is currently chaired by Mr Tobias Martínez Gimeno, the other committee members being Messrs. Bensaïd, Espinós Gómez and Lord Birt.

The Secretary to the Committee is Mr Izy Béhar, Director of Human Resources at Eutelsat S.A.

This Committee was very active during the year 2009-2010 (with 15 meetings held during the year 2009-2010 and an attendance rate of 94% for its members) owing in particular to the definition, implementation and supervision of the selection process for several executives during the year, including the Director for Investor Relations, Director of Strategy, Director for Frequencies and the Chief Commercial Officer.

Upon recommendation of the Committee, the Board of Directors decided at its meetings on 16 April and 26 May 2010, to appoint respectively a new Chief Commercial Officer, Andrew Wallace, and a new Chief Technical Officer, David Bair. Also on the recommendation of the Committee, the Board of Directors Meeting on 22 June 2010 decided to co-opt two new Directors: Mr Francisco Reynes, replacing Mr Carlos Sagasta Reussi, and Mr Olivier Rozenfeld, replacing Mr Guarguaglini.

During the financial year 30 June 2010, the Committee continued its work concerning the employee share ownership policy and efforts to secure the loyalty of the Group's key employees. Based on a proposal by the Committee, the Board of Directors Meeting on 1 February 2010 decided to set up a Long Term Incentive Programme (LTIP) for Group staff and Management, including Corporate Officers and involving a maximum 700,000 shares to be acquired on the market. The deadline for absolute ownership of shares was fixed at three years, terminating on 2 February 2013. Shares will only be acquired for good once performance and attendance requirements have been met during the three-year period terminating 30 June 2012, and subject to continued presence in the Company. The beneficiaries, furthermore, have to keep these shares for a two-year period after this date. It should be noted that Corporate Officers (Messrs. de Rosen and Brillaud) must further remain holders of at least 50% of their free shares for the entire term of their office. The criteria laid down by the Board of Directors on the Committee's recommendations are based on the Company's financial targets (EBITDA, EPS) and also on measurement of the profitability of the capital used and Total Shareholder Return (changes in share price and dividends).

With the help of a specialised consultant, the Committee completed an audit of the operation of the Board of Directors and Committees. The Report concluded that the Board operated satisfactorily. In line with this work, the Committee examined the suitability of turning the Strategy and Investment working group into a Committee, and the subsequent changes to the provisions of the Board's Rules of Procedure on committees, taking account of the changes in French law and the Company's commitment to compliance with the provisions of the AFEP-MEDEF Code.

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This work was presented to the Board of Directors Meeting on 22 June 2010, and the creation of a Strategy and Investment Committee was approved.

Audit Committee

The task of the Audit Committee is to assist the Board of Directors by (i) reviewing the Company's draft half-year and full-year accounts (consolidated and Company accounts), (ii) making recommendations on the draft consolidated Annual Budget proposed by Management, prior to its examination by the Board, (iii) making recommendations to the Management of the Company and to the Board of Directors on the policy and methods for ensuring the production of accounting and financial information that is reliable and sincere, (iv) making sure that the internal controls applied within the Group are appropriately implemented, and (v) presenting recommendations to the Board and to Management on the appropriate method of handling any risk of any kind liable to affect the Group's operations.

The Audit Committee was composed of Mr Archambault, who chairs the Committee, Lord Birt, Mr Andrea Luminari, who replaced Mr Carlos Sagasta Reussi, who resigned during the financial year, and Mr Olivier Rozenfeld. The Secretary to the Committee is Mrs. Lallement, General Counsel.

The Committee met 13 times in the course of the financial year. The members of the Committee attended almost all its meetings. It played an active role during the year, not least due to the definition, implementation and supervision of the refinancing of the Eutelsat S.A. bank debt.

The work of the Audit Committee is concentrated mainly on the second half of the financial year, mainly due to the review of the half-year accounts in February and the cycle for the preparation of the consolidated draft budget by the Group's financial department, which begins in March so that the draft can be presented for Board approval before the end of the year.

The tasks of the Audit Committee have also seen it engage in regular dialogue with the Company's Statutory Auditors. The Statutory Auditors attend Audit Committee Meetings when half-year and full-year accounts are being prepared, prior to their adoption by the Board of Directors.

The Audit Committee also reviewed the challenges, consequences and measures to be taken or already taken by the Group in order to limit, to the maximum possible extent, any consequences the global financial crisis might have on the Group's activities. This study by the financial department resulted in enhanced control and Management procedures for customer risk and a new credit-insurance policy.

The Audit Committee also reviewed the work plan for the Internal Audit function during the year, as well as the objectives being pursued.

Finally, following the creation of the Risk Management function, the Audit Committee has engaged in regular dialogue with the Director of Risk Management regarding the latter's professional mission and has drawn up his yearly work schedule.

Strategy and Investment Working Group

Set up in April 2007 and meeting on an ad hoc basis, this working group is responsible for making all recommendations to the Board of Directors in respect of the external growth operations being envisaged, as well as capital investment projects presented in the Strategic Plan or Annual Budget.

The members of the working group are Jean Bensaïd and Carlos Espinós Gómez. They are assisted by the other Directors, as required.

As part of its activities, the working group oversaw in particular the preparation of the Group's 2010-2015 Strategic Plan and of the consolidated Annual Budget for 2009-2010, in conjunction with the Audit Committee, as well as the investment decisions in respect of three new satellites (W5A, W6A and EUROBIRD ™ 2A).

The Board of Directors Meeting on 22 June 2010 decided to turn the Strategy and Investment Working Group into a permanent institution and therefore created the Strategy and Investment Committee, which will be chaired by Mr Espinós Gómez, with Mr Berretta, Lord Birt, Mr de Rosen, Mr Mabille and Mr Rozenfeld as its members.

Internal controls

The report of the Chairman of the Board of Directors prepared in accordance with Article L. 225-37 of the French *Code de commerce* and the Statutory Auditors' Report relating thereto are shown in the appendix to this reference document.

>> 16.4 Operation of the management bodies

Separation of Chairman of the Board of Directors and CEO positions

In accordance with the decision of the Board of Directors Meeting on 10 November 2009, the positions of Chairman of the Board of Directors and Chief Executive Officer of the Company have been separated.

The position of Chairman continues to be held by Mr Berretta who was previously (since 31 August 2005) Chairman and Chief Executive Officer of the Company. Mr Giuliano Berretta having reached the age limit in his position as Chief Executive Officer, the CEO role was granted to Mr Michel de Rosen by the Board of Directors Meeting on 10 November 2009. As suggested by Mr Giuliano Berretta, Mr Michel de Rosen occupied the position of Deputy Chief Executive Officer of the Company since 1 July 2009 so as to oversee the transition phase.

Powers of the CEO

The Chief Executive Officer holds the broadest powers to act under any circumstance on behalf of the Company. He exercises his powers within the limits of the corporate purpose and subject to the powers that the law expressly vests in Meetings of the Shareholders and the Board of Directors.

He represents the Company in its dealings with third parties. The Company is bound even by the acts of the CEO that do not fall under the corporate purpose, unless it proves that the third party knew that the act exceeded that purpose or if the third party could

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not have been ignorant of that fact, considering the circumstances; the mere publication of the By-laws is not sufficient for constituting such proof.

The provisions of the By-laws or the decisions of the Board of Directors limiting the powers of the CEO may not be invoked against third parties.

The Board of Directors determines the compensation of the CEO under the conditions set By-law.

The CEO may not be older than 69 years old.

Limitations stated in the By-laws

The Company's By-laws do not restrict the powers of the CEO.

Limitations decided by the Board of Directors

Other than the provisions of law and the regulations applicable to Directors, the rules of procedure for Eutelsat Communications' Board of Directors as adopted on 10 November 2009 provide that a number of strategic decisions or undertakings (listed hereinabove in paragraph "Attributions of the Board of Directors") must be submitted for the Board's approval.

Deputy CEOs

As proposed by the CEO, the Board of Directors may authorise one or more natural persons to assist the CEO as "Deputy CEO(s)". A Deputy CEO may be dismissed at any time by the Board of Directors upon the proposal by the CEO.

In conjunction with the CEO, the Board determines the extent and duration of the powers vested in the Deputy CEOs. The Board determines their 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.

The maximum age limit for a Deputy CEO is 67 years.

The 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 and CEO's proposal. Following the change of CEO and on the latter's proposal, Mr Brillaud was again appointed Deputy CEO by the Board of Directors Meeting on 10 November 2010 for a period of six years corresponding to the term of office of the CEO, Mr de Rosen.

>> 16.5 Corporate governance

Following the inclusion of its shares on the Eurolist of Euronext Paris market, the Company implemented internal control procedures intended to prevent and reduce risk resulting from the Company's business activities, as well as accounting and financial risks, in accordance with the laws and regulations applicable to listed companies.

Accordingly, the Company implemented a series of measures resulting from report recommendations on corporate governance improvements made by the working groups chaired by Mr Marc Viénot and Mr Daniel Bouton. These findings were made public in July 1995, July 1999 and on 23 September 2002. They concerned the creation of various committees as described above and the appointment of 2 independent Directors to sit on the Board of Directors.

Furthermore, to strengthen the Group's employer-employee communication policy, the Company reached an agreement with the Works Council at Eutelsat S.A., the Group's main operational subsidiary. This agreement aims to give Eutelsat S.A.'s Works Council and thereby all of Eutelsat S.A.'s employees greater insight into the Company's operations and decisions.

This resulted in the implementation of a notification procedure for Eutelsat S.A.'s Works Council should the Company go ahead with transactions likely to affect its operations or the scope of the Eutelsat S.A. operational subsidiary. In addition, the 2 representatives of Eutelsat S.A.'s Works Council on the Board of Directors of Eutelsat S.A. are asked to participate in the meetings of the Company's Board of Directors and receive the same information as the Directors.

The internal control measures are described in the special report of the Chairman of the Board of Directors, which is included in the appendix to this reference document.

Adopted on 10 November 2009, the rules of procedure 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 rules of procedure are summarised in Section 16.3 "Operation of the Board of Directors and its Committees" in the paragraph entitled the "Rules of procedure of the Board of Directors".

The Board of Directors of Eutelsat Communications decided at its meeting on 10 December 2008 to comply with the recommendations of the AFEP-MEDEF Code of October 2008 concerning the compensation paid to the Corporate Officers and Directors of companies listed on a regulated market.

The Board of Directors of the Company commissioned a study by an independent third party in respect of its operations and possible improvements enabling it to adapt corporate governance to the AFEP-MEDEF recommendations. The adaptation and implementation of the improvements identified are currently being examined by the Board of Directors. It should, however, be noted that some recommendations were immediately adopted by the Board. It will, accordingly propose that a third independent Director be elected at the Shareholders' General Meeting on 9 November 2010.

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17. EMPLOYEES

>> 17.1 Number of employees

As of 30 June 2010, the Company did not have any employees and the Group had 661 employees.

The table below illustrates the breakdown of the average number of Group employees in operations and commercial and administrative activities:

	Average number of employees for the financial years ended 30 June		
	2008	2009	2010
Operations	226	251	253
Commercial and administrative activities	314	354	387
TOTAL	**540**	**605**	**640**

The number of staff employed by the Group has risen over the last three 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 2008 and June 2010, which rose from 93 to 134 during the 2008-2009 financial year and from 134 to 178 during 2009-2010. This increase in the headcount mainly concerned the Italian subsidiaries Skylogic S.p.A. and Skylogic Mediteraneo.

Each year, Eutelsat S.A. prepares a social audit report recapitulating key data in a single document, thereby making it possible to carry out an assessment of the Company's labour profile. This social audit report is prepared with reference to a calendar year. Each year, the Company's Works' Council issues an opinion on this social audit report. The social report and the opinion of the Works' Council are then made available to employees and to the Company's shareholders upon request, in accordance with Articles L. 225-108 and L. 225-115 of the French *Code de commerce.*

In 2009, Eutelsat S.A. employed an average of approximately 12 temporary staff per month. Temporary staff worked for an average of 15 days. In 2009, Eutelsat S.A. employees had an average length of service of 10 years, with managers representing approximately 82% of Company staff as a whole.

The Group believes that its relations with its employees are good.

However, the Group cannot rule out future costs arising from disputes with its personnel.

>> 17.2 Options granted to employees on shares of the Company or of other companies in the Group

At the registration date of this reference document, no stock option or stock purchase option plans had been set up by the Company.

The table below shows the stock subscription or purchase option plans set up by Eutelsat S.A. for its Corporate Officers and employees.

The only 2 Corporate Officers to have received stock subscription options were Mr Berretta and Mr Brillaud. At the date of this reference document, they no longer held any Eutelsat S.A. stock options (see Section 15.3 "Corporate Officers' equity interests in the Company and stock subscription or purchase options" for more details).

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Previous grants of stock options and stock purchase options by Eutelsat S.A. (Table 8 – AMF Recommendation)

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8	Plan No. 9
Date of Board of Directors or Management Board, as appropriate	04/07/2001 Partners plan (3)	25/10/2001 Managers I plan (3)	13/12/2002 Managers II plan (3)	24/02/2003 Managers II plan (3)	17/12/2003 Managers III plan (3)	22/03/2004 and 09/04/2004 Stock purchase option plan	08/04/2004 Managers III plan (3)	28/06/2004 Managers III bis plan (3)	23/11/2004 Managers IV plan (3)
Total number of options granted (one option giving right to one share) including:	4,233,788	2,010,000	3,150,180	56,000	8,011,938	754,000 call options	1,102,000	325,000	3,000,000
• to Company officers and Directors (1)	172,275	1,060,000	1,953,180	-	8,011,938	138,483	-	-	325,000
• granted to the top 10 employees who are not officers or Directors	262,566	550,000	645,000	56,000	-	137,583	710,000	325,000	1,675,000
Options exercisable from	All options are exercisable	All options are exercisable	All options are exercisable	All options are exercisable	All options are exercisable	22/03/2004	All options are exercisable	All options are exercisable	All options are exercisable
Expiry date	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 grant	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 the December 2004 adjustment	1 euro	1.54 euro		1.38 euro	1.31 euro		1.31 euro	1.54 euro	1.70 euro
• after the 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 by 30/06/2010	0	0		18,961	0	0	40,374	0	134,506
Number of shares underlying stock subscription options or stock purchase options outstanding on 30/06/2010 (3)(4)	0	0	0	-	0	There were no more stock purchase options exercisable (85,980 options became null and void on 14/05/2004)	0	0	23,988

(1) For the Partners, Managers I, Managers II, Managers III plans and the stock purchase option plan, all the members of the Management Board were granted options. For the Managers Plan IV, only one Company officer was granted options.

(2) In accordance with the French Code de commerce, Eutelsat S.A. made an adjustment to the existing options subsequent in December 2006, to the exceptional distribution authorised by the Combined General Meeting held on 10 November 2006. The conditions of the adjustment prompted a change in the exercise price of the existing options and the number of shares for which these options provided subscription rights.

(3) Some beneficiaries under the Managers Plans signed commitments with the Company to buy and sell their underlying shares. Furthermore, the Company undertook, subject to certain conditions, to provide liquidity for the shares resulting from the exercise of options for beneficiaries who had not signed buy and sell commitments (see Sections 15.3 "Corporate Officers' equity interests in the Company and stock options and stock purchase options" and 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group" for further information).

(4) Options granted under Plan no. 1 have been null and void since 4 July 2009.

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Stock subscription or purchase options granted to the 10 employees who are not Company officers who received the greatest number of options and options exercised by the latter during the 2009-2010 financial year (Table 9 – AMF Recommendation)

	Total number of options granted/ shares subscribed or purchased	Weighted average price	Plan no. 1	Plan no. 2	Plan no. 3	Plan no. 4	Plan no. 7	Plan no. 8	Plan no. 9
Options granted by Eutelsat S.A. and all companies concerned by the grant of options during the financial year to the 10 employees of the issuer and all companies included in the scope who received the greatest number of options (aggregate information)	None								
Options held on Eutelsat S.A and the above-mentioned companies, exercised during the financial year, by the 10 employees of the issuer and its subsidiaries, who purchased and subscribed the greatest number of options (aggregate information)	193,841	1.68	0	0	18,961	0	40,374	0	134,506

Liquidity offers

The Company gave an undertaking to employees who are shareholders in Eutelsat S.A. or who hold Eutelsat S.A. stock subscription or stock purchase options, apart from officers and Directors and executives who made commitments to sell their shares (see Section 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group" for more extensive details about the commitments to sell shares made by Group officers, Directors and managers) to put in place a liquidity mechanism for their Eutelsat S.A. shares should Eutelsat Communications be floated on the stock market.

The Group consequently provided a semi-annual liquidity "window" after publication of the half-year and annual results.

Eutelsat Communications made a proposal, via its Eutelsat Communications Finances subsidiary, to all the beneficiaries of the stock subscription options granted under the Partners, Managers I, II, III and IV plans (with the exception of managing employees who granted commitments to sell shares) and to beneficiaries of the stock purchase plans of March and April 2004 to purchase the shares they acquired under such plans. This liquidity offer opened on 30 November 2009 and closed on 11 December 2009. Final settlement of the transaction took place on 15 December 2009. Pursuant to this transaction, 513,119 shares were repurchased at a unit price of 6.00 euros per Eutelsat S.A. share at the registration date of this reference document.

Furthermore, the Company made a second liquidity offer, via its Eutelsat Communications Finances S.A.S. subsidiary, and offered all the beneficiaries of the stock options granted under the Partners and Managers I, II, III and IV plans (with the exception of managing employees who granted commitments to sell shares) and beneficiaries of the stock purchase plans of March and April 2004, to purchase their shares at a unit price of 6,85 euros per Eutelsat S.A. share. This liquidity offer began on 15 March 2010 and the subscription period ended on 26 March 2010. Final settlement of the transaction took place on 2 April 2010. At the registration date of this reference document, 349,749 Eutelsat S.A. shares had been sold to Eutelsat Communications Finances S.A.S., Eutelsat Communications' subsidiary.

Furthermore, the decision of the Board of Directors of Eutelsat Communications on 16 April 2010, and pursuant to the provisions of the share assignment promises made by certain executives who are beneficiaries of the Eutelsat S.A. Managers share plans, Eutelsat Communications, via its subsidiary Eutelsat Communications Finance acquired 460,256 shares in Eutelsat S.A. under the Managers III plan, at a unit price of 2.70 euros.

>> 17.3 Free grants of the Group's shares

At the time of the Company's initial public offering on 2 December 2005, the Board of Directors decided to grant free shares to employees of the Group, with the exception of any employee who became a shareholder of the Company before 29 November 2005. A total of 341 shares were allocated to each beneficiary, and the number of beneficiaries was set at 439. The shares' vesting period was set at two years from this date and was subject to the condition of continuous presence. The qualifying period for definitive acquisition of the shares was set at two years from that date.

On 18 December 2007, the Board of Directors noted the Chairman and CEO's decision dated 29 November 2007, to definitely grant 133,331 shares under the first free share grant plan, and took note of the resulting capital increase of 133,331 euros deducted from the "share premium account".

On 10 May 2007, the Board of Directors decided to go ahead with a plan to grant 181,825 free shares to be issued to the Group's employees, subject to a definitive acquisition period of two years and to a condition of continued presence throughout this period. Furthermore, the beneficiaries are required to retain these shares

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for a further period of two years from the vesting date. Under this plan, Mr Berretta is entitled to 30,000 shares and Mr Brillaud to 10,000 shares.

On 27 May 2009, the Company's Board of Directors decided to allot 162,010 shares to 433 of the Group's employees and managers (including Corporate Officers and Directors).

On 25 July 2007, the Board of Directors decided to set up a free share allocation plan for the benefit of all Group employees including Corporate Officers and Directors. In accordance with the provisions of Article L. 225-197-1 of the French *Code de commerce,* freely granted shares have fully vested, subject to the condition of continuous presence within the Group for a period of two years (*i.e.* until 25 July 2009), and the shares will be available after a further 2 year period, *i.e.* on 26 July 2011. Under this plan, the final allocation of these freely granted shares is subject to the attainment of performance targets over the two-year period. Under this plan, Mr Berretta was entitled to 76,431 shares and Mr Brillaud to 25,991 shares.

On 30 July 2009, the Company's Board of Directors decided to grant 310,017 shares to 437 of the Group's employees and managers (including officers and Directors) at the close of the aforementioned two-year vesting period. Pursuant to this plan, the shares fully vest on 26 July 2011, subject to satisfaction of service and performance conditions. As recommended by the Selection and Remuneration Committee, the Company's Board of Directors granted Mr Berretta, Chairman and Chief Executive Officer, and Mr Brillaud, Deputy CEO, 38,216 and 12,996 free shares respectively, in accordance with the provisions of the Free Share Allocation Plan dated 25 July 2007.

Based on a proposal by the Committee, the Board of Directors Meeting on 1 February 2010 decided to set up a Long Term Incentive Programme (LTIP) for Group staff and Management, including Corporate Officers and involving a maximum 700,000 shares to be acquired on the market. The vesting period of shares was fixed at three years, *i.e.* on 1 February 2013. Shares will only be definitely acquired upon attainment of two performance objectives (absolute EBITDA and average ROCE) for the general staff during three financial periods ending 30 June 2012, and three other criteria for certain managers and Corporate Officers (TSR, absolute EPS and qualitative targets), as well as an obligation to be present. Furthermore free shares must be held by the beneficiaries for an additional two-year period after the vesting date. It should be noted that Corporate Officers (Messrs. de Rosen and Brillaud) must further remain holders of at least 50% of their free shares for the entire term of their office. Under this plan, subject to attainment of performance targets fixed by the Board of Directors, Mr de Rosen is entitled to 66,952 shares and Mr Brillaud to 36,122 shares. This information can be found in Section 15.3 "Share-based compensation" of this reference document.

>> 17.4 Employee profit-sharing and incentive plans and Company savings plan

At the registration date of this reference document, there were no employee profit-sharing or incentive agreements governed by the provisions of Titles I and II of Book III of the French Labour Code in force at the Company because the Company had no employees. The Company has not set up a Company savings plan.

Employee incentive plan at Eutelsat S.A.:

- A Company savings plan was set up at Eutelsat S.A. in July 2000.

  A savings plan is a collective savings-system that provides member employees with an opportunity to build up a portfolio of securities with the help of their employer. The money invested in a savings plan is unavailable for five years, except in the cases of early release specified in the rules.

  The Company savings plan offers a number of different investment vehicles (corporate mutual funds governed by Article L. 214-39 of the French Monetary and Financial Code) allowing its members to choose the investment vehicle best suited to their savings strategy.

  A *fonds commun de placement d'entreprise* (FCPE, corporate mutual fund), which allows investments in the securities of a Group company (FCPE governed by Article L. 214-40 of the French Monetary and Financial Code), is also offered within the savings plan. Through this FCPE, savings plan members can acquire securities of a Company within the Group under Article L. 3332-18 *et seq.* of the French Labour Code.

  The Company savings plan also allows beneficiaries of stock subscription or purchase options to exercise, as the case may be, these options through their unavailable assets in the savings plan and to keep the shares they obtain by exercising their options in the savings plan. The shares are locked up for five years in the savings plan with no possibility of taking advantage of one of the cases of early release.

- A new employee incentive agreement governed by Articles L. 3311-1 *et seq.* of the French Labour Code was entered into by Eutelsat S.A. on 11 December 2008 to allow Eutelsat S.A. employees to share in the performance of the Company. The size of the incentive payments to employees is determined using the performance criteria set out in the agreement, which take into account the improvement in the Company's financial performance (financial ratio and operating costs).

  Employees can pay all or part of their incentive payment into their Company savings plan; the amounts paid in are locked up for five years and may then qualify for the preferential tax treatment applicable to savings plans.

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The table below shows the average amount of incentive payment per employee beneficiary:

(In euros)	2007-2008	2008-2009	2009-2010
Average amount of the incentive payment	1,004	2,192	1,616

- An employee profit-sharing agreement, governed by Articles L. 3322-1 *et seq.* of the French Labour Code, was entered into on 13 November 2002 within Eutelsat S.A. A statutory employee profit-sharing plan gives employees access to a portion of the profits recorded by the company. The Eutelsat S.A. profit-sharing agreement uses the legally prescribed method of calculating the profit-share reserve set out in Article L. 3324-1 of the French Labour Code.

  The Eutelsat S.A. profit-sharing agreement provided that the amounts allocated to employees should be invested in corporate mutual funds. Amounts paid into the savings plan under the profit-sharing agreement previously remained locked-up for five years unless early release of such sums became possible in accordance with the rules. The French law of 3 December 2008 on income from labour amended the legislative framework and Eutelsat S.A.'s labour partners signed an amendment to the profit-sharing agreement enabling employees who so desired to gain access immediately to all or part of their profit-sharing reserve. Furthermore, there are no plans to grant shares in the business in connection with the allocation of the profit-sharing reserve.

The table below shows the total amount of the special profit-sharing reserve determined in accordance with the profit-sharing agreement in force:

(In euros)	2007-2008	2008-2009	2009-2010
Amount of the special profit-sharing reserve	3,971,879	4,797,609	4,584,910

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>> 18.1 Breakdown of ownership structure and voting rights

The following table provides disclosures about changes Eutelsat Communications's ownership structure reported to the Company over the past three years:

	30 September 2010		30 June 2010		30 June 2009		30 June 2008	
Shareholders	**Number of shares and voting rights**	**As a percentage**	**Number of shares and voting rights**	**As a percentage**	**Number of shares and voting rights**	**As a percentage**	**Number of shares and voting rights**	**As a percentage**
abertis telecom S.a.u.	69,022,989	31.36%	69,022,989	31.36%	69,022,989	31.40%	69,022,989	31.43%
CDC Infrastructure S.A.	-	-	-	-	56,399,660	25.66%	56,399,660	26.68%
Fonds Stratégique d'Investissement (FSI)	56,399,660	25.62%	56,399,660	25.62%	-	-	-	-
Radio Televizijia Slovenia	2,332,724	1.06%	2,332,724	1.06%	2,468,724	1.12%	2,468,724	1.12%
Entreprise des Postes et Telecoms (Luxembourg)	2,395,886	1.09%	2,395,886	1.09%	2,395,886	1.09%	2,395,886	1.09%
Other minority shareholders	3,227,577 (1)	1.47%	3,227,577 (1)	1.47%	3,227,577 (1)	1.47%	3,227,577 (1)	1.47%
Free float	83,748,552	38.05%	83,734,835	38.04%	83,159,592	37.83%	83,631,726	38.08%
Employees and senior managers	2,986,594	1.36%	3,000,311	1.36%	3,129,537	1.42%	2,495,393	1.14%
TOTAL SHARES	**220,113,982**	**100%**	**220,113,982**	**100%**	**219,803,965**	**100%**	**219,641,955**	**100%**

(1) This category includes a number of Eutelsat Communications' minority shareholders, such as the Croatian Ministry for the Sea, Transportation and Infrastructure, Turksat Satellite Communications and the national telecommunication companies of Bosnia-Herzegovina, Bulgaria and Albania.

At the date this reference document was filed, the share capital is made up of ordinary shares, all of the same class, entitling the bearer to one vote per share. For this reason, the main shareholders in the Company do not enjoy preferential voting rights.

To the best of the Company's knowledge, no other shareholders own, directly or indirectly, more than 5% of its share capital or voting rights at the date of this reference document.

To the best of the Company's knowledge, there are no other shareholders holding registered shares who own more than 1% of the Company's share capital at the date of this reference document. However, other bearer shareholders have reported to the Company that they have crossed thresholds, thus exceeding 1% of the share capital and may therefore hold at least 1% of the Company's capital (see the annual information document in Chapter 23 "Documents available to the public" in this reference document for declarations regarding the crossing of thresholds in the financial year 2009-2010).

18.1.1 Crossing of disclosure thresholds

To the best of the Company's knowledge, no shareholder, acting alone or in concert, holds more than 50% of the shares bearing voting rights in the Company, and no shareholder, alone or in concert, controls the Company within the meaning of Article L. 233 *et seq.* of the French *Code de commerce.*

Pursuant to Article 12 of our By-laws, the Company has been notified and the Board of Directors informed of the following crossings of threshold:

6 July 2009	Notification that the thresholds of 25%, 20%, 15%, 10%, 5%, 1% had bee crossed downwards by CDC Infrastructures as a result of the transfer of its equity interest to FSI SA, *i.e.* 56,393,202 shares
6 July 2009	Notification that the thresholds of 1%, 5%, 10%, 15%, 20%, 25% had been crossed upwards by FSI due to its acquisition of CDC-Infrastructures' equity interest, *i.e.* 56,393,202 shares representing 25.62% of the share capital
4 November 2009	Notification that the threshold of 1% had been crossed downwards compared to the previous declaration by Franklin Resources Inc., holding 15,226,123 shares, *i.e.* 6.9174% of the Company's share capital
20 January 2010	Notification that the threshold of 1% had been crossed downwards compared to the previous declaration by Franklin Resources Inc., holding 13,160,362 shares, *i.e.* 5.9789% of the Company's share capital
17 March 2010	Notification that the threshold of 5% in terms of capital and voting rights in the Company had been crossed downwards compared to the previous declaration by Franklin Resources Inc., holding 10,971,493 shares, *i.e.* 4.9845% of the Company's share capital
12 May 2010	Notification that the 1% threshold had been crossed upwards, by GLG Partners LP, holding 2,250,808 shares, *i.e.* 1.02% of the Company's share capital.

At the date of filing of this document, the Company was not notified of any crossing, whether upwards or downwards, of legal or statutory disclosure thresholds in our Company's capital.

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18.1.2 Corporate Officers' securities transactions

Declarations of securities transshares	
21 September 2010	Giuliano Berretta: disposals of 2,500 shares
20 September 2010	Giuliano Berretta: disposals of 2,000 shares
17 September 2010	Giuliano Berretta: disposals of 5,000 shares
16 September 2010	Giuliano Berretta: disposals of 4,000 shares
14 September 2010	Giuliano Berretta: disposals of 2,000 shares
4 June 2010	Giuliano Berretta: disposals of 700 shares
3 June 2010	Giuliano Berretta: disposals of 11,800 shares
17 May 2010	Related party Giuliano Berretta: disposals of 1,100 shares
13 May 2010	Related party Giuliano Berretta: disposals of 4,700 shares
12 May 2010	Related party Giuliano Berretta: disposals of 16,200 shares
9 April 2010	Related party Giuliano Berretta: disposals of 152 shares
7 April 2010	Related party Giuliano Berretta: disposals of 1,000 shares
6 April 2010	Related party Giuliano Berretta: disposals of 8,000 shares
1 April 2010	Related party Giuliano Berretta: disposals of 6,000 shares
31 March 2010	Related party Giuliano Berretta: disposals of 3,000 shares
30 March 2010	Related party Giuliano Berretta: disposals of 8,000 shares
30 March 2010	Related party Giuliano Berretta: disposals of 8,000 shares
29 March 2010	Related party Giuliano Berretta: disposals of 7,500 shares
26 March 2010	Related party Giuliano Berretta: disposals of 8,500 shares
25 March 2010	Related party Giuliano Berretta: disposals of 6,500 shares
24 March 2010	Related party Giuliano Berretta: disposals of 4,500 shares
23 March 2010	Related party Giuliano Berretta: disposals of 5,000 shares
22 March 2010	Related party Giuliano Berretta: disposals of 3,000 shares
15 March 2010	Related party Giuliano Berretta: disposals of 6,000 shares
12 March 2010	Related party Giuliano Berretta: disposals of 9,000 shares
11 March 2010	Related party Giuliano Berretta: disposals of 7,000 shares
10 March 2010	Related party Giuliano Berretta: disposals of 3,000 shares
9 March 2010	Related party Giuliano Berretta: disposals of 141 shares
8 March 2010	Related party Giuliano Berretta: disposals of 2,282 shares
5 March 2010	Related party Giuliano Berretta: disposals of 3,827 shares
4 March 2010	Related party Giuliano Berretta: disposals of 4,000 shares
3 March 2010	Related party Giuliano Berretta: disposals of 4,000 shares
2 March 2010	Related party Giuliano Berretta: disposals of 8,000 shares
1 March 2010	Related party Giuliano Berretta: disposals of 8,574 shares
26 February 2010	Related party Giuliano Berretta: disposals of 2,500 shares
25 February 2010	Related party Giuliano Berretta: disposals of 6,000 shares
24 February 2010	Related party Giuliano Berretta: disposals of 9,000 shares
23 February 2010	Related party Giuliano Berretta: disposals of 5,000 shares
22 February 2010	Related party Giuliano Berretta: disposals of 7,000 shares
27 November 2009	Michel de Rosen: acquisition of 4,597 shares
27 August 2009	Giuliano Berretta: disposal of 408,221 shares
27 August 2009	Giuliano Berretta: acquisition of 408,221 shares
27 August 2009	Giuliano Berretta: disposals of 2,000 shares
26 August 2009	Giuliano Berretta: disposals of 3,000 shares
14 August 2009	Giuliano Berretta: disposals of 1,540 shares
13 August 2009	Giuliano Berretta: disposals of 2,000 shares
12 August 2009	Giuliano Berretta: disposals of 5,000 shares
11 August 2009	Giuliano Berretta: disposals of 5,000 shares
10 August 2009	Giuliano Berretta: disposals of 6,000 shares
7 August 2009	Giuliano Berretta: disposals of 2,773 shares
6 August 2009	Giuliano Berretta: disposals of 1,000 shares
4 August 2009	Giuliano Berretta: disposals of 1,527 shares

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>> 18.2 Shareholders' agreement

To the best of the Company's knowledge, there are no shareholders' agreements, actions in concert or any other form of agreement, the subsequent implementation of which might lead to a change in the control of the Company.

>> 18.3 Agreements likely to lead to a change in control of the Company

At the date of filing hereof, the Company has no knowledge of any agreement, shareholders' agreement, or clause of any convention providing for preferential conditions for disposing of or acquiring shares in the Company involving at least 5% of the capital or voting rights in the Company, the implementation of which could lead, at a later date, to the Company being taken over.

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19. RELATED PARTY TRANSACTIONS

The disclosures with regard to related party agreements cited in Article L. 225-38 of the French *Code de commerce* may be found in the Statutory Auditors' Report on related party agreements in the Appendix of this reference document.

>> 19.1 Service agreements within the Group

During the financial year ended 30 June 2010, Eutelsat S.A., a subsidiary of the Company, signed a service agreement with Eutelsat Italia, authorised by the Board of Directors on 10 December 2009, pursuant to Art. L. 225-38 of the French *Code de commerce,* the natural person concerned being Mr G. Berretta; the amount invoiced to Eutelsat Italia by Eutelsat S.A. for services during the financial year came to 19,689 euros.

Eutelsat Communications had, furthermore, signed several service agreements with its various subsidiaries and the execution of which continued during the financial year ended 30 June, in particular:

- a centralised cash Management agreement with Eutelsat S.A. and its subsidiary Eutelsat Communications Finance S.A.S.(17) enabling them to grant short term loans to Eutelsat S.A., repaid at the EURIBOR rate plus a margin. This agreement falls within the scope of Art. L. 225-39 of the French *Code de commerce*; as of 30 June 2010, the total amount loaned by the Company to Eutelsat S.A. came to 38 million euros and the total amount loaned by Eutelsat Communications Finance S.A.S. to Eutelsat S.A. came to 345.5 million euros, *i.e.* a cumulated total of loans from the Company and Eutelsat Communications Finance S.A.S. to Eutelsat S.A. of 383.5 million euros;
- an administrative assistance service agreement with Eutelsat S.A. on 26 January 2006, also falling within the scope of Art. L. 225-39 of the French *Code de commerce* concerning administrative back-up services in the financial, accounting, IT, legal and communications fields; and
- a group promotion agreement with its main operational subsidiaries Eutelsat S.A. and Skylogic S.p.A., whereby the Company provides services to Eutelsat S.A. and Skylogic S.p.A.

>> 19.2 Other agreements

During the financial year ended 30 June 2010, Eutelsat Communications signed several agreements with subsidiaries:

- a re-invoicing agreement in the event of acquisition of shares in the market, as part of the implementation of the Free Share Grant Initiative concluded on 22 June 2010 with various subsidiaries, especially Eutelsat S.A., Skylogic Spa and Eutelsat Inc., approved by the Board of Directors Meeting on 1 February 2010; since no share was acquired on the market by Eutelsat Communications as of 30 June 2010, this agreement resulted in no invoicing during the financial year; and
- modification of the rate applicable to the supplementary pension scheme with defined benefits (Art. 39) authorised by the Board of Directors on 10 December 2009, pursuant to Art. L. 225-38 of the French *Code de commerce,* the natural persons concerned being Messrs. G. Berretta and J.-P. Brillaud.

The Board of Directors Meeting on 22 June 2010 authorised the payment of exceptional attendance fees of 36,000 euros to Lord Birt, a Director, for the work done on behalf of the Board in the "TV Channel Jamming" case. These attendance fees were paid during the first half of the financial year beginning on 1 July 2010.

Furthermore, Eutelsat Communications signed several agreements with subsidiaries during previous years, the execution of which continued during the financial year ended 30 June 2010, including:

- agreements concerning contributions to a supplementary pension scheme with defined benefits (Art. 39) for Corporate Officers G. Berretta and J-P Brillaud, falling within the scope of Art. L. 225-42 of the French *Code de commerce,* for which the amount of 176,238.50 euros was paid to an insurance company during the financial year;
- a tax consolidation agreement with Eutelsat Communications Finances S.A.S. and with Eutelsat S.A. and Eutelsat VAS S.A.S., and an agreement with the company Fransat S.A. for the latter to be included within the scope of the tax consolidation agreement, the natural persons concerned being Messrs. G. Berretta, M. de Rosen and J.-P. Brillaud; under this agreement, Eutelsat Communications recorded tax proceeds amounting to 23.9 million euros for the financial year ended 30 June 2010.

(17) Eutelsat Communications Finance S.A.S. merged with SatBirds 2 S.A.S. in December 2008, which had previously merged with WhiteBirds S.A.S. in October 2008. SatBirds 2 S.A.S. and WhiteBirds S.A.S. were parties to the central cash Management agreement on the date of signing of the agreements.

>> 20.1 Financial information for the financial year ended 30 June 2010

20.1.1 Eutelsat Communications' consolidated financial statements prepared under IFRS for the financial year ended 30 June 2010

Consolidated balance sheet

(In thousands of euros)	Note	30 June 2009	30 June 2010
Assets			
Non-current assets			
Goodwill	5	807,752	807,752
Intangible assets	5	751,484	709,195
Satellites and other property and equipment, net	6	1,780,519	1,797,588
Construction in progress	6	543,717	732,913
Investments in associates	7	216,502	232,928
Non-current financial assets	8, 14	2,561	3,049
Deferred tax assets	21	36,937	52,624
Total non-current assets		**4,139,472**	**4,336,049**
Current assets			
Inventories	9	1,771	1,372
Accounts receivable	10	298,792	298,816
Other current assets	11	17,203	13,510
Current tax receivable	21	3,407	2,867
Current financial assets	12, 14	5,053	4,900
Cash and cash equivalents	13	143,745	59,519
Total current assets		**469,971**	**380,984**
TOTAL ASSETS		**4,609,443**	**4,717,033**

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(In thousands of euros)	Note	30 June 2009	30 June 2010
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	**15**	**219,804**	**220,114**
Additional paid-in capital		526,047	497,128
Reserves and retained earnings		584,913	725,951
Non-controlling interests		67,070	69,112
Total shareholders' equity		**1,397,834**	**1,512,305**
Non-current liabilities			
Non-current financial debt	16	2,454,678	2,446,102
Other non-current financial liabilities	17, 18	51,775	49,164
Other non-current debt	20	20,332	1,469
Non-current provisions	22	30,095	30,156
Deferred tax liabilities	21	266,874	289,501
Total non-current liabilities		**2,823,754**	**2,816,392**
Current liabilities			
Current financial debt	16	14,090	32,866
Other current financial liabilities	17, 18	138,428	160,661
Accounts payable		41,508	40,956
Fixed assets payable		72,036	30,424
Taxes payable		33,638	12,618
Other current payables	20	77,318	97,153
Current provisions	22	10,837	13,658
Total current liabilities		**387,855**	**388,336**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,609,443**	**4,717,033**

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Consolidated income statement

(In thousands of euros, except per share data)	Note	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Revenues	23	940,541	1,047,224
Revenues from operations		**940,541**	**1,047,224**
Operating costs		(72,104)	(80,877)
Selling, general and administrative expenses		(126,325)	(138,552)
Depreciation and amortisation	5,6	(294,271)	(313,419)
Other operating income	27.2, 28.1	145,769	148
Other operating charges	6,15.3	(121,968)	(5,973)
Operating income		**471,642**	**508,551**
Financial income		29,938	32,868
Financial expenses		(129,562)	(133,512)
Financial result	**24**	**(99,624)**	**(100,644)**
Income from associates	7	15,954	17,843
Net income before tax		**387,972**	**425,750**
Income tax expense	21	(127,988)	(143,239)
Net income		**259,984**	**282,511**
Group share of net income (loss)		247,348	269,501
Portion attributable to non-controlling interests		12,636	13,010
Earnings per share attributable to Eutelsat shareholders	**25**		
Basic earnings per share in euro		1.126	1.224
Diluted earnings per share in euro		1.126	1.224

Comprehensive income statement

(In thousands of euros)	Note	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Net income		259,984	282,511
Other items of gain or loss on comprehensive income			
Translation adjustment		(697)	3,813
Tax effect		-	(858)
Changes in fair value of cash-flow hedging instruments	15.4, 26.5	(219,732)	(24,663)
Tax effect	21.2	75,694	8,491
Total of other items of gain or loss on comprehensive income		**(144,735)**	**(13,217)**
TOTAL COMPREHENSIVE INCOME STATEMENT		**115,249**	**269,294**
Group share of net income (loss)		104,604	255,760
Portion attributable to non-controlling interests		10,645	13,534

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Consolidated statement of cash flows

(In thousands of euros)	Note	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Cash flow from operating activities			
Net income		259,984	282,511
Income from equity investments	7	(15,954)	(17,844)
(Gain) / loss on disposal of assets		20	120
Other non-operating items		100,137	238,525
Depreciation, amortisation and provisions		411,335	321,824
Deferred taxes	21	(4,944)	15,428
Changes in accounts receivable		(73,851)	(19,274)
Changes in other assets		20,945	4,447
Changes in accounts payable		5,650	12,430
Changes in other debt		27,788	8,821
Taxes paid		(76,378)	(148,702)
Net cash inflow from operating activities		**654,732**	**698,286**
Cash flows from investing activities			
Acquisitions of satellites, other property and equipment and intangible assets	6	(386,802)	(494,362)
Acquisitions of equity investments	7.1	(29,750)	-
Proceeds from sale of assets		198	8
Insurance indemnities on property and equipment	27.2	120,545	-
Acquisition of non-controlling interests	5, 15.3	(7,458)	(6,737)
Changes in other non-current financial assets		(279)	(12)
Dividends received from associates		2,473	3,169
Net cash flows used in investing activities		**(301,073)**	**(497,934)**
Cash flows from financing activities			
Changes in capital		-	-
Distributions		(141,737)	(156,196)
Increase in debt		39,843	843,472
Repayment of debt		-	(850,184)
Repayment in respect of performance incentives and long-term leases		(15,994)	(14,329)
Other loan-related expenses		-	(9,554)
Interest and other fees paid		(108,626)	(76,930)
Interest received		5,791	1,498
Termination indemnities on derivatives settled	26.2	-	(38,015)
Other changes		2,946	315
Net cash flows from financing activities		**(217,777)**	**(299,923)**
Impact of exchange rate on cash and cash equivalents		(619)	(464)
Increase (decrease) in cash and cash equivalents		**135,263**	**(100,035)**
Cash and cash equivalents, beginning of period		**6,109**	**141,372**
Period			
Cash and cash equivalents, end of period		**141,372**	**41,337**
Cash reconciliation			
Cash	13	143,745	59,519
Overdraft included under debt [1]	16.2	(2,373)	(18,182)
CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT		**141,372**	**41,337**

(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 financial debt" under "Current liabilities" in the balance sheet.

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Consolidated statement of changes in shareholders' equity

(In thousands of euros, except share data)	Common stock Number	Common stock Amount	Additional paid-in capital	Reserves and retained earnings	Non-controlling interests	Total
As of 30 June 2008	**219,641,955**	**219,642**	**662,566**	**469,511**	**65,525**	**1,417,244**
Net income for the period				247,348	12,636	259,984
Other items of gain or loss on comprehensive income				(142,744)	(1,991)	(144,735)
Total comprehensive income statement				**104,604**	**10,645**	**115,249**
Transactions affecting the capital (1)	162,010	162	(4,772)	4,610	-	-
Treasury stock				(215)	-	(215)
Transactions with non-controlling interests				(626)	(696)	(1,322)
Distributions			(131,747)	-	(9,990)	(141,737)
Benefits for employees upon exercising options and free shares granted				3,667	-	3,667
ABSA commitments				2,913	538	3,451
Liquidity offer				448	1,049	1,497
As of 30 June 2009	**219,803,965**	**219,804**	**526,047**	**584,913**	**67,070**	**1,397,834**
Net income for the period				269,501	13,010	282,511
Other items of gain or loss on comprehensive income				(13,741)	524	(13,217)
Total comprehensive income statement				**255,760**	**13,534**	**269,294**
Transactions affecting the capital (1)	310,017	310	(310)	-	-	-
Treasury stock				263	-	263
Transactions with non-controlling interests				(4,183)	(2,170)	(6,353)
Distributions			(28,609)	(116,636)	(10,951)	(156,196)
Benefits for employees upon exercising options and free shares granted				1,563	40	1,603
ABSA commitments				(1,002)	2,245	1,243
Liquidity offer				5,273	(656)	4,617
AS OF 30 JUNE 2010	**220,113,982**	**220,114**	**497,128**	**725,951**	**69,112**	**1,512,305**

(1) The amount shown as additional paid-in capital includes negative retained earnings of 4,610 thousand euros for this item at 30 June 2008.

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Note 1: Key events during the financial year

- On 26 March 2010, Eutelsat S.A., which Eutelsat Communications owns directly and indirectly at 96.1%, finalised the refinancing of all its credit agreements that were due to mature in November 2011 for a total amount of 1.3 billion euros. The refinancing took place through:
- the issuance of a seven-year senior unsecured bonds, with a coupon of 4.125 percent per annum for a total of 850 million euros;
- the conclusion of a five-year new senior unsecured revolving credit facility for a total of 450 million euros.
- By end of March 2010, Eutelsat S.A.'s indebtness has been fully cancelled and reimbursed using the net proceeds of the bonds, and treated in the financial statements as an extinguishment of debt.
- (see Note 16 – Financial debt);
- The W7 satellite was successfully launched on 24 November 2009 by a Proton launch vehicle. It came into full operational service during the first week of January 2010;
- During the financial year, SOLARIS, an entity jointly held by SES Astra, was fully refunded for the amount of the indemnity in relation to the incident observed/reported in June 2009 on the W2A satellite. The loss of this asset recorded in SOLARIS' accounts of 30 June 2009 had no impact on the company's contribution to the Group's income, as the expected indemnity payment was recognised during the same accounting period.
- (see Note 7.1 – SOLARIS Mobile Ltd.).

Note 2: General overview

2.1 – Incorporation

SatBirds was incorporated as a joint stock company (*société par actions simplifiée*) on 25 February 2005. It is registered in the Register of Commerce and Companies (*Registre du Commerce et des Sociétés*) and its listing will expire on 25 February 2104.

On 4 April 2005, the main direct and indirect shareholders of Eutelsat S.A. contributed and sold their Eutelsat S.A. shares to SatBirds S.A.S., hereinafter referred to as "the Group".

On 31 August 2005, SatBirds changed its corporate name to Eutelsat Communications S.A.. Simultaneously, the Company changed its legal form and became a French *société anonyme*.

2.2 – Business

The Eutelsat Communications Group (Eutelsat S.A. and its subsidiaries) is a private telecommunications satellite operator involved in the design, establishment, operation and maintenance of satellite telecommunications systems covering a large geographical area (extended Europe – including North Africa, Russia and the Middle East – the east of North America, Latin America, Sub-Saharan Africa and Asia).

Eutelsat S.A. itself derives from the transfer on 2 July 2001 of all of the operating activities, assets, liabilities and commitments of the Eutelsat Intergovernmental Organisation (IGO). Since then, the assignment of frequencies for the use of the frequency spectrum resources and space orbits used by Eutelsat S.A. with regard to the operation of these satellites remain under the joint responsibility of the member countries of the IGO, and of the IGO.

As of 30 June 2010, the Group owns and operates, via Eutelsat S.A., 23 satellites in geostationary orbit to provide capacity (assignment and availability) to major international telecommunications operators and international broadcasting companies for television and radio broadcasting services (analogue and digital), for business telecommunications services, multimedia applications and messaging and positioning services. Furthermore, the Group uses additional capacity on five satellites belonging to third parties or related parties.

Six more satellites (W3B, Ka-Sat, W3C, ATLANTIC BIRD™ 7, W5A and W6A) are currently under construction. The first two satellites are expected to be launched in 2010-2011, the third and fourth in 2011-2012 and the last two in 2012-2013.

2.3 – Approval of the financial statements

The consolidated financial statements for 30 June 2010 have been prepared under the responsibility of the Board of Directors, which adopts them at its meeting of 29 July 2010.

They will be submitted for the approval of the Ordinary General Meeting of Shareholders to be held on 9 November 2010.

Note 3: Basis of preparation of the financial information

3.1 – Compliance with IFRS

In accordance with regulation 1602-2002 of the European Union regarding the application of international accounting standards, the Company elected, as from its creation, to issue its consolidated financial statements under the combined framework commonly referred to as IFRS.

The financial statements for 30 June 2010 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/index_en.htm

The financial statements have been prepared on a historical cost basis, except for certain items for which the standards require measurement at fair value.

3.2 – Accounting Policies

Newly applicable standards and interpretations

The standards and interpretations applicable as of 30 June 2010 are identical to those applicable as of 30 June 2009, except for the following texts which are required to be applied for all financial periods beginning on or after 1 July 2009.

- revised IAS 1 "Presentation of Financial Statements"; the revised standard requires an entity to present a comprehensive income statement that includes net profit and other items of gain or loss on comprehensive income directly recognised to shareholder's equity. According to the revised IAS 1, the comprehensive income statement can be presented either as a single financial statement including the income statement or as two financial statements, namely an income statement and a comprehensive income statement. In the latter case, the comprehensive income statement is presented immediately after the income statement. This was the option that the Group has chosen;

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- IFRS 8 "Operating Segments"; this standard which supersedes IAS 14 requires an entity to present information about its operating segments on the basis of the internal Management data used by the Group's chief operating decision maker to assess performance and allocate resources. The new provisions had no impact on segment presentation. According to IFRS 8, the Management data are reconciled with the consolidated accounts (see Note 23 – *Segment information*);
- revised IAS 23 "Borrowing Costs"; the revised standard requires an entity to capitalise borrowing costs attributable to the construction or production of qualifying assets (thereby eliminating the option of recognising borrowing costs as an expense). This amendment has no impact on the Group's accounts as the accounting treatment is already applied by the Group;
- amendment to IFRS 2 "Share-Based Payments: Vesting Conditions and Cancellations"; this amendment which clarifies the definition of vesting conditions and the treatment of cancelled awards has not impacted the financial situation and performance of the reporting period;
- amendment to IAS 32 and IAS 1: Financial instruments redeemable at the holder's discretion and obligations arising on liquidation; both standards were amended to limit exceptions to the scope of redeemable instruments and they had no impact on the Group's accounts;
- improvement of IFRS standards published in May 2008 including the amendment to IFRS 5 on an interpretation of the notion "HFS, held for sale" in the event of partial disposal of securities, applicable for financial years beginning on or after 1 July 2009; these texts had no impact on the Group's accounts;
- revised IFRS 3 "Business combinations", applicable to business combinations for which the date of acquisition occurs after the beginning of the first financial year starting on 1 July 2009;
- revised IAS 27 "Consolidated and separate financial statements", applicable on the same date as the revised IFRS 3.

Generally, the two standards (Revised IFRS 3 and Revised IAS 27) substantially change the way business combinations and changes in ownership interests in subsidiaries (with or without loss of control) are accounted for. The main changes in the accounting for business combinations relate to the valuation of non-controlling interests (formerly referred to as "minority interests"), the recognition of transaction costs, the initial and subsequent recognition of contingent consideration and step acquisitions. As regards the revised IAS 27, the main changes relate to the accounting treatment for loss of control and changes in ownership interests without loss of control. These amendments are detailed in Note 4.2 "Business Combinations" and 4.3 "Acquisition/disposal of non-controlling interests".

The revised standards are to be applied prospectively. For this reason, they had no impact on the recognition of business combinations and changes in ownership interests having occurred before 1 July 2009, which followed accounting policies set out in IFRS 3 and IAS 27, as described in Note 4.2 *et seq.*

In addition, as a result of the changes introduced by the revised IAS 27 to be applied prospectively, a number of disclosures required under IAS 7 "Cash Flow Statements" and IAS 1 "Presentation of Financial Statements" (and more specifically the statement of changes in shareholders' equity) and which are impacted by these changes, are made retrospectively;

- improvements to IFRSs released in April 2009 regarding the amendment to IAS 38 "Intangible Assets" on the measurement at fair value of an intangible asset acquired in a business combination; this amendment is linked to the revised IFRS 3 applicable for financial years beginning on or after 1 July 2009;
- amendment to IFRS 7 aimed at improving the information reported in respect of financial instruments (fair value measurement and information on liquidity risk in relation to financial instruments (liabilities));
- amendments to IFRIC 9 and IAS 39 "Embedded derivatives";
- amendments to IAS 39 "Eligible hedged items";
- IFRIC 16 "Hedging a net investment in a foreign operation".

New standards and interpretations that have not been applied

On the other hand, the Group has not applied the following standards and interpretations that came into force on 1 July 2009 and which were only adopted by the European Union after that date:

- improvement to IFRSs released in April 2009 and more specifically the amendments for which the date of application is after 1 July 2009;
- IFRIC 17 "Distributions of non-cash assets to owners" applicable for financial years starting as of 1 July 2009 with an entry into force in the European Union on 1 November 2009;
- IFRIC 18 "Transfers of assets from customers" applicable for financial years starting as of 1 July 2009 with an entry into force in the European Union on 1 November 2009.

Furthermore, no standard or interpretation has been applied in advance, whether they were endorsed by the European Union or not and the Group is currently carrying out an analysis of the practical consequences of the new texts and of the effects of applying them in the accounts, namely:

- the amendment to IAS 32 "Classification of Rights Issues" applicable as of 1 February 2010 and endorsed by the European Union;
- IFRS 9 "Financial Instruments", applicable as of 1 January 2013, as yet not endorsed by the European Union;
- the revised IAS 24 "Related Party Disclosures", applicable for financial years beginning on or after 1 January 2011, as yet not endorsed by the European Union;
- IAS 32 "Classification of Rights Issues" applicable for financial years beginning as of 1 February 2010 and endorsed by the European Union on 27 December 2009;
- the Amendment to IFRS 2 "Cash-settled share-based payment of intra-group transactions" applicable for financial years beginning on or after 1 January 2010, and endorsed by the European Union on 27 March 2010;
- the improvement to IFRSs released in April 2010, applicable for financial years beginning on or after 1 January 2010, as yet not endorsed by the European Union;
- IFRIC 19 "Extinguishing financial liabilities with equity instruments", applicable for financial years beginning on or after 1 July 2010, as yet not endorsed by the European Union.

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3.3 – Accounting procedures applied by the Group in the absence of specific accounting standards

As of 30 June 2009, where no standard or interpretation was applicable to the situations described below, and pending application of the texts published by the IASB in January 2008 or clarifications on these matters, the Group's Management used its judgment to define and apply the accounting procedures that were the most appropriate. These accounting procedures or options based on the judgment of the Group related to additional acquisitions of shares in entities it already controlled (see Note 4.3 – *Acquisition/disposal of non-controlling interests*) and firm or conditional commitments to purchase non-controlling interests (see Note 4.10.7 – *Firm or conditional commitments to purchase non-controlling interests*). As of 30 June 2010, the revised IFRS 3 and the revised IAS 27 were applied (see above-mentioned Notes).

Furthermore, the accounting treatment for the "*Cotisation sur la Valeur Ajoutée des Entreprises*" or CVAE (Business contribution on the added value) was considered by the Group an operating expense that does not meet the criteria laid down in IAS 12 "Income taxes" and therefore does not give rise to deferred taxes.

3.4 – Presentation of the income statement

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites, as well as in-orbit insurance premiums for satellite in-orbit lives.

Selling, general and administrative expenses are mainly composed of costs for administrative and commercial staff, all marketing and publicity expenses and related general expenses.

3.5 – Significant judgements and estimates

Preparation of the Group's consolidated financial statements requires Management to make judgements and estimates that are likely to affect certain assets and liabilities, as well as the amounts shown for the corresponding income and expenses in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments by using past experience and other relevant factors related to the economic environment. The eventual outcome of the operations underpinning these estimates and assumptions could, due to the uncertainty that surrounds them, result in the need for significant adjustment in a subsequent financial period to amounts recognised.

Judgements

When preparing the consolidated financial statements for the period ended 30 June 2010, Management exercised its judgement, especially with regard to the ability of the Sea Launch Company, to honour its contractual commitments towards the Eutelsat Group with respect to the two Sea Launch launchers. (see Note 6 – *Satellites and other property and equipment*).

Estimates

Key estimates relating to future occurrences, and the other main sources of uncertainty as of the balance-sheet date, are presented below:

- an assessment of the recoverability of accounts receivable (see Note 10 – *Accounts receivable*), exposure to credit risk, risk profile;
- provisions for risks and for employee benefits (see Note 22 – *Provisions*);
- the income tax expense and an assessment of the amounts corresponding to deferred tax assets (see Note 21 – *Current and deferred tax*);
- the possibility of an impairment of goodwill and other intangible assets (see Note 5 – *Goodwill and other intangibles*);
- assessment of satellites' useful lives and their impairment (see Note 6 – *Satellites and other property and equipment*).

3.6 – Periods presented and comparatives

The financial year of Eutelsat Communications runs for 12 months and ends on 30 June.

The functional currency, and the currency used in the presentation of the financial statements, is the euro.

Note 4: Significant accounting policies

4.1 – Consolidation method

The companies controlled directly or indirectly by Eutelsat Communications, even if the Company does not directly own any of the equity of these companies, are 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 as of the same date. Similarly, the changes in their reserves following the acquisition that are not related to operations that had an impact on the income statement are recorded in the consolidated reserves up to the limit of the Group's share. Companies cease to be consolidated as of the date when the Group transfers control, joint control or significant influence.

Intra-Group balances and transactions are eliminated on consolidation.

4.2 – Accounting treatment for business combinations

After standard revision in 2008

Starting on 1 July 2009, business combinations are recognised using the acquisition method, in accordance with the revised IFRS 3.

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Under this method, the various components of an acquisition are recognised at their fair values with some exceptions, namely:

- the consideration transferred is measured at fair value. This includes contingent consideration that is also measured at fair value at the acquisition date, which takes into account probabilities of occurrence. Once classified as liabilities or as equity depending on their nature, obligations are entered as debts and subsequently remeasured at fair value, with their changes recorded under income;
- costs directly attributable to the acquisition are expensed in the year during which they are incurred;
- in case of partial disposal, non-controlling interests (formerly known as "minority interests") are measured on the option determined for each combination, either at fair value, or as their proportionate share of the acquired assets and assumed liabilities (similar method used under IFRS 3);
- in a business combination achieved in stages (step acquisition), the previously held ownership interest is remeasured at its acquisition-date fair value. The difference between the fair value and the carrying amount of the ownership interest is recognised directly in income for the reporting period.

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.

Goodwill represents the excess of consideration transferred and the value of non-controlling interests, if any, over the fair value of the acquiree's identifiable net assets and liabilities depending on the option retained for the valuation of equity interest in an acquisition, the recognised goodwill represents either the only portion acquired by the Group (partial goodwill) or the aggregate of the Group's portion and the non-controlling interests' portion (full goodwill).

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 12 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 12 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.

Prior to standard revision in 2008

Under IFRS 3, business combinations were also recognised using the acquisition method. The main differences with the revised IFRS 3 are as follows:

- transaction costs formed a part of the acquisition price;
- price adjustments were also part of the cost if payment was probable and could be measured reliably and therefore any subsequent changes in the value were treated as an adjustment to the initial cost of the business combination and recorded against goodwill;
- minority interests (non-controlling interests) could only be recognised on the basis of the fair value of the net assets acquired.

4.3 – Acquisition/disposal of non-controlling interests

For annual periods beginning on or after 1 July 2009, changes in ownership interests in subsidiaries without loss of control are accounted for as equity transactions and recognised directly in equity. Before the standard was applied and failing any specific provision in the IFRSs, the difference between the price paid (for acquisitions) or received (for disposals) and the carrying amount of the minority interests (non-controlling interests) acquired/transferred was recognised by the Group against goodwill (for acquisitions) or in the income statement (for disposals).

4.4 – Foreign currency operations

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transactions.

Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the functional currency at the end of the period using the balance sheet rate. Resulting foreign-exchange gains and losses are recorded in the income statement for the period.

Conversely, foreign exchange gains and losses arising from the translation of capitalisable advances made to foreign subsidiaries and forming part of the net investment in the consolidated subsidiary are recognised directly as "Cumulative translation adjustment" within shareholders' equity.

The principal foreign currency used is the U.S. dollar. The closing exchange rate used is 1.23 U.S. dollar per euro and the average exchange rate used for the period is 1.39 U.S. dollar per euro.

Translation of foreign subsidiaries' financial statements

Each subsidiary outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Their financial statements are translated into euros using the closing-rate method. All assets and liabilities, including goodwill, are translated into euros using the exchange rate prevailing at the balance sheet date. Income and expenses are translated using a weighted-average exchange rate for the period. The resulting translation difference is recorded under a separate component of shareholders' equity under "Translation adjustments".

4.5 – Intangible assets

Intangible assets purchased separately or acquired in the context of a business combination

Intangible assets acquired separately are recorded at their acquisition cost and those purchased in a business combination are recorded at fair value at the acquisition date as part of the process of allocation of the acquisition cost of the entity. The fair value is determined 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 associated "Customer Contracts and Relationships" assets. Because its lifetime is indefinite, the "Eutelsat" brand is not amortised but is systematically tested for impairment on a yearly basis.

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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 into account anticipated contract renewal rates (see Note 4.8 – *Impairment of non-current assets*).

Research and development costs

Development costs are recorded as intangible assets if the capitalisation criteria defined under IAS 38 "Intangible Assets" are met. Otherwise, they are expensed in the period in which they are incurred. Research costs are recorded as incurred.

For the financial periods ended 30 June 2009 and 2010, no development costs were capitalised by the Group.

Research expenses were mainly incurred for multimedia activities. They are recorded in the income statement under "Selling, general and administrative expenses".

4.6 – Goodwill

Goodwill is measured at cost as of the date of the business combination, representing the difference between the aggregate of the fair value of consideration transferred and the amount of non-controlling interests, and the net amount of identifiable assets acquired and liabilities assumed.

Goodwill arising from the acquisition of a subsidiary is separately identified in the consolidated balance sheet under "Goodwill". Goodwill arising from 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 by cost less any cumulative impairment losses.

Goodwill is tested for impairment at least annually or whenever events or circumstances indicate that the carrying amount may be impaired. Such events or circumstances arise when there are significant adverse developments that call into question the recoverable amount of the initial investment.

4.7 – Satellites and other property and equipment

Satellites and other property and equipment acquired separately ("Tangible fixed assets") are recognised at their acquisition cost, which includes all costs directly attributable to making the asset ready for use, less accumulated depreciation and any impairment.

Borrowing costs related to the financing of tangible fixed assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan specifically related to the asset under construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the 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 and amortisation – This is calculated on a straight-line basis over the estimated useful lives of assets, which are determined on the basis of the expected use of the assets. Depreciation takes account, as appropriate, of the residual value of each asset or group of assets, starting from the date each asset enters into operational use.

The useful lives of the main 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.

Construction in progress – The "Construction in progress" 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 the transponders of a satellite are recognised in accordance with IAS 17 "Leases". Under this standard, leases that transfer substantially all risks and rewards incidental to ownership to the Group are recognised as finance leases and accounted for by recognising the asset, and the corresponding obligation as a liability, in the balance sheet. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

4.8 – Impairment of non-current assets

Goodwill and other intangible assets with an indefinite useful life, such as the Eutelsat brand, are systematically tested annually for impairment in December, or more frequently when an event or circumstance occurs indicating a potential decline in its value.

For tangible fixed assets and intangible assets with finite useful lives, such as the "Customer Contracts & Relationships" asset, an impairment test is performed when there is an external or internal indication that their recoverable values may be lower than their carrying amounts (for example, the loss of a major customer or a technical incident affecting a satellite).

An impairment test consists of assessing the recoverable amount of an asset, which is the higher of its fair value net of selling

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costs and its value in use. If it is not practicable to estimate the recoverable value of a particular asset, the Group determines the recoverable amount of the cash generating unit (CGU) with which it is associated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets.

It is not always necessary to estimate both the fair value of an asset net of selling costs and its value in use. If either of these amounts is greater than the carrying amount of the asset, its value has not been impaired and it is not necessary to estimate the other amount.

The Group estimates value in use on the basis of the estimated future pre-tax cash flows to be generated by an asset or CGU during its useful life, based upon the medium-term plan approved by Management and reviewed by the Board of Directors. Revenues in the medium-term plan are based upon the order backlog for each satellite, market studies, and the deployment plan for existing and future satellites. Costs given in the plan that are used for the impairment test consist mainly of in-orbit insurance costs and also satellite operation and control costs directly attributable to the satellites tested. Beyond a maximum 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 items "Other operating costs" and "Other operating income". An impairment of goodwill cannot be reversed.

As of 30 June 2009 and 2010, the following CGUs have been identified for the purpose of impairment tests:

- each of the satellites, *i.e.* 26 as of 30 June 2010;
- the investment in the Hispasat group;
- each of the four assets related to "Customer Contracts and Relationships".

4.9 – Inventories

Inventories are measured at the lower of acquisition cost and net realisable value. The calculation is at cost. The cost is calculated on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling costs.

4.10 – Financial instruments

Financial assets measured at fair value through 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: Presentation", and IFRS 7 "Financial Instruments: Disclosures, the Group has adopted the following classification for financial assets and liabilities, which is based upon the objectives determined by Management at the time of their purchase. The designation and classification of these instruments are determined at initial recognition.

4.10.1 – Financial assets

Financial assets are classified, reported and measured as follows:

Financial assets measured at fair value through the income statement

Financial assets measured at fair value through the income statement include financial instruments designated as being measured at fair value through the income statement at initial recognition. This category includes derivative instruments unless they are designated as hedges, and UCITS (managed on the basis of their fair values) measured by applying the fair value option through the income statement.

These financial assets are recognised at fair value. Realised or unrealised gains and losses arising from changes in the fair value of these assets are recorded as financial income or expense.

Assets held for sale

Available-for-sale financial assets are financial assets, other than derivatives, which have been designated as available for sale by Management or which have not been classified under the "Financial assets measured at fair value through the income statement" or "Assets held to maturity" categories. Available-for-sale financial assets include investments other than investments in companies accounted for under the equity method of accounting, which Management intends to hold for an indefinite period of time. These investments are classified as financial assets under "Non-current financial assets."

They are subsequently revalued at their fair value, with the gains and losses resulting from the changes in fair value being recognised under shareholders' equity. When they are sold or when an impairment loss is recognised, the cumulative gains and losses previously included under shareholders' equity are recognised in the financial result.

Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at their acquisition cost.

Loans and receivables

Loans and receivables are 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.

4.10.2 – Financial liabilities

Financial liabilities comprise bank borrowings and other debt instruments. They are initially measured at the fair value of the consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost, using the effective interest method. Any differences between initial capital amounts (less transaction costs) and repayable amounts are

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recorded as financial expense over the duration of the loans, using the effective interest method.

4.10.3 – Derivative instruments

Derivative instruments that are not designated as hedging instruments are recognised at fair value, and any subsequent changes in fair value are recorded in the financial result.

Where a derivative instrument can be qualified as a hedging instrument, it is valued and recorded in accordance with the hedge accounting rules in IAS 39 "*Financial Instruments: Recognition and Measurement*". (see Note 4.10.5 – *Hedging transactions*).

4.10.4 – Impairment

At each balance sheet date, the Group applies impairment tests to all financial assets in order to determine if there is an indication of impairment. Impairment is recognised in the income statement where there is objective evidence that the asset is impaired. Examples of target impairment indicators include the following: breach of contract involving default in payment terms, significant financial difficulty of the lender or borrower, a likelihood of bankruptcy or a significant decline, other than temporary, in stock market capitalisation of the listed shares.

Impairment losses, other than those related to accounts receivable and other debit operator balances, are recorded as financial expenses.

The Group's customers mainly comprise international telecommunications operators, broadcasters and other users of commercial satellite communications. Management regularly monitors its exposure to credit risk and recognises allowances for bad customer debt and doubtful payments of other receivables, based on expected cash-flows, within "selling, general and administrative expenses". The method of recognising allowances for bad debt is based on experience and is periodically applied so that a percentage amount recoverable can be determined based on the age of the relevant receivables.

Impairment of investments in equity securities that do not have a quoted market price in an active market and are valued at cost, and of investments in equity instruments classified as held-for-sale financial assets measured at fair value, cannot be reversed.

4.10.5 – Hedging transactions

Hedging transactions are carried out using derivatives. Changes in the fair value of the derivative instrument are used to offset the exposure of the hedged item to changes in fair value.

Derivative instruments are designated as hedging instruments and recorded according to hedge accounting rules when the following conditions are met by the Group: (a) at the inception of the hedge, there is a formal designation and documentation of the hedging relationship and of Management's risk Management objective and strategy for undertaking the hedge; (b) Management expects the hedge to be highly effective in offsetting risk; (c) for hedges of forecast transactions, the forecast transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported income; (d) the effectiveness of the hedge should be capable of reliable measurement; and (e) the effectiveness of the hedge is assessed on an ongoing basis and determined to be highly effective throughout the period for which the hedge was designated.

These criteria are applied where the Group uses derivative instruments designated as cash flow hedging instruments.

Cash-flow hedging

Cash flow hedging involves a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable anticipated future transaction that might affect reported income.

Changes in the fair value of a hedging instrument relating to the effective portion of a hedge are recognised in shareholders' equity. Changes in fair value relating to the ineffective portion of a hedge are recognised in the income statement under "Other operating income" or under "Other operating costs" in the case of cash flow hedges of operational exposures and under "Financial result" in the case of cash flow hedges of investment and financing exposures.

The cumulative changes in the fair value of a hedging instrument previously recognised in shareholders' equity are reclassified 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.

Where a hedging relationship is put in place with a derivative instrument that has a non-zero fair value (for example, where a new debt is issued that is hedged by an interest-rate swap contracted before the date the new debt is issued), the non-zero fair value of the hedging instrument measured as of the date the hedging relationship is put in place is amortised over the remaining life of the instrument concerned.

Where the anticipated transaction leads to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of the hedging instrument previously recognised in shareholders' equity are incorporated into the initial measurement of the asset or liability concerned.

4.10.6 – Fair value of financial instruments

Fair value is the amount for which an extinguished asset could be exchanged, or an extinguished liability, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial assets and liabilities traded on active markets (this is the case of certain equity interests and certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date.

The fair value of other financial instruments, assets or liabilities, not quoted on an active market is determined by the Group using appropriate valuation methods and hypotheses reflecting market conditions at the balance sheet date.

4.10.7 – Firm or conditional commitments to purchase non-controlling interests

Under the revised IAS 27 "Consolidated and Separate Financial Statements" and IAS 32 "Financial Instruments: Presentation", the Group recognises the fair value of firm or conditional commitments to purchase non-controlling interests as financial debt, offset by a reduction in non-controlling interests.

Any change in the fair value of the obligation subsequent to its initial recognition is considered as an adjustment affecting the income statement.

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4.11 – Cash and cash equivalents

Cash and cash equivalents consist mainly of cash on hand and at bank, as well as highly liquid investments or deposit warrants with original maturities of three months or less, and also UCITS that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and where the risk of a change in value is negligible.

4.12 – Shareholders' equity

Treasury stock

Treasury stock is recognised by reducing shareholders' equity on the basis of the acquisition cost. When the shares are sold, any gains and losses are recognised directly in consolidated reserves net of tax and are not included under income for the year.

Costs for capital increases

External costs directly related to increases in capital, reduction of capital and treasury stock buy-backs are allocated to additional paid-in capital, net of taxes when an income tax saving is generated.

Grant of stock options

Benefits granted to employees under stock-option plans are measured at the 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 (for plans deemed to be cash-settled plans).

Similarly, in accordance with IFRS 2 "Share-based payment", benefits granted to employees in the form of offers are measured at the date the offers are granted. They constitute additional compensation, which is recorded during the period as an expense recognised as and when the corresponding rights are acquired by the employees.

4.13 – Revenue recognition

The Group's revenues are mainly generated through the leasing of space segment capacity on the basis of terms and conditions set out in the lease contracts.

These contracts generally cover periods ranging from one year to the end of life of the satellite. Contracts usually provide for the right to free-of-charge time in cases of service interruptions caused by under-performing transponders. Pursuant to certain contractual termination rights, the agreement can usually be terminated after 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 remaining duration of the lease. The revenues initially recognised are then adjusted to reflect the overall economic outcome of the contract.

Revenues are recognised over the contractual period during which services are rendered, provided that a contract exists and the price is fixed or determinable, and provided that, as of the date it is reported in the accounts, it is probable that the amount receivable will be recovered.

Deferred revenues include unearned balances of amounts received in advance from customers. Such amounts are recorded as revenue on a straight-line basis over the corresponding duration of the relevant transponder leases or of the services provided.

4.14 – Deferred taxes

Deferred taxes are the result of temporary differences arising between the tax base of an asset or liability and its carrying amount. Deferred taxes in respect of all temporary differences without exception are recognised for each fiscal entity, using the balance sheet liability method.

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

- where the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes or from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and
- where the deferred tax liability arises from undistributed profits from investments in subsidiaries, associated companies or joint ventures for which the Group is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. However, a deferred tax asset is not recognised if it arises from a deductible temporary difference generated by the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

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

Deferred taxes are not discounted and are recorded under non-current assets and liabilities.

4.15 – Earnings per share

Earnings per share are calculated by dividing the net income for the period attributable to ordinary shareholders of the entity by the weighted average number of common shares outstanding during the period.

Diluted earnings per share are calculated using the share buy back 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.

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4.16 – Post-employment benefits

The Group's retirement schemes and other post-employment benefits consist in 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.

4.17 – Financial guarantee granted to a pension fund

Following the acquisition of Eutelsat S.A. in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a trust prior to the contribution transactions that led to the creation of Eutelsat S.A. This defined-benefit pension scheme was closed and the vested pension rights frozen prior to the transfer. The risk resulting from this financial guarantee has been analysed, assessed and reported in the same way as defined benefit plan obligations described in Note 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.

4.18 – Provisions

A provision is recognised when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate of the amount involved can be made.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Where the effect of the time value of money is material, the amount of the provision recognised corresponds to the discounted value of anticipated cash flows expected to be necessary to settle the obligation. This discounted value is calculated using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Increases in provisions due to the passage of time and the unwinding of the discount are recognised as financial expenses in the income statement.

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Note 5: Goodwill and other intangibles

The “Goodwill and Other Intangibles” item breaks down as follows:

Changes in gross assets

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
30 June 2008	**804,869**	**889,000**	**40,800**	**23,793**	**1,758,462**
Effect of the changes in the scope of consolidation	-	-	-	-	-
Separate acquisitions	2,883	-	-	4,517	7,400
Disposals	-	-	-	-	-
Transfers	-	-	-	1,708	1,708
30 June 2009	**807,752**	**889,000**	**40,800**	**30,018**	**1,767,570**
Effect of the changes in the scope of consolidation	-	-	-	-	-
Separate acquisitions	-	-	-	6,430	6,430
Disposals	-	-	-	-	-
Transfers	-	-	-	584	584
30 JUNE 2010	**807,752**	**889,000**	**40,800**	**37,032**	**1,774,584**

During the financial year ended 30 June 2009, under liquidity offers and the Eutelsat S.A. stock purchase options (shares subscribed for by managers or Directors and Corporate Officers) under the “Managers III” and “Manager IV” plans (see Note 15.3 – *Share-based compensation*), the Group acquired part of the Eutelsat S.A. shares, overall representing 0.25% of its share capital.

These acquisitions of non-controlling interests having occurred before the new requirements of the revised IAS 27, resulted in the recognition of goodwill (in accordance with Note 4.3 – *Acquisition of non-controlling interests*) totalling 2,883 thousand euros. The acquisition cost amounted to 7,458 thousand euros.

Changes in accumulated depreciation and impairment

(In thousands of euros)	Goodwill	Customer contracts and relation-ships	Eutelsat brand	Other intangibles	Total
Accumulated depreciation as of 30 June 2008	**-**	**(144,463)**	**-**	**(15,807)**	**(160,270)**
Annual allowance	-	(44,450)	-	(3,614)	(48,064)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation as of 30 June 2009	**-**	**(188,913)**	**-**	**(19,421)**	**(208,334)**
Annual allowance	-	(44,450)	-	(4,853)	(49,303)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2010	**-**	**(233,363)**	**-**	**(24,274)**	**(257,637)**

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Net assets

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Net value as of 30 June 2008	804,869	744,537	40,800	7,986	1,598,192
Net value as of 30 June 2009	807,752	700,087	40,800	10,597	1,559,236
Net value as of 30 June 2010	807,752	655,637	40,800	12,758	1,516,947

The economic conditions observed as prevailing as of 30 June 2010 did not lead Management to review the annual impairment test of the goodwill, carried out on 31 December 2009. At that date, the recoverable value as measured by analysing the implicit market value (fair value) of Eutelsat S.A. based on the stock-exchange value of Eutelsat Communications S.A. (and taking into account this Company's debt) compared with/corroborated by the latest private transactions involving Eutelsat S.A. shares, did not call into question the amount shown on the balance sheet.

As market capitalisation has substantially increased with respect to the figure used for the latest impairment test, the Group's Management took the view that the current context did not alter the assumptions made on 31 December 2009.

A drop in the share price on the stock-exchange of at least 80% would be necessary for the fair value to fall below the carrying amount. Should such an event occur, a test would be carried out based on the value in use.

Note 6: Satellites and other property and equipment

The "Satellites and other property and equipment" item 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	Construction in progress	Total
Gross value as of 30 June 2008	**2,186,919**	**112,021**	**777,608**	**3,076,548**
Change in gross value	(10,632)	-	-	(10,632)
Effect of the changes in the scope of consolidation	-	-	-	-
Acquisitions	80,027	20,496	384,822	485,345
Disposals and scrapping of assets	(26,010)	(758)	-	(26,768)
Transfers	613,477	3,528	(618,713)	(1,708)
Gross value as of 30 June 2009	**2,843,781**	**135,287**	**543,717**	**3,522,785**
Change in gross value	(916)	-	-	(916)
Effect of the changes in the scope of consolidation	-	-	-	-
Acquisitions	-	27,600	451,390	478,990
Disposals and scrapping of assets	(68,269)	(883)	-	(69,152)
Transfers	254,080	7,530	(262,194)	(584)
GROSS VALUE AS OF 30 JUNE 2010	**3,028,676**	**169,534**	**732,913**	**3,931,123**

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Changes in accumulated depreciation and impairment

(In thousands of euros)	Satellites (1)	Other property and equipment	Construction in progress	Total
Accumulated depreciation as of 30 June 2008	**(803,689)**	**(53,500)**	**-**	**(871,189)**
Annual allowance	(225,063)	21,143	-	(246,206)
Reversals	26,010	336	-	26,346
Impairment	(121,500)	-	-	(121,500)
Accumulated depreciation as of 30 June 2009	**(1,124,242)**	**(74,307)**	**-**	**(1,198,549)**
Annual allowance	(242,077)	(22,040)	-	(264,117)
Reversals	68,269	799	-	69,068
Impairment	(7,024)	-	-	(7,024)
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2010	**(1,305,074)**	**(95,548)**	**-**	**(1,400,622)**

Net assets

(In thousands of euros)	Satellites (1)	Other property and equipment	Construction in progress	Total
Net value as of 30 June 2008	1,383,230	58,521	777,608	2,219,359
Net value as of 30 June 2009	1,719,539	60,980	543,717	2,324,236
Net value as of 30 June 2010	1,723,602	73,986	732,913	2,530,501

(1) Including satellites subject to finance leases:

(In thousands of euros)	
Gross value	76,265
NET VALUE AS OF 30 JUNE 2010	**34,580**

In particular, this item refers to two satellites for which capacity is leased, with the relevant agreements being considered as finance leases and being therefore recognised as assets:

	Gross value	Net value		
SESAT 2 (1)	59,959	31,238	12 transponders	Contract dated March 2004 related to the satellite's remaining useful life
Telstar 12 (1)	15,068	3,342	4 transponders	Agreement dated June 1999 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.

Changes in satellite gross values as of 30 June 2009 are the result of cancelling part of the satellite performance incentive payments for W5, following the incident in June 2008 (see below).

Satellite-related acquisitions and transfers as of 30 June 2009 correspond to the delivery into geostationary orbit of the HOT BIRD™ 9, W2M, HOT BIRD™ 10 and W2A satellites, all launched during the financial year.

Satellite-related acquisitions and transfers as of 30 June 2010 correspond to the delivery into geostationary orbit of the W7 satellite launched during the financial year.

The TELECOM 2C and W2 satellites were de-orbited during the financial year ended 30 June 2010.

6.1 – W5 satellite

During the night of 16 to 17 June 2008, the W5 satellite suffered an anomaly affecting part of its power supply sub-system, compelling the Group to reduce the number of transponders in service by four. Following an inquiry into the anomaly with Thales Alenia Space, the satellite's remaining in-orbit life was reassessed and reduced by three years.

Following this incident, the Group had 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 had shown no need to adjust the value recognised on the face of the balance sheet.

Corrective action was undertaken during the financial year ended 30 June 2009. This resulted in a new assessment of the satellite's remaining in-orbit life, which was now estimated as having been reduced by one year instead of three years.

The adjustment in gross value (see above) and the reduction in lifetime have been accounted for prospectively by modifying the depreciation charge.

6.2 – W2M satellite

On 22 January 2009, the W2M satellite suffered a major anomaly which affected its electrical power-supply sub-system. As of the date of this document, this was continuing to make its commercial operation impossible. On 27 February 2009, a claim for the satellite's constructive total loss was sent to the insurers (see. Note 27.2 – *In-orbit insurance and launch insurance*). This event has not affected continuity of service for the Group's customers, but has resulted in Eutelsat recognising impairment corresponding to the

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full value of the satellite under "Other operating costs". Eutelsat has received the full indemnity as of 30 June 2009.

6.3 – W75 satellite

As of 30 June 20010, the medium-term plan was updated and it became apparent that future revenue flows generated by the W75 satellite were lower than initially foreseen. This led to the performance of an impairment test. An impairment loss of 5.5 million euros 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 2010, the "Construction in progress" item mainly included six satellites and five launches compared to five satellites and four launches as of 30 June 2009. Two of the five scheduled launches will be undertaken by Sea Launch Limited Partnership, a company that filed for Chapter 11 protection under the U.S. Bankruptcy Code on 22 June 2009. The advances on relevant launch costs already paid amount to 79.9 million euros. During the first half of the financial year, an initial refinancing plan approved by the courts enabled the company to stay in business, followed by a second refinancing plan approved by the courts during the second half of the financial year. On 27 July 2010, the courts approved Sea Launch Partnership's refinancing plan, enabling the company to be released from the provisions of Chapter 11 of the U.S. Bankruptcy Code. On the basis of the information available at the time of drawing up the accounts, the Group considers that Sea Launch will be in a position to continue to fulfil its contractual commitments towards Eutelsat.

Note 7: Investments in associates

As of 30 June 2009 and 30 June 2010, "Investments in associates" are as follows:

(In thousands of euros)	30 June 2009	30 June 2010
SOLARIS Mobile	71,878	71,080
Hispasat	144,625	161,848
TOTAL	**216,502**	**232,928**

7.1 – SOLARIS Mobile Ltd

During the 2007-2008 financial year, the Group founded a company in partnership with SES Astra called SOLARIS Mobile Ltd. (SOLARIS) in Dublin in Ireland to provide services in S-band.

This frequency band is able to distribute television, video and radio services, as well as bidirectional communications for portable mobile equipment such as telephones, computers and multimedia readers.

On 14 May 2009, the European Commission announced that SOLARIS Mobile Ltd was being awarded 15 MHz of S-band frequency spectrum in Europe, with the other 15 MHz of frequency sprectrum in Europe being awarded to Inmarsat.

On 22 June 2009, after definitively observing that its S-band payload on Eutelsat's W2A satellite was suffering from an anomaly, SOLARIS sent a submission to the insurers with proof of the loss and quantification of the claim, and a request for payment of an insurance indemnity amounting to the total value of the asset. Due to the anomaly, the value of the S-band capacity was fully impaired as of 30 June 2009. Given the elements at its disposal, the Company considered that it had the evidence required to recognise an item of accrued income as of the same date, covering the full amount of the harm sustained.

During the first half of the financial year ended 30 June 2010, the S-band was fully refunded for the amount insured.

However, the Company remains confident in its ability to meet the commitments entered into with the European Commission.

SOLARIS is 50% held by Eutelsat, which has joint control with its partner.

Change in the carrying amount of the equity investment in the balance sheet

(In thousands of euros)	30 June 2009	30 June 2010
Value of equity investment, beginning of period	**45,007**	**71,878**
Participation in capital increases	29,750	-
Share of income	(2,879)	(798)
Impact of Income and expenses recognised directly under equity	-	-
VALUE OF THE EQUITY INVESTMENT, END OF PERIOD	**71,878**	**71,080**

The following table shows the half-year accounts of SOLARIS:

(In thousands of euros)	30 June 2009	30 June 2010
Non-current assets	3,581	3,840
Current assets	142,472	139,538
Non-current liabilities	-	-
Current liabilities	2,295	1,218
TOTAL NET ASSETS	**143,756**	**142,160**
Operating income	-	-
Net income	(3,954)	(1,596)

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7.2 – Hispasat group

As of 30 June 2009 and 2010, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the Hispasat group, a private unlisted Spanish satellite operator.

As of 30 June 2008, certain rights related to the stability of the shareholder base were attached to this equity investment. During the financial year ended 30 June 2009, these rights were transferred. (see Note 28 – *Related party transactions*).

Change in the carrying amount of the equity investment in the balance sheet

(In thousands of euros)	30 June 2009	30 June 2010
Value of equity investment, beginning of period	**132,162**	**144,625**
Share of income	18,833	18,642
Impact of Income and expenses recognised directly under equity	(6,370)	(1,419)
VALUE OF EQUITY INVESTMENT, END OF PERIOD	**144,625**	**161,848**

The following amounts represent the Group's share of the assets, liabilities and income of the Hispasat group.

(In thousands of euros)	30 June 2009	30 June 2010
Intangible rights [(1)]	27.7	27.7
Service contract [(2)]	1.4	1.2
Investment in Hisdesat	5.0	5.0
Sub-total	**34.1**	**33.9**
Hispasat net assets	110.5	127.9
TOTAL	**144.6**	**161.8**

(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, in accordance with applicable local standards:

(In thousands of euros)	31 December 2008	31 December 2009
Non-current assets	514,667	737,778
Current assets	207,930	102,964
Non-current liabilities	254,243	242,054
Current liabilities	77,792	140,537
TOTAL NET ASSETS	**390,562**	**458,151**
Operating income	137,389	149,316
Net income	47,512	71,469

On 30 June 2009 and 2010, "income from equity investments" in the consolidated income statement corresponds to the Group's share of IFRS income from:
- Hispasat, after amortisation of the identified intangible assets;
- SOLARIS Mobile Ltd.

Note 8: Non-current financial assets

Non-current financial assets are mainly made up of:

(In thousands of euros)	30 June 2009	30 June 2010
Non-consolidated equity investments [(1)]	437	457
Long-term loans and advances	2,124	2,592
TOTAL	**2,561**	**3,049**

(1) Non-listed investments valued at cost less impairment.

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8.1 – Non-consolidated equity investments

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 euros as of 31 March 2005. These investments are not listed on any active market and available information is not such as to allow a reliable fair value to be determined. The relevant amounts, therefore, continue to be recognised on a historical-cost basis.

No impairment has been recognised on these investments as of 30 June 2009 and 2010.

8.2 – Long-term loans and advances

Long-term loans and advances mainly consist of loans to social-welfare bodies for 1 million euros, rental guarantee deposits for Eutelsat S.A.'s Paris premises of 0.4 million euros and the "cash account" for the liquidity agreement relating to treasury stock, (first set up by Eutelsat Communications during the 2005-2006 financial period) amounting to 0.9 million euros.

Note 9: Inventories

Gross and net inventories amount to 3,867 thousand euros and 1,771 thousand euros as of 30 June 2009 and 3,484 thousand euros and 1,372 thousand euros as of 30 June 2010. They mainly comprise receive antennas and modems.

The allowance for stock depletion was 2,096 thousand euros and 2,112 thousand euros respectively for the financial periods ended 30 June 2009 and 2010.

Note 10: 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 that debt when the 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 obtaining guarantees compatible with the evaluation of the risk.

Customers are mainly international telecommunications operators, broadcasters and other users of commercial satellite communications.

As of 30 June 2009, the net carrying value of these accounts receivable was 298,792 euros thousand and the corresponding impairment charge was 19,011 thousand euros.

As of 30 June 2010, the net value of these receivables was 298,816 thousand euros. The corresponding impairment charge was 20,496 thousand euros.

Accounts receivable for 30 June 2009 and 2010 are for short-term amounts and bear no interest.

The Group considers that it is not subject to concentration risk, owing to the diversity of its customer portfolio as of 30 June 2010 and the fact that no legal entity billed individually accounts for more than 10% of its revenues. Credit risk is managed primarily through bank guarantees with leading financial institutions, deposits and credit insurance.

Despite the volatile environment, the Group has not so far observed any significant deterioration in payment times, and the amount of bad debt represents 213 thousand euros and 1,398 thousand euros as of 30 June 2009 and 2010 respectively. Furthermore, the Group considers that recoverable debt poses no particular risk, except for the possibility of risk due to customers in geographical areas that are deemed to be potentially the most exposed to the effects of the financial crisis. This risk is estimated at approximately 1.9% of the value of accounts receivable as of 30 June 2010.

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10.1 – Evolution of the allowance for bad debt

(In thousands of euros)	Group total
Value as of 30 June 2008	**16,766**
Annual allowance	10,861
Reversals (used)	1,146
Reversals (unused)	7,470
Translation adjustments and other movements	-
Value as of 30 June 2009	**19,011**
Annual allowance	15,769
Reversals (used)	1,812
Reversals (unused)	12,471
Translation adjustments and other movements	-
VALUE AS OF 30 JUNE 2010	**20,496**

10.2 – Analysis of accounts receivable (matured and unmatured)

(In thousands of euros)	30 June 2009	30 June 2010
Unmatured receivables	218,605	203,825
Unimpaired receivables	72,837	86,330
Between 0 and 30 days	*40,078*	*66,402*
Between 30 and 90 days	*19,870*	*6,143*
More than 90 days	*12,889*	*13,785*
Matured and impaired receivables	26,359	29,155
Between 0 and 30 days	*0*	*349*
Between 30 and 90 days	*9,712*	*11,286*
More than 90 days	*16,647*	*17,519*
Impairment	(19,011)	(20,496)
TOTAL	**298,792**	**298,816**

10.3 – Guarantees and commitments received, which reduce the credit risk

	30 June 2009		30 June 2010	
(In thousands of euros)	Value of accounts receivable	Value of the guarantee	Value of accounts receivable	Value of the guarantee
Guarantee deposits	52,976	18,895	83,098	29,559
Bank guarantees	36,471	36,471	55,673	46,888
Guarantees from the parent company	30,838	30,838	33,635	33,635
TOTAL	**120,286**	**86,205**	**172,406**	**110,081**

Note 11: Other current assets

Other current assets are as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Prepaid expenses	9,024	3,826
Tax and employee-related receivable	8,179	9,684
TOTAL	**17,203**	**13,510**

As of 30 June 2009, prepaid expenses mainly comprised 2.6 million euros of prepaid satellite insurance and 0.8 million euros of satellite operating costs.

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Note 12: Current financial assets

(In thousands of euros)	30 June 2009	30 June 2010
Hedging instruments [1]	382	24
Other receivables	4,671	4,876
TOTAL	**5,053**	**4,900**

(1) See Note 26 – Financial instruments.

Note 13: Cash and cash equivalents

Cash and cash equivalents are as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Cash	41,529	53,481
Accrued interest	-	-
Cash equivalents	102,216	6,038
TOTAL	**143,745**	**59,519**

Cash equivalents are mainly composed of deposit warrants, the great majority of which mature less than one month after the date of acquisition, and UCITS meeting the qualification of "cash equivalents" (see Note 4.11 – *Cash and cash equivalents*).

Note 14: Financial assets

The following table gives a breakdown of each balance sheet item that corresponds to financial instruments by category, and indicates its fair value. This applies whether or not the instrument was recognised at fair value when the balance sheet was prepared:

		Net carrying amount as of 30 June 2009					
(In thousands of euros)	Category of financial instruments	Total	Instruments measured at amortised cost	Instruments at cost	Fair value through equity	Instruments measured at fair value through the income statement	Fair value as of 30 June 2009
Assets							
Non-current financial assets							
Unconsolidated investments	Available for sale	437	-	437	-	-	437
Long-term loans and advances	Receivables	2,124	2,124	-	-	-	2,124
Current financial assets							
Accounts receivable	Receivables	298,792	298,792	-	-	-	298,792
Other receivables	Receivables	4,671	4,671	-	-	-	4,671
Financial instruments [1]							
• Qualified as cash-flow hedges	N/A	191	-	-	191	-	191
• Qualified as trading instruments	Held for trading purposes	191	-	-	-	191	191
Cash and cash equivalents							
Cash	N/A	41,529	41,529	-	-	-	41,529
UCITS [2]	Fair value option	95,277	-	-	-	95,277	95,277
Cash equivalents	Receivables	6,939	6,939	-	-	-	6,939

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

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(In thousands of euros)	Category of financial instruments	Net carrying amount as of 30 June 2010					Fair value as of 30 June 2010
		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	457	-	457	-	-	457
Long-term loans and advances	Receivables	2,592	2,592	-	-	-	2,592
Current financial assets							
Accounts receivable	Receivables	298,816	298,816	-	-	-	298,816
Other receivables	Receivables						
Financial instruments [1]							
• Qualified as cash-flow hedges	N/A	-	-	-	-	-	-
• Qualified as trading instruments	Held for trading purposes	24	-	-	-	24	24
Cash and cash equivalents							
Cash	N/A	53,481	53,481	-	-	-	53,481
Cash equivalents	Receivables	6,038	6,038	-	-	-	6,038

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

Note 15: Shareholders' equity

15.1 – Shareholders' equity

As of 30 June 2010, the share capital of Eutelsat Communications S.A. comprised 220,113,982 ordinary shares with a par value of 1 euro per share. As of the same date, in terms of treasury stock, the Group holds 52,762 shares amounting to 1,462 thousand euros under a liquidity agreement. As of 30 June 2009, the Group was holding 67,179 such shares corresponding to a total amount of 1,202 thousand euros. Treasury stock is deducted from shareholders' equity.

Changes in the share capital and additional paid-in capital of the Company since 30 June 2009 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	Par value of shares *(in euro)*
30/06/2009		**-**	**-**	**526,047**	**219,804**	**219,803,965**	**1**
25/07/2009	Issue of capital (allocation of free shares – Decision of the Chairman of 25/07/2009)	310,017	310	(310)	220,114	220,113,982	1
10/11/2009	Distribution of dividends (GM of 10/11/2008)	-	-	(28,609)	220,114	220,113,982	1
30/06/2010		310,017	310	497,128	220,114	220,113,982	1

15.2 – Dividends

On 10 November 2009, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 0.66 euro per share, *i.e.* a total of 145,244,412.70 euros, taken from "Additional paid-in capital" for a total of 28,608,747.96 euros and from net income as per 30 June 2009 for a total of 116,635,664.76 euros.

The amount distributed for the financial year ended 30 June 2010, which is being proposed to the General Meeting of 9 November 2010, is 167,287 thousand euros, *i.e.* 0.76 euro per share.

15.3 – Share-based compensation

Free allotment of shares

During the financial year ended 30 June 2007, there was an allocation of free shares to the Group's employees as a result of a decision by the Board of Directors on 10 May 2007. The offer concerned 181,825 new shares. The vesting period for the final acquisition of the shares was fixed at two years after this date, with a requirement that the qualifying beneficiaries hold their shares for an additional period of two years after the vesting date.

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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 euros spread over the two-year vesting period. The expense recognised for the period ended 30 June 2009, with a double entry to shareholders' equity, was 1,006 thousand euros.

On the anniversary date of the plan, *i.e.* 10 May 2009, 162,010 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 433 beneficiaries. The subsequent capital increase of 162,010 euros was taken from "Additional paid-in capital".

On 25 July 2007, the Board of Directors decided to introduce a plan for the allocation of free shares to all employees of the Group, including the Directors and Corporate Officers, representing a total of 474,831 free shares. These free shares were to be acquired definitively by the beneficiaries provided they stayed with the Group for two years after this date, and were to be available only after a further period of two years after the effective date of acquisition. It should be noted that, under this plan, definitive acquisition of the free shares was subject to the achievement of certain objectives over a two-year period, including an objective in terms of annual EBITDA (50% of the relevant portion) and an objective linked to the Company's share price at the end of the two-year period (the remaining 50%). The annual performance condition was reached on 30 June 2008 for the first year and on 30 June 2009 for the second year. Nevertheless, the target linked to the share price was not reached at the maturity of the plan.

The fair value of the equity instrument took into account the same criteria described above, and was in part approximated by using Monte Carlo simulations based on the previous criteria, a risk-free rate of 4.43% and share price volatility of 20.77%.

The value of the benefit granted under this plan was estimated at 5.0 million euros spread over the two-year vesting period. The expense recognised for the periods ended 30 June 2009 and 2010, with a double entry to shareholders' equity, was 2,677 thousand euros and 178 thousand euros respectively.

On the anniversary date of the plan, *i.e.* 25 July 2009, 310,017 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 439 beneficiaries. The subsequent capital increase of 310,017 euros was taken from "Additional paid-in capital".

On 1 February 2010, the Board of Directors approved a new plan for the allocation of free shares to all employees of the Group, including the Directors and Corporate Officers (*i.e.* 554 beneficiaries, including 553 employees), representing a maximum of 700,000 shares and decided that the allocation plan should be implemented through the distribution of previously repurchased shares. The allocation of free share is subject to the condition that the beneficiaries are still employed within the Group three years as from the above mentioned date and that they hold the shares for a further two-year period starting on the shares' vesting date. The plan breaks down in two parts:

- on the one part, the grant of 600 shares per employed beneficiary, conditional upon the attainment of performance objectives over three financial years ending 30 June 2012, including one objective linked to cumulative EBITDA (50% of the relevant portion) and another objective linked to average ROCE (the remaining 50%);
- on the other part, the grant of 368,200 shares to Directors and Corporate Officers and managers, conditional upon the achievement, over the same three financial periods, of one objective based on cumulative EBITDA [(1)], one objective based on average ROCE [(2)], one objective linked to cumulative EPS [(3)] and one TSR [(4)]-linked objective, all four objectives being equally weighted.

(1) EBITDA is defined as the operating result before depreciation and amortisation, excluding impairment of assets, other operating income and charges.

(2) ROCE is Return on Capital Employed = operating result x (1 – corporate income tax) / (shareholders' equity + net debt – goodwill).

(3) EPS is defined as the Group's net earnings per share.

(4) TSR is Total Shareholder Return. Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).

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%, and was in part approximated by using Monte Carlo simulations based on the previous criteria, a risk-free rate of 1.637% and a share price volatility of 26.27%.

The value of the benefit was estimated at 10.5 million euros spread over the three-year vesting period. The expense recognised for the period ended 30 June 2010, with a double entry to shareholders' equity, was 1,425 thousand euros.

It should be noted that in accordance with IAS 32 "*Financial Instruments: Presentation*", the acquisition cost of shares bought back by the Group under the above free share allocation plan will be recorded as a reduction of the Group's share of shareholders' equity.

Furthermore, within the framework of the free share allocation plan and the associated share buy back programme, Eutelsat Communications has signed a chargeback agreement with all of its subsidiaries concerned by the free share plan.

Plans taken as a whole have generated a total expense, with a double entry to shareholders' equity, of 3,684 euros and 1,603 thousand euros as of 30 June 2009 and 30 June 2010 respectively.

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.

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a) Summary of movements in respect of the stock-option plans

	Shares reserved for future grants	Stock options outstanding	Weighted average exercise price *(in euro)* after distribution
Balance as of 1 July 2009	**-**	**312,409**	**1.46**
Authorised	-	-	-
Granted	-	-	-
Exercised	-	193,841	1.53
Cancelled	-	94,580	1.27
BALANCE AS OF 30 JUNE 2010	**-**	**23,988**	**1.64**

b) Changes in the stock-option plans

Plans 30/06/2009	Granted	Exercised	Cancelled	Balance	Exercise price *(in euro)*
Partners	4,389,963	(4,121,688)	(277,526)	40,749	1.00
Managers I	2,665,914	(2,612,083)	-	53,831	1.48
Managers II					
• 13/12/2002	4,198,094	(4,179,133)	-	18,961	1.33
• 24/02/2003	75,175	(75,175)	-	-	1.33
Managers III					
• 17/12/2003	10,782,178	(10,782,178)	-	-	1.26
• 08/04/2004	1,476,126	(1,370,985)	(64,767)	40,374	1.26
• 28/06/2004	437,374	(437,374)	-	-	1.48
Managers IV	4,028,215	(3,829,347)	(40,374)	158,494	1.64
TOTAL	**28,053,039**	**(27,407,963)**	**(332,667)**	**312,409**	**-**

Plans 30/06/2010	Granted	Exercised	Cancelled	Balance	Exercise price *(in euro)*
Partners	4,389,963	(4,121,688)	(268,275)	-	1.00
Managers I	2,665,914	(2,612,083)	(53,831)	-	1.48
Managers II				-	
• 13/12/2002	4,198,094	(4,198,094)	-	-	1.33
• 24/02/2003	75,175	(75,175)	-	-	1.33
Managers III					
• 17/12/2003	10,782,178	(10,782,178)	-	-	1.26
• 08/04/2004	1,476,126	(1,411,359)	(64,767)	-	1.26
• 28/06/2004	437,374	(437,374)	-	-	1.48
Managers IV	4,028,215	(3,963,853)	(40,374)	23,988	1.64
TOTAL	**28,053,039**	**(27,601,804)**	**(427,247)**	**23,988**	**-**

Assumptions used to determine the fair value of the stock-option plans

The remaining contractual life of options outstanding is 2.4 years.

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 three years;
- a weighted average unit cost of 1.68 euro per option.

This valuation was performed when the options were issued and has not been modified by the acquisition of Eutelsat S.A.

During the financial periods ended 30 June 2009 and 2010 respectively, 1,673,648 options and 193,841 options were exercised. These capital increases generated a loss of dilution of 468 thousand euros and 68 thousand euros respectively, recognised under "Other operating costs".

Commitments to buy and to sell Eutelsat S.A. shares

In August 2005, the Group entered into commitments with certain key managers and Directors and Corporate Officers of Eutelsat S.A. for the purchase and sale of Eutelsat S.A. shares derived from the exercise of the stock options granted by Eutelsat S.A. before the acquisition under the various "Managers" plans, *i.e.* a total of nearly 18.3 million Eutelsat S.A shares, and in return issued ABSAs to the managers concerned.

In accordance with IFRS 2 "Share-based payment", the Company's liquidity obligation has been recognised as a forward repayment of a shareholders' equity instrument. The obligation measured at 19,553 thousand euros as of the date of the operation was recognised as debt, offset by an equivalent reduction in shareholders' equity. The debt measured at present value as of 30 June 2009 and 30 June 2010 on the basis of the timetable for purchase of the securities and exercise of the stock options was 5,230 thousand euros and 3,988 thousand euros respectively.

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The above resulted in the Group acquiring 2,200,328 Eutelsat S.A. shares during the financial year ended 30 June 2009 (see Note 5 – *Goodwill and other intangibles*).

During the financial year ended 30 June 2010, the Group acquired 460,256 Eutelsat S.A. shares representing 0.04% of the latter's share capital for an amount of 1,243 million euros.

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 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 euros. The amount recognised on 30 June 2009 and 30 June 2010 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 an item of incom of 304 thousand euros and an expense of 4,126 thousand euros respectively.

In this context, it should be noted that the offers to purchase the shares of the Group's employees during the financial year ended 30 June 2009 resulted in the purchase of 307,478 Eutelsat S.A. shares amounting to 1,517 thousand euros. (see Note 5 – *Goodwill and other intangibles*). Also, during the financial year ended 30 June 2010, the Group acquired 862,868 Eutelsat S.A. shares representing 0.09% of the latter's share capital for an amount of 5,475 million euros, which resulted in a 3,896 thousand euros reduction of the Group's share of shareholders' equity.

15.4 – Change in the revaluation surplus of financial instruments

All financial instruments that have an impact upon the revaluation surplus are cash-flow hedges for the effective portion.

(In thousands of euros)	**Total**
Balance as of 30 June 2009	**(100,375)**
Changes in fair value within equity	(88,290)
Transfer into the income statement (1)	63,627
BALANCE AS OF 30 JUNE 2010	**(125,038)**

(1) Including 37.6 million euros corresponding to coupons due and matured on the swaps and caps and 26.0 million euros corresponding to instruments for which hedging relationships were interrupted (see Note 26.2 – Interest rate risk).

15.5 – Information on equity Management

With a view to maintaining or adjusting its capital structure, the Group may buy back existing shares, issue new shares or issue securities giving access to its capital. The objectives of such share buy-back programmes may be to:

- make shares available so that the Group can honour its obligations with respect to securities convertible into shares;
- make shares available for transfer to the Group's senior managers and employees, or to those of related companies, under stock-purchase plans and operations for the free allocation of existing shares as provided for in Articles L. 225-197-1 to L. 225-197-3;
- make shares available to 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*;
- 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.

15.6 – Nature and purpose of the other reserves

"Translation adjustment" is used to record the foreign exchange gains and losses arising from translation into euros of the financial statements of the foreign subsidiaries.

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Note 16: Financial debt

16.1 – Non-current portion

As of 30 June 2009 and 2010, all debt was denominated in euros.

Since 30 June 2009, the structure of the Group's debt has changed as a result of the refinancing in March 2010 of Eutelsat S.A. (the Group's subsidiary) debt which was due to mature in November 2011. On 26 March 2010, Eutelsat S.A. issued a seven-year 850 million euros inaugural eurobond on the Luxembourg Stock Exchange regulated market. The proceeds of the bonds were used by Eutelsat S.A. for early reimbursement of the following credit lines:

- a 650 million euros term loan repayable at maturity;
- a 650 million euros revolving credit facility, of which 200 million euros were used.

As a result, the credit facilities entered into in November 2004 for an amount of 1,300 million euros and a period of seven years with maturity in November 2011 were cancelled early in March 2010.

As this transaction is accounted for as an extinguishment of liability within the meaning of IAS 39 "Financial instruments: Recognition and Measurement", the residual amount of trailing commissions associated with these credit agreements totalled 518 thousand euros and was recognised in this financial year using the accelerated amortisation method.

As of 30 June 2010, the Group has access to the following credit facilities:

- a syndicated credit facility for 1,915 million euros entered into by Eutelsat Communications on 8 June 2006 for a period of seven years and consisting of two parts:
  - *tranche A*: a long-life term loan for 1,615 million euros, bearing interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below),
  - *tranche B*: a revolving credit facility for 300 million euros. Amounts are drawn down for a maximum period of six months and bear interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below). A fee for non-use representing 30% to 35% of the margin mentioned above is payable.

  The agreement of 8 June 2006 includes neither a guarantee by Eutelsat Communications' subsidiaries nor the pledging of assets to the lenders.

  This credit agreement includes restrictive clauses (subject to the usual exceptions contained in loan agreements) limiting the capacity of Group companies, in particular to:
  - grant security interests or guarantees,
  - enter into agreements resulting in additional liabilities,
  - grant loans and carry out certain types of investments,
  - enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement),
  - modify the nature of the business of the Company or its subsidiaries.

  The agreement allows each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action. The Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan. The agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

  The credit facilities are 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 by 31 December 2008, to 5 by 31 December 2009, to 4.75 by 31 December 2010 and then to 4.50 by 31 December 2011,
  - Interest Cover Ratio: Consolidated EBITDA/interest payable (due and matured) greater than or equal to 2.75 (if Leverage Ratio greater than 3.5).

  In addition, interest rate hedging is required for a minimum period of 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, 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 26 – *Financial Instruments*).

  The interest periods for the Eutelsat Communications term loan are periods of six months beginning 29 April and 29 October each calendar year, except for the final period which runs from 29 April 2013 to 8 June 2013;
- a seven-year 850 million euros Eurobond with a coupon of 4.125 percent per annum, issued at 99.232 percent by its subsidiary Eutelsat S.A., and redeemable at maturity at 100 per cent of their principal amount;
- a revolving credit facility for 450 million euros (unused as of 30 June 2010) entered into by its subsidiary Eutelsat S.A. on 24 March 2010 for a five-year period.

  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 0.75% and 2.50% depending on Eutelsat S.A.'s long-term debt rating assigned by Standard & Poor's. A fee for non-use representing 40% of the margin mentioned above is payable. Under the agreement, a 0.25% fee for use is charged if more than 50% of the revolving credit facility is used, and it is only applied to the portion exceeding 50% of the aggregate amount of this credit line.

  In addition, 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 on 30 June and 31 December each year.

  The credit agreement and the bond issue include neither a guarantee by Eutelsat Communications' subsidiaries nor the pledging of assets to the lenders. They include 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 mergers, acquisitions, asset disposals, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement),

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– modify the nature of the business of the Company or its subsidiaries.

The eurobond issue and the credit facility allow each lender to request early repayment of all sums due in case of unregulated downgrading, at the end of a period of 120 or 180 days as appropriate, of Eutelsat S.A. or bonds issued by Eutelsat S.A. respectively as a result of a change of control of Eutelsat S.A. or a change of control of Eutelsat Communications (other than control acquisition by the Group's reference shareholders). This provision does not apply in case of Group restructuring.

The credit 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.

As of 30 June 2010, the Group is in compliance with these ratios.

Financial information for 30 June 2009 and 2010

The non-current portion of the Group's financial debt as of 30 June 2009 and 2010 breaks down as follows:

	30 June 2009		30 June 2010	
(In thousands of euros)	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Eutelsat Communications term loan (Variable rate)	1,615,000	1,615,000	1,615,000	1,615,000
Eutelsat S.A. revolving credit facility (Variable rate)	200,000	200,000	-	-
Eutelsat S.A. term loan (Variable rate)	650,000	650,000	-	-
Eurobond	-	-	843,000	850,000
Fixed rate loan (WINS Ltd.)	191	191	64	64
Variable rate loan (WINS Ltd.)	390	390	150	150
Sub-total of debt (non-current portion)	**2,465,581**	**2,465,581**	**2,458,214**	**2,465,214**
Loan set-up fees and premiums		(10,903)		(19,111)*
TOTAL		**2,454,678**		**2,446,103**

* *Inclusive of refinancing cost and bond issue premium.*

The weighted average rate of interest on amounts drawn under these revolving credit facilities for the financial period ended 30 June 2010 was 1.48% and 5.33% after taking into account the effects of hedging activities.

The effective interest rate on the 1,615 million euros term loan was 3.48% and 4.64% after taking into account the effects of hedging activities. The effective interest rate on the 850 million euros bond was 4.35%.

As of 30 June 2010, the Group has access to the following main credit facilities:

(In thousands of euros)	**Amount granted**	**Amount used**	**Maturity**
Eutelsat Communications term loan	1,615,000	1,615,000	8 June 2013
Eutelsat Communications revolving credit facility	300,000	-	8 June 2013
Eutelsat S.A. revolving credit facility	450,000	-	24 March 2015
Eurobond	850,000	850,000	27 March 2017
WINS Ltd. fixed rate loan	900	191	31 December 2011
WINS Ltd. variable rate loan	500	432	31 December 2011
TOTAL	**3,216,400**	**2,465,623**	

As of 30 June 2010, the debt maturity analysis is as follows:

(In thousands of euros)	**30 June 2010**	**Maturity within 1 year**	**Maturity between 1 and 5 years**	**Maturity over 5 years**
Eutelsat Communications term loan	1,615,000	-	1,615,000	-
Eutelsat S.A. revolving credit facility	-	-	-	-
Eurobond	850,000	-,	-	850,000
WINS Ltd. fixed rate loan	191	127	64	-
WINS Ltd. variable rate loan	432	282	150	-
TOTAL	**2,465,623**	**409**	**1,615,214**	**850,000**

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16.2 – Current portion

Current financial debt includes accrued interest not yet due on the debt described in Note 16.1 as of 30 June 2010. Current financial debt is as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Bank overdrafts	2,373	18,182
Accrued interest not yet due	11,491	14,275
Portion of the loans due within one year (excluding revolving credit)	226	409
TOTAL	**14,090**	**32,866**

Note 17: Other financial liabilities

Other financial liabilities break down as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Financial instruments (1)	100,345	129,781
Performance incentives (2)	39,729	26,955
Finance leases (3)	2,093	90
Other liabilities	48,036	52,999
TOTAL	**190,203**	**209,825**
Current part	*138,428*	*160,661*
Non-current part	*51,775*	*49,164*

(1) See Note 26 – Financial instruments.
(2) Including interest related to "Performance incentives" of 13,053 thousand euros as of 30 June 2009 and 8,054 thousand euros as of 30 June 2010.
(3) As of 30 June 2009 and 30 June 2010, amounts of interest related to the finance leases were not material.

"Other liabilities" comprise advance payments and deposits from clients.

Note 18: Financial liabilities

Breakdown by category

		Net carrying amount as of 30 June 2009				
(In thousands of euros)	Category of financial instruments	Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	Fair value as of 30 June 2009
Liabilities						
Financial debt						
Lines of credit	At amortised cost	2,254,097	2,254,097	-	-	2,254,097
Revolving credit	At amortised cost	200,000	200,000	-	-	200,000
Fixed rate loans	At amortised cost	318	318	-	-	318
Variable rate loans	At amortised cost	489	489	-	-	489
Bank overdrafts	N/A	2,373	2,373	-	-	2,373
Other financial liabilities						
Non-current	At amortised cost	51,775	51,775	-	-	51,775
Current	At amortised cost	38,083	38,083	-	-	38,083
Financial Instruments (1)						
Qualified as hedges		92,280	-	92,280	-	92,280
No hedging		8,065	-	-	8,065	8,065
Accounts payable	At amortised cost	41,508	41,508	-	-	41,508
Fixed assets payable	At amortised cost	72,036	72,036	-	-	72,036

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

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(In thousands of euros)	Category of financial instruments	Net carrying amount as of 30 June 2010 Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	Fair value as of 30 June 2010
Liabilities						
Financial debt						
Lines of credit	At amortised cost	1,606,844	1,606,844	-	-	1,606,844
Bond	At amortised cost	839,045	839,045	-	-	843,000
Revolving credit	At amortised cost	-	-	-	-	
Fixed rate loans	At amortised cost	191	191	-	-	191
Variable rate loans	At amortised cost	432	432	-	-	432
Bank overdrafts	N/A					
Other financial liabilities						
Non-current	At amortised cost	49,164	49,164	-	-	49,164
Current	At amortised cost	30,880	30,880	-	-	30,880
Financial Instruments (1)						
Qualified as hedges		129,781	-	129,781	-	129,781
No hedging		-	-	-	-	-
Accounts payable	At amortised cost	40,956	40,956	-	-	40,956
Fixed assets payable	At amortised cost	30,424	30,424	-	-	30,424

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

Note 19: Operating and finance leases

19.1 – Operating leases

Eutelsat S.A. pays rent for use of its registered office located in Paris. The operating lease was renewed in advance on 25 November 2009 for a nine-year period starting on 1 August 2009 with contractual maturity date on 31 July 2018 and a fixed term of six years and five months. Rent expenses amounted to 4,205 thousand euros and 3,750 euros thousand for the periods ended 30 June 2009 and 2010 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	22,044	4,008	16,032	2,004

19.2 – Finance leases

The Group operates three 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.

As of 30 June 2010, the three finance leases were pre-paid.

Financial expenses for satellites operated under finance leases amounted to 53 thousand euros as of 30 June 2009 and 27 thousand euros as of 30 June 2010.

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Note 20: Other payables and deferred revenues

20.1 – Non-current portion

Details of the non-current portion of other payables and deferred revenues as of 30 June 2009 and 2010 are as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Deferred revenues	3,440	1,469
Liabilities for social contributions (1)	16,892	-
TOTAL	**20,332**	**1,469**

(1) Including debt related to the ABSA liability (respectively 3,924 thousand euros and 0 thousand euros as of 30 June 2009 and 2010) and the liquidity offer (respectively 12,968 thousand euros and 0 thousand euros as of 30 June 2009 and 2010) – (See Note 15.3 – Share-based payment).

20.2 – Current portion

Other current payables and deferred revenues were as follows as of 30 June 2009 and 2010:

(In thousands of euros)	30 June 2009	30 June 2010
Deferred revenues	34,177	45,732
Tax liabilities	19,916	11,696
Liabilities for social contributions (1)	23,225	39,725
TOTAL	**77,318**	**97,153**

(1) Including the liability related to the ABSA commitment of 1,306 thousand euros as of 30 June 2009 and 3,988 thousand euros as of 30 June 2010 and the liquidity offer for a amount of 0 thousand euros as of 30 June 2009 and 12,478 thousand euros as of 30 June 2010. (see Note 15.3 – Share-based compensation).

Note 21: Current and deferred tax

Since 1 July 2008, the scope of the tax consolidation for the Group headed by Eutelsat Communications includes the following subsidiaries: Eutelsat S.A., Eutelsat VAS S.A.S. and Eutelsat Communications Finance S.A.S. Since 1 July 2009, Fransat S.A. company has joined the tax consolidation group.

21.1 – Income-statement tax balances

"Income tax expense" comprises current and deferred tax expenses of consolidated entities.

The Group's income tax expense is as follows:

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Current tax expense	(132,931)	(127,811)
Deferred tax expense (income)	4,944	(15,428)
TOTAL INCOME TAX EXPENSE	**127,987**	**(143,239)**

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 2009	30 June 2010
Income before tax and income from equity investments	372,017	407,907
Standard French corporate income-tax rate	*34.43%*	*34.43%*
Theoretical income-tax expense	(128,085)	(140,442)
Permanent differences and other items	98	(2,797)
CORPORATE INCOME TAX EXPENSE IN THE INCOME STATEMENT	**(127,987)**	**(143,239)**
Actual corporate income tax rate	*34%*	*35%*

As of 30 June 2010, the tax expense was 35%. The discrepancy between the rates of tax is mainly explained by corporate losses which do not generate any deferred taxes.

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21.2 – Balance-sheet tax balances

Deferred tax assets and liabilities correspond to the aggregate net financial positions of the consolidated entities. Changes in the deferred tax balances between 30 June 2009 and 30 June 2010 were as follows:

(In thousands of euros)	30 June 2009	Net income for the period	Recognised in equity	30 June 2010
Basis of deferred tax assets				
Provisions for impairment of assets	15,155	(1,190)	-	13,965
Capitalisation of losses carried forward	11,394	(3)	-	11,391
Bad-debt provisions	16,466	1,532	-	17,998
Financial guarantee granted to the pension fund	7,824	(274)	-	7,550
Capitalised salaries and performance incentives	3,412	(638)	-	2,774
Provisions for risks and expenses	1,831	(39)	-	1,792
Accrued liabilities	4,100	76	-	4,176
Pension provision	2,077	222	-	2,299
Sub-total (a)	**62,259**	**(314)**	**-**	**61,945**
Basis of deferred tax liabilities				
Intangible assets	(255,088)	15,304	-	(239,784)
Exceptional depreciation	(64,346)	(27,687)	-	(92,033)
Financial instruments	35,691	(2,318)	8,488 (1)	41,861
Capitalised interest	(4,224)	561	-	(3,663)
Finance leases	(1,224)	169	-	(1,055)
Other	(3,005)	(1,143)	-	(4,148)
Sub-total (b)	**(292,196)**	**(15,114)**	**8,488**	**(298,822)**
TOTAL = (A)+(B)	**(229,937)**	**(15,428)**	**8,488 (2)**	**(236,877)**
Reflected as follows in the financial statements:				
Deferred tax assets	36,937			52,625
Deferred tax liabilities	(266,874)			(289,502)
TOTAL	**(229,937)**			**(236,877)**

(1) This figure does not include the change due to the companies accounted for via the equity method. This amounts to 3 thousand euros for the period.
(2) This amount does not include the change in shareholders' equity of equity investments with regard to translation adjustments amounting to 858 thousand euros.

Deferred tax assets and liabilities break down as follows:

(In thousands of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	-	(11,741)
Due after one year	52,625	(277,761)
TOTAL	**52,625**	**(289,502)**

Deferred tax liabilities relate mainly to the taxable temporary difference generated by the accounting treatment at fair value of Customer contracts and relationships and of the Eutelsat brand, valued at 929,800 thousand euros (see Note 5 – *Goodwill and other intangibles),* giving rise on the occasion of the business combination to a deferred tax liability of 320,130 thousand euros. The amortisation of customer contracts over 20 years, amounting to 44,452 thousand euros, generates deferred tax income of 15,304 thousand euros.

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Note 22: Provisions

(In thousands of euros)	30 June 2009	Charge expense	Reversal Used	Reversal Unused	30 June 2010
Financial guarantee granted to a pension fund	22,723	-	(796)	-	21,927
Retirement indemnities	6,099	855	(320)	-	6,634
Post-employment benefits (1)	1,273	548	(226)	-	1,595
TOTAL POST-EMPLOYMENT BENEFITS	**30,095**	**1,403**	**(1,342)**	**-**	**30,156**
Litigation (2)	9,171	4,955	(235)	(2,374)	11,517
Other	1,666	1,429	(954)	-	2,141
TOTAL PROVISIONS	**40,932**	**7,787**	**(2,531)**	**(2,374)**	**43,814**
Non-current part	**30,095**	**1,403**	**(1,342)**	**-**	**30,156**
Current part	**10,837**	**6,384**	**(1,189)**	**(2,374)**	**13,658**

(1) The other post-employment benefits relate to end-of-contract indemnity payments within various subsidiaries and also to the balance of a provision entered in respect of a fixed contractual contribution to the health-insurance "mutuelle" for former employees of the IGO who had taken pension as of the date the business was transferred to Eutelsat S.A..

(2) Litigation recorded at period-end corresponds to business and employee-related litigation.

22.1 – Financial guarantee granted to a pension fund

Eutelsat S.A., as a result of the transfer by the IGO of its operational business as of 2 July 2001, granted its financial guarantee to the Trust managing the pension fund established by the IGO. Before this date, the pension fund was closed and the accrued rights frozen.

This guarantee can be called under certain conditions to compensate for future under-funding of the plan. During the financial year ended 30 June 2005, as a result of the significant decline in long-term interest rates, the guarantee was called upon in an amount of 22.3 million euros. This amount was valued on the basis of the Trust's projections of future market developments. As of 30 June 2005, no payments had yet been made.

In November 2005, an agreement was reached with the Trust to spread payment of the amount called as follows: 4.46 million euros when the agreement is signed, and a further 4.46 million euros on 30 June 2006, 2007, 2008 and 2009. It was agreed that the Trust would carry out a new valuation on 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. On 30 June 2009, the last payment totalling 4.46 million euros was made.

The actuarial valuation performed on 30 June 2009 and 2010 used the following assumptions:

	30 June 2009	30 June 2010
Discount rate	5.50%	4.50%
Expected rate of return on assets	4.00%	4.00%
Rate for pension increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Overall expenses *(as a % of assets)*	0.58%	0.58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	age 61	age 61

As of 30 June 2009 and 2010, the position was as follows:

Comparative summary

(In thousands of euros)	30 June 2006	2007	2008	2009	2010
Present value of benefit obligations wholly or partly funded	140,889	152,792	133,436	134,182	163,947
Fair value of plan assets	(135,378)	(138,358)	(145,847)	147,983	(151,615)
Net financing	**5,511**	**14,434**	**(12,411)**	**(13,801)**	**12,332**
Actuarial and other gains / (losses) – amortised	30,423	16,860	40,729	36,523	9,595
Net (asset)/liability recognised in the balance sheet	**35,934**	**31,294**	**28,318**	**22,723**	**21,927**

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Reconciliation between the present value of the obligations at beginning and end of period

(In thousands of euros)	30 June 2009	30 June 2010
Present value of the obligations at beginning of period	**133,436**	**134,182**
Service cost of the period	-	-
Finance cost	7,280	7,302
Actuarial and other (gains)/losses	(3,450)	27,515
Benefits paid	(3,084)	(5,052)
Present value of the obligations at end of period	**134,182**	**163,947**

The absence of service costs is explained by the fact that rights were frozen and that the IGO pension fund was closed prior to the transfer of business on 2 July 2001.

Reconciliation between the fair value of plan assets at beginning and end of period

(In thousands of euros)	30 June 2009	30 June 2010
Fair value of plan assets at beginning of period	**145,847**	**147,983**
Expected return on plan assets	5,923	5,862
Actuarial and other gains/(losses)	(5,163)	2,822
Contributions paid	4,460	-
Benefits paid	(3,084)	(5,052)
Fair value of plan assets at end of period	**147,983**	**151,615**

The fair value of plan assets includes no amounts relating to any financial instruments issued by Eutelsat S.A. nor any property occupied by, or other assets used by, Eutelsat S.A.

The actual return on the plan's assets was 0.8 million euros and 8.7 million euros as of 30 June 2009 and 2010 respectively.

Net expense (net gains) recognised in the income statement

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Service cost of the period	-	-
Finance cost	7,280	7,302
Expected return on plan assets	(5,923)	(5,862)
Actuarial (gains)/losses	(2,492)	(2,235)
Net expense (net gains) recognised in the income statement	**(1,135)**	**(796)**

Reconciliation of assets and obligations recognised in the balance sheet

(In thousands of euros)	30 June 2009	30 June 2010
Provision at beginning of period	**28,318**	**22,723**
Net expense (net gains) recognised in the income statement	(1,135)	(796)
Contributions paid	(4,460)	-
Provisions at end of period	**22,723**	**21,927**

History of experience and changes in assumptions

(In thousands of euros)	30 June 2010
Gain/loss between expected return and actual return on plan assets	(2,822)
History of experience with respect to the value of the obligations: (gains)/losses	(1,268)
Impact of changes in assumptions	28,783
	27,515

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22.2 – Post-employment benefits

a) Retirement indemnities

French law requires payment of a lump sum retirement indemnity, where appropriate. This indemnity is paid to employees based upon years of service and compensation at retirement. Benefits only vest when an employee retires from Eutelsat. This scheme is not financed.

The French Act entitled "*Loi de Financement de la Sécurité Sociale*" for 2008 introduced a special contribution by the employer of 25% of the retirement indemnity for any compulsory retirement before 31 December 2008 and of 50% after that date. As for the previous *lois de financements*, this new obligation has been treated as a change to the actuarial assumption.

The actuarial valuations performed as of 30 June 2009 and 2010 were based on the following assumptions:

	30 June 2009	30 June 2010
Discount rate	5.50%	4.50%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Mortality table	TF/TH00-02	TF/TH04-06
Retirement age	age 65	age 65
Type of retirement	Voluntary retirement	Voluntary retirement
Rate for employer's contributions	52%	52%

Staff turnover per age bracket is based on the history of experience within Eutelsat S.A.

As of 30 June 2009 and 2010, the position was as follows:

Comparative summary

	30 June				
(In thousands of euros)	2006	2007	2008	2009	2010
Present value of obligations not financed	3,425	3,876	6,390	7,125	7,940
Past-service cost (amortised)	1,354	1,290	1,225	1,160	1,095
Actuarial and other gains/(losses) – amortised	674	610	(1,588)	(2,186)	(2,401)
Liability recognised in the balance sheet	**5,453**	**5,776**	**6,027**	**6,099**	**6,634**

Reconciliation between the present value of the obligations at beginning and end of period

(In thousands of euros)	30 June 2009	30 June 2010
Present value of the obligations at beginning of period	**6,390**	**7,125**
Service cost of the period	431	457
Finance cost	348	387
Actuarial and other (gains)/losses	646	291
Benefits paid	(690)	(320)
Present value of the obligations at end of period	**7,125**	**7,940**

Net expense recognised in the income statement

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Service cost of the period	431	457
Finance cost	348	387
Amortisation of past service cost	(65)	(65)
Actuarial (gains)/losses	48	76
Net expense recognised in the income statement	**762**	**855**

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Reconciliation between the amount recognised in the balance sheet at beginning and end of period

(In thousands of euros)	30 June 2009	30 June 2010
Provision, beginning of period	**6,027**	**6,099**
Net expense recognised in the income statement	762	855
Benefits paid	(690)	(320)
Provision, end of period	**6,099**	**6,634**

History of experience and changes in assumptions

(In thousands of euros)	30 June 2010
History of experience with respect to the value of the obligations: (gains)/losses	(407)
Impact of changes in assumptions	698
	291

b) Supplementary schemes

The Group also has a defined-contribution funded plan for its employees working in France (excluding Directors and Corporate Officers who are employees), financed by employees' and employer's contributions of 6% of gross annual salary, limited to eight times the French Social Security threshold. There are no other commitments in relation to these contributions. The employer's contributions paid for this purpose amount to 1,467 thousand euros and 1,529 thousand euros on 30 June 2009 and 2010 respectively.

The Directors and Corporate Officers of Eutelsat Communications S.A. and Eutelsat S.A. have a supplementary defined-benefits plan, which is financed by quarterly contributions to the fund managers. The present value of the obligations as of 30 June 2009 and 2010 respectively was 1,061 thousand euros and 424 thousand euros, and the fair value of the assets was 1,106 thousand euros and 361 thousand euros. As of 30 June 2010, the Group was recognising a liability of 63 thousand euros.

c) Mandatory schemes

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant entities that manage mandatory pension schemes. There are no other commitments in relation to these contributions. The employer's contributions paid for this purpose were 5,780 thousand euros and 5,911 thousand euros on 30 June 2009 and 2010 respectively.

Note 23: Segment information

The Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their finality. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

The information presented below is intended for the Managing Director, the Deputy Managing Director and the Chief Financial Officer who together make up the Group's main operational decision-making body.

Management data is presented according to IFRS principles applied by the Group for its consolidated financial statements as described in the Notes to the financial statements.

The performance indicators that are monitored by the decision-making body include turnover, EBITDA (EBITDA is defined as the operating result before amortisation and depreciation, excluding impairment of assets, other operating income and charges), dilution profit (losses) and launch indemnities, financial expense, cash flow for investment in tangibles and equity interests and Group consolidated net debt (net debt includes all financial debt and all liabilities from long-term agreements, less cash and cash equivalents and marketable securities (less bank credit balances)).

Internal reporting is a presentation of the Group's consolidated income statement according to a different breakdown of items than the one used in the consolidated financial statements in order to highlight performance indicators for which the main aggregates are identical to those included in the Group's consolidated accounts, such as the operating result, net result, share attributable to non-controlling interests and the share attributable to the Group.

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23.1 – Segment reporting

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Revenues	**940,541**	**1,047,224**
Total operating costs	(198,429)	(219,429)
EBITDA	**742,112**	**827,795**
Depreciation and amortisation:	(294,271)	(313,419)
Other non-operating income (expenses), net	23,801	(5,825)
Operating income	**471,642**	**508,551**
Total interest	(101,801)	(118,892)
Income tax expense	(127,987)	(143,239)
Other financial expenses	2,177	18,248
Net income before revenue from equity investments and non-controlling interests	**244,030**	**264,668**
Income from equity investments	15,954	17,843
Net income	**259,984**	**282,511**
Non-controlling interests	(12,636)	(13,010)
Group share of net income	**247,348**	**269,501**
Tangible investments and equity investments (cash flow)	296,984	494,362
NET DEBT (INCLUDING FINANCE LEASES)	**2,326,484**	**2,424,372**

23.2 – Information per geographical zone

Group revenues by geographical zone, based on invoice addresses, for the twelve-month financial periods ended 30 June 2009 and 2010 are as follows:

Region	Twelve-month period ended 30 June 2009		Twelve-month period ended 30 June 2010	
(In thousands of euros and as a percentage)	Amount	%	Amount	%
France	124,179	13.2	145,259	13.9
Italy	147,121	15.6	170,118	16.2
United Kingdom	105,527	11.2	87,874	8.4
Europe (other)	337,067	35.8	360,406	34.4
Americas	94,328	10.0	116,790	11.2
Middle East	74,053	7.9	101,623	9.7
Other [(1)]	58,267	6.2	65,154	6.2
TOTAL	**940,541**	**100.0**	**1,047,224**	**100.0**

(1) Including 1.8 million euros and 4.0 million euros in indemnity payments for late delivery for the financial period ended 30 June 2009 and 30 June 2010 respectively.

Most of the Group's assets are satellites in-orbit; the remaining assets are mainly located in France.

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Note 24: Financial result

The financial result is made up as follows:

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Interest expense (banks) [1]	(104,119)	(79,962)
Other interest expense [2]	25,925	13,258
Loan set-up fees	(3,081)	(8,209)
Commitment fees and other similar charges	(2,019)	(2,247)
Changes in financial instruments [3]	(25,419)	(43,947)
Provisions for risks and expenses	-	-
Foreign-exchange losses [4]	(20,849)	(12,405)
Financial expenses	**(129,562)**	**(133,512)**
Change in financial instruments [3]	1,821	792
Interest income	3,967	1,527
Provision on financial assets	208	-
Reversal of provisions for risks and expenses	1,134	796
Foreign-exchange gains (4)	22,808	29,753
Financial income	**29,938**	**32,868**
FINANCIAL RESULT	**(99,624)**	**(100,644)**

(1) Interest expense (banks) includes the effects of the interest-rate risk hedging instruments employed. Coupons due and matured on the swaps and caps that are qualified as interest-rate risk hedges have affected the interest expense for the financial years ended 30 June 2009 and 2010 by 14.5 million euros and 37.6 million euros respectively.

(2) The amount shown is the interest expense net of loan costs charged to the value of the eligible assets. These capitalised costs amounted to 26.9 million euros as of 30 June 2009 and 18.5 million euros as of 30 June 2010. They are closely related to the progress and number of satellite construction programmes during the financial year concerned.

The paid portion of the capitalised interest expense is included within financing expenses in the consolidated cash-flow statement under the item "Interest and other fees paid".

The interest rates used to determine the amount of interest expense eligible for capitalisation were 4.1% for the financial years ended 30 June 2009 and 3.6% for the financial year ended 30 June 2010. "Other interest expense" also includes interest related to in-orbit satellite performance incentives, representing a 0.9 million euros net decrease in expenses and a 0.7 million euros net increase in expenses for the financial periods ended 30 June 2009 and 30 June 2010 respectively.

(3) Gains or losses in the fair value of the financial instruments mainly include changes in the fair value of the non-qualifying derivative instruments in a hedging relationship for the financial periods ended 30 June 2009 and 30 June 2010 and disqualifications/transfers of hedging instruments (see Note 26.2 – Interest rate risks).

(4) Foreign-exchange options' contracts are put in place with the objective of hedging future sales in U.S. dollars. Changes in the time value of these options (excluded from the hedging relationship) have a direct effect on the result. The intrinsic value of options exercised during the year, taking into account that the hedged item has also affected the result for the year, has similarly been recognised directly under income or expense (no net change in equity due to these options). Changes in the intrinsic value of options where the hedged item has not yet affected the result have been recognised within equity and have not affected the result for the year.

Results on financial instruments per accounting category

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Net result on instruments measured at fair value per result on the option (cash equivalents)	(64)	75
Net result on instruments valued at fair value per result (non-qualifying derivatives for hedges and components excluded from hedging relationships)	(19,330)	343
Financial income on assets valued at amortised cost (loans and long term advance payments and other receivables)	-	-
Interest expense on loans (excluding hedging effect)	(89,650)	(42,322)
Reversals and (depreciation) of financial assets (accounts receivable)	351	(918)

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Note 25: Earnings per share

The following two tables show the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted):

(In thousands of euros)	30 June 2009	30 June 2010
Net income	259,984	282,511
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	(12,579)	(13,044)
NET EARNINGS USED TO COMPUTE BASIC EARNINGS PER SHARE	**247,405**	**269,466**

(In thousands of euros)	30 June 2009	30 June 2010
Net income	259,984	282,511
Income from subsidiaries attributable to non-controlling interests, after taking into account the dilutive instruments in the subsidiaries	(12,645)	(13,050)
NET EARNINGS USED TO COMPUTE DILUTED EARNINGS PER SHARE	**247,339**	**269,461**

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 30 June 2009 and 2010 respectively:

	30 June 2009	30 June 2010
Restated weighted average number of shares used to compute basic earnings per share	219,657,046	220,092,748
Incremental number of additional shares that would result from the exercise of outstanding stock options (1)	-	-
RESTATED WEIGHTED AVERAGE NUMBER OF SHARES USED TO COMPUTE DILUTED EARNINGS PER SHARE (1)	**219,657,046**	**220,092,748**

(1) On 30 June 2009 and 2010, only the subsidiary Eutelsat S.A. had issued dilutive instruments. (see Note 15.3 – Share-based compensation) The incremental number of additional shares which could be issued upon the exercise of outstanding stock options is computed using the average market price during the related period.

As its subsidiary Eutelsat S.A. is not listed, Management estimated the average market price based on the latest evaluations performed and the latest transactions between shareholders.

Note 26: Financial instruments

The Group has exposure to market risks, particularly with regard to foreign exchange and interest rates. Exposure to such risks is actively managed by Management, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to manage such exposure. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset; in other words, the Group never sells assets it does not possess or does not know it will subsequently possess.

26.1 – Foreign-exchange risk

The Group's functional currency is the euro and the Group is therefore principally exposed to fluctuations in the value of the 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 contracts, 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 mature after three years and payments are made according to a pre-determined payment schedule. Commitments to sell relate to contracts denominated in U.S. dollars.

During the financial year ended 30 June 2010, the Group only sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk as of 30 June 2010 is as follows:

(In thousands of euros)	
Assets	150,309
Liabilities	15,300
Net position before risk Management	**135,009**
Off-balance-sheet position (forward plus knock-in option (Europe))	154,837
Net position after risk Management	**(19,828)**

Considering its exposure to foreign-currency risk, the Group estimates that a 1% reduction in the value of the U.S. dollar against the euro would have a non-significant impact on the Group's result and the Group's equity.

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26.2 – Interest rate risk

Interest rate risk Management

The Group's exposure to interest-rate risk is managed by hedging its floating rate debt.

In order to hedge the risk on future cash flow changes related to floating rate coupon payments on its debt, the Group has implemented the following interest rate hedging instruments:

For hedging the Eutelsat Communications Term Loan facility (due to mature in June 2013):

- a swap (pay fixed rate/receive a floating rate) and a cap both with deferred start dates in April 2008, for two years (ending in April 2010) and for a notional amount of 807.5 million euros;
- a swap (pay fixed rate/receive a floating rate) put in place in September 2006 with a deferred start date in April 2010 (ending in June 2013) for a notional amount of 1,615 million euros.

For each of these instruments, the interest periods are of six months beginning 29 April and 29 October each calendar year, except for the final period of the swap with start dates in April 2010, which runs from 29 April 2013 to 8 June 2013.

In addition, at Eutelsat S.A. sub-group level, the following corresponding derivatives had been put in place to hedge the syndicated credit facility entered into in November 2004 for a notional amount of 1,300 million euros:

- a pay fixed/receive floating interest rate swap put in place in November 2004 for a notional amount of 650 million euros over seven years (until maturity of the facility), terminated on 1 April 2010.

  The selected interest are of three-month periods beginning 31 March, 30 June, 30 September and 31 December each calendar year;
- an interest rate swap (pay EURIBOR 3 month/receive EURIBOR 1 month "Basis swap" put in place in November 2007 for a period of six months up until 30 June 2008. This interest rate swap pay EURIBOR 3 month/receive EURIBOR 1 month has been used three times.
  - 11 June 2008 for a six-month period until 31 December 2008,
  - 21 November 2008 for a six-month period until 30 June 2009,
  - 15 May 2009 for a one-year period until 30 June 2010

These three basis swap transactions are combined with the pay fixed rate swap designed to hedge the 650 million euros Term Loan.

In respect of the 650 million euros revolver arranged in November 2004 by the Eutelsat S.A. sub-group, out of which amounts have been drawn down for 200 million euros at refinancing date:

- a pay fixed/receive floating interest rate swap put in place in February 2007 for a notional amount of 250 million euros over four years until maturity of the revolver (650 million euros), terminated on 1 April 2010;
- purchase of a cap in March 2007 in return for the payment of a 2 million euros premium for a notional amount of 200 million euros over four years until maturity of the 650 million euros revolving credit facility.

For each instrument, the interest periods are three-month periods beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

Refinancing the syndicated credit facility on 26 March 2010 (see Note 16 – *Financial debt*) resulted in the hedging relationship of financial instruments being interrupted. The financial instruments became entirely ineffective as a result of the extinction of the financial liability with respect to IAS 39 "Financial instruments: Recognition and Measurement". Consequently, changes in fair value within equity were recognised in the income statement.

Furthermore, on 1 April 2010, both pay fixed/receive floating interest rate swaps were terminated in return for the settlement of a termination indemnity of 25,443 thousand euros for the swap covering the 650 million euros term loan and a termination indemnity of 12,572 thousand euros for the swap covering the 250 million euros drawn down out of the 650 million euros revolving credit facility.

Sensitivity to interest-rate risk

Given how interest rates have evolved due to the financial crisis, the fair value of the Group's financial instruments has fallen substantially, and this has been recognised within equity or income. Nonetheless, the effectiveness of hedges qualifying as cash flow hedges is not being called into question.

Considering the full range of financial instruments available to the Group as of 30 June 2010, an increase of ten base points (+0.10%) over the EURIBOR interest rate would not affect interest charges in the income statement. It would involve a 4,291 thousand euros change in shareholders'equity, related to the change in the efficient fair values of hegding instruments qualified as cash flow hedges.

26.3 – Financial counterpart risk

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

The Eutelsat Communications banking syndicate is made up of 46 lenders as of 30 June 2010. The Eutelsat S.A. banking syndicate consists of 4.

If any of the lenders defaults on the term loan part of the credit facilities, the Group retains the amounts initially allocated in full.

If any counterpart defaults on the revolving part of a credit facility, the amount obtained may be less than the total amount requested. In this case, the Group has the possibility of drawing one or more additional amounts from the other counterparts in order to obtain the extra sums needed to make up the total amount required.

The Group does not foresee any loss resulting from a failure by its counterparts to meet their commitments under the agreements it has concluded.

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26.4 – Liquidity risk

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans, revolver lines of credit from banks, bond loans and satellite leases.

66% of the Group's debt matures in June 2013, 0% in March 2015 and 34% in March 2017.

Breakdown of net financial liabilities by maturity (in thousands of euros)

30 June 2009	Balance-sheet value	Total contractual cash flows	06/2010	06/2011	06/2012	06/2013	06/2014	More than 5 years
Term loan Eutelsat Com.	(1,615,000)	(1,746,880)	(33,317)	(33,317)	(33,317)	(1,646,929)	-	-
Term loan Eutelsat S.A.	(650,000)	(672,794)	(9,432)	(9,432)	(653,930)	-	-	-
Eutelsat S.A. revolver loan	(200,000)	(210,794)	(3,598)	(3,598)	(203,598)	-	-	-
WINS Ltd. Loan	(807)	(876)	(267)	(389)	(220)	-	-	-
Eutelsat S.A. foreign exchange derivatives*	(286)	(286)	(286)	-	-	-	-	-
Qualifying Eutelsat Communications interest rate derivatives*	(62,295)	(62,295)	20,638	(12,690)	(28,006)	(42,237)	-	-
Qualifying Eutelsat S.A. interest rate derivatives*	(29,700)	(29,700)	(10,138)	(12,708)	(6,854)	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	(8,065)	(8,065)	(2,934)	(3,407)	(1,724)	-	-	-
Bank overdrafts	(2,373)	(2,373)	(2,373)	-	-	-	-	-
Total financial debt	**(2,568,526)**	**(2,734,063)**	**(41,707)**	**(75,541)**	**(927,649)**	**(1,689,166)**	**-**	**-**
Other financial liabilities	(89,858)	(94,710)	(42,145)	(10,144)	(6,988)	(5,596)	(3,980)	(25,857)
Total financial liabilities	**(2,658,384)**	**(2,828,773)**	**(83,852)**	**(85,685)**	**(934,637)**	**(1,694,762)**	**(3,980)**	**(25,857)**
Qualifying Eutelsat S.A. interest rate derivatives*	191	191	3,636	(2,289)	(1,156)	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	191	191	3,636	(2,289)	(1,156)	-	-	-
Financial assets	7,232	7,232	7,232	-	-	-	-	-
Cash	41,529	41,529	41,529	-	-	-	-	-
UCITS	95,277	95,277	95,277	-	-	-	-	-
Cash equivalents	6,939	6,939	6,939	-	-	-	-	-
Total financial assets	**151,359**	**151,359**	**158,249**	**(4,578)**	**(2,312)**	**-**	**-**	**-**
NET POSITION	**(2,507,025)**	**(2,677,414)**	**74,397**	**(90,263)**	**(936,949)**	**(1,694,762)**	**(3,980)**	**(25,857)**

* *The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).*

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30 June 2010	Balance-sheet value	Total contractual cash flows	06/2011	06/2012	06/2013	06/2014	06/2015	More than 5 years
Term loan Eutelsat Communications	(1,615,000)	(1,700,369)	(28,456)	(28,456)	(1,643,456)	-	-	-
Eurobond Eutelsat S.A.	(850,000)	(1,086,672)	(35,063)	(35,063)	(35,063)	(35,063)	(35,063)	(911,359)
Eutelsat S.A. revolver loan	-	-	-	-	-	-	-	-
WINS Ltd. Loan	(623)	(623)	(409)	(214)	-	-	-	-
Eutelsat S.A. foreign exchange derivatives*	(10,372)	(10,372)	(10,372)	-	-	-	-	-
Qualifying Eutelsat Communications interest rate derivatives*	(119,410)	(119,410)	(34,047)	(37,939)	(47,424)	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	-	-	-	-	-	-	-	-
Bank overdrafts	(18,182)	(18,182)	(18,182)	-	-	-	-	-
Total financial debt	**(2,613,587)**	**(2,935,628)**	**(126,529)**	**(101,672)**	**(1,725,943)**	**(35,063)**	**(35,063)**	**(911,357)**
Other financial liabilities	(80,044)	(83,213)	(31,103)	(6,988)	(5,596)	(3,980)	(2,765)	(32,781)
Total financial liabilities	**(2,693,631)**	**(3,018,841)**	**(157,632)**	**(108,660)**	**(1,731,539)**	**(39,043)**	**(37,828)**	**(944,138)**
Qualifying Eutelsat S.A. interest rate derivatives*	-	-	-	-	-	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	24	24	24	-	-	-	-	-
Financial assets	7,949	7,949	4,900	-	-	-	-	3,049
Cash	53,481	53,481	53,481	-	-	-	-	-
UCITS	-	-	-	-	-	-	-	-
Cash equivalents	6,038	6,038	6,038	-	-	-	-	-
Total financial assets	**67,492**	**67,492**	**64,443**	**-**	**-**	**-**	**-**	**3,049**
NET POSITION	**(2,626,139)**	**(2,951,349)**	**(93,189)**	**(108,660)**	**(1,731,539)**	**(39,043)**	**(37,828)**	**(941,089)**

* *The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).*

26.5 – Key figures as of 30 June 2010

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 30 June 2009 and 30 June 2010 by type of contract. The instruments are valued by the Group's banking counterparts, and this valuation is verified/validated by an independent expert.

(In thousands of euros)	Contractual or notional amounts	Fair value 30 June 2009	Change in fair value during the period	Impact on income (excluding coupons)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	14,150	(286)	(286)	(128)	(158)
Foreign exchange options (Eutelsat S.A.)	0	-	(1,589)	64	(1,653)
Total foreign exchange derivatives	**14,150**	**(286)**	**(1,875)**	**(64)**	**(1,811)**
Swap (Eutelsat Communications)	807,500	(14,811)	(43,954)	(3,945)	(40,009)
Forward swap (Eutelsat Communications)	1,615,000	(47,484)	(90,096)	-	(90,096)
Purchased cap (Eutelsat Communications)	807,500	-	(18,609)	(2,273)	(16,336)
Swap (Eutelsat S.A.) (1)	650,000	(24,548)	(57,743)	1,494	(59,237)
Swap (Eutelsat S.A.) (1)	650,000	-	217	-	217
Swap (Eutelsat S.A.) (1)	650,000	225	225	-	225
Swap (Eutelsat S.A.) (2)	250,000	(13,442)	(20,940)	(12,237)	(8,703)
Cap (Eutelsat S.A.) (3)	200,000	382	(6,574)	(6,574)	-
Total interest rate derivatives		**(99,678)**	**(237,474)**	**(23,535)**	**(213,939)**
TOTAL DERIVATIVES		**(99,964)**	**(239,349)**	**(23,599)**	**(215,750)**
Equity method companies					(3,982)
TOTAL					**(219,732)**

(1) Combined swaps.
(2) Swap qualifying as a hedge for 100 million euros since 1 April 2008.
(3) CAP qualifying as a hedge for 100 million euros since 1 January 2009.

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(In thousands of euros)	Contractual or notional amounts	Fair value 30 June 2010	Change in fair value during the period	Impact on income (excluding coupons)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	154,837	(10,371)	(10,086)	75	(10,161)
Total foreign exchange derivatives	**154,837**	**(10,371)**	**(10,086)**	**75**	**(10,161)**
Swap (Eutelsat Communications)	807,500	-	14,811	(8,243)	23,055
Forward swap (Eutelsat Communications)	1,615,000	(119,410)	(71,926)	(8,174)	(63,753)
Purchased cap (Eutelsat Communications)	807,500	-	-	(218)	218
Swap (Eutelsat S.A.) (1) (4)	650,000	Disposal	(895)	(21,834)	20,939
Swap (Eutelsat S.A.) (1)	650,000	-	(225)	-	(225)
Swap (Eutelsat S.A.) (2) (4)	250,000	Disposal	870	(4,403)	5,273
Cap (Eutelsat S.A.) (3)	200,000	24	(358)	(358)	-
Total interest rate derivatives		**(119,386)**	**(57,723)**	**(43,230)**	**(14,493)**
TOTAL DERIVATIVES		**(129,757)**	**(67,809)**	**(43,155)**	**(24,654)**
Equity method companies					(10)
TOTAL					**(24,663)**

(1) Combined swaps, unqualified since 26 March 2010.
(2) Swap qualifying as a hedge for 100 million euros since 1 April 2008, unqualified since 26 March 2010.
(3) CAP qualifying as a hedge for 100 million euors since 1 January 2009, unqualified since 26 March 2010.
(4) Including termination indemnities settled.

As of 30 June 2010, the cumulative fair value of financial instruments is negative at 129,757 thousand euros. This is composed of 24 thousand euros recognised under "Current financial assets" (see Note 12 – *Current financial assets*) and 129,781 thousand euros recognised under "Other current financial liabilities" (see Note 17 – *Other financial liabilities*).

As of 30 June 2009 and 2010, the changes in fair value recognised within financial result in respect of financial instruments amounted to a net expense of 23,599 thousand euros and 43,155 thousand euros respectively.

Breakdown of financial instruments qualifying for hedge accounting as of 30 June 2009 and 30 June 2010:

(In thousands of euros)	Contractual or notional amounts	Fair value 30 June 2009	Change in fair value during the period	Impact on income (excluding coupons) (4)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	14,150	(286)	(286)	(128)	(158)
Foreign exchange options (Eutelsat S.A.)	0	-	(1,589)	64	(1,653)
Total foreign exchange derivatives	**14,150**	**(286)**	**(1,875)**	**(64)**	**(1,811)**
Swap (Eutelsat Communications)	807,500	(14,811)	(43,954)	(3,945)	(40,009)
Forward swap (Eutelsat Communications)	1,615,000	(47,484)	(90,096)	-	(90,096)
Purchased cap (Eutelsat Communications)	807,500	-	(18,609)	(2,272)	(16,336)
Swap (Eutelsat S.A.) (1)	650,000	(24,548)	(57,743)	1,494	(59,237)
Swap (Eutelsat S.A.) (1)	650,000	-	217	-	217
Swap (Eutelsat S.A.) (1)	650,000	225	225	-	255
Swap (Eutelsat S.A.) (2)	100,000	(5,376)	(8,376)	327	(8,703)
CAP (Eutelsat S.A.) (3)	100,000	191	191	191	-
Total interest rate derivatives		**(91,803)**	**(218,145)**	**(4,205)**	**(213,939)**
TOTAL DERIVATIVES		**(92,089)**	**(220,020)**	**(4,270)**	**(215,750)**
Equity method companies					(3,982)
TOTAL					**(219,732)**

(1) Combined swaps.
(2) Swap qualifying as a hedge for 100 million euros since 1 April 2008.
(3) CAP qualifying as a hedge for 100 million euros since 1 January 2009.
(4) The ineffective portion of the hedges was not significant and has not been isolated.

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(In thousands of euros)	Contractual or notional amounts	Fair value 30 June 2010	Change in fair value during the period	Impact on income (excluding coupons) (4)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	154,837	(10,371)	(10,086)	75	(10,161)
Total foreign exchange derivatives	**154,837**	**(10,371)**	**(10,086)**	**75**	**(10,161)**
Swap (Eutelsat Communications)	807,500	-	14,811	(8,243)	23,055
Forward swap (Eutelsat Communications)	1,615,000	(119,410)	(71,926)	(8,174)	(63,753)
Purchased cap (Eutelsat Communications)	807,500	-	-	(218)	218
Swap (Eutelsat S.A.) (1) (2)	650,000	Disposal	(895)	(21,834)	20,939
Swap (Eutelsat S.A.) (1)	650,000	-	(225)	-	(225)
Swap (Eutelsat S.A.) (2) (5)	100,000	Disposal	348	(4,925)	5,273
CAP (Eutelsat S.A.) (3)	100,000	12	(179)	(179)	-
Total interest rate derivatives		**(119,398)**	**(58,066)**	**(43,573)**	**(14,493)**
TOTAL DERIVATIVES		**(129,769)**	**(68,152)**	**(43,498)**	**(24,654)**
Equity method companies					(10)
TOTAL					**(24,663)**

(1) Combined swaps, unqualified since 26 March 2010.
(2) Swap qualifying as a hedge for 100 million euros since 1 April 2008, unqualified since 26 March 2010.
(3) CAP qualifying as a hedge for 100 million euros since 1 January 2009, unqualified since 26 March 2010.
(4) The ineffective portion of the hedges was not significant and has not been isolated.
(5) Including termination indemnities settled.

Impact on income statement and equity

The impact on the income statement and equity of changes in fair value of derivatives qualified as interest rate hedges on future cash flows is as follows:

- the coupons on swaps that qualify as cash flow hedges are directly recognised under income; changes recognised in equity for such swaps correspond to changes in fair value excluding coupons ("clean fair value");
- the coupon on the purchased cap (when the cap is active) is directly recognised under income and the same applies to changes in the time value of the cap (not included in the hedging relationship). The items recognised in equity correspond to changes in the intrinsic value not including the accrued coupon of the cap;
- the forward swap is a deferred start swap for which no reclassification to income has been recorded for the period.

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	1 year at most	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Foreign-exchange-risk hedges	(10,318)	(10,318))	-	-	-	-	-
Interest-rate risk hedges	(111,244)	(25,873)	(37,939)	(47,432)	-	-	-
NET TOTAL AS OF 30 JUNE 2010*	**(121,562)**	**(36,191)**	**(37,939)**	**(47,432)**	**-**	**-**	**-**

* *Excluding equity investments for the negative amount of 3,476 thousand euros.*

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Note 27: Other commitments and contingencies

As of 30 June 2010, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial position with the exception of the following items:

27.1 – Purchase commitments

As of 30 June 2010, future payments under satellite construction contracts amounted to 374 million euros, and future payments under launch agreements amounted to 266 million euros. These commitments are spread over six years.

The Group also has commitments with suppliers for the acquisition of assets and provision of services related to monitoring and control of its satellites.

Future payments in respect of such acquisition of assets and provision of services as of 30 June 2009 and 30 June 2010 are scheduled as follows:

(In millions of euros)	30 June 2009	30 June 2010
2010	58	-
2011	36	80
2012	15	21
2013	7	16
2014 and thereafter (1)	5	13
2015 and thereafter	-	47
TOTAL	**121**	**177**

(1) For the period reported in respect of the financial year ended 30 June 2009.

The above total includes 2 million euros for purchase commitments entered into with related parties (see Note 28 – *Related party transactions*).

The Group may seek to benefit from penalty payments related to incidents affecting the performance of its operational satellites.

27.2 – In-orbit insurance and launch insurance

As of 30 June 2010, the Group's existing L+1 insurance (launch-plus-one-year) and in-orbit insurance policies have been taken out with insurance syndicates of 27 insurers and 22 insurers respectively, generally with ratings of between AA- and A+. Counterpart risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

a) In-orbit insurance

The Group's in-orbit insurance programme expired on 26 November 2009. It was replaced by a new 12-month programme entered into with a group of 22 insurers with a cancellation option by 30 June 2010. The programme was defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and income of losing one or more satellites. This programme comes in two parts (French "*Tranches*"): one covers losses in excess of 80 million euros up to a maximum of 390 million euros and the other covers losses ranging from 50 million euros to 80 million euros. These insurance policies were underwritten by 18 and 4 insurance companies respectively. Under this programme, 16 of the satellites belonging to the Group (excluding the EUROBIRD™ 4A (former W1), ATLANTIC BIRD™ 1, W75 (former EUROBIRD™ 4), W5 and W2M satellites) are covered by insurance. The only reservation is a limitation of insurance cover for the W4 and W6 satellites as a result of incidents caused by technical problems already identified.

The general insurance policy taken out against damage under this programme covers any cumulative partial or total constructive losses of the 16 satellites insured, up to a ceiling of 175 million euros per satellite, subject to a total maximum claim or claims each year of 390 million euros. The Group's satellites covered under this policy are insured for their net book value.

Recent satellites: HOT BIRD™ 9, ATLANTIC BIRD™ 4A (former HOT BIRD™ 10) and W2A (C- and Ku-Bands) are included in this policy as of the date of maturity of their previous policy L+1 year.

The cancellation option by 30 June was exercised. A new in-orbit insurance programme was taken out for one year starting on 1 July 2010. The programme design remains unchanged: one covers losses in excess of 80 million euros up to a maximum of 500 million euros, and the other covers losses ranging from 50 million euros to 80 million euros. The amount of insurance cover per satellite was increased from 175 million euros to 223 million euros and there are no more exclusions regarding insurance cover for the W4 and W6 satellites due to incidents caused by already identified technical problems.

b) Launch insurance

In April 2008, the Group took out L+1 (launch-plus-one-year) insurance for a maximum cover of 200 million euros per satellite, covering the seven satellites under construction (HOT BIRD™ 9, HOT BIRD™ 10, W2M, W2A, W7, KA-SAT and W3B).

This policy is valid for a period of three years, *i.e.* until 1 June 2011, and offers the necessary flexibility to assign any type of launcher to any of the seven satellites insured.

The Group subsequently took out additional policies to cover the entire net book value of the satellites.

In June 2009, the brokerage mandate was extended to upcoming satellites ordered by end of 2011 (W3C, ATLANTIC BIRD™ 7 and, more recently, W5A and W6A).

Reminder:

On 22 January 2009, the W2M satellite suffered a major anomaly. On 27 February 2009, a submission was sent to the insurers with proof of the loss and quantification of the claim.

Constructive total loss was acknowledged by all the insurers. An insurance indemnity of 120.5 million euros representing the total sum insured was therefore paid to Eutelsat in June 2009 and recognised under "Other operating income".

The agreement with the insurers also provides for the fact that if, after all, the satellite could be brought into commercial service at some time in the future, part of the revenues (10% or 28.75% as the case may be) would be returned to the insurers, subject to a total repayment ceiling of 30 million euros.

Any revenues would be computed annually from 1 July 2009 but the first annual payment of the insurers' portion would not be paid to them before August 2012, under the suspensive condition of it still being possible to operate the satellite commercially as of 1 July 2012 (see Note 6 – *Satellites and other property and equipment*).

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27.3 – Commitments received

See Note 10 – *Accounts receivable*.

27.4 – Litigation

The Group is involved in certain cases of litigation in the normal course of its business. In respect of the expected costs of such litigation, regarded as probable by the Company and its advisers, the Company has held provisions considered to be sufficient enough to cover the risks incurred.

Note 28: Related-party transactions

Related party transactions consist of the direct and indirect shareholders who have significant influence (which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of an entity of the Group), the companies in which the Group has an equity interest that it consolidates by using the equity method, and the "principal senior managers".

The Group considers that the notion of "principal senior managers" in the context of the governance of Eutelsat covers the members of the administrative and Management bodies, namely the Chairman and CEO, the Deputy CEO and the other members of the Board of Directors.

28.1 – Related parties that are not principal senior managers

Amounts due by or owed to related parties and included on the balance sheet as of 30 June 2008 and 2009 within current assets and liabilities are as follows:

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Gross receivables including unbilled revenues (1)	13,002	12,890
Liabilities including accrued invoices (2)	723	628

(1) Including 3,039 thousand euros and 2,860 thousand euros for entities accounted for via the equity method as of 30 June 2009 and 30 June 2010 respectively.
(2) Including 40 thousand euros and 0 thousand euros for entities accounted for via the equity method as of 30 June 2009 and 2010 respectively.

Related party transactions included in the income statements for the periods ended 30 June 2009 and 2010 are as follows:

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Revenues (1)	45,099	43,263
Operating costs, selling, general and administrative expenses (2)	1,641	2,243
Financial result	(60)	(76)

(1) Including 9,510 thousand euros and 9,928 thousand euros for entities accounted for via the equity method as of 30 June 2009 and 2010 respectively.
(2) Including 2 thousand euros and 0 thousand euros for entities accounted for via the equity method as of 30 June 2009 and 2010 respectively.

For the financial year ended 30 June 2010, no related party transaction accounts individually for more than 10% of revenues.

In addition, the Group entered into transactions with certain shareholders for services related to the provision of services for the monitoring and control of its satellites.

In addition, as of 30 June 2007, the Group and a related party had signed an agreement whereby, if certain conditions were met, the Group could receive 25 million euros in return for transferring certain rights in Hispasat.

All the necessary conditions were met by July 2008, including completion of a transaction triggering effective payment of the 25 million euros. The relevant amount was recognised within "Other operating income" for the period.

The Group also obtained a put option vis-à-vis the related party, with no limitation on validity, exercisable twice each year in respect of the equity interest concerned.

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28.2 – Compensation paid to the principal senior managers

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Compensation excluding employer's charges	2,188	2,580
Short-term benefits: Employer's charges	726	883
Total short-term benefits	**2,914**	**3,463**
Post-employment benefits (1)	10% of annual salary at end of career	12% of annual salary at end of career
Other long-term benefits (indemnity payment in the event of involuntary termination of appointment)	1,000	0
Share-based payment	See below	See below

(1) See Note 22.2 – Post-employment benefits, b) Supplementary schemes.

Share-based payment

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. The offer requires that beneficiaries are still employed within the Group two years after the grant date and that they hold those shares for a further period of two years after the effective date of acquisition.

The value of the benefit was estimated at 550 thousand euros, spread over the two-year vesting period. The expense recognised for the period ended 30 June 2009, with a double entry to shareholders' equity, was 248 thousand euros.

On the anniversary date of the plan, *i.e.* 10 May 2009, the 40,000 shares with a par value of 1 euro each were issued and definitively vested to the benefit of the members of the Group's administrative and Management bodies.

Similarly, during its meeting of 25 July 2007, the Board of Directors 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 attainment of certain performance objectives over a two-year period (see Note 15.3 – *Share-based compensation*).

The value of the benefit granted has been estimated at 1,031 thousand euros, spread over the vesting period. The expense recognised for the periods ended 30 June 2009 and 2010, with a double entry to shareholders' equity, was 530 thousand euros and 41 thousand euros respectively.

On the anniversary date of the plan, *i.e.* 25 July 2009, 51,212 shares with a par value of 1 euro each were issued and definitively vested to the benefit of the members of the Group's administrative and Management bodies.

During its meeting of 1 February 2010, the Board of Directors approved the new free share allocation plan (see Note 15.3 – *Share-based compensation*) and decided on a free allotment of 103,074 new shares in Eutelsat Communications to the members of the Group's administrative and Management bodies under the conditions set out in the plan. It also decided to define a 50% holding rate for all fully vested shares during the terms of office of the company's Directors and Officers.

The value of the benefit granted has been estimated at 1,289 thousand euros, spread over a three-year vesting period. The expense recognised for the financial year ended 30 June 2010, with a double entry to shareholders' equity, was 175 thousand euros.

Note 29: Staff costs

Staff costs (including mandatory employee profit-sharing and employee-related fiscal charges) are as follows:

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Operating costs	30,213	30,849
Selling, general and administrative expenses	46,764	51,190
TOTAL (1)	**76,977**	**82,039**

(1) Including 3,684 thousand euros and 1,603 thousand euros as of 30 June 2009 and 30 June 2010 respectively for expenses related to share-based payments.

The average number of employees is as follows:

	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Operations	251	253
Selling, general and administrative	354	386
TOTAL	**605**	**639**

As of 30 June 2010, the Group has 661 employees, compared with 610 as of 30 June 2009.

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Compensation paid to the Directors and Corporate Officers of Eutelsat Communications employed by the Group is 3,061 thousand euros for the financial year ended 30 June 2010. The members of the Board received 603 thousand euros in respect of their attendance at meetings during the year.

The Group has a corporate savings plan (*plan d'épargne d'entreprise* or *PEE*) reserved for Eutelsat S.A. employees with more than 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 30: 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 2010	% interest as of 30 June 2010
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	96.11%	96.11%
Eutelsat S.A. sub-group				
• Eutelsat VAS S.A.S.	France	FC	100.00%	96.11%
• Tooway Management S.A.S.	France	FC	100.00%	96.11%
• Tooway S.N.C (2)	France	FC	100.00%	96.50%
• Fransat S.A.S.	France	FC	100.00%	96.11%
• Eutelsat do Brasil S.A. (1)	Brazil	FC	100.00%	96.11%
• Eutelsat Italia S.r.l.	Italy	FC	100.00%	96.11%
• Skylogic Italia S.p.A.	Italy	FC	100.00%	96.11%
• Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.11%
• Eutelsat visAvision GmbH	Germany	FC	100.00%	96.11%
• Eutelsat Inc.	United States	FC	100.00%	96.11%
• Eutelsat America Corp.	United States	FC	100.00%	96.11%
• Eutelsat Broadband Corp.	United States	FC	100.00%	96.11%
• Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.11%
• Eutelsat Polska s.p.Z.o.o.	Poland	FC	100.00%	96.11%
• Skylogic Polska s.p.Z.o.o.	Poland	FC	100.00%	96.11%
• Skylogic Mediterraneo S.r.l.	Italy	FC	100.00%	96.11%
• Skylogic Eurasia Ltd	Turkey	FC	100.00%	96.11%
• Skylogic Espana S.A.U.	Spain	FC	100.00%	96.11%
• Eutelsat do Madeira Unipessoal Lda	Madeira	FC	100.00%	96.11%
• WINS (1)	Malta	FC	70.00%	67.28%
• Hispasat S.A. (1)	Spain	EM	27.69%	26.61%
• SOLARIS Mobile Ltd (1)	Ireland	EM	50.00%	48.05%

FC: Full consolidation.
EM: Equity method.
(1) Companies whose financial year-ends on 31 December.
(2) Company 90% owned by Eutelsat S.A. and 10% by Eutelsat Communications Finance S.A.S.
NB: The other companies' financial year-ends on 30 June.

Consolidation of these subsidiaries under the full consolidation method was performed using financials as of 30 June 2010.

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Note 31: Events after the balance-sheet date

None.

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Note 32: Statutory Auditors' fees

	Ernst & Young				Mazars			
(In thousands of euros)	**Amount N**	**%**	**Amount N-1**	**%**	**Amount N**	**%**	**Amount N-1**	**%**
Audit								
Auditing, certification, review of individual and consolidated financial statements								
Eutelsat communications	324	25%	307	40%	271	38%	256	57%
Other subsidiaries	433	33%	353	46%	234	33%	190	43%
Other diligence and services directly linked to the auditing mission	0	0%	0	0%	0		0	0%
associated to IPO	*0*		*0*		*0*		*0*	*0%*
Eutelsat communications	0	0%	0					
Other subsidiaries	483	37%	36	5%	205	29%		
Sub-total	**1,240**	**94%**	**696**	**91%**	**710**	**100%**	**446**	**100%**
Provision of other services, as required								
Legal, tax, labour-law	81	6%	66	9%	0	0%	0	0%
Information technology	0		0		0		0	
Internal audit	0		0		0		0	
Other (details if >10% of Statutory Auditors' fees)	0		0		0		0	
Sub-total	**81**	**6%**	**66**	**9%**	**0**	**0%**	**0**	**0%**
TOTAL	**1,320**	**100%**	**762**	**100%**	**710**	**100%**	**446**	**100%**

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20.1.2 Statutory Auditors' Report on Eutelsat Communications' consolidated financial statements prepared in accordance with IFRSs for the financial year ended 30 June 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, we hereby report to you, for the financial year ended June 30, 2010, on:

- the audit of the accompanying consolidated financial statements of Eutelsat Communications;
- the justification of our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit consists in performing procedures, by audit sampling and other means of testing, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also consists in evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of June 30, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without modifying the conclusion expressed above, we draw your attention to the note 3.2 of the consolidated financial statements "Published standards and interpretations" which sets out the changes in accounting methods arising from the mandatory application of new standards and interpretations since July 1st, 2009.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

As explained in note 4.7 of 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 life time. We assessed the reasonableness of the assumptions underlying the forecasted utilization.

As explained in note 4.8 of 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 made as part of our audit of the consolidated financial statements taken as a whole and, therefore, contributed to our audit opinion expressed in the first part of this report.

III. Specific verification

We have also verified the information given in the group Management report as required by French law.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, 30 July 2010

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG et Autres
Isabelle Massa	Jean-Yves Jégourel

Contents

20.1.3 Eutelsat Communications' annual financial statements for the financial year ended 30 June 2010

Balance sheets

(In thousands of euros)	Note	30 June 2009	30 June 2010
Assets			
Long-term assets			
Financial assets	3	2,442,466	2,442,980
Total long-term assets		**2,442,466**	**2,442,980**
Current assets			
Accounts receivable		504	10
Other receivables	5	64,146	40,724
Cash and marketable securities	6	2,070	800
Total current assets		**66,720**	**41,534**
Prepaid expenses	4	12,506	8,311
TOTAL ASSETS		**2,521,692**	**2,492,825**

The Notes are an integral part of the annual financial statements.

(In thousands of euros)	Note	30 June 2009	30 June 2010
Liabilities and shareholders' equity			
Common stock (220,113,982 ordinary shares as of 30 June 2010 with a nominal value of 1 euro per share)		219,804	220,114
Additional paid-in capital		526,046	497,128
Legal reserve		79	6,225
Retained earnings		1	128
Result for the year		122,908	131,159
Regulated provisions		109	203
Total shareholders' equity	**7**	**868,948**	**854,955**
Provisions for risks		13	13
Provisions for expenses		47	245
Total provisions for risks and expenses		**60**	**258**
Loans and bank debt	8	1,623,999	1,628,044
Other financial debt		-	-
Total bank debt		**1,623,999**	**1,628,044**
Accounts payable		1,829	1,901
Tax and employee-related payable	9	26,856	4,716
Fixed assets payable		-	-
Other payables		-	2,952
Total operating debt		**28,685**	**9,568**
Deferred revenues		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,521,692**	**2,492,825**

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Income statements

(In thousands of euros)	Note	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Revenues		1,765	903
Costs eligible for capitalisation		-	-
Grants received		-	-
Release of provisions and reclassification of costs		147	310
Other income		-	-
Total operating income		**1,911**	**1,213**
Purchase of goods and changes in inventories		-	-
Other purchases and external expenses		5,708	5,911
Taxes and assimilated		40	54
Wages	10	1,123	1,430
Social charges		390	731
Depreciation, amortisation and provisions		2,749	3,089
Other charges		614	717
Total operating charges		**10,625**	**11,932**
Operating result		(8,713)	(10,719)
Financial income		173,676	172,698
Financial expenses		70,068	55,115
Financial result	11	103,608	117,582
Exceptional income		366	595
Exceptional charges		346	166
Exceptional result	12	21	429
Mandatory employee profit-sharing		-	-
Income tax	13	(27,993)	(23,866)
NET INCOME		**122,908**	**131,159**

The Notes are an integral part of the annual financial statements.

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Statements of cash flows

(In thousands of euros)	Note	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Cash flows from operating activities			
Net income		122,908	131,159
Adjustments for non-cash items:			
Capital (gain) / loss on disposal of assets		-	-
Depreciation, amortisation and provisions		2,652	3,043
Other non-operating items		(104,914)	(118,898)
Changes in operating assets and liabilities:			
Accounts receivable		(504)	494
Other current assets		9,088	21,908
Accounts payable		(174)	72
Other payables		25,604	(19,189)
Net cash flows provided by operating activities		**54,661**	**18,589**
Net cash flows used in investing activities			
Acquisitions of intangible assets		-	-
Acquisitions of satellites and other property and equipment		-	-
Proceeds from sale of assets		-	-
Changes in other long-term assets		-	-
Equity investments and other movements in financial investments		(136)	(521)
Net cash flows used in investing activities		**(136)**	**(521)**
Net cash flows provided by (used in) financing activities			
Changes in capital		162	-
Distribution		(131,909)	(145,244)
Dividends received		171,740	171,957
Additional long-term and short-term debt		-	-
Reimbursements of long-term and short-term debt		-	-
Changes in borrowing		(27,000)	3,000
Interest paid		(71,884)	(49,789)
Interest received		1,649	696
Changes in other debt		-	-
Net cash flows provided by (used in) financing activities		**(57,242)**	**(19,380)**
Increase (decrease) in cash and cash equivalents		(2,717)	(1,313)
Cash and cash equivalents, beginning of period		**4,787**	**2,070**
Cash and cash equivalents, end of period		**2,070**	**757**

The Notes are an integral part of the annual financial statements.

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Notes to the annual financial statements

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Note 1: Presentation

1.1 – Business description

The role of Eutelsat Communications S.A. ("the Company") is to hold shares and provide services to its equity interests. It is the parent company of the Eutelsat Communications Group ("the Group").

The Company's fiscal year runs for twelve months and ends on 30 June.

1.2 – Key events during the period

None.

Note 2: Significant accounting policies

2.1 – Basis of presentation

The annual financial statements are prepared in accordance with the *Code de commerce* (Articles L. 123-12 to L. 123-28) and Rule 99-03 of the *Comité de la Réglementation Comptable* (CRC).

The following conventions have been applied in observance of the principle of prudence and in accordance with the following basic rules:

- continuity of 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 policies during the period.

The currency used in the presentation of the Company's accounts is the euro.

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, provisions for doubtful 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 2010, the legal reserve is 6.2 million euros.

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.

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Note 3: Financial assets

Financial assets break down as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Equity interests	2,440,650	2,440,645
Other investments in securities	1,769	2,343
Loans and other financial assets	47	-
TOTAL GROSS BOOK VALUES	**2,442,466**	**2,442,988**
Less: provisions	-	8
TOTAL NET CARRYING AMOUNTS	**2,442,466**	**2,442,980**

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 2009	**2,440,650**	**1,769**	**47**	**2,442,466**
Acquisitions	-	23,365	25,319	50,684
Revaluation	-	-	-	-
Transfers	-	-	-	-
Reimbursement (of capital contribution) and disposals	5	(24,791)	(25,366)	(50,162)
Depreciation, amortisation and provisions	-	(8)	-	(8)
NET CARRYING VALUES AS OF 30 JUNE 2010	**2,440,645**	**2,335**	**0**	**2,442,980**

3.1 – Equity interests

"Other equity interests" comprises:

Eutelsat Communications Finance shares:

- 500,000 shares in Eutelsat Communications Finance for an amount of 2,401,488,322.14 euros, including:
  - 3,700 shares subscribed for when the Company was formed,
  - 100,000 shares subscribed for at the time of the cash increase of 19 June 2006,
  - 252,544 shares received as a result of the merger between SatBirds Finance and Eutelsat Communications Finance,
  - the 58.7 million euros of additional paid-in capital distributed by Eutelsat Communications Finance to Eutelsat Communications following the decision of the sole shareholder on 4 October 2006 was considered as repayment of a capital contribution. The value of the Eutelsat Communications Finance shares 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 euros of additional paid-in capital distributed by SatBirds Finance to Eutelsat Communications following the General Meeting of 25 September 2006 was considered as repayment of a capital contribution. The value of "Equity interests" reduces accordingly;
- the 45.5 million euros of additional paid-in capital distributed by SatBirds Finance to Eutelsat Finance following the General Meeting of 25 September 2006 was considered as a repayment of a capital contribution and by being dissolved into Eutelsat Communications the value of "Equity interests" reduces accordingly;
- the 79.8 million euros of additional paid-in capital distributed by Eutelsat Communications Finance following the decision of Eutelsat Communications, its sole shareholder, on 30 October 2007 was considered as repayment of a capital contribution. The value of the Eutelsat Communications Finance shares 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 S.A. for an amount of 39,156,817.32 euros (including acquisition costs of 467,000 euros), including:

- 3,216,183 shares derived from the liquidity offer of October 2007, as follows:
  - The Company's share exchange offer to employees, former employees, Directors and Corporate Officers, and historical shareholders resulted in the acquisition of 3,216,183 Eutelsat S.A. shares with a value of 16,570,977 euros for a contribution of 991,332 new shares in Eutelsat Communications.
  - The buying-back of 572,735 Eutelsat S.A. shares from minority interests and institutional shareholders for an amount of 2,953,222 euros.
- 3,459,560 shares derived from the Company's exchange offer based on the transfer agreement relating to Eutelsat S.A. shares, as entered into between the Company and a historical shareholder in May 2008, and amounting to 19,165,962 euros in return for the contribution of 1,038,242 new shares in Eutelsat Communications.

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3.2 – Other investments in securities:

"Other investments in securities" comprises:

- treasury stock held under a liquidity agreement for 1,202 thousand euros corresponding to 67,179 shares as of 30 June 2009 and for 1,462 thousand euros corresponding to 52,762 shares as of 30 June 2010;
- the "SICAV de trésorerie" (short-term marketable securities) held under the liquidity agreement for an amount of 566 thousand euros corresponding to 252 SICAV BNP Paribas as of 30 June 2009 and for an amount of 881 thousand euros corresponding to 390 SICAV BNP Paribas as of 30 June 2010.

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 47 thousand euros as of 30 June 2009 and for 27.79 euros as of 30 June 2010.

Note 4: Prepaid expenses and others

"Prepaid expenses and others" is composed as follows:

	30 June	
(In thousands of euros)	2009	2010
Prepaid expenses	1,603	155
Expenses to be accrued over several years	10,903	8,156
TOTAL	**12,506**	**8,311**

Prepaid expenses are mainly composed of the hedge acquisition price (see Note 8 – *Financial Debt*) of 1,314.3 thousand euros as of 30 June 2009.

The initial amount of 7,846 thousand euros was reduced to 6,443 thousand euros in October 2006 when the definitive price was fixed, and is spread over the entire duration of the hedging instruments (approximately four years).

Expenses for the loan set-up costs relate to an initial amount of 19,240 thousand euros and are accrued over seven years, which is the lifetime of the loan taken out in June 2006. Loan set-up costs amount to 10,903 thousand euros as of 30 June 2009 and 8,156 thousand euros as of 30 June 2010.

Note 5: Other receivables

"Other receivables" break down as follows:

	30 June	
(In thousands of euros)	2009	2010
Prepayments and advances	3	56
Credits to be received	23	-
Prepaid expense account	-	1
Income tax	-	-
Deductible VAT	259	326
Inter-company accounts within the Group	63,861	40,341
Other debit balances	-	-
TOTAL	**64,146**	**40,724**

All other receivables are not later than one year.

Note 6: Cash and marketable securities

Cash and marketable securities are as follows:

	30 June	
(In thousands of euros)	2009	2010
Cash	170	-
Deposit warrants	1,900	800
TOTAL	**2,070**	**800**

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Note 7: Shareholders' equity

7.1 – Statement of changes in shareholders' equity

(In thousands of euros)	Carried forward	Movements affecting capital increase	Movements affecting capital reduction	Allocation of the result	Distribution of dividends	Other movements	Balance 30 June 2010
Share capital	219,804	310	-	-	-	-	220,114
Additional paid-in capital	492,761	-	(310)	-	(28,609)	-	463,843
Share premium	33,285	-	-	-	-	-	33,285
Legal reserve	79	-	-	6,145	-	-	6,225
Retained earnings (-)	-	-	-	-	-	-	-
Retained earnings (+)	1	-	-	127	-	-	128
Result 30.06.08	122,908	-	-	(6,273)	(116,635)	-	-
Regulated provisions	109	-	-	-	-	93	203
TOTAL	**868,948**	**310**	**(310)**	**-**	**(145,244)**	**93**	**723,797**
Shareholders' equity before result							723,797
Net result for the year							131,159
TOTAL SHAREHOLDERS' EQUITY							**854,955**

7.2 – Share capital

As of 30 June 2010, the Company's share capital was composed of 220,113,982 ordinary shares with a par value of 1 euro each.

Since 30 June 2009, movements affecting the share capital correspond to a decision by the Board of Directors on 30 July 2009 to issue 310,017 shares under the free share allocation plan of 25 July 2007, and to recognise the resulting capital increase for a nominal amount of 310,017 euros taken from "Additional paid-in capital".

The share capital as of 30 June 2010 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	219,803,965	310,017	-	220,113,982	1 euro	1 euro

7.3 – Other securities giving access to capital

Allocation of free shares

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 Directors and Corporate Officers, representing a total of 474 831 free shares. These free shares were to be acquired definitively by the beneficiaries provided they stayed with the Group for two years after this date, and were to be available only after a further period of two years after the vesting date. It should be noted that, under this plan, definitive acquisition of the free shares was subject to the achievement of certain objectives over a two-year period, including an objective in terms of annual EBITDA (50% of the relevant portion) and an objective linked to the Company's share price at the end of the two-year period (the remaining 50%). The annual performance condition was reached on 30 June 2008 for the first year and on 30 June 2009 for the second year. Nevertheless, the target linked to the share price was not reached at the maturity of the plan.

On the anniversary date of the plan, *i.e.* 25 July 2009, as acknowledged by the Board of Directors on 30 July 2009, 310,017 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 439 beneficiaries.

On 1 February 2010, the Company's Board of Directors approved a new plan for the allocation of free shares to all employees of the Eutelsat Communications Group, including the Directors and Corporate Officers, (*i.e.* 554 beneficiaries including 553 employees) representing a maximum of 700,000 shares and decided that the allocation plan should be implemented through the distribution of previously repurchased shares. The allocation of free share is subject to the condition that the beneficiaries are still employed within the Group three years as from the above mentioned date and that they hold the shares for a further two-year period starting on the shares' vesting date. The plan breaks down in two parts:

- on the one part, the grant of 600 shares per employed beneficiary, conditional upon the attainment of performance objectives over three financial years ending 30 June 2012, including one objective linked to cumulative EBITDA (50% of the relevant portion) and another objective linked to average ROCE (the remaining 50%);

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- on the other part, the grant of 368,200 shares to Directors and Corporate Officers and managers, conditional upon the achievement, over the same three financial periods, of one objective based on cumulative EBITDA [1], one objective based on average ROCE [2], one objective linked to cumulative EPS [3] and one TSR [4] -linked objective, all four objectives being equally weighted.

The above-mentioned performance objectives are based on the Group's consolidated financial statements.

Furthermore, within the framework of the free share allocation plan and the associated share buy back programme, Eutelsat Communications has signed a chargeback agreement with all of its subsidiaries concerned by the free share plan.

7.4 – Dividends, additional paid-in capital and legal reserve

During the financial year ended 30 June 2009, the share premium account (additional paid-in capital) was reduced (i) by 162 thousand euros following the issue and definitive free grant of 162,010 shares (see above), and (ii) by 4,610 thousand euros as a result of the decision by the Ordinary and Extraordinary General Meeting of 6 November 2008 to charge the loss for the financial year ended 30 June 2008 to "Additional paid-in capital" and (iii) by 131,747 thousand euros following a decision on the same date to distribute 0.60 euro per share by taking the corresponding amount from this account.

During the financial year ended 30 June 2010, the share premium account (Additional paid-in capital) was reduced by 310 thousand euros following the issue and definitive free grant of 310,017 shares (see above).

Furthermore, on 10 November 2009, the Ordinary and Extraordinary General Meeting of Shareholders recognised a net income of 122,908,336.23 euros as of 30 June 2009 and decided to charge a total of 6,145 thousand euros to "Legal reserve" and distribute a gross amount of 0.66 euro per share, *i.e.* a total of 145,244 thousand euros taken from "Additional paid-in capital" for a total of 28,609 thousand euros and from distributable income for a total of 116,635 thousand euros.

Note 8: Financial debt

Loans and bank debt are denominated in euros with a duration of seven years and are repayable at maturity. Breakdown is as follows:

	30 June	
(In thousands of euros)	2009	2010
Bank debt (up to 1 year)	-	-
Bank debt (between 1 and 5 years)	1,615,000	1,615,000
Bank overdrafts	-	43
Accrued interest	8,999	13,001
TOTAL	**1,623,999**	**1,628,044**

As of 30 June 2010, the Company has access to the following credit facilities:

- a syndicated credit facility for 1,915 million euros entered into on 8 June 2006 for a period of seven years and consisting of two parts:
  - *tranche A*: a long-life term loan for 1,615 million euros, bearing interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below);
  - *tranche B*: a revolving credit facility for 300 million euros. Amounts are drawn down for a maximum period of six months and bear interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below). A fee for non-use representing 30% to 35% of the margin mentioned above is payable.

The agreement of 8 June 2006 includes neither a guarantee by Eutelsat Communications' subsidiaries nor the pledging of assets to the lenders.

This credit agreement includes restrictive clauses (subject to the usual exceptions contained in loan agreements) limiting the capacity of Group companies, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- grant loans and carry out certain types of investments;
- enter into merger, acquisition, asset disposal or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The agreement allows each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action. Furthermore, 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 produced in accordance with IFRSs:

- Leverage Ratio: consolidated net debt/consolidated EBITDA [1] less than or equal to 5.5 for the half-year and full-year periods defined in the agreement, with the first being 30 June 2006; this ratio is then gradually reduced to 5.25 at 31 December 2008, to 5 at 31 December 2009, to 4.75 at 31 December 2010 and then to 4.50 at 31 December 2011;

(1) EBITDA is defined as the operating result before depreciation and amortisation, excluding impairment of assets, other operating income and charges.
(2) ROCE is Return on Capital Employed = operating result x (1 – corporate income tax) / (shareholders' equity + net debt – goodwill).
(3) EPS is defined as the Group's net earnings per share.
(4) TSR is Total Shareholder Return. Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).

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

As of 30 June 2010, Eutelsat Communications S.A. complies with these ratios.

Furthermore, 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, Eutelsat Communications therefore acquired from its SatBirds Finance subsidiary the interest rate hedge put in place for the previous loan (cf. Note 4 – *Prepaid expenses and others*).

In addition, Eutelsat Communications has introduced a new instrument for the period 2010-2013 (see Note 14 – *Market risk*).

Note 9: Tax and employee-related payable

Tax and employee-related payable is composed of the following:

	30 June	
(In thousands of euros)	**2009**	**2010**
State: accrued liabilities	43	61
Income tax	25,602	4,042
Output VAT	89	14
Staff: accrued liabilities	856	418
Social charges payable	265	181
	26,856	**4,716**

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

	Period ended 30 June	
(In thousands of euros)	**2009**	**2010**
Interest expense	(70,061)	(55,105)
Interest income	1,858	735
Income from investments	171,740	171,957
Provisions on investments	51	(8)
Provisions for expenses	(7)	(2)
Investment income	21	4
Foreign-exchange losses	-	(1)
Realised foreign exchange gains	6	2
	103,608	**117,582**

The interest expense corresponds to the loans taken out on 8 June 2006 (see Note 8 – *Financial debt*), less interest received on hedging instruments.

For the financial year ended 30 June 2009 and 2010, income from investments mainly consists of dividends from the Eutelsat Communications Finance subsidiary (170.0 million euros and 170 million euros respectively) and the Eutelsat S.A. subsidiary (1.7 million euros and 2 million euros respectively).

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Note 12: Exceptional result

The exceptional result comprises the following:

(In thousands of euros)	Period ended 30 June 2009	2009
Loss on repurchase of treasury stock	(252)	(73)
Gain on repurchase of treasury stock	366	595
Exceptional depreciation and amortisation	(93)	(93)
Allocation to provisions for risks	-	-
	21	**429**

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, it being understood 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.

As of 1 July 2009, the scope of the tax consolidation group has been extended and comprises the following entities: Eutelsat S.A., Eutelsat Communications Finance S.A.S., Eutelsat VAS S.A.S. and Fransat S.A.

As of 30 June 2009, the tax expense in respect of the tax consolidation group was 121.2 million euros and the amount due by the sub-subsidiaries under the tax consolidation agreement is 148.7 million euros, which generates a 27.6 million euros profit.

As of 30 June 2010, the tax expense in respect of the tax consolidation group is 125.0 million euros and the amount due by the sub-subsidiaries under the tax consolidation agreement is 148.4 million euros, which generates a 23.4 million euros profit.

For information, Eutelsat Communications' losses prior to the tax consolidation system were 43.3 million euros.

Note 14: Market risk

The Company has exposure to market risks, in particular with regard to interest rate risk. Exposure to such risks is actively managed by Management, and for this purpose the Company employs a certain number of derivatives, the objective of which is to limit, where appropriate, exposure of revenue and cash flows to interest rate risk. The Company's policy is to use derivatives to manage exposure to such risks. The Company does not engage in financial transactions whose associated risk cannot be quantified at their outset, *i.e.* the Company never sells assets it does not possess or does not know it will subsequently possess.

The Group's exposure to interest-rate risk is managed by hedging its floating rate debt.

In order to hedge the risk on future cash flow changes related to floating rate coupon payments on its debt, the Group has implemented the following interest rate hedging instruments for hedging the Eutelsat Communications Term Loan facility (due to mature in June 2013):

- a swap (pay fixed rate/receive a floating rate) and a cap implemented in June 2006, both with deferred start dates in April 2008, for two years (ending in April 2010) and for a notional amount of 807.5 million euros;
- a swap (pay fixed rate/receive a floating rate) put in place in September 2006 with a deferred start date in April 2010 (ending in June 2013) for a notional amount of 1,615 million euros.

14.1 – Financial counterpart risk:

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Company minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products exclusively from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits. The Company does not foresee any loss that would result from a failure by its 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 any particular country.

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14.2 – Key figures as of 30 June 2009:

The following table analyses the contractual or notional amounts and fair values of the derivatives as of 30 June 2009 by type of contract:

Instrument *(In thousands of euros)*	Contractual or notional amounts	Fair values at 30 June 2009
Swap	807,500	(14,811)
Purchase of cap	807,500	0
Swap	1,615,000	(47,484)
		(62,295)

14.3 – Key figures as of 30 June 2010:

The following table analyses the contractual or notional amounts and fair values of the derivatives as of 30 June 2010 by type of contract:

Instrument *(In thousands of euros)*	Contractual or notional amounts	Fair values at 30 June 2010
Swap	1,615,000	(119,410)

Note 15: Other commitments and contingencies

In accordance with the loan agreements and as mentioned in Note 8 – *Financial debt*, 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 on the balance sheet, due by and owed to related parties, are as follows:

	As of 30 June	
(In thousands of euros)	**2009**	**2010**
Gross receivables (including unbilled revenues)	504	10
Inter-company accounts: receivables (payables)	63,861	37,389
Liabilities (including accrued invoices)	750	386

Current assets comprise trade receivable balances, inter-company accounts and unbilled revenues, but do not take into account any provisions for bad debts.

Transactions with related parties included in the income statement are as follows:

	Period ended	
(In thousands of euros)	**30 June 2009**	**30 June 2010**
Revenues	1,765	903
Operating charges	1,476	1,762
Financial result	173,389	172,689

Revenues are composed of the services the Company provides to the other companies in the Group in terms of strategy, industrial policy and representation.

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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 2010:

(In thousands of euros)	Capital	Other components of equity as of 30 June (local accounts)	Percentage of ownership	Last financial period ended Revenues (local accounts)	Last financial period ended Net income (local accounts)
Eutelsat Communications Finance RCS No. 490416674 Paris Headquarters in Paris (period ended 30 June 2010)	5,000	3,230,754	100%	-	262,868

The table below provides aggregated information for all investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2010:

(In thousands of euros)	Gross book value of the investments	Provision for impairment	Loans and advances	Guarantees granted	Dividends received
Investments in subsidiaries and other companies	2,401,488	-	-	-	170,000

Note 18: Events after the balance-sheet date

None.

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20.1.4 Statutory Auditors' report on the annual financial statements of Eutelsat Communications for the financial year ended 30 June 2009

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, we hereby report to you, for the financial year ended June 30, 2010, on:

- the audit of the accompanying consolidated financial statements of Eutelsat Communications;
- the justification of our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit consists in performing procedures, by audit sampling and other means of testing, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also consists in evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of June 30, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without modifying the conclusion expressed above, we draw your attention to the note 3.2 to the consolidated financial statements "Published standards and interpretations" which sets out the changes in accounting methods arising from the mandatory application of new standards and interpretations since July 1st, 2009.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

As explained in note 4.7 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 life time. We assessed the reasonableness of the assumptions underlying the forecasted utilization.

As explained in note 4.8 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 made as part of our audit of the consolidated financial statements taken as a whole and, therefore, contributed to our audit opinion expressed in the first part of this report.

III. Specific verification

We have also verified the information given in the group Management report as required by French law.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine 30 July 2010

The Statutory Auditors

French original signed by

MAZARS Isabelle Massa	ERNST & YOUNG et Autres Jean-Yves Jégourel

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>> 20.2 Statutory Auditors' fees

See Section 20.1.1 "Eutelsat Communications' consolidated financial statements prepared under IFRS for the financial year ended 30 June 2010", Note 32 – *Statutory Auditors' fees*, in the notes to the consolidated financial statements of Eutelsat Communications for the financial year ended 30 June 2010.

>> 20.3 Dividend payout policy

The dividend payout policy is set by the Board of Directors after an analysis, examining in particular the Group's results and financial position.

Given that it was created only recently, Eutelsat Communications paid its first dividend in the year 2008-2009. Eutelsat Communications paid out

- an amount of 0.54 euro per share, drawn from the "Share Premium" account, with respect to the financial year ended 30 June 2006;
- an amount of 0.58 euro per share, drawn from the "Share Premium" account, with respect to the financial year ended 30 June 2007;
- an amount of 0.60 euro per share, drawn from the "Share Premium" account, with respect to the financial year ended 30 June 2008; and
- an amount of 0.66 euro per share, drawn for 0.53 euro from profit available for distribution, and the remainder taken from the share premium account (*i.e.* 0.13 euro) in respect of the financial year ended on 30 June 2009.

On 29 July 2010, the Board of Directors decided that for the financial year ended 30 June 2010, it would propose at the Annual General Meeting, a distribution of a 0.76 euro per share dividend for a total of 167,286,626.32 euros, representing. 62% of Group share of net income.

This amount of 0.76 euro will be drawn for 0.56 euro per share from profit available for distribution (a total of 123,263,829.92 euros), with the remainder for 0.20 euro per share being taken from the "Share premium" account, which will subsequently stand at 419,819,752.32 euros.

In future, Eutelsat Communication's goal is to distribute between 50% and 75% of the Group share of net consolidated income to its shareholders.

This goal is by no means a commitment by the Group and future distributions will depend on the Group's results, financial situation and a number of restrictions.

>> 20.4 Legal and arbitration proceedings

To the best of the Company's knowledge, for a period covering the past 12 months, there are no government, legal or arbitration proceedings (including any proceedings of which the Company is aware, pending or with which it has been threatened), which may have or have recently had material adverse effects on the financial position or results of the Company and/or the Group.

>> 20.5 Significant changes in financial and commercial position

To the best of the Company's knowledge, there have been no significant changes affecting the Company's financial and commercial position since the end of the financial year which closed at 30 June 2010.

>> 21.1 General information on share capital

21.1.1 Share capital

At the registration date of this reference document, the share capital stood at 220,113,982 euros. It is divided into 220,113,982 ordinary shares, each with a par value of 1 euro.

The Company's shares are fully subscribed, fully paid-up and are all of the same category.

The Company's shares have been admitted for trading in compartment A of Euronext Paris since 2 December 2005, under ISIN code FR0010221234.

21.1.2 Securities not representing capital

None.

21.1.3 Shares held by the Company or for its own account

Share buyback programme

The Company's Combined General Meeting of Shareholders held on 10 November 2009 authorised the Board of Directors, for a period up to the date of the General Meeting to be held to approve the accounts for the financial year ended 30 June 2010, and in any case for a maximum period of 18 months dating from 10 November 2009, to have the Company purchase its own shares in accordance with Articles L. 225-209 *et seq.* of the French *Code de commerce* and in accordance with the market practices admitted by the *Autorité des marchés financiers,* within the limit of 10% of the share capital on the basis of the existing share capital at the time of the purchase. This limit is reduced to 5% of the share capital in the circumstances referred to in the point 3 below. Further, it has the possibility of sub-delegation in accordance with applicable laws and regulations.

Shares shall be purchased in accordance with the applicable legal and statutory provisions and in accordance with the changes in positive law in order to:

1. Stimulate trading in the secondary market or the liquidity of Eutelsat Communications shares via a provider of investment services with which it has signed a liquidity agreement compliant with the charter of ethics of the *Association française des marchés financiers* (AMAFI) recognised by the *Autorité des marchés financiers* (AMF).
2. Remit the shares at the time of the exercise of rights attached to securities giving access by any means, immediately or in the future, to the Company's share capital, and to perform any hedging transactions by virtue of the Company's obligations associated with the said securities, in accordance with the conditions stipulated by the market authorities, and at the times deemed appropriate by the Board of Directors.
3. Retain shares with a view to subsequently bringing them as a means of payment or exchange in the context of any possible operations regarding external growth, in accordance with market practices approved by the *Autorité des marchés financiers,* notably in connection with mergers, demergers or contributions.
4. Grant or sell shares to eligible employees, former employees or Corporate Officers in the Company or companies of the Group, in accordance with the conditions and procedures provided for by the law, such as (i) in connection with the free grant of shares provided for in Articles L. 225-197-1 to L. 225-197-3 of the French *Code de commerce,* or (ii) in connection with the Company's employee profit-sharing plan, (iii) a stock purchase option plan or (iv)a Company savings scheme.
5. Cancel them completely or partially and thus reduce the share capital, subject to adoption of the twenty-fourth resolution submitted to this General Meeting.
6. Implement any market practice that has been approved either by the law or by the *Autorité des marchés financiers.*

These shares may be acquired, assigned or transferred by any means, in accordance with the conditions and limits, especially those with respect to volumes and prices, stipulated by the regulations applicable at the date of the operations under consideration, conducted either on the regulated market or privately, including the purchase or sale of blocks of shares, by means of derivative financial instruments or warrants or securities giving access to the share capital of the Company or by introducing optional strategies such as the sale or purchase of call options or put option-based under the conditions stipulated by the market authorities, at times deemed appropriate by the Board of Directors as the case may be. There is no limit to the number of repurchased blocks negotiated.

The maximum amount that may be devoted to the share purchase programme was set at 400 million euros and the maximum purchase price was set at 30 euros per share, excluding acquisition costs.

The Board of Directors may, however, adjust the aforementioned purchase price in the event of capitalisation of premiums, reserves or profits giving rise either to an increase in the par value of the shares, or to the issuance and free allotment of shares, and also in the event of a reduction in the par value of the share or consolidation of shares to take into account the impact of these transactions on the par value of the share.

The Board of Directors of the Company, meeting on 1 February 2010, decided, under the authorisations received from the Shareholders General Meeting of 10 November 2009 for a 12 month period, in accordance with resolutions 9 and 22 thereof, to:

- delegate full power to the CEO, with the faculty to sub-delegate, to choose a qualified agent pursuant to the statutory provisions in force, to implement a share repurchase programme for the free share grant plan of 1 February 2010, and to sign a power of attorney with the said agent;
- acquire up to 700,000 shares in the market at no more than 30 euros per share (not including acquisition costs);
- grant full powers to the CEO, with the faculty to sub-delegate, to carry out all the legal formalities relating to implementation of the

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foregoing decision, including the necessary agreements with the qualified agent, and complete all the advertising and communication tasks required by the regulatory and market authorities.

This decision is valid until the next Shareholders' General Meeting, to be convened in November 2010 to examine the annual accounts for the financial year ended 30 June 2010. The Board of Directors takes due note of the fact that this decision will need renewing for a further 12-month period should it be necessary to complete the initial purchase orders pursuant to the re-iteration of the delegation to repurchase shares by the said Shareholders' General Meeting in November 2010.

The Company did not directly buy any of its shares during the financial year ended 30 June 2010.

The draft resolutions prepared by the Board of Directors of the Company on 22 September 2010 for submission to the Shareholders for approval at the Combined General Meeting of 9 November 2010 provide for renewal of the foregoing authorisation, subject to a change to the share price ceiling which will be proposed at a maximum repurchase price of 54 euros per share.

Free share grant plan of 1 February 2010 (LTIP)

On 1 February 2010 the Board of Directors approved a new free share grant plan for all Group staff including Corporate Officers, of a total amount of 700,000 shares, and decided that the grant would be by means of distributing previously purchased existing shares. The vesting period for the shares was fixed at three years after this date, terminating on 30 June 2012 with a presence requirement and Group performance requirements over these financial years. 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 (for further details, see Section 15.3, Corporate Officers' equity interests in the Company and stock or purchase options). Consequently, 553 beneficiaries in the Group received letters informing them of the free grant of at least 600 shares in the Company.

Under this plan, subject to attainment of the performance targets fixed by the Board of Directors, Mr de Rosen is entitled to a total 66,952 shares and Mr Brillaud 36,122 shares.

On the date of filing of this reference document, no other grant was made by the Board of Directors for the financial year ended 30 June 2010.

The Board of Directors Meeting on 26 May 2010 decided that the absolute vesting of shares on 2 February 2013 would be by means of repurchasing existing shares, thereby using the authorisation granted by the Shareholders' General Meeting of 10 November 2009. As of filing of this reference document, the Company held 305,475 shares.

Liquidity agreement

After having terminated the liquidity agreement entered into with SG Securities (Paris) on 1 December 2007, the Company signed a contract with Exane BNP Paribas on 3 December 2007 for the implementation of a liquidity agreement in accordance with the charter of ethics published by the French Association of Investment Companies (AFEI) on 14 March 2005, as approved by the *Autorité des marchés financiers* in a decision dated 22 March 2005. This agreement was concluded for a period of one year, renewable by tacit agreement.

As of 30 June 2010, the liquidity provider had purchased in the name of and on behalf of the Company 52,762 shares, for a total of 1,461,832.37 euros.

21.1.4 Other securities giving access to the share capital

None.

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21.1.5 Share capital authorised but not issued

The table below summarises the capital increase authorisations granted to the Board of Directors by the Combined General Meeting of Shareholders on 10 November 2009 and still in force at the registration date of this reference document:

	Operation concerned	Maximum nominal amount	Duration of the authorisation and expiry date
1.	**Authorisation granted to the Board of Directors to purchase the Company's shares** (Resolution 9 of the Shareholders' General Meeting 10 November 2009)	10% of the shares constituting the share capital and 5% in the case of share acquisitions for custody and later use for payment or exchange in a merger, split or contribution transaction, for a maximum amount of 400 million euros N.B. maximum price 30 euros per share not including acquisition costs	Date of CGM convened to adopt the accounts for the financial year ended 30 June 2010 and, in all cases, a maximum 18 months as of the CGM of 10 November 2009 (May 2011)
2.	**Delegation of powers to the Board of Directors to issue ordinary shares in the Company and/or securities giving access to ordinary shares of the Company with preferential subscription rights for shareholders** (Resolution 10, CGM 10 November 2009)	120 million euros (common to resolutions 10, 11, and 14 to 16; charged against overall nominal ceiling of resolution 10)	
3.	**Delegation of powers to the Board of Directors to issue ordinary shares in the Company and securities giving access to ordinary shares of the Company or one of its subsidiaries, without preferential subscription rights for shareholders in the case of a public offering** (Resolution 11, CGM 10 November 2009)	120 million euros (common to resolutions 11 to 14 and 17 to 19: charged against overall nominal ceiling of resolution 10)	
4.	**Delegation of powers to the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares in the Company, in the event of a public exchange offer initiated by the Company without preferential subscription rights for shareholders in the case of a private placement pursuant to Art. L. 411-2 of the Monetary and Financial Code** (Resolution 12, CGM 10 November 2009)	120 million euros (charged against overall nominal ceiling of resolution 11)	
5.	**Authorisation for the Board of Directors to fix the issue price in accordance with the decision of the CGM, up to a maximum 10% of capital per year for issues without preferential subscription rights.** (Resolution 13 CGM 10 November 2009)	Limited to 10% of Shareholders' equity per year (limit common to issues under resolutions 11 to 13)	
6.	**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, decided pursuant to resolutions 10 to 13** (Resolution 14 CGM 10 November 2009)	Limited to 15% of the initial issue (deduction of maximum nominal amount of capital increases likely to be made from the nominal ceiling of capital increase provided by the resolution deciding the issue)	
7.	**Delegation of powers to the Board of Directors to increase the share capital through incorporating reserves, profits, premiums or other sums capitalisation of which is admitted** (Resolution 15, CGM 10 November 2009)	120 million euros (deduction of the amount from the overall nominal ceiling of Resolution 10)	
8.	**Delegation of powers to the Board of Directors to grant free stock warrants to shareholders in the case of a public offer involving the Company shares** (Resolution 16, CGM 10 November 2009)	120 million euros (deduction of the amount from the overall nominal ceiling of Resolution 10)	

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	Operation concerned	Maximum nominal amount	Duration of the authorisation and expiry date
9.	**Delegation of powers to the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares in the Company in the case of a public exchange offer initiated by the Company** (Resolution 17, CGM 10 November 2009)	120 million euros (deduction of the amount from the overall nominal ceiling of Resolution 11)	
10.	**Delegation of powers to the Board of Directors to increase the share capital by issuing ordinary shares in the Company and/or securities giving access thereto, in consideration for contributions in kind up to 10% of the Shareholders' equity, except in cases of public exchange offers initiated by the Company** (Resolution 18, CGM 10 November 2009)	Up to 10% of capital (deduction of the amount from the overall nominal ceiling of Resolution 11)	
11.	**Delegation of powers to the Board of Directors to issue ordinary shares in the Company following issue by its subsidiaries of securities giving access to ordinary shares in the Company** (Resolution 19, CGM 10 November 2009)	Up to 10% of the share capital (charged against the nominal ceiling of Resolution 11)	
12.	**Delegation of powers to the Board of Directors to issue securities giving the right to debt securities** (Resolution 20, CGM 10 November 2009)	2 billion euros	
13.	**Authorisation for the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to the capital, reserved to the members of a Company or Group savings plan** (Resolution 21, CGM 10 November 2009	4 billion euros (autonomous ceiling)	
14.	**Authorisation for the Board of Directors to make free grants of shares in the Company to eligible employees and Corporate Officers in the Company or Group** (Resolution 22, CGM 10 November 2009)	Up to 4% of shareholders' equity (common to Resolutions 22 and 23)	
15.	**Authorisation for the Board of Directors to grant eligible Company employees and Corporate Officers stock and/or purchase options** (Resolution 23, CGM 10 November 2009)	Up to 4% of shareholders' equity (charged against the ceiling of Resolution 22). N.B. Exercise price higher than or equal to 95% of the average share price over 20 trading days)	
16.	**Authorisation for the Board of Directors to reduce share capital by cancelling shares acquired by the Company under its share repurchase programme** (Resolution 24, CGM 10 November 2009)	Up to 10% of shareholders' equity per 24-month period	

During the financial year ended 30 June 2010, the Board of Directors used the powers delegated to it by powers 1 and 14 of the foregoing table authorising it to:

- buy back the Company's shares under a liquidity agreement in order to stimulate trading in the secondary market, and
- make free grants of shares in the Company to the Group's employees, managers and Corporate Officers.

The draft resolutions drawn up by the Company's Board of Directors at its meeting on 22 September 2010, which will be submitted for the approval of the shareholders at the Combined General Meeting of 9 November 2010, provide for the renewal of the authorisations referred to in points 1 to 16 of the above table, subject to certain changes in amounts or price conditions.

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21.1.6 Options or agreements concerning the share capital of the Company or of a member of the Group

The share transfer commitments made by Corporate Officers and Directors and by certain key managers of the Group

Corporate Officers and certain managers executives signed on 15 July 2005 formal commitments to buy and sell the Eutelsat S.A. shares that will or may result from the exercise of the stock subscription options granted by Eutelsat S.A. under the "Managers I", "Managers II", "Managers III" and "Managers IV" plans (see Note 15.3 to the consolidated financial statements for the financial year ended 30 June 2010), *i.e.* almost 18.3 million Eutelsat S.A. shares in total, as follows:

- commitment to sell:
  - given by each of the managers and Corporate Officers to Eutelsat Communications,
  - exercise price per share: 2.70 euros,
  - exercise period: for three months after the end of the lock-up period for tax purposes for each relevant *tranche* of shares;
- commitment to buy:
  - granted by Eutelsat Communications,
  - exercise price determined on the basis of a Eutelsat S.A. valuation of 8.5 times the Group's consolidated EBITDA, after deducting Eutelsat S.A.'s consolidated net debt (or adding back the net cash),
  - exercise period: for each relevant *tranche* of shares, for one month after the end of the exercise period for the corresponding sale undertaking.

In accordance with the aforementioned commitments to sell the shares, certain officers, Directors and managers of Eutelsat S.A., who received shares issued upon the exercise of "Managers III" options, sold a total of 437,374 Eutelsat S.A. shares in July 2008 to SatBirds 2 S.A.S. at a price of 2.70 euros per share.

Pursuant to the same provisions, certain officers, Directors and managers of Eutelsat S.A., who received shares issued upon the exercise of "Managers IV" options, sold to Eutelsat Communications Finance S.A.S. a total of 1,762,954 Eutelsat S.A. shares in January 2009 at a price of 2.70 euros per share, including 437,374 shares by persons linked to Jean-Paul Brillaud, Deputy CEO.

Pursuant to the same provisions, certain officers, Directors and managers of Eutelsat S.A., who received shares issued upon the exercise of "Managers III" options, sold to Eutelsat Communications Finance S.A.S. a total of 460,256 Eutelsat S.A. shares in April 2010, for a price of 2.70 euros per share.

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21.1.7 Change in the share capital up to the registration date of this reference document

The table below shows changes in the Company's share capital since its incorporation on 15 February 2005, up to the registration date of this reference document.

Date of definitive completion of the operation	Operation	Number of shares issued/ cancelled	Nominal amount of the capital increase/reduction *(In euros)*	Aggregate issue/merger premium *(In euros)*	Successive amounts of the nominal capital *(In euros)*	Cumulative number of shares	Par value of the shares *(In euros)*
15/02/2005	Incorporation of the Company	3,700	37,000	-	37,000	3,700	10
21/03/2005	Capital reduction (par 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
04/04/2005	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 in par value from 1 euro to 0.50 euro per share)	-	(139,366,299)	-	139,366,299	278,732,598	0.5
02/08/2005	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	Consolidation of shares	(140,225,089)	-	-	140,225,089	140,225,089	1
10/06/2005	Capital increase (consideration for contribution of receivables)	2,938,777	2,938,777	2,938,777	143,163,866	143,163,866	1
30/12/2005	Capital increase (IPO)	71,666,667	71,666,667	761,257,000 (less costs incurred in the transaction)	214,830,533	214,830,533	1
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 (transfer of Eutelsat S.A. shares)	65,960	65,960	65,960	215,692,592	215,692,592	1
During the 2006 financial year	Capital increase (exercise of BSA1s)	548,362	548,362	507,000	216,240,954	216,240,954	1
During the 2006 financial year	Capital increase (exercise of BSA2s)	1,160,128	1,160,128	1,072,000	217,401,082	217,401,082	1
15/10/2007	Capital increase (repurchase and exchange of Eutelsat S.A. shares)	991,332	991,332	15,157,466.3	218,392,414	218,392,414	1
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 (grant 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
27/05/2009	Capital increase (grant of free shares)	162,010	162,010	(162,010)	219,803,965	219,803,965	1
31/07/2009	Capital increase (grant of free shares)	310,017	310,017	(310,017)	220,113,982	220,113,982	1

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21.1.8 Pledges, guarantees and securities

Pledges of Company shares

To the best of the Company's knowledge, at the registration date of this reference document, none of the Company's shares were pledged.

Pledges, guarantees and securities the Company's assets

To the best of the Company's knowledge, at the registration date of this reference document, none of the Company's assets were pledged or used as collateral or security deposits.

>> 21.2 Organisational documents and By-laws

The provisions described in the following paragraphs provide a summary of the Company's By-laws applicable at the registration date of this reference document.

21.2.1 Corporate purpose (Article 3 of the By-laws)

The Company's purpose in France and abroad shall be:

- to supply Space Segment capacity, and satellite communications systems and services. To that end, the Company shall undertake any activities relating to the design, development, construction, installation, operation and maintenance of its Space Segment and those satellite systems and services; and,
- more generally, to acquire an equity interest in any enterprise or company that has been formed or is to be formed and participate in any transactions of any nature, be they financial, commercial, industrial, civil, real-estate-related or other, pertaining directly or indirectly to that company purpose or to any similar, related or complementary purposes, and likely to promote, directly or indirectly, the aims pursued by the Company, its expansion into other fields, its growth and its assets.

The term "Space Segment" shall designate a set of telecommunications satellites, and the tracking, telemetry, command, control, monitoring and related facilities and equipment necessary for the operation of those satellites.

21.2.2 Board of Directors, Committees and Non-voting Directors (Articles 13 to 19 of the By-laws)

The Extraordinary General Meeting of 6 July 2009 adopted certain changes to the By-laws with a view to clarifying the terms of office of Directors, the CEO, the Deputy CEO(s) and the Chairman when they reach the age limit, and to extend that age limit from 70 to 71 for the Chairman of the Board; and to call an Extraordinary General Meeting held on 6 July 2009 to approve the proposed changes to the By-laws.

The Company is administered by a Board of Directors composed of at least 3 members and at most 12 members, subject to the exceptions stipulated By-law. Directors are appointed for a period of six years by the Ordinary General Meeting of Shareholders.

Since the decision of the Extraordinary General Meeting of 6 July 2009 modifying the By-laws on this point, Directors no longer need to hold shares in the Company for the term of their office.

Directors may be re-elected and their term of office may be revoked at any time by decision of the Ordinary General Meeting of Shareholders.

No one may be appointed to be a Director if he has passed the age of 70 and if, as a result of his appointment, more than one third of the members of the Board will have exceeded that age.

From among its members, the Board of Directors shall elect a Chairman, who shall be an individual, failing which the appointment shall be null and void.

The Chairman shall be appointed for a period that may not exceed the duration of his term of office as a Director. He may be re-elected.

The Board of Directors may revoke his appointment at any time.

No Director aged 71 or over may be elected as Chairman of the Board of Directors. The term of office of the Chairman of the Board of Directors will automatically come to an end at the close of the Annual General Meeting held after the date on which the Chairman of the Board of Directors has reached the aforementioned age.

The Chairman of the Board of Directors shall organise and manage the work of the Board, about which he shall report to the General Meeting of Shareholders. He shall see to it that the bodies of the Company function properly and shall make sure specifically that the Directors are able to do their work.

Board Meetings

The Board of Directors shall meet as often as required by the Company's interest, in response to a notice from its Chairman. Moreover, if the Board has not met for more than two months, Directors who together constitute at least one third of the members of the Board may ask the Chairman to convene it for a specific agenda.

The Chief Executive Officer may also ask the Chairman to convene the Board for a specific agenda.

Notices of meetings shall be given by any means, even orally.

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Quorum – Majority – Minutes of meetings

The Board of Directors may deliberate validly if at least half of its members are present.

Decisions are made by a majority of the members present or represented.

In the event of a tie, the Chairman's vote shall be decisive.

In accordance with statutory and regulatory provisions and except for the transactions indicated specifically by the applicable law, the internal regulations may provide that the Directors who participate in the meeting by means of video conference or other telecommunications technologies permitting their identification and guaranteeing their actual participation under the conditions set by the applicable regulations, shall be considered present for calculating the quorum and the majority.

Meetings of the Board of Directors shall be recorded in minutes, written in a special register numbered and initialled and kept at the head office pursuant to regulatory provisions.

Representation

Any Director may, in writing, authorise another Director to represent him at a meeting of the Board.

During one and the same meeting, each Director may have only one of the proxies received under the preceding paragraph.

These provisions shall be applicable to the permanent representative of a legal entity appointed as a Director.

Powers

The Board of Directors determines the priorities for the Company's business activities and ensures that they are implemented. Subject to the powers expressly vested in Meetings of Shareholders and within the limit of the corporate purpose, it shall take up any question involving the proper operation of the Company and shall settle, by its deliberations, the matters that concern it.

In dealings with third parties, the Company shall be bound even by acts of the Board of Directors that do not fall within the corporate purpose, unless it can prove that the third party knew that the act exceeded that purpose or if the third party could not have been ignorant of that fact, considering the circumstances. Mere publication of the By-laws shall not be sufficient for constituting such proof.

Committees

The Board may decide to create committees to study the questions that it or its Chairman submits for examination and opinion. The Board shall determine the composition and powers of the committees, which shall conduct their activity under its responsibility. It shall furthermore determine the remuneration of the persons who make up the Board.

Compensation

The Meeting of Shareholders may allocate to Directors, in consideration for their activities, by way of Directors' attendance fees, an annual fixed sum that the Meeting of Shareholders determines, without being bound by previous decisions.

The Board of Directors shall freely distribute among its members the total amounts allocated to the Directors in the form of Directors' fees.

The Board of Directors may allocate extraordinary compensation for duties or appointments assigned to Directors under the conditions provided By-law.

Directors who are bound to the Company by an employment contract may receive compensation on the basis of that employment contract under the conditions provided By-law.

The Board of Directors may authorise the reimbursement of travel costs and expenses incurred by the Directors in the Company's interest.

Non-voting Directors

The position of Non-Voting Director has been created.

This Non-Voting Director's position is reserved for the individual who holds the position of Executive Secretary of Eutelsat IGO and may only be exercised by such person.

No person may be a Non-Voting Director if he has any direct or indirect relationship with any direct or indirect competitor of any entity of the Eutelsat Group (Eutelsat Group being defined as Eutelsat Communications and all entities controlled directly or indirectly by Eutelsat Communications, including Eutelsat S.A., where "Control" has the meaning ascribed to such term in Article L. 233-3 of the French *Code de commerce).*

In the event of a vacancy in the position of Executive Secretary of Eutelsat IGO, the Non-Voting Director's position shall remain vacant as long as the Executive Secretary position remains vacant.

The Non-Voting Director shall be called to and may attend meetings of the Board of Directors and express his point of view on any item on the agenda, but he may not take part in the voting.

A Non-Voting Director may not be represented at a meeting of the Board of Directors, except, if it is impossible for him to attend a meeting, with the approval of the Chairman of the Board.

The Non-Voting Director shall receive the same information and the same documentation as the Directors, as said information and documentation shall be sent concurrently to the Directors and Non-Voting Director.

All the information brought to the attention of the Non-Voting Director in connection with his duties shall be considered strictly confidential and he shall be held to the same obligations as the Directors (unless such information has fallen into the public domain).

No confidential information may be disclosed to a third party by the Non-Voting Director without first having been authorised by the Chairman of the Board of Directors, the CEO, if he is not the Chairman, or the Deputy CEO.

21.2.3 Form of shares – Identification of shareholders (Article 10 of the By-laws)

The shares shall be in registered or in bearer form, at the option of each shareholder. They shall be recorded in an account pursuant to laws and regulations.

For purposes of identifying the holders of bearer shares, the Company shall have the right, at any time, in return for compensation at its expense, to ask the central depositary that

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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 Shareholders Meetings 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 By-laws)

The shares shall be indivisible with respect to the Company.

The co-owners of undivided shares shall be represented at Shareholders Meetings by one of them or a single agent. In the event of disagreement, the agent shall be designated by a court of law at the request of the co-owner who acts first.

Each share shall give right to one vote at Shareholders Meetings. The By-laws impose no limit on voting rights.

The voting right shall belong to the beneficial owner at Ordinary General Shareholders Meetings and to the owner of title at Extraordinary General Meetings. However, shareholders may agree among themselves to any other distribution for exercising the voting right at General Meetings, provided that the beneficial owner is not deprived of the right to vote on decisions concerning the profits. In this case, they must bring their agreement to the Company's attention by registered letter with return receipt requested sent to the head office. The Company shall be required to respect that agreement for any Shareholders Meetings held at least 5 days after receipt of the notice of that agreement.

Even deprived of the voting right, the owner of title of the shares shall always have the right to participate in Shareholders Meetings.

Each share shall give the right to a stake in the company's assets, the liquidation surplus and the profits, in proportion to the percentage of the share capital that it represents.

Possession of a share shall automatically entail adherence to these By-laws and the resolutions duly adopted by the General Meeting of Shareholders.

Whenever it is necessary to own several shares in order to exercise any right, the owners of isolated shares or a number of shares less than the required number may exercise those rights only on the condition that they personally see to the pooling and, possibly, the purchase or sale of the required number of shares.

21.2.5 Modification of the rights attached to shares

Modification of the rights attached to shares is subject to legal requirements, as the Company's By-laws do not contain any specific provisions in this respect.

21.2.6 General Meetings of Shareholders (Article 21 of the By-laws)

The collective decisions of the shareholders shall be made in General Meetings under the conditions defined By-law. Any General Meeting duly convened shall represent all shareholders of the Company.

The resolutions of the General Meetings shall be binding on all shareholders, even those who are absent, dissenting or deemed legally incapable.

General Meetings shall be called and convened under the conditions set by the law and the regulations.

Meetings shall take place at the head office or at any other location stated in the notice of meeting.

Shareholders will have to produce evidence of their right to take part in general meetings of the Company in accordance with the applicable regulations.

If not attending the Shareholders Meetings in person, a shareholder may choose between one of the following 3 options: 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 Shareholders Meeting 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 Shareholders Meeting either in paper form or, by decision of the Board of Directors indicated in the notice of meeting, by remote transmission.

In the event of remote voting, only the forms received by the Company by 3.00 p.m., Paris time, at the latest on the day before the General Meeting is held, shall be counted.

The Board of Directors may shorten or eliminate the time period indicated in the preceding section.

Legal representatives of shareholders deemed legally incapable and individuals representing legal-entity shareholders shall participate at the Shareholders Meetings, whether or not they are shareholders personally.

Shareholders Meetings 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 Shareholders Meeting itself shall elect its Chairman.

The duties of scrutineers shall be performed by the 2 members of the Shareholders Meeting present and accepting those duties, who have the largest number of votes. A secretary shall be designated who may be chosen from those who are not shareholders.

An attendance sheet shall be kept under the conditions provided By-law and regulations.

Minutes shall be kept and copies or extracts of the resolutions shall be issued and certified pursuant to law and regulations.

Ordinary General Meetings and Extraordinary General Meetings shall meet on first call and, if applicable, on second call under the quorum conditions provided By-law.

Resolutions of General Meetings shall be adopted under the majority conditions provided for By-law.

Shareholders who participate in the Meeting by video conference or by telecommunications media making it possible to identify them under the conditions set by regulations applicable at the time of its use shall also be considered present for calculating the quorum and majority.

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Ordinary General Meetings and Extraordinary General Meetings shall exercise their respective powers under the conditions provided By-law.

21.2.7 Crossing of statutory thresholds (Article 11 of the By-laws)

The shares shall be freely transferable, subject to statutory and regulatory provisions.

The assignment of shares, regardless of their form, shall occur by transfer from account to account under the conditions and according to the terms provided By-law.

In addition to the legal obligations to report the crossing of thresholds or declaration of intent, any individual or legal entity, acting alone or in concert, that comes to possess, in any way, pursuant to Articles L. 233-7 *et seq.* of the French *Code de commerce,* directly or indirectly, a number of shares representing a stake equal to 1% of the capital and/or voting rights of the Company, must inform the Company of the total number of shares and voting rights that it possesses, and the number of securities that it owns that ultimately give access to the capital and the voting rights that are attached thereto, by registered letter with return receipt requested sent to the head office, or by any equivalent means for shareholders or bearers of securities domiciled outside France, within 5 stock exchange business days after that threshold is crossed. This information shall be renewed for the holding of each additional stake of 1% of the capital or voting rights without limitation.

This disclosure obligation shall apply under the same conditions as those stipulated above whenever the percentage of the share capital and/or voting rights possessed becomes less than a multiple of 1% of the capital or voting rights.

If not duly disclosed under the conditions stipulated above, the shares that exceed the percentage that should have been reported shall, upon request, recorded in the minutes of the General Meeting, from one or more shareholders holding a percentage of the capital or the voting rights of the Company at least equal to 1%, be deprived of the voting right for any Shareholders Meeting 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 share capital may be increased, reduced or redeemed under the conditions set By-law.

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22. IMPORTANT CONTRACTS

>> 22.1 Contracts concerning satellites

Since 30 June 2010, the Group signed a procurement contract in July 2010 for the EUROBIRD™ 2A satellite, ordered jointly with ictQATAR from Space Systems/Loral.

During the year 2009-2010, the Group signed several satellite procurement contracts:

- W5A, ordered in May 2010 from Astrium;
- W6A, ordered in May 2010 from Thalès Alenia Space.

Furthermore, the Group signed several satellite acquisition contracts in previous financial years:

During 2008-2009:

- W3C, ordered in March 2009 from Thalès Alenia Space;
- ATLANTIC BIRD™ 7 ordered in May 2009 from Astrium.

During 2007-2008:

- KA-SAT, ordered in November 2007 from EADS Astrium; and,
- W3B, ordered in May 2008 from Thalès Alenia Space.

For further information on these satellites, see Section 6.6.1.4 "Satellites ordered and under construction".

Main provisions of 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. To this end, some engineers of the Group are assigned to the production site. Such supervision allows the Group to ensure that its high standards concerning quality and its technical specifications are met at all stages of the satellite's construction. Furthermore, by virtue of these procurement contracts, the constructors provide certain in-orbit support services.

The payment mechanism specified in the Group's procurement contracts concluded with its suppliers can be broken down into 4 parts: (i) payments based on progress made, as assessed by various technical reviews, (ii) payment of a lump-sum for the launch campaign (iii) in-orbit incentive payments, and (iv) reimbursements or penalty payments in the event of late delivery or non-compliance with 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 for doing so, the Group is entitled to full reimbursement of any payment it may have made to the constructor. If the launch is cancelled and no reason given, the Group will be required to make significant cancellation compensation payments that increase with time, based on the work completed by the constructor.

In-orbit incentive payments

The Group's satellite procurement contracts also contain a provision for in-orbit incentive payments whereby the manufacturer is paid a portion of the procurement cost throughout the estimated contractual life of the satellite on the basis of satellite's compliance with the technical and contractual specifications.

In the most recent contracts, the Group has agreed to pay the price for the satellite in full, including the amount allocated for incentive payments and the acceptance review at the time the satellite is brought into operation. However, the Group is entitled to reimbursement of part of the sums paid if the satellite does not meet the technical specifications, or in the event of malfunction.

The contracts also contain penalty clauses which become applicable in the event of late delivery. During the financial year 2009-2010, the Group received 5.4 million euros in respect of the late delivery of the W2A satellite and 850,000 euros in consideration for the late delivery of the W7 satellite. During the financial year 2008-2009, the Group received 1.75 million euros in respect of the late delivery of the W2M satellite. During the financial year ended 30 June 2007, the Group received 11.4 million euros in consideration for the late delivery of the HOT BIRD™ 3 satellite, and during the financial year ended 30 June 2006 it received 5.9 million euros for the late delivery of the ATLANTIC BIRD™ 1 satellite.

In such cases where delivery is more than six months late, the Group may cancel satellite procurement contracts on the grounds that the supplier has not fulfilled their contractual obligations

Launch service contracts

The Group has assigned the launch services for its satellites under construction to Arianespace, Sea Launch and International Launch Services. The fact of having at least 3 launch service suppliers provides the Group additional flexibility and security to ensure that its satellites under construction will be launched within the scheduled time limits.

During the year 2009-2010 the satellite W7 was launched on a Proton rocket by ILS (International Launch Services).

During the 2008-2009 financial year, Arianespace launched 3 of the Group's satellites: HOT BIRD™ 9, W2M and HOT BIRD™ 10, with HOT BIRD™ 9 and W2M both being carried in the same rocket. The W2A satellite was, however, launched in a Proton rocket by ILS International Launch Services.

Under the terms of these launch services contracts, the Group can delay or cancel a launch with or without giving reasons. In the event of a cancellation supported by a reason, the Group is entitled to full repayment of any sum it may have paid to the launch services provider. If the Group cancels the launch without giving a valid reason, it is required to pay the cancellation penalties, which could be substantial.

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>> 22.2 Allotment agreements with third parties

The Group has signed allotment agreements with third parties (RSCC). These are described in Section 6.6.1.3 “Capacity leased on third-party satellites” of this reference document.

>> 22.3 Financing agreements

The Group has entered into a number of financing agreements it considers significant (in particular the Refinancing Loan). These financing agreements are described in Section 10.3 “Changes in debt and the Group’s financing structure”.

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23. DOCUMENTS AVAILABLE TO THE PUBLIC

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All legal documents concerning the Company, the Company's By-laws, the minutes of the General Meetings, individual and consolidated financial statements, the Statutory Auditors' reports and all other corporate documents are available in hard copy at the Company's head office.

All 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 copies thereof may be obtained at the Company's head office, 70, rue Balard – 75015 Paris.

>> Person responsible for information

Lisa Sanders Finas
Head of Investor Relations
70, rue Balard – 75015 Paris

>> Provisionary timetable for financial reporting

The dates set out below are provided for information only and may be changed at any time by the Company:

- **4 November 2010:** Publication of first quarter revenues;
- **9 November 2010:** General Meeting of Shareholders;
- **17 February 2011:** Publication of second quarter revenues and interim results;
- **10 May 2011:** Publication of third quarter revenues;
- **28 July 2010:** Publication of the results for the financial year ended 30 June 2011.

>> 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 so as to comply with its statutory and legislative obligations in terms of financial instruments and financial instrument markets.

Publication date	Title of press release
22 September 2010	Eutelsat and Speedcast further expand coverage of their maritime broadband service with multiple regional beams
15 September 2010	Satellite TV reception in Europe, North Africa and Middle East shows continued strong take-up: double-digit growth in 24 months
14 September 2010	Eutelsat appoints Jakub Brzeczkowski as regional sales Director for Poland
1 September 2010	Eutelsat chosen by Eurosport for 3D transmission of 2010 tennis US Open at IFA show in Berlin
11 August 2010	Description of the share buy-back programme
30 July 2010	Eutelsat Communications reports a record full-year 2009-2010 with revenue and EBITDA growth above 11%
22 July 2010	Tiscali selects Eutelsat's TOOWAY™ satellite broadband service to extend broadband in Italy
20 July 2010	Eutelsat announces appointment of David Bair as Chief Technical Officer
15 July 2010	Eutelsat and ictQATAR select space systems/Loral to deliver their joint venture satellite
6 July 2010	Eutelsat satellites beam 2010 FIFA World Cup™ in 3D to cinemas across Europe: a star attraction of the World Cup
1 July 2010	Eutelsat announces appointment of Andrew Wallace as Chief Commercial Officer
30 June 2010	Eutelsat selects Astrium to deliver W5A satellite to drive up capacity and flexibility at 70.5° East
22 June 2010	Eutelsat Communications announces Board appointments
9 June 2010	Eutelsat selects Thales Alenia Space to deliver W6A satellite to expand business at 21.5° East
27 May 2010	Four Eutelsat Satellites gear up for live coverage of the 2010 FIFA World Cup
26 May 2010	Eutelsat chosen by Eurosport for Pan-European distribution of the Panasonic 3D experience during Roland-Garros tennis championship

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Publication date	Title of press release
21 May 2010	Eutelsat renews partnership with Télécom Sans Frontières
10 May 2010	Eutelsat Communications reports 13.4% revenue growth in third quarter 2009-2010 and revises upward annual revenue guidance
10 May 2010	Eutelsat and ictQATAR sign strategic alliance to develop a new satellite programme expanding opportunities at Eutelsat's 25.5° East neighbourhood
6 May 2010	Eutelsat and Euro1080 ink partnership to enrich content of the 3D channel broadcast across Europe by the EUROBIRD™ 9A satellite
28 April 2010	2010 Arthur C. Clarke lifetime achievement award honours Giuliano Berretta, Chairman of the Board of Eutelsat Communications
14 April 2010	Eutelsat teams with General Satellite and St Petersburg's Mariinsky theatre for a premiere 3D TV satellite transmission to new-generation TV displays
14 April 2010	HDTV channels broadcasting through Eutelsat's EUROBIRD™ 9A satellite boosted by Sundance Channel HD and Mezzo Live HD
13 April 2010	ACS Angola consolidates Eutelsat relationship with new capacity on W7 satellite to support high growth market for data communications
26 March 2010	Eutelsat publishes on its website the official ITU release urging end to deliberate jamming of satellite channels
24 March 2010	Yohann Leroy joins Eutelsat as Director of Strategy
19 March 2010	Successful placement of Eutelsat S.A. inaugural Eurobond issue and refinancing
18 March 2010	DigiTurk Pay-TV platform renews to 2021 its satellite capacity with Eutelsat
17 March 2010	Eutelsat statement on transmission of BBC Persian, Deutsche Welle and Voice of America Persian – Update
9 March 2010	Ethan Lavan joins Eutelsat as Director of In-Orbit Resources Division
8 March 2010	Lisa Sanders Finas joins Eutelsat as Director of Investor Relations
2 March 2010	Upstar Comunicações selects Eutelsat to broadcast "Zap", the new satellite TV Bouquet of Angola
18 February 2010	Eutelsat Communications reports further growth in profits for the first half 2009-2010 the Group raises its 2009-2010 objectives
12 February 2010	Eutelsat renews complaints on deliberate jamming and appeals for action to the International Telecommunication Union
5 February 2010	Italy's Telespazio renews multiple contracts with Eutelsat for occasional-use and outside broadcasting by RAI television channels
4 February 2010	Eutelsat firmly denies all allegations regarding improper commercial practice towards the Georgian broadcaster, GPB
29 January 2010	Eutelsat confirms full restoration of services at 16° East position
28 January 2010	Eutelsat Statement On W2 Satellite
22 January 2010	Eutelsat Kabelkiosk digital cable platform launches first HD channels following agreement with RTL group to add RTL HD and Vox HD
22 January 2010	Multichoice Africa cements longstanding relationship with Eutelsat through a 20 transponder lease on the W7 satellite
15 January 2010	Intersputnik and Eutelsat announce long-term agreement for extensive capacity on the new W7 satellite
18 December 2009	Italy's Elettronica Industriale (Mediaset Group) extends leases with Eutelsat on the ATLANTIC BIRD™ 3 satellite for DTT distribution
16 December 2009	Eutelsat cements relationship with Albania's Tring Communications for broadcasting and broadband services
8 December 2009	Eutelsat expands teleport infrastructure with Sardinia facility optimised for broadband and broadcast clients in Africa and Middle East
25 November 2009	Eutelsat's W7 satellite delivered into orbit by ILS Proton rocket Eutelsat set to double resources at key 36° East neighbourhood
24 November 2009	Eutelsat TOOWAY™ service selected by SFR for its new satellite broadband service for French homes
23 November 2009	Eutelsat W7 launch by Proton postponed by 24 hours
20 November 2009	Winners announced of the HOT BIRD™ TV Awards 2009!
17 November 2009	The NTDTV channel loses its case against Eutelsat
16 November 2009	Eutelsat and Asia Broadcast Satellite strike strategic agreement for cooperation at 75° East position
12 November 2009	Eutelsat Communications' Annual General Meeting of Shareholders of 10 November 2009
5 November 2009	Eutelsat Communications reports record revenue growth in the first quarter 2009-2010: +11.6%
2 November 2009	Eutelsat W7 satellite in Baikonur and on track for Proton launch on 23 November
29 October 2009	Eutelsat's TOOWAY™ satellite broadband service to help deliver Ireland's national broadband scheme
26 October 2009	France Televisions inks contract with Eutelsat for capacity on ATLANTIC BIRD™ 3 to broadcast all France 3 regional channels
14 October 2009	Eutelsat strengthens its satellite position in Poland
12 October 2009	Magyar Televizio selects Eutelsat's EUROBIRD™ 9A satellite for broadcasting across Europe

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Publication date	Title of press release
9 October 2009	Eutelsat's ATLANTIC BIRD™ 3 satellite transmits to 40 digital cinemas in HD a début performance by Italy's newest music talent
7 October 2009	Eutelsat breaks the barrier of 100 HDTV channels!
1 October 2009	Noorsat increases capacity on Eutelsat satellites to ramp up broadcasting services in the Middle East
29 September 2009	HOT BIRD™ TV Awards 2009 record number of thematic TV channels take part in this year's event viewers now voting for popular people's choice award!
16 September 2009	Nortis Cimecom deploys Eutelsat D-Star satellite broadband service for 470 schools across Morocco
10 September 2009	Eutelsat Communications receives award as fixed satellite services operator of the year for second consecutive year
7 September 2009	Eutelsat statement on launch of W7 satellite
7 September 2009	Globecast further strengthens resources on Eutelsat satellites for professional video services in Europe
31 July 2009	Eutelsat Communications reports revenue growth of 7.2% and net income increase of 43.6% for its 2008-2009 financial year
29 July 2009	Globecast inks deal with Eutelsat to expand capacity for Romania's national public broadcaster at Eutelsat's 16° East neighbourhood
13 July 2009	Serbia Broadband (SBB) boosts the total TV platform with new capacity at Eutelsat 16° East video neighbourhood
9 July 2009	Retransmission exceptionnelle en direct et en 3D relief Julien Clerc en concert
9 July 2009	Information relative au nombre total de droits de vote et d'actions composant le capital social
8 July 2009	Eutelsat Communications Extraordinary General Meeting of Shareholders of 6 July 2009
Crossing of disclosure thresholds	
12 May 2010	Notification of the 1% upward crossing of threshold by GLG Partners LP, which owns 2,250,808 shares, representing 1.02% of the Company's share capital.
17 March 2010	Notification of the 5% downward crossing of threshold in terms of Company capital and voting rights by Franklin Resources Inc., which owns 10,971,493 shares, representing 4.9845% of the Company's share capital.
20 January 2010	Notification of the 1% downward crossing of threshold compared to the previous declaration, by Franklin Resources Inc., which owns 13,160,362 shares, representing 5.9789% of the Company's share capital.
4 November 2009	Notification of the 1% downward crossing of threshold compared to the previous declaration, by Franklin Resources Inc., which owns 15,226,123 shares, representing 6.9174% of the Company's share capital.
Documents published in the BALO (Bulletin des annonces légales obligatoires/Bulletin of Compulsory Legal Notices)	
22 March 2010	Approval of the financial statements for the financial year ended 30 June 2009
18 March 2010	Half-year financial report for the First Half of the 2009-2010 financial year (1 July-31 December)
24 October 2010	Notice of meeting of the Combined General Meeting of Shareholders of 9 November 2010, ruling on the annual financial statements for the financial year ended 30 June 2010
2 October 2009	Notice of a meeting constituting a convocation to the Combined General Meeting of 10 November 2009, ruling on the annual financial statements for the financial year ended 30 June 2009
Declarations of securities transactions by managers	
From 22 February to 21 September 2010	Related party Giuliano Berretta: disposals of shares
27 November 2009	Michel de Rosen: acquisition of shares
From 4 to 27 August 2009	Related party Giuliano Berretta: disposals of shares
Documents filed with the Court clerk's office	
10 November 2009	Extract from the minutes: Appointment of Directors
10 November 2009	Extract from the minutes: Resignation of Deputy CEO, appointment of CEO
30 July 2009	Extract from the minutes: Capital increase, changes in the By-laws
30 July 2009	Updated By-laws
25 June 2009	Extract from the minutes: Resignation of Director(s)
11 June 2009	Extract from the minutes: Appointment of Deputy CEO
27 May 2009	Extract from the minutes: Capital increase
27 May 2009	Updated By-laws

The press releases can be viewed on the Company's website (www.eutelsat.com).

The documents published in the *Bulletin des annonces légales obligatoires* (BALO) can be viewed at www.journal-officiel.gouv.fr.

The documents filed with the Court Clerk's Office can be viewed on the www.infogreffe.fr website.

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24. INFORMATION ON HOLDINGS

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Information concerning firms in which the Company owns shares and which is likely to significantly impinge upon any evaluation of its assets, financial position or results, may be found in Section 7.2 "Subsidiaries and equity interests" of this reference document and in Note 30 to the Company's consolidated financial statements for the financial year ended 30 June 2010.

GLOSSARY

contents

Analogue
Format of a broadcast signal where a continuously varying physical quantity precisely describes the variation of the information it represents.

Bandwidth
Band of frequencies used for an RF transmission (*e.g.* 36 MHz).

Beam
Term used to describe the radiation pattern of a satellite antenna. The intersection of a satellite beam with the surface of the Earth is called the footprint (of the beam).

Broadcast Satellite Service (BSS)
Communications service in which signals transmitted or retransmitted by satellite are intended for direct reception by the general public. Use of the corresponding frequencies is governed by international regulations, with the aim of allowing all countries to offer services of this kind. In Europe, the downlink frequency range for the BSS is 11.7 to 12.5 GHz.

C-band
Frequency range assigned to satellite communication 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 antennae are therefore required for C-band operation.

Capacity
Quantity of information transmitted. As an analogy, there is often reference to spectrum width and to the associated power needed to transmit such a quantity of information.

Digital
Format for recording, processing, transmitting and broadcasting data via a binary signal (and not by a continuously varying signal).

Direct broadcasting
Direct reception of satellite signals by the user, via DTH or community reception facilities (satellite dish).

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 throughout the world.

Earth segment
A series of 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 communication equipment on the ground. (synonym: Ground station).

EDP
Eutelsat Digital Platform. Platforms set up to make it possible to share multiplexing costs on the ground

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 frequently refers to “unplanned” frequency bands, that are not subject to 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 communication systems, approximately 20 GHz for the downlink and 30 GHz for the uplink. These frequencies have the shortest wavelength of the 3 principal frequency bands used by geostationary satellites. Although small antennae can be used, 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, owing to the small size of the antennae needed for reception.

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MPEG
Moving Pictures Experts Group – Working Group charged by the ISO with the task of developing international standards for the compression, decompression, processing and encoding of video, audio and any combination thereof, such as to ensure a wide range of applications. Name also given to the compression and digital broadcasting standard for TV, resulting from the deliberations of this group of experts.

MPEG 2 is the second-generation standard designed for TV broadcasting and MPEG 4 provides a smaller compression format compared with MPEG 2 that can carry all the new Video Applications.

Operating period
Period during which a satellite is able to function. The operating period of a satellite in-orbit depends in particular on the quantity of fuel it carries for station-keeping.

Passband
Range of frequencies permitted for an RF transmission (see bandwidth).

Payload
Set of satellite equipment used for reception, frequency conversion, processing, and retransmission of the communications signals after they have been amplified, but excluding add-on equipment, for example 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 communication systems, approximately 2 GHz for the uplink. Frequency adjacent to UMTS frequencies.

Signal
Variation of a physical value of any kind carrying information.

Simulcasting
Simultaneous transmission of a programme or service using 2 transmission standards or media. This technique developed by Eutelsat under the name of Simulcast makes it possible to transmit a carrier wave in analogue mode and a digital TV signal on a single satellite transponder which could normally only transmit the carrier wave of the analogue signal.

Skyplex
System allowing several digital services to be multiplexed on board the satellite rather than on the ground and retransmitted by a single carrier wave compliant with the DVB standard. TV channels can thus be transmitted independently, from different geographical locations, and received on DTH equipment meeting the DVB standard. Skyplex systems require the use of specific equipment on board the satellite for reception and multiplexing of the digital services.

Space segment
Satellites in a satellite communications system belonging to an operator.

Steerable beam
Beam of a satellite antenna that can be directed onto a particular geographical region using ground-based controls.

Telemetry
Encoded communication sent by the satellite to the earth station to transmit the results of measurements related to the satellite's operation and configuration.

Transponder
Name given to the retransmitter on-board the satellites, whose function is to retransmit the signals received from the earth uplink station to a specific part of the globe.

Uplink
Path travelled by the signal in the direction Earth-Space.

VSAT Terminal
Microterminal connected to a fixed antenna and making satellite reception or transmission possible.

A. ANNEX

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REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF EUTELSAT COMMUNICATIONS IN APPLICATION OF ARTICLE L. 225-37 OF THE FRENCH *CODE DE COMMERCE*

Contents

Eutelsat Communications
Société anonyme with a Board of Directors and a share capital of 220,113,982 euros
Registered office: 70, rue Balard – F-75015 Paris
481 043 040 R.C.S. Paris

Report of the Chairman of the Board of Directors of Eutelsat Communications in application of Article L. 225-37 of the French *Code de commerce*

Dear Shareholders,

In accordance with Article L. 225-37 of the French *Code de commerce,* this report provides information on the preparation and organisation of the work carried out by the Board of Directors of Eutelsat Communications during the financial year ended 30 June 2010 and on the internal control procedures set up by the Eutelsat Group.

For the purposes of this report, please note that "Company" means Eutelsat Communications and that "Group" or "Eutelsat Group" means Eutelsat Communications and all companies controlled by it within the meaning of Article L. 233-3 of the French *Code de commerce.*

>> 1. Introduction

The financial year ended 30 June 2010 saw a sustained continuation of the Company's role in steering the financial and strategic development of the Eutelsat Group, the third largest operator of Fixed Satellite Services.

In particular, the Board of Directors and its Committees (the Audit Committee, the Selection and Remuneration Committee) and also the Strategy and Investment working group continued their close involvement in preparation of the decisions to be taken by the Board of Directors in respect of the Company's strategic and financial orientations. In parallel, the Group continued to step up and improve its risk Management and internal control practices introduced for the Group, not least due to the marked development of its technical and operational activities.

>> 2. Governance of the Company

Absence of concerted action or control

The Company's IPO took place on 2 December 2005. As of that date, no shareholder of the Company, whether directly or indirectly, by itself or with others, exercised control within the meaning of Article L. 233.3 of the French *Code de commerce.*

This situation has not been altered by the changes in the make-up of the Company's share capital over this and previous financial years.

The major shareholders of our Group are represented on the Company's Board of Directors. These are abertis telecom, with 31.36% of the share capital, and the *Fonds Stratégique d'Investissement* with 25.62% of the share capital, as of 30 June 2010.

As of 30 June 2010, no shareholder of our Company, whether directly or indirectly, by itself or with others, exercised control within the meaning of Articles L. 233.3 *et seq.* of the French *Code de commerce.*

Separating the functions of Chairman and CEO

Under Article 148 of the decree of 23 March 1967, the Board of Directors decided at its meeting of 10 November 2009 to separate the function of Chairman of the Board from that of CEO.

Accordingly, Mr Michel de Rosen, elected to the Board by the shareholders of the Annual General Meeting held on 10 November 2009, was appointed CEO by the Board of Directors Meeting on 10 November 2009, in replacement of Mr Giuliano Berretta, who had reached the age limit for holding the position of CEO. As a result, Mr Michel de Rosen is in charge of the company's general Management.

At the same meeting of the Board of Directors, Mr Giuliano Berretta was confirmed as Chairman of the Board of Directors until the end of his tenure as Board Member.

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Change in the composition of the Board of Directors

The composition of the Board of Directors changed significantly during the financial year.

Mr Michel de Rosen, appointed Deputy CEO in the last financial year (Board Meeting dated 11 June 2009), was elected to the Board by the Shareholders' Annual General Meeting on 10 November 2009 and appointed CEO at the Board Meeting of the same day.

Mr Olivier Rozenfeld was co-opted by the Board of Directors Meeting on 22 June 2010 in replacement of Mr Pier-Francesco Guarguaglini who had resigned from office during the previous financial year (Board Meeting dated 25 June 2009).

Mr Francisco Reynes was co-opted by the Board of Directors Meeting on 22 June 2010 in replacement of Mr Carlos Sagasta Reussi, who resigned from office during the financial year (Board Meeting dated 16 April 2010).

The composition of the Board of Directors as of 30 June 2010 is shown in the table below.

Name	Date of appointment	End of tenure
Giuliano Berretta	31/08/2005	OGM accounts 30 June 2011
Michel de Rosen	10/11/2009	OGM accounts 30 June 2015
Jean-Luc Archambault	10/05/2007	OGM accounts 30 June 2011
Bertrand Mabille	10/05/2007	OGM accounts 30 June 2011
CDC-Infrastructure represented by Jean Bensaïd	14/02/2007	OGM accounts 30 June 2011
Francisco Reynes	22/06/2010	OGM accounts 30 June 2011
Tobías Martínez Gimeno	23/01/2007	OGM accounts 30 June 2011
Andrea Luminari	23/01/2007	OGM accounts 30 June 2011
Carlos Espinós-Gómez	23/01/2007	OGM accounts 30 June 2011
Lord John Birt	10/11/2006	OGM accounts 30 June 2012
Olivier Rozenfeld	22/06/2010	OGM accounts 30 June 2012

In application of the Company's By-laws and the Letter-Agreement between the Company and Eutelsat IGO, Mr Christian Roisse, Executive Secretary of Eutelsat IGO, sits on the Board of Directors as an observer *(censeur).*

Independent Directors

In accordance with the practices of sound governance, the Board of Directors undertook a procedure for the selection of independent Directors, *i.e.* Board Members (Directors) having no conflict of interests and no business relations with the Eutelsat Group that would be such as to affect the Director's judgement.

They are Lord John Birt, former Director General of the BBC, and Mr Rozenfeld, Director of the Iliad Group, whose co-optation will be submitted for approval by the General Meeting of Shareholders on 9 November 2010.

The Board considers that its composition, given the presence throughout almost the entire year of independent Directors alongside Directors exercising Management functions within the Group or representing major shareholders, is an element of sound governance.

Employee representation on the Board of Directors

As part of a policy aimed at improving communication between the Group's Management and employees, the Company entered into an agreement with the works' council of our operating subsidiary Eutelsat S.A. This agreement is designed to give the works' council of Eutelsat S.A., and hence all Eutelsat S.A. employees, greater visibility over the Company's operations and decisions.

In addition to the implementation of a procedure aimed at informing the Eutelsat S.A. works' council when operations are undertaken by the Company that are likely to affect the operations or the scope of activity of our operating subsidiary Eutelsat S.A., the two Eutelsat S.A. works' council representatives on the Board of Directors of Eutelsat S.A. are invited to attend meetings of the Board of Directors of the Company, with access to the same information as the Directors.

Mission of the Board of Directors

The Board of Directors is responsible for orienting the Company's business activities and ensuring that this framework is properly implemented, more specifically as provided for in Article L. 225.35 of the French *Code de commerce.* Subject to the powers expressly reserved for General Meetings of Shareholders, the Board of Directors can examine any question that affects the sound operation of the Company or the Eutelsat Group.

Over and above the powers provided By-law and in application of the Board's Internal Regulations, a number of strategic decisions or 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 proposed modification of the Company's By-laws is subject to prior approval by the Board of Directors. Any offer to purchase external companies, payment for which is in Company shares, any use of Company shares in the framework of an acquisition, or publication of any prospectus or document destined for perusal by current or potential investors, is also subject to the approval of the Board of Directors.

Strategic operations: The Group's Five-Year Strategic Plan, as well as any acquisition of shares in another company or any operations or mergers with a substantial effect on the Company's structure or strategy, is subject to prior approval by the Board of Directors. This also applies to any investment in the capital of another company of more than 50 million euros or of more than 25 million euros if the relevant investment operation is not included in the Five-Year Strategic Plan or the Annual Investment Plan.

Financial commitments and investments: The Group's consolidated Annual Budget is subject to prior approval by the Board of

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Directors at the beginning of each financial year. Similarly, all capital expenditure in excess of 50 million euros, if the relevant operation is included in the Group's annual budget or in its Strategic Plan (or in excess of 25 million euros if not included in the Annual Budget) is subject to prior approval by the Board of Directors. Prior approval by the Board is also required for any loan, credit facility or financing or refinancing agreement that is not expressly included in the Annual Budget and results in an increase in the Group's indebtedness by more than 50 million euros. The same applies to any decision to dispose of or loan assets of the Company (excluding capacity lease agreements) or any other form of transfer of assets in excess of 50 million euros that is not expressly included in the Group's Annual Budget.

Half-yearly and annual financial statements: The preparation of forecast financial statements, half-yearly and annual and consolidated accounts are subject to prior approval by the Board of Directors, as is the selection and submission of names of Statutory Auditors to be appointed, renewed or dismissed.

Group General Management: The Board of Directors is in charge of defining the requirements for independence and selection of the independent Directors. Its prior approval is needed before a manager whose remuneration is one of the six largest in the Group can be recruited or dismissed.

Committees and Working Groups of the Board of Directors

It should be borne in mind that in the 2007-2008 financial year, the Board of Directors decided to set up an Audit Committee alongside the Selection and Remuneration Committee and the Strategy and Investment working group to provide advice to the Board in their respective areas of responsibility. At the Board meeting of 22 June 2010, the Board of Directors decided to transform the Strategy and Investment working group, which hitherto had met on an ad hoc basis, into the Strategy and Investment Committee. Thus the Board examined a possible change in its Internal Regulations in respect of the duties of the three committees: the Audit Committee, the Selection and Remuneration Committee, and the Strategy and Investment Committee.

Selection and Remuneration Committee

This Committee is mainly responsible for studying and providing recommendations to the Board as appropriate on (i) the remuneration of the CEO and of the Deputy CEO, (ii) the introduction of stock-option plans or plans for the purchase or the free allocation of shares within the Group, (iii) the allocation of attendance fees to members of the Board, (iv) the selection of independent Directors, (v) the recruitment or dismissal of any employee whose remuneration is one of the six highest in the Group (see Chapter 9 of the Management Report).

The Committee is currently chaired by Mr Tobías Martínez Gimeno. Messrs. Jean Bensaïd, Carlos Espinós Gómez and Lord John Birt are also members.

The Secretary of the Committee is Mr Izy Béhar, Director of Human Resources.

The Committee met 15 times during the financial year, the attendance rate of its members at meetings held during the financial year exceeding 94%.

The Selection and Remuneration Committee was very active during the year, especially in two areas: the work on employee shareholding policy and on the Group's initiatives in terms of key Management incentives.

Based on a proposal by the Committee, the Board of Directors Meeting on 1 February 2010 decided to set up a Long Term Incentive Programme (LTIP) for Group staff and Management, including Directors and Corporate Officers *(mandataires sociaux)* and involving 700,000 shares to be acquired on the market. The shares' vesting period was fixed at three years, expiring on 2 February 2013. Shares will only be definitely acquired once performance objectives and requirements with regard to the beneficiary's presence within the Group have been met during the three financial periods ending 30 June 2012. Furthermore, beneficiaries must hold these shares for an additional two-year period.

It should be noted that Directors and Corporate Officers (Messrs. de Rosen and Brillaud) must remain holders of at least 50% of their free shares for the entire term of their office.

The criteria laid down by the Board of Directors on the Committee's recommendations are based on the Company's financial targets (EBITDA, EPS) and also on measurement of the profitability of the capital used and Total Shareholder Return (share price evolution and dividends) over the three-year period.

Improvement of Group Corporate Governance

With the help of a specialised consultant, the Committee completed an audit of the operation of the Board of Directors and Committees. The report concluded that the Board operated satisfactorily.

In line with this work, the Committee examined the appropriateness of turning the Strategy and Investment Working Group into a committee, and the subsequent changes to the provisions of the Board's Internal Regulations on committees, taking account of the changes in French law and the Company's commitment to comply with the provisions of the AFEP-MEDEF Code.

This work was presented to the Board of Directors Meeting on 22 June 2010, and the creation of a Strategy and Investment Committee was approved.

Strategy and Investment Working Group

This working group was set up in April 2007. It meets on an ad hoc basis and has the task of submitting recommendations to the Board as appropriate on any projected external growth operations and investments under the Strategic Plan or the Annual Budget.

The members of the Working Group are Messrs. Jean Bensaïd and Carlos Espinós Gómez. They are assisted by the other Directors as necessary.

In the course of its work, the working group oversaw preparation of the Group's 2010-2015 Strategic Plan and preparation of the Group's consolidated annual budget for 2009-2010, in liaison with the Audit Committee. It also oversaw the investment decisions relating to three new satellites (W5A, W6A and EUROBIRD ™ 2A).

At its meeting of 22 June 2010, the Board of Directors decided to transform the working group into the Strategy and Investment Committee chaired by Mr Espinós Gómez and including Lord Birt, Messrs. Berretta, de Rosen, Mabille and Rozenfeld.

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Audit Committee

The task of the Audit Committee is to assist the Board of Directors by (i) reviewing the Company's draft half-year and full-year accounts (consolidated and annual accounts), (ii) expressing recommendations on the draft consolidated Annual Budget proposed by Management, prior to its examination by the Board, (iii) expressing recommendations to the Management of the Company and to the Board of Directors on the policy and methods for ensuring the production of accounting and financial information that is true and sincere, (iv) making sure that the internal controls applied within the Group are properly implemented, and (v) presenting recommendations to the Board and to Management on the appropriate method of handling any risk likely to affect the Group's operations.

As of 30 June 2010, the Audit Committee was composed of Mr Archambault, who chairs the Committee, Lord Birt and Messrs. Luminari and Rozenfeld.

The Secretary to the Committee is Mrs Lallement, General Counsel. Mrs. Guillouard, CFO, attended all the Audit Committee's meetings.

The Committee met 13 times in the course of the financial year. The members of the Committee attended almost all its meetings. It played an active role during the year, not least due to the definition, implementation and supervision of the refinancing of the Eutelsat S.A. bank debt.

The work off the Audit Committee is concentrated predominantly on the second half of the financial year, mainly due to the review of the half-year accounts in February and the cycle for the preparation of the consolidated draft budget by the Group's financial department, which begins in March so as to be submitted for Board approval before financial accounts are closed.

During the performance of its tasks, the Audit Committee was also engaged in regular dialogue with the Company's Statutory Auditors. The Statutory Auditors attend Audit Committee meetings when half-year and full-year accounts are being prepared, prior to their closing by the Board of Directors.

The Audit Committee also reviewed the stakes, consequences and measures to be taken or already taken by the Group in order to limit, to the maximum possible extent, any potential impact the global financial crisis might have on the Group's activities. This study by the financial department resulted in enhanced control and Management procedures for customer risk and a new credit insurance policy. Following the creation of the Risk Management function, the Audit Committee has engaged in regular dialogue with the Director of Risk Management in relation to the latter's professional engagement and has drawn up his yearly work schedule. Lastly, the Audit Committee also reviewed the work plan for the Internal Audit function during the year, as well as the objectives being pursued.

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 13 times during the financial year.

The attendance rate at meetings during the financial year exceeded 94%.

Except in 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 Board of Directors' Internal Regulations and the recommendations approved last year, notably with a view to introducing a single format for documentation submitted, documents for the Board of Directors are sent to its members at least 5 days before the Board meetings take place.

For an emergency meeting of the Board, documents are sent out in a shorter timeframe.

Also, in order to provide Board Members with a better knowledge of the Group's operations and business activities, the CEO gives a regular status report to the Board on the activities of all the Group's departments during the period leading up to the meeting, and on on-going projects in those departments.

Main issues examined by the Board of Directors

The Board's regular work cycle mainly concerns the second half of the financial year, largely due to preparation of the Annual Budget and the Five-Year Strategic Plan and to the statutory provisions governing the preparation of the financial statements.

Strategic Plan and Annual Budget

In the second half of each financial year, the Board of Directors examines the Group's draft Five-Year Strategic Plan.

The Strategic Plan aims at determining the Group's strategic objectives and define not only the resources needed to achieve those objectives, but also the financial and business activity forecasts for the Group.

The Strategic Plan for the period from the 2010-2011 financial year to the 2014-2015 financial year was approved by the Board meeting on 22 June 2010.

The Group's consolidated Annual Budget, which defines the financial and budgetary objectives for the coming year and which is included in the Strategic Plan, is reviewed by the Board in the last quarter of the relevant financial year. The Annual Budget for 2010-2011 was approved by the Board on 26 May 2010.

Review of the consolidated half-year and consolidated full-year accounts

In addition to the information provided on the follow-up of the Group's business activities, and in application of the relevant statutory provisions, the Board of Directors adopts the interim half-year and full-year accounts. The half-year accounts are adopted in the third quarter (January to March) of each financial year and the Company accounts and consolidated accounts for the full-year are adopted in the first quarter of the following financial year (July to September).

It should be noted that under the "Transparency" Directive, adoption and publication of the half-year accounts takes place in February each year.

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Additionally, pursuant to Article L. 232.2 of the French *Code de commerce,* the Board of Directors adopts the Management planning documents for the Company in October and April of each year, at the latest.

Investment decisions

Under its Internal Regulations, the Board of Directors has to decide on any capital expenditure in excess of the pre-determined ceilings.

Using exhaustive documentation prepared by the Group's Management, any decisions to commit to capital expenditure – and particularly investments relating to the satellite fleet or to external growth – are first reviewed in detail by the Strategy and Investment *ad hoc* Working Group and then by the Board of Directors, which determines whether the investment is advisable and whether the proposed capital expenditure decision is in line with the Group's strategic objectives. It should be observed that proposed capital expenditure is integrated as part of the Group's consolidated Annual Budget examined by the Board of Directors in the normal course of its business.

This was the case of the Board's decision to procure the W5A, W6A and EUROBIRD ™ 2A satellites during the year, the latter being acquired in the context of a strategic partnership with ictQATAR.

Monitoring the Group's business activities

Management submits to the Board a comprehensive quarterly report on the Group's operations, which includes the Group's results and financial indicators (revenues by application, simplified income statement, situation regarding indebtedness, cash flow and costs, etc.) to enable the Board to have a proper understanding of how the business has evolved, particularly at a technical or commercial level, and of budget follow-up. Management also provides the Board with a simplified monthly activity report.

Other issues examined by the Board of Directors

Under its By-laws and Internal Regulations, the Board of Directors is informed whenever statutory thresholds are exceeded.

This information is also brought to the attention of Eutelsat IGO in application of the Letter-Agreement of September 2005.

Conflicts of interest and regulated agreements

As at 30 June 2010, apart from the employment contract between Eutelsat S.A. and Eutelsat Italia, of which Mr Berretta is an employee, 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 any kind.

It should be reminded that we have continued to apply the tax consolidation agreements entered into last year in compliance with the provisions of Article L. 225-38 of the French *Code de commerce* on regulated agreements.

For further information, please refer to Section 9 of the Company's Management Report.

Principles and rules for determining compensation and benefits granted to the Directors and Corporate Officers

The Company complies with the recommendations of the AFEP-MEDEF report.

The fixed and variable components of compensation as well as the allocation of free shares and benefits in kind received by the Company's CEO and Deputy CEO are determined by the Board of Directors on the basis of a recommendation by the Selection and Remuneration Committee.

The variable component of compensation is determined by the Board of Directors on the basis of financial performance objectives linked mainly to financial and operating performance criteria for the Group during the financial year just ended. It is awarded at the beginning of a year with reference to the previous financial year.

Their right to a defined benefits pension scheme is subject to their working for the Group at the time they retire and to the achievement of objectives over a three-year period prior to their retirement.

For all the various plans, the allocation of free shares to the CEO and to the Deputy CEO is conditional upon their working for the Group and also upon the attainment of financial performance targets, as well as qualitative objectives.

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Other information concerning the members of the Board of Directors

Functions as of 30 June 2010 in other companies incorporated under French law are listed below:

Name, first name	Office	End of office	Other offices and positions held by the Board Member within and outside the Group
Giuliano Berretta	Chairman of the Board	General Meeting adopting the accounts for the financial year ending 30 June 2011	*Within the Group:* • Chairman of the Board of Eutelsat S.A.
Michel de Rosen	CEO	General Meeting adopting the accounts for the financial year ending 30 June 2015	*Within the Group:* • Board Member and CEO of Eutelsat S.A. • Representative of Eutelsat S.A., Chairman of Eutelsat VAS S.A.S.
Jean-Luc Archambault	Board Member	General Meeting adopting the accounts for the financial year ending 30 June 2011	*Within the Group:* • Board Member of Eutelsat S.A. *Outside the Group:* • Chairman of Lysios S.A.S. • Member of Supervisory Board of L. Loret & Cie and subsidiary AGI (Auto Guadeloupe Investissement)
Bertrand Mabille	Board Member	General Meeting adopting the accounts for the financial year ending 30 June 2011	*Within the Group:* • Board Member of Eutelsat S.A. *Outside the Group:* • CEO of CWT France • Representative of CWT France, Chairman of Carlson Wagonlit Voyages, Carlson Wagonlit Meetings and Events and SETA (Forum Voyages) • Representative of CWT France, Board Member of Acta Voyages and Comevat
CDC Infrastructure, represented by **Jean Bensaïd**	Board Member	General Meeting adopting the accounts for the financial year ending 30 June 2011	Offices and functions of Mr Bensaïd, permanent representative of CDC Infrastructure on the Board. *Within the Group:* • Representative of CDC Infrastructure, Board Member of Eutelsat S.A. *Outside the Group:* • Representative of CDC Infrastructure, Board Member of CDC International, • Board Member of GALAXY • Representative of CDC, Board Member of SANEF (Société des Autoroutes du Nord et de l'Est de la France), SECHE Environnement and TDF (Télédiffusion de France) • Representative of CDC, Member of the Supervisory Board of Tower Participations • Chairman of the Supervisory Committee of Hime

Name, first name	Office	End of office	Other offices and positions held by the Board Member within and outside the Group
Francisco Reynes	Board Member	General Meeting adopting the accounts for the financial year ending 30 June 2011	*Within the Group:* • Board Member of Eutelsat S.A.
Tobias Martínez Gimeno	Board Member	General Meeting adopting the accounts for the financial year ending 30 June 2011	*Within the Group:* • Board Member of Eutelsat S.A.
Andrea Luminari	Board Member	General Meeting adopting the accounts for the financial year ending 30 June 2011	*Within the Group:* • Board Member of Eutelsat S.A.
Carlos Espinós Gómez	Board Member	General Meeting adopting the accounts for the financial year ending 30 June 2011	*Within the Group:* • Board Member of Eutelsat S.A.
Carlos Sagasta Reussi	Board Member	Resigned 16 April 2010, General Meeting adopting the accounts for the financial year ending 30 June 2011	*Within the Group:* • Board Member of Eutelsat S.A. (until 16 April 2010)
Lord John Birt	Board Member	General Meeting adopting the accounts for the financial year ending 30 June 2012	None
Olivier Rozenfeld	Board Member	General Meeting adopting the accounts for the financial year ending 30 June 2012	*Within the Group:* • None *Outside the Group:* • Member of Supervisory Board of Lowendal Massai

Furthermore, Mr Roisse, Executive Secretary of Eutelsat IGO, sitting as an Observer *(censeur)* on the Company's Board of Directors, also sits in the same capacity on the Eutelsat S.A. Board.

Grant of stock options or free shares to Directors and Corporate Officers (mandataires sociaux)

No new stock-option or stock-purchase plan was put in place by the Board during the financial year ended 30 June 2010.

Please note, however, that the Free Share Allocation Plan dated 25 July 2007 matured during the financial year. As a result, the Board of Directors Meeting on 29 July 2009 vested in Mr Giuliano Berretta, in his capacity as Chairman and CEO, a total of 76,431 shares, and in Mr Jean-Paul Brillaud, Deputy CEO, 25,991 shares. Pursuant to Article L. 225-197 of the French *Code de commerce,* these shares will not be available until the expiry of an additional holding period of two years.

In a decision dated 1 February 2010, the Board of Directors set up a Long Term Incentive Programme (LTIP) for staff and Management, including the Group's Directors and Corporate Officers, involving a maximum of 700,000 shares to be acquired in the market. The vesting period was fixed at three years, expiring on 2 February 2013. Shares will be definitely acquired if performance objectives have been met during the three-year period and the beneficiary is still working for the Group. Furthermore, to be definitely acquired, these shares must be held for an additional two-year period.

Under this Plan, Mr de Rosen, CEO, is entitled to a maximum of 66,952 free shares and Mr Brillaud, Deputy CEO, to a maximum of 36,122 free shares.

Conditions for admittance to and participation in General Meetings of Shareholders

You are informed that within the Group, there are no pre-emptive shares and no shares with double voting rights attached. Resolutions of General Meetings of Shareholders are approved on the basis of the conditions for majority and quorum provided for under existing legislation and according to the one-share / one-vote principle.

Conditions for taking part in General Meetings of Shareholders are laid down in Article 21 of the Company's By-laws, as updated by the Board of Directors' decision dated 30 July 2009.

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>> 3. Management of the Eutelsat Group

The composition of the Group's Management was substantially modified during the financial year ended 30 June 2010.

Because Mr Berretta reached the statutory age limit for exercising his functions as CEO, the Board of Directors decided to appoint Mr de Rosen as CEO of the Company. The Board Meeting on 10 November 2009 further accepted Mr de Rosen's appointment of Mr Brillaud as Deputy CEO.

At Eutelsat S.A., the Group's principal operating company, the Management is assisted by (i) a newly created Executive Committee comprising the CEO, the Deputy CEO, the Chief Financial Officer, the Chief Technical Officer and the Chief Commercial Officer, the latter two having been newly appointed by the Group.

Furthermore, the Management decided to create an enlarged Management Committee including the main Corporate Officers in the following departments: Sales, Finance, Legal, Multimedia Products, Operations, Technical, Engineering, Mission and Programme Coordination, Strategy and Risk Management.

The Group considers that the identical nature of the offices and functions exercised by Messrs. de Rosen and Brillaud, as well as the streamlined Management structure, are evidence of the consistent 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.

>> 4. Internal control procedures

Internal control is a Company process supervised and applied separately from the concept of risk management. It is defined and implemented under the responsibility of the internal audit function to ensure:

- compliance with laws and regulations;
- application of instructions and guidelines set up by Management;
- the proper functioning of the Company's internal procedures, particularly those which help protect its assets;
- the reliability of the Company's financial information;
- and, in general terms, it contributes to the Company's command of its business activities, the efficacy of its operations and the efficient use of its resources.

The Company has taken steps to adapt its internal control mechanism to the AMF's frame of reference. This process is continuing.

It is important to make a distinction between internal control procedures designed to ensure the security of the Group's operating activities, *i.e.* procedures related to the management of satellite risks and other Group risks on the one hand, and internal control procedures related to the preparation of accounting and financial information (in compliance with the applicable regulations) concerning the business activity of the Company and its subsidiaries on the other hand.

The Company's role is to provide financial and strategic steering for the Eutelsat Group. The operating activities of the Group, and especially its satellite-related activities, are carried out by Eutelsat S.A. The operating procedures described below are the procedures implemented at Eutelsat S.A. and its subsidiaries.

Procedures related to the satellite fleet and its operation

Protecting the integrity of the satellite fleet

The purpose here is to ensure continuity for the telecommunications service provided to our customers and end-users.

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

These activities are carried out from Eutelsat S.A.'s two control centres. These have back-up facilities to guard against any operational unavailability or interruption affecting the centres. Exercises are regularly carried out involving evacuation of the main control centre and recovery by the back-up facilities.

The control centres ensure that the satellites are protected and that the signal's operational continuity is maintained so as to meet the requirements of the Group's customers.

Operational procedures for the control centres, and especially the control centre responsible for the satellite fleet, exist in written form and cover manoeuvres and configuration changes needed in a nominal situation as well as in a crisis situation or where a technical incident occurs. Procedures are periodically reviewed, tested and activated to ensure *inter alia* that the controlling staff is kept continuously up-to-date.

Any incident affecting a satellite or one of the transmitted signals (*e.g.* a technical failure or signal interruption) is dealt with internally by the Operations Department according to escalation procedures. These procedures provide for internal expertise to be available immediately as well as the expertise of the satellite manufacturers where necessary. All incidents affecting either one of the satellites or the control system are properly logged and followed up under the authority of the person responsible for satellite operations with the aim of identifying the causes of the incident and proposing and implementing the necessary corrective measures.

In addition, any material incident likely 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; and
- where appropriate, reviewed also by a panel of independent experts, depending on the nature of the incidents having occurred;
- reported in a press release.

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IT security and certification of the satellite control system

The introduction of measures designed to strengthen IT security for information systems used for satellite control continued during the year. The work is coordinated by the manager specifically in charge of the security of the Company's information systems and this included *inter alia* the installation of biometric devices for the work stations used for satellite control. Other measures are under way to pursue improvements in the security of the IT Systems and data networks used in controlling the satellites.

The satellite control team is seeking to obtain a security certification (ISO 27001) by the end of 2010.

Certification of satellite control activities under ISO 9001 was obtained in 2005 and renewed in June 2008. Certification covers control and operation of the satellites, satellite launch and orbit operations, and the satellite ground control system (definition, development, procurement, deployment, operation and maintenance)

A quality control system based on ISO 9001, covering the Operations Department activities at the Rambouillet Teleport, is currently being set up. The activities concerned are those relating to the communications control centre, the radiofrequency systems and the teleport's technical infrastructures.

Managing and preventing the Group's other operating risks

The Company's business continuity plan (PCA)

The continuity plan defines the following:

- mapping of critical processes and the targets for their recovery. Mapping is derived from an analysis of the impact on job/task performance in various crisis scenarios;
- crisis management procedures (logistics, external and internal communications, decision-making process);
- procedures describing the necessary tasks to be performed at the back-up site;
- the back-up information system (applications, systems and network infrastructure, telephony);
- procedures describing emergency actions to be conducted in a crisis scenario;
- the necessary logistics for activating the plan (back-up positions for users, rooms with technical facilities to accommodate the back-up infrastructure).

At the beginning of 2006, Eutelsat S.A. launched a continuity plan for its activities (PCA) aimed at reducing the strategic, economic and financial risks in the event of prolonged unavailability of its registered office located at 70, rue Balard – 75015 Paris.

Under the responsibility of the Information Systems Department, this project seeks to define the conditions for carrying on the commercial, financial and administrative, legal, corporate communications, information systems management and human resources activities.

Activities directly linked to managing the satellite fleet (notably satellite and communications control centre activities) are not currently included as they are already covered by specific security procedures, as described below.

During 2008/2009, a full-scale test of the continuity plan was carried out (January 2009) covering the 10 most critical processes (which would need to resume during Week 1 after the plan is activated).

During 2009/2010, a second full scale test of the PCA was carried out on the back-up site to test the resumption of the following financial processes: revenue management, financial settlements and analysis, management control, closing of accounts and legal consolidation, general accounts and taxation, monitoring of fixed assets, cash flow.

These tests made it possible to confirm that the organisational and technical procedures are adequately executed in the presence of the staff involved in crisis situations at the back-up site and under conditions similar to those of an actual crisis. Those conducted over the last two financial years validate the PCA's proper functioning.

Information systems security

The desire to address the operating risks related to the security of the Company's information systems can be seen in the position created in January 2007 for an Information Systems Security Manager. This cross-department role covers all the information systems at Eutelsat S.A.'s operation of the management IT and terrestrial networks needed for corporate activities and for satellite control.

The objectives of this function at Eutelsat are as follows:

- map the risks related to information systems' security and assess their impact for the Company's operation;
- introduce a policy and a set of standards adapted to the Company's security requirements;
- draw up an action plan and lead a cross-department security committee in charge of monitoring its implementation;
- evaluate the protective measures in place in the organisational and technical areas;
- introduce and subsequently take up the position of IT and Freedoms Correspondent for the CNIL *(Commission nationale de l'informatique et des libertés)* with a view to reducing some administrative formalities and ensuring proper application of the IT and Freedoms Act.

The following measures were undertaken in 2009-2010:

- the Information Security Manager was appointed as personal data protection correspondent to the CNIL for the subsidiary Fransat;
- the technical recommendations of an audit in favour of an enhanced protection of information systems against Internet-related risks were taken into account;
- an infrastructure aimed at securing IT traces for the purposes of prevention (definition of alerts in the event of suspicious occurrences) and reaction (faster reactions in the event of incidents relating to IT security) was set up;
- a set of methods were adopted to take account of security in IT projects;
- a new awareness campaign was launched for all Eutelsat employees, highlighting IT security issues and associated good practices to be applied.

Handling accounting and financial information

As well as establishing internal control procedures for its main 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 which manage its equity interests.

Monthly reporting procedures are in place under the supervision of the Deputy CEO. Reporting takes account of information on the

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Group's activities as provided by the operational departments of Eutelsat S.A. (Commercial Department, Multimedia Department, etc.) after due reconciliation with the relevant bookkeeping and legal documentation.

This being the case, all services provided by Eutelsat S.A. comply with the control procedures defined by Eutelsat S.A.

Controlling the actions of the subsidiaries which manage the Group's equity interests

Having streamlined the Group's structures during the financial year 2008-2009, our Company now holds over 95% of Eutelsat S.A., the Group's principal operating company, via Eutelsat Communications Finance S.A.S. (a fully-owned subsidiary of Eutelsat S.A.).

Control of the undertakings and actions of Eutelsat Communications Finance is essentially based on the applicable legal provisions and By-laws. Its legal form is that of a joint stock company *(société par actions simplifiée)* incorporated under French law. The sole Chairman of this subsidiary is Mrs. Sylvie Lallement, Eutelsat S.A.'s Legal Counsel.

Pursuant to the By-laws, there is no limit to the powers of the sole Chairman, with the exception of those subjects reserved By-law to the sole shareholder, namely in fine the Management of Eutelsat Communications. Any decision or any projected modification of the By-laws, increase in capital, merger and/or transformation constitute matters that have to be dealt with by the Management of Eutelsat Communications.

Controlling the actions of the operating subsidiaries

During the 2007/2008 financial year, the Company's Management took action to reinforce visibility over the activities of Eutelsat S.A.'s subsidiaries. Two new control mechanisms were introduced:

- September 2007: creation of a posi to provide financial control over subsidiaries and equity interests;
- January 2008: creation of a "Subsidiaries Committee", which meets on a quarterly basis and whose main task is to provide increased supervision of the subsidiaries' activities and ensure that Group procedures are being duly applied. This Committee reports directly to the Deputy CEO and is composed of members of Management, the financial controller for the subsidiaries, the legal expert responsible for the subsidiaries, the Group DHR and the internal auditor.

In 2009-2010, the Subsidiaries Committee met once each half-year.

Preparing the consolidated financial statements

At each monthly close, the financial data of each Eutelsat subsidiary is reviewed by the consolidation and reporting manager to verify that the accounting policy and methods currently in force within the Group are being correctly applied.

In addition, each time the books are closed (full-year and half-year), the Board of Directors meets to examine and approve the financial statements in the presence of the Eutelsat Communications' Statutory Auditors.

As part of their audit at each close, the Eutelsat Communications' Statutory Auditors make sure that the accounting policy and procedures developed in the consolidation manual and applied by the Company are appropriate, and that the accounts approved by the Board of Directors give a true and fair view of 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 a consolidation and reporting system since July 2007, guaranteeing:

- that there is a single point of provenance, managed in a communal database, for the information used for the legal consolidation and for the reporting process;
- that validation of the legal data by the Managers in the Group's companies is recorded in the application and stored.

Delegations of authority and signature

Theoretically, all contracts and documents embodying a commitment for the Company are submitted for signature by the CEO or by the Deputy CEO. In a number of specific cases, however, such as contracts with suppliers involving small amounts, delegations of signature have been authorised by the CEO to certain persons in the Group. The delegations of signature are prepared by the office of the General Counsel, which ensures that they are properly followed up. The CEO 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 Regulations are satisfied.

Management and follow-up of the Group's contracts with suppliers

In the same way as the Group's other contracts, preparation, negotiation and follow-up of the Company's supplier contracts and financing contracts is the task of Eutelsat S.A. under the service agreement between the Company and Eutelsat S.A. Before they are signed, contracts with suppliers are examined under a procedure that requires endorsement by the relevant Directors, followed by formal approval by the CEO, by the Deputy CEO or by the Directors to whom the CEO has delegated his signature.

Financing contracts are approved by the Board in accordance with the Board's Internal Regulations.

Management and follow-up of contracts with customers

The Group's contracts with customers are signed by Eutelsat S.A. or its subsidiaries on the basis of standard models prepared by the office of the General Counsel and the Commercial Department of Eutelsat S.A.

Any change to this standard format is examined in advance by the office of Eutelsat S.A.'s General Counsel before the contracts are signed by those with authority to do so.

The Commercial Director of Eutelsat S.A. has authority to sign sales agreements for up to 300,000 euros per year. Where sales agreements are for amounts between 300,000 and 600,000 euros per year, the signature of the General Counsel is also required. For agreements with amounts exceeding 600,000 euros per year, only the CEO (or the Deputy CEO) is authorised to sign.

The Director of the Multimedia Department is authorised to sign Multimedia services sales contracts for up to 1,000,000 euros. Above this figure, such contracts have to be signed by the CEO (or Deputy CEO).

The processes leading up to the signature of capacity allotment agreements are complex and they result in billing the customers. During each financial year, the sales cycle, which the Management

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of the Group deems to be one of the key processes, is thoroughly audited. The objectives of these recurring annual audits, which are carried out internally, are to assess the relevance of the internal procedures in place. On the basis of the findings of these audits, appropriate modifications are made to the internal procedures to reinforce the reliability of the procedures contributing to the recognition of revenues.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Commercial Department and the Finance Department.

Management of customer risk

All new customers are now systematically assessed by the "Customer Credit Management" team in the Finance Department and this procedure can lead to imposing a need for contractual or financial guarantees on the customer, with any delayed payment being the subject of a monthly cross-departmental follow-up with the appropriate customer-care managers in the Commercial Department and the office of the General Counsel.

The Group has also taken out a new credit-insurance policy to provide better protection against the risks of customer default.

Purchasing procedures

Procedures have been established to guarantee that any commitment to order goods or services is preceded by a duly authorised purchase request.

The authorisation procedure that has to precede all purchases is as follows:

1. Validation by Management of a budget envelope per project/activity as part of the Annual Budget approved by the Board of Directors;
2. Followed by validation by the Director of the Department from which the purchase request originates.

Invoices received are compared with the appropriate items delivered and/or the appropriate services provided subsequent to submission of the relevant contract or order form.

Payment of the invoices is subject to the agreement of the services concerned in the purchasing process, in compliance with the internal control policy relating to the rules for the separation of each function involved.

All payments are based on the principle that there will be two signatures. If certain pre-determined amounts are exceeded, the signature of the CEO or of the Deputy CEO is also required.

As regards procurement contracts for satellites and launchers, these are approved beforehand by the Board of Directors as part of its review of the Group's activities and investment decisions. Contracts for such programmes are governed by a specific procedure (technical, legal and financial) before being signed by the CEO or Deputy CEO of Eutelsat S.A.

Addressing the Group's principal financial risks

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 entities within the Group (including the Company), the treasury function at Eutelsat S.A. manages foreign exchange risk, interest rate risk, counterparty risk and liquidity risk on behalf of all the entities in the Group.

To meet interest-rate and counterparty risk, the Group has acquired a number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash flows caused by variations in interest rates and foreign exchange values. The Group's policy is to use derivatives to cover such exposure. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, *i.e.* the Group never sells assets it does not possess, or about which it is uncertain whether it will subsequently possess them.

Foreign-exchange risk

The Group's functional currency is the euro. The Group is therefore principally exposed to fluctuations in the value of the U.S. dollar. For the financial year ended 30 June 2010, the Group hedged certain future U.S. dollar revenues by means of financial instruments such as traditional or knock-in foreign-exchange options, forward currency transactions and foreign-currency deposits. These instruments are traded over-the-counter with A-rated banking counterparties. Some contracts with suppliers (for satellites or launch services) are denominated in U.S. dollars.

Interest-rate risk

The Group manages its exposure to interest-rate variations by keeping part of its debt at fixed rates (Eutelsat S.A. bonded debt), by applying a policy of fully hedging its variable rate revolving credit facilities. To hedge its debt, the Group uses interest-rate hedges both for the Company and for Eutelsat S.A..

Counterparty risk

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments.

The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products exclusively from A-rated financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

Liquidity risk

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, bank loans and bonded debt, revolving credits from banks, and satellite leases.

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>> 5. Risk Management policy

Due to the highly complex nature of the activities involved in operating and developing its satellite fleet, the Group's Management has always been particularly aware of risk Management within the Group. Nevertheless, the notion of a company incurring risks has broadened considerably in scope in recent years, largely as a result of emerging financial and commercial regulations. To mark the increased importance being given to the concept of managing risks, therefore, and on the basis of a recommendation made by the Audit Committee of the Board of Directors, the Group created a new post for a Director of Risk Management in 2008.

Reporting directly to the Group's Management, and acting separately from the internal audit function, the risk-management function performs the following main tasks:

- identify the major risks likely to affect the Group's operations and activities and define an associated policy and process for reducing those risks with the other functions involved;
- assist the Group's Management and Audit Committee in applying a risk Management policy;
- ensure the Group's interests are protected by making sure that risks likely to affect the Group are defined in a suitable manner and that the operations and activities and the internal control procedures of the Company are carried out in such a way as to minimise the risks to the Group as much as possible;
- ensure that risk Management policies are implemented in an appropriate manner and that they are taken into account in the performance of the Company's activities.

During the financial year 2009/2010, mapping of the risks for the Group was updated, the purpose being to identify and measure the importance of the risks that are likely to affect the performance of the Group's operations and activities. The risk-management function also continued to develop and implement a new methodological approach that is more cross-disciplinary in nature, applied to the Group's various business activities.

Risk Management work during 2009/2010 continued to focus on the notion of access to space, with systematic assessment of the risks of failure or delay when launching satellites, which has been carried out in conjunction with the technical, commercial and finance departments, and defined solutions for minimising the impact of such risks as far as possible. The new commercial and investment projects were also subjected to thorough analysis.

The importance assigned to the notion of risks within the Group, as seen for example in the development of this new function, shows the level of attention being given by Management and the Board of Directors to an active policy of risk reduction to protect the Company's assets, activities and interests in the best possible way.

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STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*) ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF EUTELSAT COMMUNICATIONS S.A. IN RESPECT OF THE INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF THE ACCOUNTING AND FINANCIAL INFORMATION

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Eutelsat Communications
Société anonyme with a Board of Directors and a share capital of 220,113,982 euros
Registered office: 70, rue Balard – F-75015 Paris
481 043 040 R.C.S. Paris

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Statutory Auditors' report prepared in accordance with article L. 225-235 of the French commercial code (*Code de commerce*) on the report prepared by the Chairman of the Board of Directors of Eutelsat Communications S.A.

To the Shareholders,

In our capacity as Statutory Auditors of Eutelsat Communications and in accordance with article L. 225-235 of the French commercial code *(Code de commerce),* we hereby report on the report prepared by the Chairman of the Board of Directors of your company in accordance with article L. 225-37 of the French commercial code *(Code de commerce)* for the year ended 30 June 2010.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk Management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code *(Code de commerce)* notably relating to matters such as corporate governance.

Our role is to:

- provide you with any matters we have to report regarding the information contained in the Chairman's report concerning internal control and risk Management procedures on the preparation and processing of financial and accounting information; and
- confirm that this report contains all of the disclosures required by article L. 225-37 of the French *Code de commerce.* It is not, however, our role to verify the fair presentation of these other disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the due diligences to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information.

These diligences consist mainly in:

- obtaining an understanding of the internal control and risk Management procedures relating to the preparation and processing of financial and accounting information underlying the information presented in the Chairman's report, as well as the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the Company's internal control procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225-37 of the French commercial code *(Code de commerce)*.

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French commercial code *(Code de commerce)*.

Courbevoie and Paris-La Défense, 30 July 2010

The Statutory Auditors

French original signed by

MAZARS
Isabelle Massa

ERNST & YOUNG Audit
Jean-Yves Jégourel

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED RELATED PARTY TRANSACTIONS

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Eutelsat Communications
***Société anonyme* with a Board of Directors and a share capital of 220,113,982 euros**
Registered office: 70, rue Balard – F-75015 Paris
481 043 040 R.C.S. Paris

Special report of the Statutory Auditors on regulated related party transactions

To the shareholders,

In our capacity as Statutory Auditors of your company, we hereby report to you on your contractual agreements and commitments.

Agreements and commitments authorized during this year

In accordance with the requirements of article L. 225-40 of the French *Code de commerce,* we were informed about agreements and commitments that had been previously approved by your Supervisory Board.

We are not required to ascertain whether any contractual agreements and commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us without expressing our opinion on their usefulness or merits. It is your own responsibility, in accordance with the requirements of Article R. 225-31 of the French *Code de commerce,* to evaluate the benefits resulting from these agreements and commitments 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.

Reinvoicing Agreement in case Eutelsat Communications shares are purchased to serve the Free Allotment Shares Plan

In the context of the implementation of the Free Allotment Shares Plan approved by the Board of Directors of 1 February 2010, the Board of Directors of 22 June 2010 approved the agreement with some subsidiaries of the company, including Eutelsat S.A., Skylogic S.p.A., Eutelsat Inc., to reinvoice the costs of shares eventually purchased.

Since no share has been purchased on the Stock Exchange by Eutelsat Communications as of 30 June 2010 to serve the Free Allotment Shares Plan, no reinvoicing has occurred during the period.

The natural persons are Mr de Rosen and Mr Brillaud.

Service delivery Agreement with Eutelsat Italia

The Board of Directors of 10 December 2009 approved the service delivery agreement entered into the subsidiaries Eutelsat S.A. and Eutelsat Italia S.p.A.

Pursuant to this agreement, Eutelsat S.A. has charged Eutelsat Italia for 19,689 euros as of 30 June 2010.

The natural person is Mister Berretta.

Agreements with the Directors and Corporate Officers

The Board of Directors of 10 December 2009 approved a change in the applicable rate of the defined benefit pension plan – Article 39 of the French *Code général des impôts.* Previously, the Board of Directors of the 25 September 2007 had approved the contribution to a complementary defined benefit pension plan – Article 39 of the French *Code général des impôts,* for the benefit of Misters Berretta and Brillaud.

Pursuant to this agreement, your company has paid 176,238.50 euros during the period 2009/2010.

The Board of Directors of 22 June 2010 has decided to pay exceptional Director's fees to Lord John Birt, for 36,000 euros, in relation to the work involved to deliver the report on "TV Channels jamming" to the Board of Directors.

Contents

Continuing agreements initiated in prior years

Furthermore, in compliance with the French commercial code, we have been informed that the execution of the following agreements and commitments, which were approved during prior periods, was pursued during the financial year ended 30 June 2010.

Tax consolidation agreement

Tax consolidation agreement between Eutelsat Communications S.A. and Eutelsat Communications Finance S.A.S., Eutelsat S.A. and Eutelsat TV S.A.S. went on during the period. Furthermore, the company has concluded an agreement with Fransat S.A. to include this company in the tax consolidation perimeter.

The corporate bodies are Eutelsat S.A. and Eutelsat Communications S.A. and the natural persons are Misters Rosen and Mr Brillaud.

Pursuant to this agreement, your Company recorded a profit of 23.9 million euros as of 30 June 2010.

Paris–La Défense and Courbevoie, 30 July 2010.

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG Audit
Isabelle Massa	Jean-Yves Jégourel

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CROSS-REFERENCE TABLE OF THE ANNUAL FINANCIAL REPORT

This reference document incorporates all information required for the Annual Financial Report as mentioned in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the *Autorité des marchés financiers'* General Regulation.

The documents mentioned in Article 222-3 of the *Autorité des marchés financiers'* General Regulation and the corresponding sections in this reference document are as follows:

AMF's General Regulation – Article 222-3

	Reference document	
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2. Consolidated financial statements of the Eutelsat Group	Section 20.1.1	115
3. Management report		
Review of business trends, financial position and earnings	Chapter 3	5
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Indications concerning the use of financial instruments by the business	Section 4.4	15
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