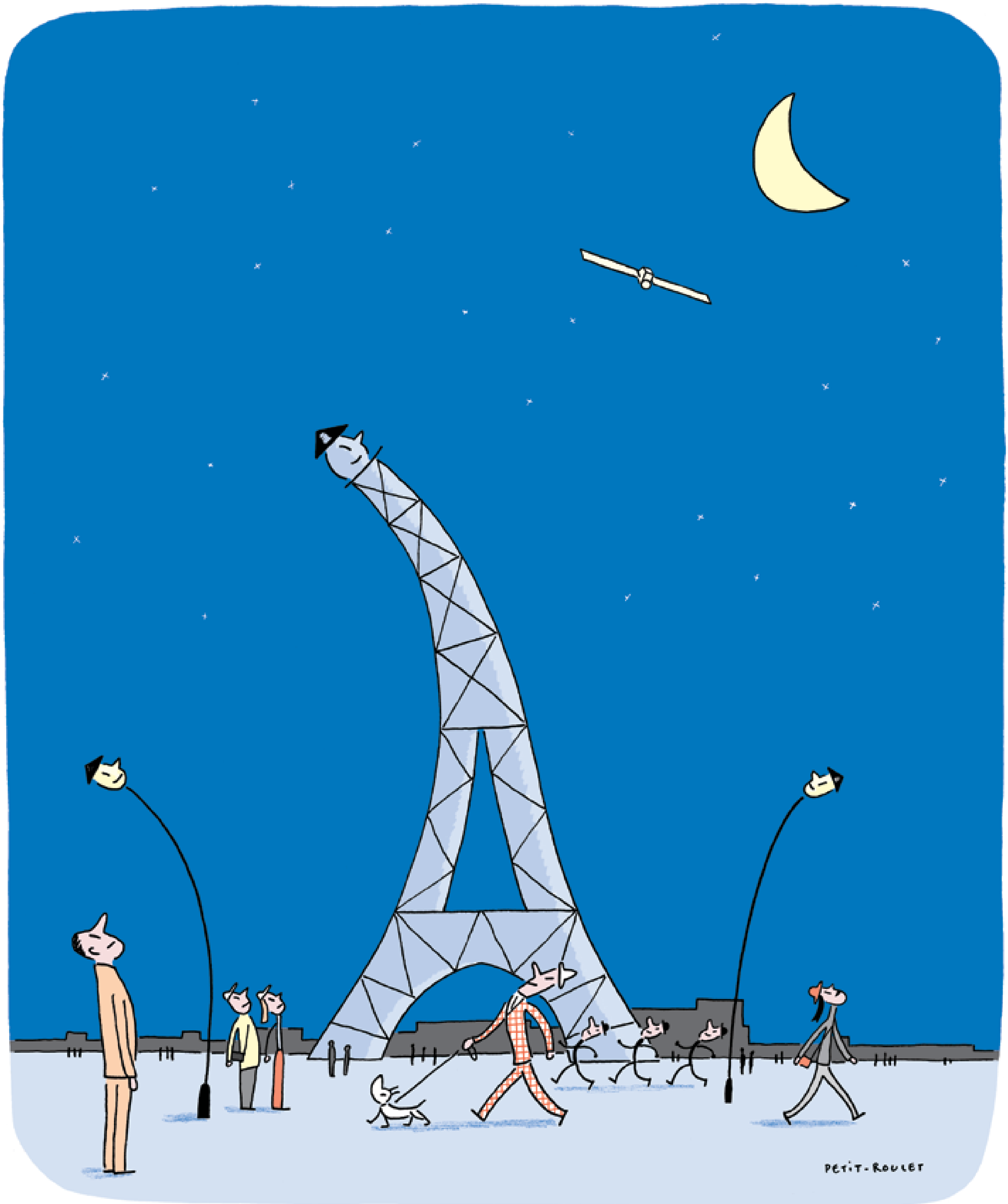
eutelsat COMMUNICATIONS

Expanding space
to communicate

REFERENCE DOCUMENT 2010-2011



Contents

eutelsat COMMUNICATIONS

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

REFERENCE DOCUMENT 2010-2011 INCLUDING THE ANNUAL FINANCIAL REPORT

AUTORITE DES MARCHES FINANCIERS AMF

This document is an unofficial translation of the French *document de référence* filed with the *Autorité des marchés financiers* ("AMF") on 23 September 2011 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 for reference purposes in this reference document:

- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2010 and the related Statutory Auditors' report figuring, respectively, in Sections 20.1.1 (pages 122 to 171) and 20.1.2 (page 172) of Eutelsat Communications' 2009-2010 *document de référence* registered under No. D.10-0739 by the AMF on 24 September 2010 (the "2009-2010 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 figuring, respectively, in Sections 20.1.1 (pages 124 to 174) and 20.1.2 (pages 175 and 176) 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"), and
- information on the Eutelsat Group's financial situation and results for the financial years ended 30 June 2010 and 2009, figuring, respectively, in Section 9.4 (pages 78 to 81) of the 2009-2010 Reference Document and Section 9.4 (pages 81 to 85) of the 2008-2009 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 2010-2011

In this reference document, the terms “Eutelsat Communications” and the “Company” mean Eutelsat Communications S.A. “Eutelsat S.A.” means the company Eutelsat S.A., which is the Company’s main operating subsidiary. “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 2011 prepared in accordance with International Financial Reporting Standards (IFRSs) and incorporates for reference purposes the IFRS consolidated financial statements for the years ended 30 June 2010 and 30 June 2009.

This reference document also includes the Company’s financial statements for the year ended 30 June 2011 as presented in Section 20.1.3 “Eutelsat Communications’ annual financial statements for the year ended 30 June 2011”.

Unless otherwise stated, the figures presented in this reference document are based on the consolidated financial statements for the year ended 30 June 2010 and the consolidated financial statements presented in Section 20.1.1 of this reference document for the year ended 30 June 2011.

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 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

1.1 Person responsible for the 2010-2011 reference document

Mr. Michel de Rosen, Chief Executive Officer of Eutelsat Communications.

1.2 Certification by the person responsible for the 2010-2011 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 the 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 Statutory Auditors' reports figuring in Sections 20.1.2 and 20.1.4.

Paris, 23 September 2011

Michel de Rosen
Chief Executive Officer

2 STATUTORY AUDITORS

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

France

The Combined Ordinary and Extraordinary 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

France

Mazars was appointed as Statutory Auditor of the Company for a term of six financial years at the Meeting of Partners on 20 July 2005. This term expires at the end of the Ordinary General Meeting approving 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

France

The Combined Ordinary and Extraordinary General Meeting of 9 November 2009, having duly noted the expiry of the term of office of Mr. 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 approving the accounts for the financial year ending 30 June 2015.

Mr. Gilles Rainault

61, rue Henri-Regnault

92400 Courbevoie

France

Mr. 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 term expires at the end of the Ordinary General Meeting approving the accounts for the financial year ending 30 June 2011.

3 SELECTED INFORMATION and financial data

3.1 Brief presentation of the Eutelsat Group

With a fleet of 28[1] satellites in geostationary orbit (GEO) between 15° West and 75° East and broadcasting more than 3,880 television channels, the Group is the leader in Extended Europe[2] for the provision of Fixed Satellite Services (FSS).

It mainly operates and supplies capacity for video applications, professional data networks and value-added services.

Thanks to its fleet of satellites, the Group covers the entire European continent, the Middle East and North Africa ("Extended Europe"), as well as sub-Saharan Africa and a significant part of the Asian and American continents, potentially giving it access to 90% of the world's population.

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

- private and public broadcasters, including the European Broadcasting Union (EBU), RAI, France Télévisions, Deutsche Welle, the BBC, Mediaset, TVN, TF1, RTL, France 24, ARD, ZDF, NHK, Viacom, Discovery Channel, CCTV, Eurosport and Euronews;
- major pay-TV digital television operators, including SKY Italia, the Canal+ Group, BSkyB, Bis, Orange, Tele Columbus, 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 or network operators such as Hughes Network Systems, Algérie Télécom, Orascom, AT&T, Siemens Business Services, Atrexx and Bentley Walker;
- operators of satellite services in the Middle East, such as Nilesat and Noorsat;
- telecoms operators for the provision of broadband Internet access solutions such as Swisscom, France Telecom, Hellas-on-Line and Fastweb.

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

The Group's strengths

The Group boasts some significant strengths:

- a large number of orbital positions in operational services on the European orbital arc (15° West to 75° East) serving Extended Europe[2] and sub-Saharan Africa 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 rapid growth expected in the number of channels 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 of 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 2011, Video Applications accounted for 68.6% of consolidated revenues excluding non-recurring revenues, Data Services and Value-Added Services represented 20.4% of consolidated revenues excluding non-recurring revenues and Multi-Usage Services accounted for 11% of consolidated revenues excluding non-recurring revenues;
- significant and regular cash flow due to the make-up and size of the Group's order backlog which stood at €4.96 billion as of 30 June 2011 with a weighted average residual life of contracts of 7.5 years.

Thanks to these strengths, for the fourth consecutive year, Eutelsat Communications delivered one of the best financial performances in the FSS sector in terms of revenue growth (+11.5%) and the best in terms of operating performance with an EBITDA margin of 79.3% as of 30 June 2011.

(1) Including W75 under de-orbiting as of 30 June 2011.

(2) Extended Europe comprises Western Europe, Central Europe, the Community of Independent States (Russia), North Africa and the Middle East.

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Group strategy

During the financial year, the Company continued to successfully implement its development strategy aimed at consolidating and strengthening 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 in-orbit resources over Extended Europe and sub-Saharan Africa, and also of innovating in order to operate new frequency bands such as KA or S, and develop promising new applications to provide incremental growth such as consumer satellite broadband Internet access and 3D television.

Over the financial year, this strategy was reflected in:

- growth in all the Group's applications during the period. This performance was all the more remarkable in that the additional in-orbit resources entering into service during the financial year were only available at the end of the year (KA-SAT);
- the launch of KA-SAT on 26 December 2010 followed by its activation on 31 May 2011;
- the pursuit of a significant investment policy to renew orbital resources.

3.2 Key figures

The tables below present extracts from the Group's consolidated balance sheets, income statements, EBITDA calculations and statements of consolidated cash flows, in compliance with IFRSs, for the financial years ended 30 June 2009, 2010 and 2011. The main accounting principles used by Eutelsat Communications to prepare its consolidated financial statements for the year ended 30 June 2011 are set out in Note 4 to Eutelsat Communications' consolidated financial statements in Section 20.1 "Financial information for the year ended 30 June 2011".

EXTRACT FROM THE CONSOLIDATED BALANCE SHEETS OF EUTELSAT COMMUNICATIONS

(in millions of euros)	30 June 2009	30 June 2010	30 June 2011
Total non-current assets	4,139.5	4,336.1	4,340.6
Total current assets	470.0	381.0	410.6
Total assets	**4,609.4**	**4,717.1**	**4,751.2**
Total shareholders' equity	1,397.8	1,512.3	1,728.8
Total non-current liabilities	2,823.7	2,816.4	2,696.6
Total current liabilities	387.9	388.3	325.8
Total liabilities	**4,609.4**	**4,717.1**	**4,751.2**
NET DEBT[(1)]	**2,326.0**	**2,424.3**	**2,197.9**

(1) Net debt includes all financial debt and 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 2009	30 June 2010	30 June 2011
REVENUES	**940.5**	**1,047.2**	**1,168.1**
Operating costs	(72.1)	(80.9)	(88.7)
Selling, general and administrative expenses	(126.3)	(138.6)	(153.1)
Depreciation and amortisation[(1)]	(294.3)	(313.4)	(280.5)
Other operating income	145.8	0.1	235.4
Other operating charges	(122.0)	(6.0)	(236.1)
OPERATING INCOME	**471.6**	**508.6**	**645.2**
Financial result	(99.6)	(100.6)	(109.2)
CONSOLIDATED NET INCOME	**260.0**	**282.5**	**354.7**
NET INCOME ATTRIBUTABLE TO THE GROUP	**247.4**	**269.5**	**338.5**

(1) "Depreciation and amortisation" as of 30 June 2011 includes €44.5 million of amortisation charges on "Customer contracts and associated relationships" recognised when Eutelsat Communications acquired Eutelsat S.A.

EBITDA

(in millions of euros)	30 June 2009	30 June 2010	30 June 2011
Revenues	940.5	1,047.2	1,168.1
Operating expenses(1)	(198.4)	(219.4)	(241.7)
EBITDA(2)	**742.1**	**827.8**	**926.4**
EBITDA margin ***(as a percentage of revenues)***	78.9%	79.0%	79.3%

(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.

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 2009	30 June 2010	30 June 2011
Net cash flows from operating activities	654.7	698.3	816.8
Net cash flows used in investing activities	(301.1)	(491.5)	(248.3)
Net cash flows used in financing activities	(217.8)	(306.4)	478.1
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**135.3**	**(100.0)**	**91.1**

BACKLOG

	30 June 2009	30 June 2010	30 June 2011
Value of contracts *(in billions of euros)*	3.9	4.9	5.0
Weighted remaining duration of contracts *(in years)*	7.8	8.0	7.5
Portion relating to Video Applications	92%	92%	91%

As of 30 June 2011, the Group's order backlog stood at around €4.96 billion or 4.2 times annual revenues (excluding other revenues and non-recurring revenues), compared with €4.88 billion as of 30 June 2010.

4 RISK FACTORS

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

At the filing date of this reference document, the risks described are those whose occurrence is likely to have a significant adverse impact on the Group, its business, financial situation and/or 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 for illustrative purposes and are not exhaustive in nature. These risks, or any other non-identified risks at the date this reference document was filed, or those considered as without significance by the Group at the filing date of this reference document, 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 risks irrespective of whether they are mentioned in this reference document may result or arise from external factors, such risks being beyond the Group's control.

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 plans to launch seven new satellites (ATLANTIC BIRD™ 7, W3C, W6A, W5A, EUROBIRD™ 2A, W3D and Eutelsat 3B) before the end of calendar year 2014. 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 new satellites.

Moreover, the limited number of launch service operators reduces the Group's flexibility and options when it comes to transferring 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, would impair the Group's ability to generate new sales opportunities, implement its development strategy, meet its contractual service continuity commitments to customers and end 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 with the technical ability to launch the 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. The Group thus currently intends to use four different launch service providers: Arianespace, International Launch Services (ILS), China Great Wall Industry Corp (CGWIC)/Chinese Society of Astronautics (CSA) and Sea Launch Limited Partnership.

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 (*e.g.* following a failed launch) or financial difficulties, the Group could 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 the current contracts. Such events could have a significant detrimental impact on the Group's business (*e.g.* delayed satellite activation) and financial position.

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

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

As of 30 June 2011, future payments on satellite construction contracts amounted to €255 million and future payments on launch contracts amounted to €265 million. These future payments are spread over five years. The Group has also made commitments with other suppliers for service provisions and acquisitions of fixed assets relating to the monitoring and control of satellites. The following table lists the payments for these services and acquisitions as of 30 June 2010 and 30 June 2011:

	As of 30 June	
(in millions of euros)	2010	2011
2011	80	-
2012	21	60
2013	16	23
2014	13	20
2015 and beyond	47	18
2016 and beyond	-	69
TOTAL	**177**	**190**

During the financial year 2010-2011, the Group's procurement from satellite manufacturers and launch service providers stood at about €441.5 million and none represented more than 35% of this amount.

Satellite and launch service procurement, which as of 30 June 2011 and 30 June 2010 represented a respective 75% and 73% of Group acquisitions of tangible fixed assets, involved satellite manufacturers (EADS Astrium, Thales Alenia Space and Space Systems Loral) and launch operators (Arianespace, International Launch Services, Sea Launch Limited Partnership and China Great Wall Industry Corp (CGWIC)/Chinese Society of Astronautics (CSA)).

As at 30 June 2011, payments to suppliers pursuant to the Law on Modernising the Economy are as follows:

(in thousands of euros)	Under 30 days	Between 30 and 60 days	Over 60 days	Total
Payables due	217	37	5,047	5,301
Payables to come	8,476	18	-	8,494

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

(in thousands of euros)	Under 30 days	Between 30 and 60 days	Over 60 days	Total
Payables due	4,550	5,511	8,338	18,399
Payables to come	5,274	675	-	5,949

The Group considers that it is not dependent on 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 or other litigation proceedings regarding intellectual property rights

In the event of a Group supplier being unable to fulfil 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 are sensitive to the external environment. Once they are in-orbit, malfunctions may occur for various reasons and reduce their remaining operating life and/or permanently or intermittently reduce their transmission capacity, which could have a considerable adverse impact on the Group's business, financial situation and results.

In October 2010, the Group announced the loss of the W3B satellite following the malfunction observed on the satellite's propulsion sub-system after its launch by an Ariane 5 rocket (see Section 6.6.3 «Technical failures and loss of equipment»). The W3B satellite was supposed to be positioned at 16° East to replace the EUROBIRD™ 16, W2M and SESAT™ 1 satellites. In the absence of W3B, these three satellites are maintaining their services at this position ahead of the arrival of the W3C whose launch is scheduled before the end of 2011. As a result of the loss of the W3B satellite, the Group immediately initiated a new satellite programme, W3D, for entry into commercial service in early 2013.

In the event of a satellite failure or in-orbit malfunction, the Group may not be able to guarantee continuity of service for all its 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 may not be able to guarantee continuity of service for all customers 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 in-orbit malfunction, the Group may have difficulty in retaining its customers (who could terminate or renegotiate their capacity allotment agreements) and might not be able to enter into new capacity allotment agreements on satisfactory terms.

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 15 of its satellites on the basis of their net book value. 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 Group would not be compensated for damage to its satellites if the annual total loss amount was less than €50 million. Furthermore, this insurance programme does not protect the Group against losses such as opportunity cost, 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 the indemnity. 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 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 2011, insurance premiums accounted for approximately 4.2% 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 in-orbit lifetime insurance plan taken out by the Group was renewed in 2011 for a 12-month period starting on 1 July 2011.

Numerous factors, some of which are outside the Group's control, may affect the cost of insurance premiums; these mainly include 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. 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 losses deemed total 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-plus-one-year insurance covering the launch of the ATLANTIC BIRD™ 7, W3C, W6A, W5A and EUROBIRD™ 2A satellites, all of which are 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 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.

4.1.8 A growing portion of the Group's customers 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 customers. Furthermore, some distributors could ask the Group to take over end-user contracts. These customers could have less extensive financial resources than traditional distributor-customers which could 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-customers. 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 customer 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 customers using that same transponder. This fragmented capacity demand could have a significant negative impact on the Group's business, financial situation and results.

In addition, the new business model represented by the Group's TOOWAY™ consumer broadband activity includes building a base of individual subscribers to Internet services via a network of distributors and re-sellers, thus using a business-to-business-to-consumer model. This business model is new to Eutelsat and its success has yet to be proven.

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

As of the date of this reference document, the Group uses capacity on three satellites in stable orbit (Telstar 12, SESAT™ 2 and Eutelsat 3A) 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 under the same conditions. The Group cannot guarantee that a dispute resulting from such failures or malfunctions would be resolved in its favour.

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

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

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

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

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

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

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4.1.11 Risk management procedures regarding the satellite fleet and its operation

PROTECTING AND ENSURING THE INTEGRITY OF THE SATELLITE FLEET

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

The Operations Department is responsible 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 two control centres 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 customers, 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 reference 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 affecting one of the satellites or the signal 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 liable to 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;
- as necessary, reviewed by an independent team of experts, depending on the type of incident; and
- as necessary, reported via a press release.

IT SECURITY AND CERTIFICATION OF SATELLITE CONTROL SYSTEMS

The implementation of the IT security management system for satellite control continued over the past year, co-ordinated by the head of IT Systems security and more specifically, the individual responsible for the Operating Department's IT security. Biometric security mechanisms for satellite control workstations have already been deployed and other measures to improve IT security and security of data networks used for satellite control are under way.

In June 2008 and April 2011, 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).

A 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.

During the year the Group obtained ISO 27001 certification for IT Systems security for satellite control.

4.1.12 Prevention and management of other Group operating risks

THE BUSINESS CONTINUITY PLAN FOR THE COMPANY'S OPERATIONS

The business continuity plan includes the:

- mapping of critical processes and resumption objectives. This mapping is the result of an analysis of business-line impacts arising from incident scenarios;
- crisis management procedures (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 "Protecting and ensuring the integrity of the satellite fleet" section.

During 2009 and 2010, full-scale tests of the continuity plan were organised at the back-up site in the presence of the staff concerned by the resumption of the most critical processes (*i.e.* those required to resume as of the first day after the plan is activated and within a maximum two-week period) confirming the effective functioning of the business continuity plan as a whole. This plan and the related procedures are regularly updated.

During the last financial year, two tests of the emergency IT infrastructure were carried out at the back-up site. All the IT and telecommunications resources required for the resumption of the critical processes were tested and validated.

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. The tests carried out during the last two financial years confirmed that the BCP is fully operational.

SECURITY OF IT (INFORMATION TECHNOLOGY) SYSTEMS

The commitment to taking into account operating risks arising from IT Systems security within the Company led to the creation of an IT Systems Security Manager position in January 2007. This transversal function applies to the various IT Systems at Eutelsat S.A., for the operation of the corporate business as well as for satellite control.

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

- mapping of risk arising from IT Systems security and assessment of the impact on corporate operations;
- establishing a policy and standards adapted 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 the 2009-2010 financial year, 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 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 the best practices to be applied.

During the 2010-2011 financial year the following measures were taken:

- implementation of a secure messaging system with the ability to quantify and sign for emails and attachments;
- completion of an awareness campaign for all Eutelsat employees, highlighting IT security issues and associated good practices to be applied;
- launch of an audit on IT security to verify the proper application of the measures figuring in the security standards and, as appropriate, carry out the required corrective measures.

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

The available supply of satellite capacity is currently significantly lower than the level of demand in certain frequency bands (Ku and C) and/or in Extended Europe. This situation, which could last, is mainly due to long investment and in-orbit operation cycles that do not correspond, and to variations in demand as a result of the prevailing economic climate.

Given the fact that the Group sometimes experiences high utilisation rates as was the case in 2010-2011 when the fill rate was above 90% for most of the year, the Group might not be able to meet additional demand for satellite capacity from existing customers at certain orbital positions. These customers could then lease additional satellite capacity from other operators and/or decide to terminate their allotment agreements with the Group and to transfer a part of or all the capacity they lease from the Group to other satellite operators that do have capacity available, which could have a significant negative impact on the Group's business, financial position and results.

Furthermore, due to the currently high satellite capacity utilisation rates and given the limited number of customers and/or end-users of satellite capacity, the Group might not be in a position to satisfy demand from new customers should this situation of limited capacity continue, especially if the Group were to experience delays or failures with upcoming satellite launches. This could have a significant negative impact on the Group's business, financial situation and results.

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

The audiovisual industry is sensitive to variations in advertising budgets and household expenditure, which are themselves affected by the economic environment as a whole. In recent years, many television channels, broadcasting platform operators and cable TV operators have experienced financial difficulties as a result of declining advertising revenue and a general economic slowdown. The Group cannot be certain that the audio visual broadcast industry, which is an important part of its end-user base, will not be similarly affected by a deterioration in general economic conditions in the future, leading to a decrease in demand or additional pressure on prices. Such a deterioration could have a significant negative impact on the Group's business, financial position 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 position and results.

The adoption of new technical broadcasting standards, which has resulted in and could continue to result in an increase in the signal compression rate, has reduced and could continue to reduce the demand for transponders for a given number of television channels. If this reduction is not offset by an increase in the number of channels transmitted, the overall demand for transponders could decrease, which could have a significant negative impact on the Group's business, financial position and results.

4.2.3 The Group's development is closely tied to the prospects for growth in demand for satellite services. This demand might not materialise or the Group might not be in a position to meet it

The Group's development notably depends on the prospects for growth in demand for video services, which is partly linked to the expected development of DTH (Direct-to-Home) broadcasting in emerging countries and of high-definition television (HDTV) and Internet by satellite. This growth in demand may not materialise. Moreover, the Group might not be in a position to make the investments necessary at the appropriate time to meet this demand. In particular, with HDTV consuming more satellite capacity than is the case with the current satellite TV broadcasting standard, the Group might not be in a position to invest in additional satellites at the appropriate time or in proportions enabling it to meet market demand. If demand for video services does not increase or the Group is not in a position to meet this demand, this could have a significant negative impact on its business, financial position and results.

Another vector of the Group's strategy is developing Value-Added Services (especially IP access solutions). This will depend, in part, on continued growth in demand for broadband Internet services which is not a certainty and which is hard to predict. Demand for broadband Internet services could decrease or not continue to grow as quickly as over the last few years. Even if this demand does continue to grow, the Group cannot guarantee that such growth will generate increased demand for satellite services due to the cost of access to satellite capacity. Furthermore, the Group might not be able to provide broadband Internet services that correspond to market demand at competitive prices, especially if its KA-SAT TOOWAY™ programme suffers any delay or failure.

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

Development of the Group's business also depends on the availability of capacity in the various frequency bands requested by customers. Availability is insufficient in some frequency bands, and this could have a significant negative impact on the Group's ability to meet its customers' needs in these bands.

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

The Group provides satellite telecommunications services to customers in about 150 countries and could potentially move into other countries. Consequently, the Group is exposed to geopolitical, economic or other risks inherent in the international nature of its commercial activities. Pricing, tax, regulatory and customs policies pertaining to the services provided by the Group, the commercial practices in certain countries and also their political or economic instability could prevent the Group from implementing its development strategy and thereby have a significant negative impact on its business, financial position and results.

Additionally, if the Group had to bring legal action against its customers or commercial partners located outside the European Union, it could prove difficult to assert its rights, which could have a significant negative impact on its business, financial position and results.

Furthermore, in the normal course of its business, the Group occasionally encounters difficulty in recovering payment for customers' use of satellite capacity. In this respect, the standard contracts concluded with customers provide for suspension or interruption of services in the event of payment not being made. During the financial year ended 30 June 2011, outstandings corresponding to service interruptions amounted to less than 1% of annual revenue.

The in-house Revenue Management team of the Financial Department has exclusive responsibility for checking payments. In the event of a dispute, it contacts the Legal Department which handles any litigation with the support of specialised law firms.

Moreover, the Group considers that healthy receivables are not really a risk, apart from the possibility of customers located in geographical areas deemed to be potentially the most exposed to the impact of the financial crisis. This risk is calculated at about 1.35% of the value of receivables as of 30 June 2011.

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 a substantial portion of its revenues (11% of the Group's revenues for the financial year ended 30 June 2011) from the Multi-Usage Services market segment. This market segment includes the direct or indirect supply of services to governments, especially in the United States on the basis of one-year capacity allotment agreements. Obtaining and/or renewing capacity allotment agreements for this segment depends to a great extent on the international political and economic context. As a result, the Group cannot be certain that it will be capable of continuing to earn revenues from the Multi-Usage segment.

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

4.2.6 The Group is dependent on several major customers

The Group generates a significant portion of its business from a limited number of customers, most of which are telecommunications operators. As of 30 June 2011, the Group's 10 largest customers represented 52.2% of its revenues (the breakdown for the Group's top 10 customers as of 30 June 2010 and 2011 is shown in Section 6.7 "Commercial and distribution policy"). Some of the Group's major customers 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, which could have a significant negative impact on its business, financial position and results.

Moreover, some of the Group's major customers in terms of capacity and revenues, particularly those located in emerging markets, could encounter or are encountering financial difficulties liable to lead to late payments or to unpaid invoices, which could lead to termination of the corresponding allotment agreements without the Group being able to replace the defaulting customers with new customers, which could also have a significant negative impact on the Group's business, financial position and results.

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

The Group has to contend with significant competition from international, national and regional satellite operators. The Group's main competitors are the other major international satellite operators, such as SES and Intelsat. These competitors have greater satellite capacity and geographical coverage than the Group, and more financial resources are available to them. The Group is also in competition with regional and national satellite operators, some of which enjoy advantages (*e.g.* tax or regulatory advantages) in their domestic markets. The heightened competition between satellite operators could lead to greater pressure on prices, which could have a significant negative impact on the Group's business, financial position and results.

The Group is also in competition with terrestrial network operators (cable, fibre optic, DSL, radio relay broadcasting and VHF/UHF transmission, especially digital) for many transmission services and Value-Added Services, particularly for broadband IP access but also for the transmission of audiovisual programmes and content (ADSL TV, DTT). Any heightened competition could result in greater pressure on prices for satellite broadcasting and telecommunications services. Furthermore, any improvement or increase in the geographical reach of the terrestrial network operators could result in the Group's customers opting for the telecommunications solutions proposed by these operators, thereby making it more difficult for the Group to retain or develop its customer portfolio. Heightened competition with the terrestrial network operators could thus have a significant negative impact on the Group's business, financial position and results.

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

Some technological innovations that could be developed in the future with alternatives to satellites could render satellite technology 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 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.

Like with other contracts in 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 Chief Executive Officer, the Deputy Chief Executive Officer or the Directors to which the Chief Executive Officer has delegated proxy signature.

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

POWER OF ATTORNEY AND SIGNATURE

In principle, all contracts and documents setting out a Company commitment are subject to signature by the Chief Executive Officer or Deputy Chief Executive Officer. However, in some particular cases such as the processing of supplier contracts involving modest 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 Internal Rules.

MANAGEMENT AND FOLLOW-UP OF CONTRACTS WITH CUSTOMERS

The Group's contracts with customers are concluded by Eutelsat S.A. or its subsidiaries on the basis of standard models prepared by 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 per year. Where sales agreements are for annual amounts of between €300,000 and €600,000, the signature of the General Counsel is also required. Above €600,000 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. Above this figure, such contracts must 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 customers. 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 the 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 and Finance Departments.

CUSTOMER CONTRACT RISK

All new customers are systematically assessed by the Finance Department's Credit Management team. This assessment may lead to requests for contractual or financial guarantees from the customer. All late payments are the subject of in-depth analysis with the relevant client-managers within the Sales and Legal Departments followed, as required, by appropriate measures.

The Group also took out a new credit insurance policy to improve coverage of customer default risks (see Section 4.7.1 "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:

- validation by Management of a budget per project/activity as part of the annual budget approved by the Board of Directors;
- 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 Chief Executive Officer or of the Deputy Chief Executive Officer is also required.

With regards to procurement contracts for satellites and launchers, these are subject to prior approval 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 Chief Executive Officer or Deputy Chief Executive Officer of Eutelsat S.A.

4.3 Risks relating to the Group's strategic development

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, for example, 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 2011, Eutelsat and Russia's state satellite operator, Russian Satellite Communications Company (RSCC), announced the signature of a Memorandum of Understanding (MOU) to continue the long-standing strategic partnership between the two companies in the satellite communications sector. This MOU foresees the launch of a new satellite in 2015 at 36° East to deliver additional resources to both RSCC and Eutelsat for consumer broadcasting and multimedia services within a footprint of European Russia to the Urals. It will also carry a payload with a footprint over sub-Saharan Africa to provide long-term continuity for services currently supplied at 36° East by the W4 satellite in this region and capacity for further expansion.

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 has made major investments in new infrastructure including a new satellite (KA-SAT, launched in December 2010) and a complex network of terrestrial stations which will enable it to sell a range of services and, particularly, 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, 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 deterioration in the technical quality of the S-band payload services owned by Solaris Mobile Ltd. led the company to review its development prospects.

4.4 Financial risks

4.4.1 The Group has a high level of debt

As of 30 June 2011, the Group's consolidated net debt was €2,197.9 million and consisted mainly of: (i) €1,465 million of borrowings under the Company's Refinancing Loan (see Section 10.3 "Eutelsat Communications Refinancing Loan" for further details), (ii) €850 million of bonds issued by Eutelsat S.A. (iii) €15.3 million of debt related to satellite financing agreements, and (iv) €132.4 million 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.

During the period ended 30 June 2010, the Group was able to diversify its funding sources by refinancing Eutelsat S.A.'s bank credit facilities amounting to €1.3 billion, firstly by issuing €850 million of bonds maturing in March 2017 and, secondly, with a revolving bank credit of €450 million ending in March 2015.

As of 30 June 2011, the Group's financing sources were 72% bank-based and 28% 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	30 June 2011		June 2012		June 2013		June 2014		June 2015		June 2016		Beyond 5 years		Total	
(in thousands of euros)	Nominal	Contractual flows	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Bank loans	(1,465,064)	(1,538,256)	(64)	(36,596)	(1,465,000)	(36,596)									(1,465,064)	(73,192)
Eutelsat S.A. bonded debt	(850,000)	(1,051,612)		(35,063)		(35,063)		(35,063)		(35,063)		(35,063)	(850,000)	(26,297)	(850,000)	(201,612)
Eutelsat S.A. exchange instruments	(5)	(5)	(5)												(5)	0
Interest-rate derivatives	(55,184)	(55,184)	(29,781)		(25,403)										(55,184)	0
Creditor banks	(4,512)	(4,512)	(4,512)												(4,512)	0
Other financial charges	(89,235)	(92,804)	(30,165)		(10,206)		(8,519)		(6,979)		(1,108)		(35,827)		(92,804)	0
Total financial charges	(2,464,000)	(2,742,373)	(64,527)	(71,659)	(1,500,609)	(71,659)	(8,519)	(35,063)	(6,979)	(35,063)	(1,108)	(35,063)	(885,827)	(26,297)	(2,467,569)	(274,804)

The following table presents the maturities on the credit lines:

(in thousands of euros)	30 June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	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 2012	June 2013	June 2014	June 2015	June 2016	Beyond 5 years	Total
(in thousands of euros)	30 June 2011	Principal	Principal	Principal	Principal	Principal	Principal	Principal
Foreign exchange derivatives	1,693	1,693						1,693
Interest-rate derivatives	427	275	143	9				427
Financial assets	11,196	5,393					5,803	11,196
Cash flow	129,565	129,565						129,,565
Cash equivalents	7,379	7,379						7,379
TOTAL FINANCIAL ASSETS	**150,260**	**144,305**	**143**	**9**	**0**	**0**	**5,803**	**150,260**

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 (whose debt rating on Eutelsat Communications S.A. moved from Ba2 at the end of the previous financial year to Ba1/Stable Outlook in January 2010 then to Ba1/Positive Outlook)) and Standard & Poor's (BBB, versus BBB- during the previous financial year at the level of its Eutelsat S.A. subsidiary). These ratings affect the cost and terms of the Group's credit facilities. Future rating downgrades, should they occur, could 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. The ability of its subsidiaries to make distributions may be subject to certain constraints

The Group is a holding company that has only limited capacity to generate 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 2011, the Company has a high level of net debt with €2,197.9 million 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 Company'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 extensive 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 2011, the discounted value of the Trust's pension liabilities amounted to €151.7 million in Eutelsat S.A.'s consolidated financial statements, and the fair value of its assets was €156.2 million (see Note 22.1 to the consolidated financial statements for the year ended 30 June 2011 figuring 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. Any shortfall in the amount needed to finance the Closed Pension Fund could involve the Group in new obligations as regards the financial guarantee, which could have a significant negative impact on the Group's business, financial position and results. The unlimited financial guarantee taken over by Eutelsat S.A. may be activated under certain conditions so as to make up for any such future funding shortfall. During the year ended 30 June 2011, given the sharp fall in long-term interest-rates, the amount of guarantee being called upon was €8,211 thousand. This amount was measured on the basis of the Trust's projections, taking into account future market developments. In February 2011, an agreement was reached with the Trust for incremental payments of the amount being called upon of €4,105.5 thousand on 30 June 2011 and 2012.

As of 30 June 2011, the first payment of €4,105.5 thousand was made.

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 liquidate the Closed Pension Fund, they would appoint an actuary to determine any shortfall between the value of the Closed Pension Fund's assets relative to its liabilities, and the Group would be 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 2011, available cash assets amounted to €136.9 million, in addition to which there were €750 million 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 2011, the Group complied with all of the financial ratios (covenants) required by its various credit facilities as described in Section 10.3 "Changes in debt 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.

In June 2013, 63% of the Group's debt will reach maturity, and 37% in March 2017.

4.4.8 Management of the Group's main financial risks

Through its Eutelsat S.A. operating 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 interest-rate and counterparty risks, the Group uses a number of 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 euro/dollar exchange rate. For the financial year ended 30 June 2011, the Group used financial instruments such as standard exchange rate options or knock-in options and currency deposits to hedge some sources of future income in U.S. dollars. These instruments are traded over the counter with first-rate 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 "Foreign exchange hedges".

INTEREST-RATE RISK

The Group hedges its exposure to variations in interest-rates by maintaining a portion of its debt at fixed rates (Eutelsat S.A. bond debt) and a policy of fully hedging its floating rate credit facilities. To hedge its debt, the Group has set up interest-rate hedges both for the Company and for Eutelsat S.A.

COUNTERPARTY RISK

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

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

LIQUIDITY RISK

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

The Group's objective is to maintain a balance between the 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 lease agreements.

PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

In addition to the control procedures inherent to its main business, the Group has developed significant control procedures for the 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 Chief Executive Officer. This reporting presents information on the various Group activities carried out by the different departments at Eutelsat S.A. (Sales, Multimedia, etc.) and is compared with the appropriate accounting and legal documents.

Thus, the control procedures put in place by Eutelsat Communications 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 96% of Eutelsat S.A., the main operating company in the Group, via its fully-controlled subsidiary Eutelsat Communications Finance 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 simplified joint stock company *(société par actions simplifiée)* incorporated under French law. 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:

- creation of a position responsible for financial control over subsidiaries and equity interests, replaced during the financial year 2010-2011 by a subsidiaries coordinator;
- creation of a Subsidiaries Committee which meets twice a year 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 subsidiaries coordinator, the legal expert responsible for subsidiaries, the Group HR department, the internal auditor and the tax Director.

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 their mission, 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 used 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.

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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.

Furthermore, 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 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 an Observer.

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 two 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 ITU, 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, financial situation and results, particularly if such changes increase costs and regulatory restrictions relating to the Group's services.

The Group must maintain its existing frequency assignments at the orbital positions at which it operates, or where 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 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, Solaris Mobile Ltd,, 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. Solaris Mobile Ltd. currently has 16 national authorisations (France, Germany, Italy, Luxembourg, Sweden, Poland, UK, Spain, Denmark, Finland, Netherlands, Slovenia, Belgium, Lithuania, Estonia and Austria).

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 Since 10 December 2010, the Group has been 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 application decrees were published on 10 June 2009. The Group is mainly affected by decree No. 2009-643 relating to authorisations. The Act has been in force since 10 December 2010 (see Section 6.8 "Regulations").

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

IN-ORBIT CONTROL

On 24 December 2010, the Group obtained by decree, a licence equivalent to authorisation for the "control of space devices" for its entire fleet. This licence was granted for a one-year period from the effective date of the decree insofar as the technical regulations relating to the Act had not been published as of 10 December 2010. The Group will therefore have to file a new licence application equivalent to an authorisation for a ten-year-period before 24 December 2011.

The technical regulations relating to the Act were published by decree on 31 May 2011. Some requirements cannot yet be completely fulfilled given current 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 have to be made between now and then (including changes in 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 certain 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 the safety of people and property and protect public health and the environment, may request cancellation of the authorisation and a new application.

In addition to the technical regulations, the licence decree of 24 December 2010 stipulates a number of other requirements. For all new satellites launched within the framework of this licence, the Group must supply specific elements such as an analysis of mission, studies of danger, the revision dates prior to launch and the launch date, and propellant emissions before and after the launch. The Group also has to send regular declarations to the CNES proving the ability of satellites covered by the licence to perform service withdrawal manoeuvres. The Group is also required to notify the Minister and the CNES of any changes in orbital position other than an avoidance manoeuvre one month before the start of its implementation, except in the event of an emergency.

Thus, if the Group and its co-contractors do not make the technical and organisational changes required by the licence decree of 24 December 2010, and within the specified timeframe, the Group may fail to obtain the required new authorisation or licence, or find itself subject to sanctions within the framework of the existing licence (including withdrawal of the licence in the event of non-compliance). This could therefore have a significant negative impact on the Group's business, financial situation and results.

LAUNCHES

Any satellite launches undertaken by the Group from France or abroad remain subject to licensing on a case by case basis. Nevertheless, on December 23, 2010, the Group obtained a licence certifying that Eutelsat has moral, financial and professional/business guarantees granting it an exemption from the administrative part of such requests and shortening the authorisation timeframe from four months to one month. On the same date, the Group was granted authorisation to proceed with the launch of its KA-SAT satellite on-board the Proton launcher.

On 31 March 2011, the Group obtained authorisation to proceed with the launch of the satellites currently being manufactured by the traditional launchers currently known. Any other launches must be subject to a new application for leave.

In addition, as part of its authorisation to proceed with the launch of satellites, one month before launch the Group must provide the launch authorisation obtained by Arianespace in the case of a launch by Ariane 5, or, in the case of a launch by other launchers, the launch authorisation granted by the relevant government to its launch operator or, failing this, a «certificate» for authorisation to launch from the relevant government or its launch operator. In the event that the Group were to fail to obtain the required authorisations or certificates it will find itself subject to sanctions. This could mean withdrawal of the authorisation for non-compliance with requirements. This could therefore have a significant negative impact on the Group's business, financial situation and results.

Furthermore, the Group will not benefit from Government guarantees to cover any damage caused by third parties beyond the insurance limit for operators according to French law for any satellite launches abroad or for any damage caused in-orbit during the control phase. Thus, the Group will remain subject to the risk of having to settle any potential claims arising from a large proportion of its activities. Payment of such compensation could have a significant negative impact on the Group's business, financial situation and results.

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

4.5.5 The Group is subject to strict regulations on the content of 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 "Regulations governing 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.

Lastly, it is always possible, although unlikely, that French legislation 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 *Conseil supérieur de l’audiovisuel* (CSA), (see Section 6.8.3 “Regulations governing 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, principally in terms of currency and interest-rates. To contend with this, the Group uses various derivative instruments. The goal is, where appropriate, to reduce revenue and cash flow fluctuations arising from interest-rate and foreign exchange rate variations.

The Group’s policy is to use derivatives to manage such exposure. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset *i.e.* the Group never sells assets it does not possess or does not know it will subsequently possess.

4.6.1 Foreign exchange hedges

The euro is the currency used by the Group to draw up 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 fluctuations 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. dollar. As a result, fluctuations in exchange rates may have a negative impact on the Group’s results.

Moreover, because development of the Group’s business outside the eurozone is a key factor in its business strategy, its exposure to exchange rate fluctuations 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 some 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 2011, the Group owed phased payments, mainly regarding seven contracts in U.S. dollars, totalling 210.4 million U.S. dollars during the financial year 2011-2012.

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 the 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 foreign 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 2011, the fair value of the Group’s foreign-currency risk hedges was €1.7 million, versus €(10.4) million as of 30 June 2010.

Given that derivative instruments are used to hedge its foreign exchange risk, the Group estimates that a 10% decrease in the EUR/USD exchange rate would have no impact on its net income and would result in a negative €11.9 million variation in the Group’s equity for the financial year ended 30 June 2011.

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The table below shows the situation (in thousands of euros) for all existing foreign currency hedging instruments as of 30 June 2011.

	Notional amounts		
	2009	2010	2011
Synthetic forward transaction with knock-in option	14,150	154,837	107,244

The net position in terms of managing foreign exchange risk at 30 June 2011 was as follows:

(in thousands of euros)	
Assets	133,056
Liabilities	28,214
Foreign currency exposure	
Net position before hedging	104,842
Financial hedging instruments	(107,244)
Net position after hedging	(2,402)

4.6.2 Interest-rate risk

The Group manages its exposure to variations in interest-rates by hedging its floating 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 notional amount of €1,700 million, to hedge Eutelsat Communications' long-term loan. On 12 April 2007, this collar's notional amount was reduced from €1,700 million to €1,615 million, bringing it into line with the exact loan amount. This partial sale generated a termination profit of €1.3 million;
- a pay fixed/receive floating rate swap with a deferred start, for two years (2009 and 2010) for a notional amount of €850 million, plus the purchase of a cap for a notional amount of €850 million, to hedge Eutelsat Communications' long-term credit line. The Group also made a partial sale of these instruments reducing their notional amount from €1,700 million to €1,615 million (*i.e.* reducing the notional amount of each from €850 million to €807.5 million) and generating a termination profit of €0.9 million.

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

- a pay fixed/receive floating rate swap in a notional amount of €1,615 million to hedge Eutelsat Communications' long-term interest-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 Section 10, "Liquidity and capital resources") in exchange for payment of a balance of €25,443 thousand for the derivatives hedging the €650 million credit, and payment of €12,572 thousand for those hedging the €650 million revolving credit in the amount of €250 million.

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 2011 in Section 20.1), 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: Recognition and Measurement". Consequently, changes in fair value within equity were recognised in the income statement.

The table below shows the situation for all existing interest-rate hedging instruments as of 30 June 2011:

(in thousands of euros)	Contractual/ notional values	Fair value at 30 June 2011	Change in fair value over the financial year	Impact on income	Impact on equity
Instant hedge					
Swap (Eutelsat Communications)	1,465,000	(55,184)	58,035	(3,629)	61,664
Cap (Eutelsat S.A.)	200,000		(24)	(24)	
Collar (Eutelsat S.A.)[1]	100,000	427	102	102	
TOTAL		**(54,757)**	**58,113**	**(3,551)**	**61,664**

(1) Instrument set up in August 2010.

The net interest-rate position as of 30 June 2011 was as follows:

Maturity *(in thousands of euros)*	< 1 year	1-5 years	> 5 years	Total
Financial liabilities	64	1,465,000	850,000	2,315,064
Financial assets[(1)]	138,912	152	-	139,064
Net position before risk management	(138,848)	1,464,848	850,000	2,176,000
Off-balance sheet items (fixed-rate swaps, caps, collar)	-	1,765,000	-	1,765,000
Net position after risk management	(138,848)	(300,152)	850,000	411,000

(1) Cash position and financial instruments.

As of 30 June 2011, an increase of 10 basis points (+0.10%) over the EURIBOR interest-rate would have no impact on the Group's interest charges for 12 months.

It would involve a €2,938 thousand positive change in shareholders' equity linked to the variation in effective fair values of hedging instruments qualified as cash flow hedges.

Although the Group has a pro-active interest-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 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 39 lenders as of 30 June 2011 and that of Eutelsat S.A. consists of four.

If any of the lenders default on the term loan portion 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

In August 2010, in respect of a delegation of power granted by the Combined Ordinary and Extraordinary General Meeting of 10 November 2009, the Company implemented a share buyback programme limited to 10% of the Company's share capital at a maximum price of €30 per share. The authorisation granted by the General Meeting of Shareholders of 10 November 2009 was renewed by the General Meeting of 9 November 2010 for a maximum period of 18 months starting from that date, with the maximum purchase price increased to €56. During the financial year ended 30 June 2011, the Company purchased 500,000 shares representing 0.23% of the Company's share capital at an average weighted share price of €27.829 amounting to a total of €13,914,500. These shares were purchased to cover the free share allocation plan capped at a maximum of 700,000 shares, approved by the Board of Directors in respect of resolution No. 22 of 10 November 2009.

The Company also entered into a liquidity agreement with Exane BNP Paribas which, as of 30 June 2011, had acquired a total of 44,516 shares in the name of and on behalf of the Company, amounting to a total of €3,438,911.

4.7 Risk management policy

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

Due to the highly complex nature of the activities involved in operating its satellite fleet and developing its business, and in response to emerging financial and commercial regulations, to mark the increasing importance accorded to the concept of risk management and on the basis of a recommendation made by the Audit Committee of the Board of Directors, the Group created a new Director of Risk Management position in 2008, reporting directly to the Group's Management.

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

- identify the major risks liable to affect the Group's operations and activities and work with the departments concerned to define policies and processes to reduce these risks;
- assist the Management of the Group and the Audit Committee to apply a risk management policy comprising all the measures foreseen to prevent and reduce risks, improve their control and organise contingency plans;
- monitor the adoption of the risk management policy by staff and carry out the appropriate communication initiatives in this area;

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- protect the Group's interests by ensuring that the risks potentially impacting the Group are properly defined and that operations and activities, together with the Company's internal control procedures, are performed so as to minimise risks to the Group as far as possible; and
- ensure that risk management policies are effectively implemented and taken into account in the Company's activities.

Since its creation, the Risk Management Department has continued to develop and implement a methodological approach that is more cross-disciplinary in nature, applied to the Group's various business activities.

During the financial year 2010-2011, the risk mapping for the Group was updated, the purpose being to identify and measure the magnitude of the risks that are likely to affect the performance of the Group's operations and activities. More specifically, during the last year, the work on risk management continued to focus on the notion of access to space with, notably, a systematic evaluation of the risks of failure or delay when launching satellites 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. One of the consequences was the application by the Technical Department of a new policy for acquiring launch services to enable more optimum management of access to space. A detailed review of the actions to be implemented in the event of a partial or total loss of one of the satellites in the fleet is under way, in cooperation with all the departments within the Company. Lastly, during the financial year, new commercial projects and plans to invest in new satellites were also the object of in-depth risk 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 a pro-active risk management policy aimed at protecting the Company's assets, activities and interests in the best possible way. To manage the risks arising from its business and operating environment to the maximum extent possible, the Group has set up internal control procedures

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, particularly those contributing to the protection of corporate assets;
- reliable financial information;
- and, more generally, to ensure that operations are effectively controlled, the business is efficient, and resources are used efficiently.

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

Note that internal control procedures relating to the security of Group operations (*i.e.* 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.

Note also 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.

4.7.1 Insurance

The Group has an insurance programme covering the two phases of a satellite's lifespan, *i.e.* launch (insurance policy also covering in-orbit acceptance testing and in-orbit lifetime until the anniversary date of the launch) and orbit (in-orbit lifetime insurance policy). The Group has also taken out third-party liability insurance for on-ground and in-orbit facilities.

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.

During the financial year ended 30 June 2011, the Group's premiums for launch and in-orbit insurance totalled €55.8 million.

"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 damage sustained by the Group for a period of one year after launch, up to the declared value of the insured satellite, arising from the:

- 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
- malfunction 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 October 2010, the Group took out L+1 (launch-plus-one-year) insurance for maximum cover of €225 million per satellite, covering the five satellites under construction (W3C, ATLANTIC BIRD™ 7, W6A, W5A, EUROBIRD™ 2A).

This policy is valid for a period of three years, *i.e.* until November 2013, and provides the necessary flexibility to assign any type of launcher to the five satellites insured.

On 28 October 2010, the Group suffered the loss of the W3B satellite just after its launch. The claim containing the proof and quantification of this loss was send to the insurers on 17 November 2010. A Constructive Total Loss was recognised by all the relevant insurers. At 31 December 2010, given the information at its disposal, the Group considered that it fulfilled the criteria to recognise an indemnity of €231.1 million representing the full amount insured which was paid to Eutelsat during the financial year ended 30 June 2011 and recorded under "Other operating income".

IN-ORBIT LIFETIME INSURANCE

In-orbit lifetime insurance covers damage occurring 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)

Since 1 July 2010, the Group had been covered by a new 12-month programme 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 has two parts *("tranches"):* one covering losses in excess of €80 million up to a maximum of €500 million and the other covering losses of between €50 million and €80 million. The 80-500 *tranche* has been subscribed by 24 insurance companies and the 50-80 *tranche* by four insurance companies. Under this programme, 15 of the satellites belonging to the Group (excluding the EUROBIRD™ 4A (ex-W1), EUROBIRD™ 16 (ex-ATLANTIC BIRD™ 4, former HOT BIRD™ 4), ATLANTIC BIRD™ 1, W75 (ex-EUROBIRD™ 4), W5, W2M, SESAT™ 1, W48 (ex-HOT BIRD™ 2)) are covered by insurance.

The insurance policy taken out against damage under this programme covers any cumulative partial or total constructive losses of the 15 satellites insured, up to a ceiling of €223 million per satellite, subject to a total maximum claim or annual claims of €500 million. The Group's satellites covered under this policy are insured for their net book value.

The W7 satellite was included in this policy as of the date of maturity of its previous L+1 year policy.

On 1 July 2011, this programme was replaced by a new 12-month programme, comprising a single *tranche* of €50 to €600 million, subscribed by 22 insurers. 15 satellites belonging to the Group (excluding the EUROBIRD™ 4A (ex-W1), EUROBIRD™ 16 (ex-ATLANTIC BIRD™ 4, ex-HOT BIRD™ 4), ATLANTIC BIRD™ 1, W75 (ex-EUROBIRD™ 4), W5, W2M, SESAT™ 1, W48 (ex-HOT BIRD™ 2 and W6 (ex-W3)) satellites benefit from insurance cover. The amount covered per satellite has increased from €223 million to €235 million.

IN-ORBIT THIRD-PARTY LIABILITY INSURANCE – SPACECRAFT THIRD-PARTY LIABILITY POLICY

The Group has taken out a spacecraft third-party liability insurance policy for a period of one year, renewed in October 2010, 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 of up to €60 million 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 March 2011 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 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".

5 INFORMATION about the issuer

5.1 Group history and development

5.1.1 Corporate and trading name

Eutelsat Communications.

5.1.2 Commercial and Corporate Registry

Eutelsat Communications is registered with the French *Registre du commerce et des sociétés* 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* (simplified joint-stock company) and subsequently transformed into a *société anonyme* (limited company) on 31 August 2005. It was registered on 25 February 2005 for a period of 99 years, expiring on 25 February 2104.

5.1.4 Registered office, legal form and applicable legislation

REGISTERED OFFICE

70, rue Balard

75015 Paris

France

Telephone: +33 (0)1 53 98 47 47

LEGAL FORM AND APPLICABLE LEGISLATION

A *société anonyme* (limited company) under French law with a Board of Directors, governed by the provisions of Book II of the French *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 15 February 2005, Eutelsat Communications was incorporated and, on 4 April 2005, 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 Spanish Abertis group, and to CDC Infrastructure, a wholly-owned subsidiary of the *Caisse des Dépôts et Consignations* ("CDC").

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

On 1 July 2009, CDC Infrastructure sold 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 entirety 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 seven-year €850 million inaugural eurobond on the Luxembourg Stock Exchange regulated market (see Section 10.3 "Changes in debt and the Group's financing structure" for more details on the refinancing transaction).

5.2 Main investments

During the financial year, the Group continued with one of the largest investment programmes it has ever undertaken, involving the launch of seven satellites, namely W3C, W3D, ATLANTIC BIRD™ 7, W5A, W6A, EUROBIRD™ 2A and Eutelsat 3B over the next three years.

This investment programme aims to guarantee the foundations of the Group's future growth by reinforcing in-orbit resources at rapidly-expanding orbital positions, improving its range of services by securing in-orbit resources and benefiting from new growth opportunities with innovative applications for its customers and end-users.

5.2.1 New satellite orders

During the last financial year, the Group announced the selection of Thales Alenia Space to build the W3D satellite whose launch is planned in the first quarter of calendar year 2013. W3D will be co-positioned with the W3A satellite at 7° East to expand operational capacity at this location to 70 transponders from 44. These additional resources will enable existing clients to expand their markets by increasing and securing in-orbit capacity at 7° East, thereby offering new opportunities in Europe, the Middle East, Africa and Central Asia.

Note also that, in July 2011, the Group signed the commissioning contract for the Eutelsat 3B satellite which will be co-positioned with Eutelsat 3A in order to reinforce capacity at 3° East. This satellite with 51 transponders in Ku, C and Ka band on board will cover Europe, Africa, the Middle East, Central Asia and parts of South America, notably Brazil. Eutelsat 3B will provide Video and Data Services, and broadband and telecoms services. The launch is expected in the first half of calendar year 2014.

5.2.2 Satellites under procurement

The Group, furthermore, continued the procurement of the five satellites ordered during previous financial years and currently under construction at EADS Astrium, Thales Alenia Space and Space Systems/Loral Inc.

- W3C: ordered from Thales Alenia Space, this large-capacity satellite will take over the mission initially planned for the W3B at 16° East, It will respond to the strong demand at this position, enabling Eutelsat to accompany the development of digital television in Central and Eastern Europe and in the French-speaking Indian Ocean islands, and provide new capacity for data services in Africa. W3C is scheduled for launch between September and October 2011.
- ATLANTIC BIRD™ 7: ordered from EADS Astrium, this large-capacity satellite's mission is to replace the ATLANTIC BIRD™ 4A satellite at 7° West to significantly increase resources at this key orbital position jointly operated with Nilesat for broadcasting to the Middle East and North Africa. Its launch is planned for September 2011.
- W6A: ordered from Thales Alenia Space, its mission will be to 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: ordered from EADS Astrium, its mission will be to replace the W5 satellite with an increased capacity of over 100% at 70.5° East. It will enable Eutelsat to reach the regional markets served from this orbital position with expanded resources (mainly Central and South-East Asia) but also to offer interconnection solutions between all the regions covered by the fleet. For example, W5A will enable efficient satellite links for a range of services such as government networks from teleports located in Central Asia and in Europe, corporate networks between South-Eastern Asia and Africa, or direct connections between Europe and Australia.
- EUROBIRD™ 2A: ordered from Space Systems/Loral Inc, its mission will be to replace the EUROBIRD™ 2 satellite 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 which represents the State of Qatar. It will ensure the continuity of services in Ku-band on the satellite it will replace, with enlarged coverage in 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.

These last three satellites are scheduled for launch during the financial year 2012-2013.

5.2.3 Other satellites commissioned but not yet announced

Under the terms of the MOU signed with RSCC on 10 May 2011, a new satellite launch is planned for 2015 to occupy the leading neighbourhood for satellite TV in Russia, 36° East. This new satellite will be specifically designed to optimise the operation of this position by a constellation of co-located satellites. It will deliver additional capacity to both RSCC and Eutelsat for consumer broadcasting and multimedia services within a footprint of European Russia to the Urals. It will also carry a payload with a footprint over sub-Saharan Africa to provide long-term continuity for services currently supplied at 36° East by W4, and capacity for further expansion.

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The following table provides an overview of satellites under construction or ordered as of the filing date of this document. 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 (Calendar year)	Capacity	Operating orbital position
ATLANTIC BIRD™ 7	EADS Astrium	Sept. 2011	50 Ku	7° West
W3C	Thales Alenia Space	Sept/Oct 2011	53 Ku/3 Ka	16° East
W6A	Thales Alenia Space	Q4 2012	40 Ku	21.5° East
W5A	EADS Astrium	Q4 2012	48 Ku	70.5° East
W3D	Thales Alenia Space	Q1 2013	53 Ku/3 Ka	7° East
EUROBIRD™ 2A(1)	Space Systems/Loral Inc.	H1 2013	16 Ku/7 Ka	25.5° East
Eutelsat 3B	EADS Astrium	H1 2014	30 Ku/12 C/9 Ka	3° East

(1) Missions shared with ictQATAR. Excluding the other missions for ictQatar's own needs.

5.2.4 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 be launched 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 services contracts.

However, not all the satellites under procurement are yet coupled with a launch service.

6 BUSINESS overview

6.1 Presentation

As of 30 June 2011, the Group operated a fleet of 28 satellites in 21 orbital positions, located between 15° West and 75° East, providing coverage of Extended Europe (Western and Central Europe, the Community of Independent States (Russia), the Middle-East and North Africa) together with sub-Saharan Africa) and a large part of the Asian and American continents.

This fleet represents a total of 742 operational transponders in stable orbit as of 30 June 2011 compared with 652 transponders in stable orbit as of 30 June 2010. This follows successful completion of the initial stages of the major plan to renew and increase its resources.

As of 30 June 2011, the Group was broadcasting 3,880 television channels, up from 3,662 as of 30 June 2010, 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, the BBC, Mediaset, TVN, TF1, RTL, France 24, ARD, ZDF, NHK, Viacom, 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 Telecom, 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 Telecom/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 2011, the Group generated consolidated revenues of €1,168.1 million and consolidated EBITDA of €926.4 million. Furthermore, as of 30 June 2011, the Group's order backlog stood at €4.96 billion.

6.2 The Group's strengths and strategy

6.2.1 The Group strengths

The Group considers that the business has the following strengths:

A BROAD PORTFOLIO OF ATTRACTIVE ORBITAL POSITIONS

With 21 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 75° East. Within its portfolio, the Group has developed two flagship orbital positions and controls eight major orbital positions allowing it to broadcast television channels in Extended Europe and sub-Saharan Africa.

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

The HOT BIRD™ orbital position remains Eutelsat's premier TV broadcasting position. It represents the leading television programme transmission position in Europe and benefits fully from two favourable and mutually reinforcing trends: the increased number of channels broadcast from an orbital position and the largest number of households equipped to receive its signals. The three HOT BIRD™ satellites were broadcasting 1,153 channels as of 30 June 2011 (more than any other orbital position in Europe) to over 120 million households, of which 52 million are equipped for direct satellite reception. The Group has also developed the 28.5° East position, providing efficient coverage of the United Kingdom and Ireland with the EUROBIRD™ 1 satellite which, as of 30 June 2011, was broadcasting 317 channels to almost 11 million English and Irish households equipped for direct satellite reception. The Group therefore estimates that the channels broadcast at these two 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 two flagship orbital positions, the Group is in the process of developing major orbital positions specialised by geographic regions. These non-premium positions, which

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were broadcasting 2,410 television channels as of 30 June 2011, enable the Group to capitalise on the swiftly increasing number of digital television channels in geographical areas such as Central and Eastern Europe, Russia, North Africa, the Middle East and sub-Saharan Africa (via its positions at 5° West, 7° West, 7° East, 9° East, 16° East, 25.5° East and 36° East).

The Group believes that its orbital positions constitute a rare resource, giving 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 new market opportunities that may arise in the future.

IN-ORBIT SATELLITE INFRASTRUCTURE – A MAJOR STRATEGIC ADVANTAGE FOR THE GROUP

The Group's fleet comprised 27 geosynchronous satellites as of 30 June 2011 (25 satellites in geostationary orbit and two in inclined orbit). Additionally, as of 30 June 2011, the W75 satellite was in the de-orbiting process. The Group enjoys the following major advantages:

- a broad portfolio of orbital positions concentrated on the European orbital arc, serving geographical areas covering both mature (Western Europe) and high-growth markets(1);
- a modern satellite fleet with an average age of six and a half years(2) as of 30 June 2011 (excluding satellites in inclined orbit), in the process of being renewed with the launch of seven new satellites over the next few years. For reference, the operating life of satellites in stable orbit is usually about 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 considers 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 accelerated 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 enjoys long-standing close relationships. The Group sees broadcasting high-definition channels is a genuine driver of growth since high-definition digital television channels in MPEG 4 format require two and a half 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 rapid development of broadband satellite applications. For example, demand for satellite capacity for business networks and broadband services, excluding capacity allocated to broadband services distributed by multibeam satellites, grew at a CAGR of 19% between 2006 and 2010 in Extended Europe and sub-Saharan Africa (source: Euroconsult 2011);
- 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 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 always 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. In December 2010, the launch of the KA-SAT satellite, which is the first new generation high throughput satellite (HTS) in Europe using multi-spotbeams writes a new page of the Group's innovation strategy.

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 3,880 television channels and

(1) The high-growth markets include Eastern Europe, Russia, Turkey, Central Asia, the Middle East, North Africa and sub-Saharan Africa.
(2) Weighted average using the number of transponders.

1,030 radio stations broadcast to almost 204 million cable and satellite households as of 30 June 2011.

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

A BUSINESS PORTFOLIO GEARED TO THE MOST LUCRATIVE APPLICATIONS

Within the framework of its development strategy, the Group has focussed its satellite resources on Video Applications, Data and Value-Added Services in Europe including Central Europe, but equally in 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 about 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, having increased by 6% to €786.5 million in 2010-2011. The leasing of transponders for Video Applications represented 68.6% of the Group's revenue (excluding other forms of revenue and non-recurring revenue) in the year ended 30 June 2011 compared with 71% in the year ended 30 June 2010.

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 now broadcasts only seven analogue channels (all of which are French channels for reception in "shadow" areas of mainland France from the 5° West orbital position). Furthermore, the Group has benefited from growth in digital TV markets in high-growth 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 20.4% of Group revenues (excluding other revenues and non-recurring revenues) in the financial year ended 30 June 2011, grew by 14.9% compared to the financial year ended 30 June 2010.

Data Service revenues alone rose by 19.5% as of 30 June 2011, compared to 30 June 2010.

Value-Added Services delivered flat revenues of €46 million. As of 30 June 2011, Value-Added Services accounted for 4% of total revenues (excluding other revenues and non-recurring revenues). During the financial year, the D-Star™ activity, offering professional broadband Internet access solutions, reported a healthy increase in revenues in Africa and in the Middle-East while TOOWAY™, the second main activity of Value-Added Services, entered a transition phase during the second half of the year towards the new generation services provided through the KA-SAT satellite. After entering into service on 31 May 2011, the KA-SAT satellite is now completely operational, enabling the development of a range of Internet access services for consumers and professionals in Europe, and large sections of the Mediterranean Basin where coverage from terrestrial networks is insufficient.

TOOWAY™, a new generation service marketed via a network of regional distributors, posted results in line with the Group's expectations for its first month of operation, with the signature of 13 contracts at 30 June 2011 including volume commitments with distributors on the main target markets.

Finally, Multi-Usages Services for governments and administrations grew robustly over the period, contributing over 11% of the Group's revenue (excluding other revenues and non-recurring revenues) for the year ended 30 June 2011, an increase of 28% versus 30 June 2010.

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, who are well-established in their respective markets with which the Group enjoys close relationships. In addition to this network of incumbent distributors, and in order to respond to requests from various customers, the Group has developed a targeted sales and direct marketing strategy, and actively manages its relationships with its key account clients.

SIGNIFICANT AND PREDICTABLE CASH FLOW

Over the last few years, the Group has generated significant cash flow from operating activities, representing nearly 70% of its revenue in 2011, and totalling €698.3 million and €816.8 million, respectively, for the financial years ended 30 June 2010 and 2011.

Cash flow from operating activities is for the most part predictable in nature, owing to the make-up and size of the Group's order backlog and the average residual length of contracts (weighted by amount), which stood at seven and a half years as of 30 June 2011. 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 2011, the Group's total order backlog was €4.96 billion, representing 4.2 times the consolidated revenue for the financial year ended 30 June 2011.

IMPRESSIVE FINANCIAL PERFORMANCE IN THE FIXED SATELLITE SERVICES (FSS) SECTOR

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

- over the last five financial years revenue has shown average annual growth of more than 7% (financial years ended 30 June 2007, 2008, 2009, 2010 and 2011);
- a very high level of profitability, as illustrated by the EBITDA margin which has been around 79% over the last three years, establishing the Group as the world's leading FSS operator in terms of profitability (source: Eutelsat Communications). This high level of profitability is attributable to the Group's high fleet capacity utilisation rate 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.

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6.2.2 Strategy

During the financial year, the Company continued to successfully implement its development strategy which aims 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 in-orbit resources over Extended Europe and sub-Saharan Africa, along with innovating towards operating in new frequencies such as the Ka or the S band. This will lead to the development of promising new applications for further growth, such as consumer satellite broadband Internet access or 3D TV. This long-term strategy combines growth and profitability, and revolves around two main objectives:

- maximise 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
- secure 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 TV, consumer satellite broadband Internet access and infomobility by providing access to new frequency bands (Ka or S-bands).

Implementing this strategy also involves the following:

CONSOLIDATING THE GROUP'S POLE POSITION FOR SATELLITE TV BROADCASTING IN EXTENDED EUROPE AND SUB-SAHARAN AFRICA

The Group intends to strengthen its leading position on all of its markets, in particular by:

- consolidating the Company's positions in Western European markets with new contracts and renewals on the HOT BIRD™ position at 13° East as well as through the development of commercial relationships on high-growth orbital positions like 36° East and 7° West;
- strengthening and developing the appeal—for broadcasters and consumers alike—of its major orbital video positions (36° East, 25.5° East, 16° East, 9° East, 7° East, 5° West and 7° West), which cover, notably, 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 to develop the orbital position at 25.5° East, and on targeted increases in satellite capacity, like 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 a pro-active fleet security policy at the flagship orbital position, 13° East, which will lead to 100% redundant satellite capacity, and at position 7° East where there will be partial redundancy with the launch of the W3D satellite.

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

DEVELOPING INNOVATIVE SOLUTIONS FOR PROFESSIONAL DATA NETWORKS AND VALUE-ADDED SERVICES TO MEET GROWING DEMAND FOR BROADBAND INTERNET APPLICATIONS

Given 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:

- building up its broadband solution for professionals (D-STAR™), in particular in Africa and the Middle East, enabling it to offer an economical and effective solution for broadband networks and services targeting, in particular, 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 on-board broadband Internet access; and
- developing the distribution network for the new broadband Internet solution via satellite known as TOOWAY™ in the Ku and Ka bands. As of 30 June 2011, the Company had signed TOOWAY™ contracts with 13 distributors in Europe. This service provides broadband Internet access to the general public. In service since May 2011, KA-SAT now offers 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 believes that long-term partnerships with its customers, 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 over the long term. 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

In December 2010, the Group launched a Ka-band satellite, known as 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 is the first of the Group's satellites to operate solely in Ka-band and is configured with 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 financial year 2007-2008, the Group established a partnership with SES Astra to set up a company known as Solaris Mobile Ltd. (Solaris) based in Dublin, Ireland, to operate and market the S-band payload of the W2A satellite launched on 3 April 2009. This particular frequency band makes it possible 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

The Group plans to continue to leverage the profitability of its available satellite resources by optimising their allocation, 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.

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—2011 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 to maintain a fixed position in space relative 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 1.2-2.4 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 1.8-2.4 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 typically around 60 centimetres in diameter for individual reception in Europe and up to around 1.2 metre at the edge of coverage.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

Ka-band. Signals in the Ka-band have the shortest wavelengths. The Ka-band enables customers to send and receive signals using very small terminals. Mainly used in North America to date, its usage in Europe is expected to see significant growth notably with the KA-SAT satellite. One of the Ka-band's specific features is that it delivers greater signal concentration over a small geographical area, thereby making it possible to provide highly efficient systems for point-to-point applications. However, it is more affected by the fluctuations in signal strength resulting from changing weather conditions.

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

The Group's fleet of satellites mainly consists of transponders operating in the Ku-band, which are particularly well suited to services such as direct broadcasting to small antennae. Since May 2011, Eutelsat operates the KA-SAT high-capacity all Ka-band satellite, a powerful new platform for delivering high bandwidth services at a competitive price to users beyond the range of terrestrial networks, thereby contributing to building inclusive digital economies across Europe and the Mediterranean Basin.

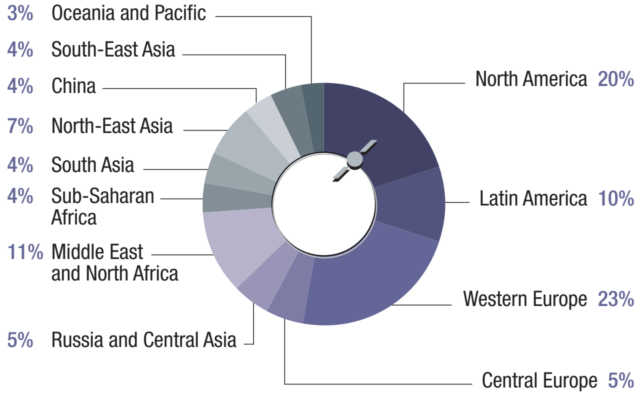
The FSS sector has various attributes, in particular:

- 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 which requires reorienting 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
- 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, commercial aircraft and ships).

According to Euroconsult, the FSS sector generated worldwide revenues of US$10.8 billion as of 31 December 2010, including US$9.6 billion in infrastructure revenue[3]. Total infrastructure revenue in Extended Europe[4] and sub-Saharan Africa amounted to US$4.8 billion. In 2010, there were 269 commercially active satellites.

The geographical breakdown of infrastructure revenues generated in 2010 by the FSS sector is shown below:

BREAKDOWN OF INFRASTRUCTURE REVENUES IN THE FSS SECTOR BY REGION



Source: Euroconsult 2011.

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

GROWTH 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, together with news events, can temporarily drive up demand.

According to Euroconsult, world demand for transponders (36 MHz-equivalent) increased at a CAGR of 6.6% between 2006 and 2010.

In the medium term, total global demand for satellite capacity should continue to rise at a CAGR of 3.7% between 2010 and 2015.

Moreover the CAGR varies considerably between geographical zones. In Extended Europe and sub-Saharan Africa, where the Group is well-established, demand for satellite capacity is expected to grow at a CAGR of 3.7% for the 2010-2015 period compared with 1.4% in North America (source: Euroconsult, 2011). Demand

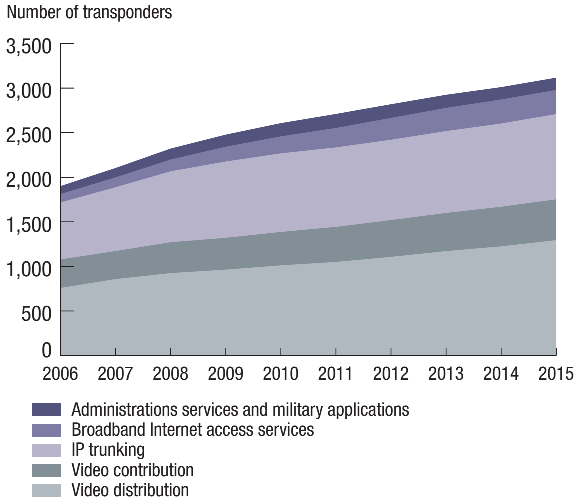
(3) Infrastructure revenues represent revenues generated solely by the sale of satellite bandwidth (broadcasting capacity), excluding revenues from services.

(4) Extended Europe is composed of Western Europe, Central Europe, the Community of Independent States (Russia), North Africa and the Middle East.

in the emerging regions where the Group has a strong presence should grow more rapidly with a CAGR of 4.7% for the 2010-2015 period.

The table below shows growth in demand for 36 MHz-equivalent transponders in the main FSS applications in Extended Europe and sub-Saharan Africa:

BREAKDOWN BY APPLICATION OF TRANSPONDER DEMAND IN EXTENDED EUROPE AND SUB-SAHARAN AFRICA FOR 2006-2015



Source: Euroconsult, 2011.

GROWTH 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 3.3% per year between 2006 and 2010.

In the medium term, world supply of satellite capacity is likely to grow at a CAGR of 6.9% for the 2010 to 2013 period according to Euroconsult, with the rate varying between geographical zones.

The large number of orders being placed for fresh satellite capacity could rebalance the relationship between supply and demand for satellite capacity in some regions suffering from a high fill rate.

The fleet management strategy of world satellite operators, which concentrate 60% of global capacity, will be key to 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.

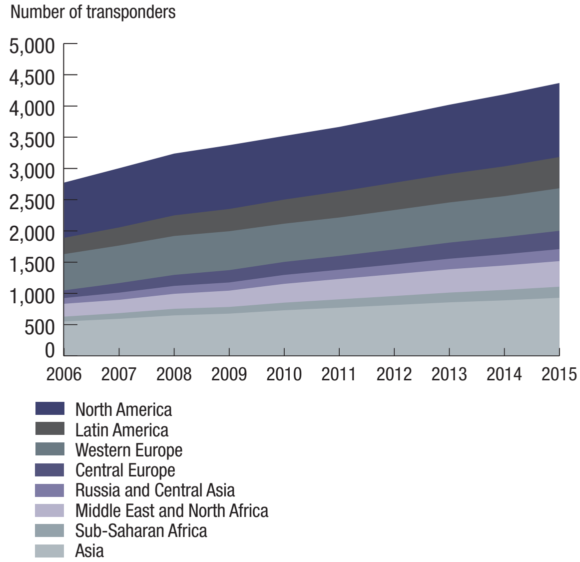
Finally, a number of national operators (such as Yahsat, Paksat, Vinasat, KazSat, Andesat and Venesat, etc.) are also likely to participate in this trend, thereby heightening competition in some regions as of 2012.

Main market trends of this sector

GROWTH IN THE VIDEO APPLICATIONS MARKET

According to Euroconsult, broadcasting capacity demand for Video Applications should continue to grow at a CAGR of 4.8% between 2010 and 2015 in Extended Europe and sub-Saharan Africa.

The chart below shows the growth in the number of transponders used for Video Applications between 2006 and 2015 by geographical zone.



Source: Euroconsult, 2011.

This growth should be mainly driven by:

- **An increase in the number of television channels.** According to Euroconsult, the number of TV channels should increase from nearly 9,700 in 2010 to more than 15,000 within 10 years in Extended Europe and sub-Saharan Africa. This increase will be driven, in particular, 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 five times more capacity for transmission than a standard digital channel. An HD channel, using MPEG 4 compression and the DVB-S2 broadcast system, requires two and a half 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 2010, the number of HD channels broadcast by satellite in Extended Europe and sub-Saharan Africa increased by 82% over a year, from 301 HD channels at 31 December 2009 to 548 HD channels at 31 December 2010. Euroconsult forecasts show the number of HDTV channels increasing by a CAGR of 28% in Extended Europe and sub-Saharan Africa between 2010 and 2015, reaching more than 1,800 in 2015.

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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-HDTV 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 Screendigest Institute, more than 103 million European households had a HD-ready TV set by the end of 2010, *i.e.* more than 60% 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 548 HD channels in Extended Europe and sub-Saharan Africa, 498 belonged to pay-TV operators as of 31 December 2010.

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 14 free-to-air HD channels broadcast by the Group as of 30 June 2011.

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 2010, nearly 90 million European households had access to DTT, mainly using it to watch free channels (source: Screendigest June 2011). 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.** In order to reflect changing video consumption patterns, a large number of satellite broadcast platforms offer or plan to offer interactive services such as home shopping, betting services and video on demand (VOD). The increase in the range of interactive services available should result in greater demand for satellite capacity.
- **Increased compression rates for television signals.** In the 1990s, the Video Applications segment saw, with the development of the DVB standard, a transition from analogue to digital broadcasting. The number of channels is expected to increase significantly with the development and deployment of the DVB-S2 standard and also with the further use of statistical multiplexes, which can be used to broadcast up to 15 television channels per transponder in MPEG 2 format, thereby using less bandwidth per television channel and reducing the cost of accessing satellite capacity. The development and adoption of the MPEG 4 compression format will make it possible to broadcast up to twice as many channels per transponder. On average, this format allows approximately 10 channels per transponder to be broadcast instead of just one in the analogue format.
- **Digital cinema (D-Cinema) and the emergence of 3D.** The cinema industry is experiencing a digital revolution. More and more cinema complexes are installing at least one digital projector, which will eventually replace conventional film-based projectors. The use of digital equipment soared with the distribution of *Avatar,* James Cameron's film, at the end of 2009 and the release of many 3D films. Thus, between 2009 and 2010, the number of digitally-equipped screens more than doubled in the European continent from 4,700 at end 2009 to more than 10,300 at end 2010 (source: European Audiovisual Observatory 2011). 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, in one approximately six-hour session, 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 the first eight months of 2010, eight of the 20 films leading the list of highest-revenue-grossing films in the world were 3D films, whereas there were only three in 2009 (source: PricewaterhouseCoopers December 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™ 4A satellite in March 2009.

  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™, and the Al Jazeera Sport Channel 3D on ATLANTIC BIRD™ 3. TF1 also created an events channel, TF1 3D, during the 2010 Football World Cup.

GROWTH IN THE DATA AND VALUE-ADDED SERVICE MARKET

The FSS industry is benefiting 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 2.7% in Extended Europe and sub-Saharan Africa between 2010 and 2015. This CAGR will reach 7.2% for only the private network and broadband Internet access segments (source: Euroconsult).

Growth will be strong 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 and Internet access will grow by more than 5% between 2010 and 2015, underpinned by the development of networks for the oil industry, banks and international organisations.

According to estimates, sub-Saharan Africa, Russia and Central Asia are likely to see the strongest increase in demand, with growth rates of respectively 13% and 18% over the same period.

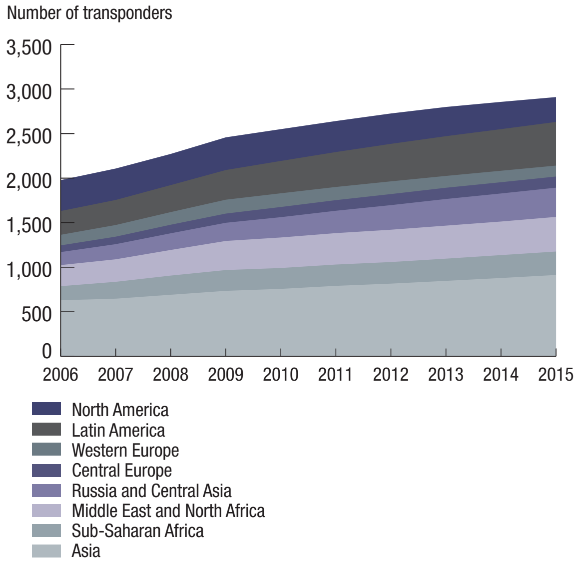
The Group furthermore believes that Value-Added Services will grow significantly due, in particular, to the development of substantial Ka-band service capacity as of early 2011.

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 use 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, improvements in the quality of service offerings and 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 2006 and 2015 by geographical zone (excluding capacity allocated to broadband services distributed by multibeam satellites):



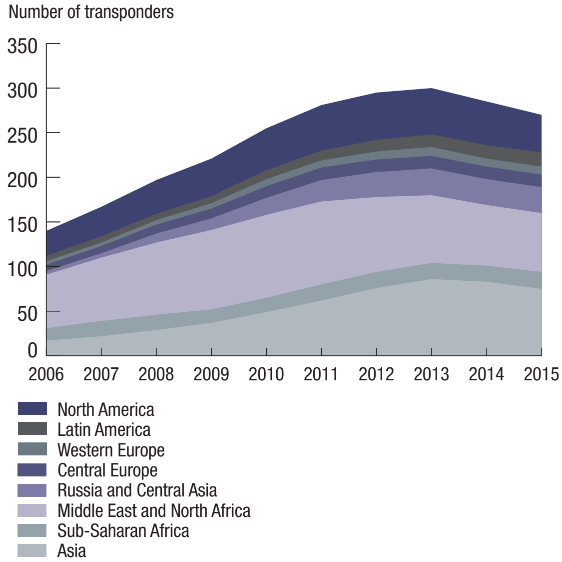
Source: Euroconsult, 2011.

RECENT DEVELOPMENTS IN THE GOVERNMENT SERVICES MARKET

This market, which mainly involves demand for satellite services from government defence and security departments, is very closely linked to changes in the international environment, especially the emergence of geopolitical conflicts and natural disasters. According to Euroconsult, the areas of the world where the Group is present and which are likely to experience significant growth are Russia and Central Asia, and Southeast Asia with, for these two regions, 9% growth expected over the 2010-2015 period.

Demand for these types of services is highly concentrated, since North America, the Middle East, North Africa and Southern Asia account for two-thirds of demand for military communications via satellite, according to Euroconsult. The market also demonstrates a greater degree of volatility with short-term contracts lasting one year.

The chart below shows the growth in the number of transponders used for government services between 2006 and 2015 by geographical zone (source: Euroconsult).



Source: Euroconsult, 2011.

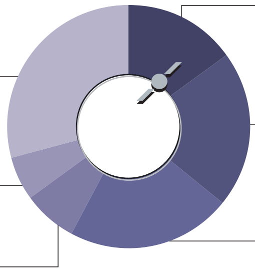
6.4 Competition

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, and primarily SES and Intelsat. According to Euroconsult, as of 31 December 2010 and based on infrastructure revenues, the Group is the third-largest FSS operator in the world with a market share of 15%.

MARKET SHARE OF OPERATORS AROUND THE WORLD (BASED ON INFRASTRUCTURE REVENUES[5])



Source: Euroconsult, 2011.

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 is taken from annual reports and documents published by SES and Intelsat.

SES S.A. is the Group's main competitor and primarily provides video services in the European and North American markets. It also provides Internet broadband services and capacity for professional data networks.

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

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 communications services for their domestic markets. Competition from these regional and national operators is essentially based on price and some of them enjoy advantages (tax or regulatory, for example) in their national markets.

For most of its services, the Group considers that it is not in direct competition with satellite mobile service operators (especially Inmarsat). Inmarsat does, however, compete with the Group for some of its value-added maritime 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 customers 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 and Algeria.

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 the current maximum cost per subscriber or viewer for the broadcast of a digital TV channel via a Eurosat satellite is less than €0.01 per month, based on four million subscribers or viewers.

Given its coverage and low broadcasting cost, satellite is now emerging as the technological complement of DSL networks but also, potentially, of 3G networks and the future LTE. The HbbTV pan-European initiative in which Eutelsat is involved clearly demonstrates the complementarity of TV broadcasting and Internet access.

Lastly, the Group takes the view that satellite transmission services should make it possible to offer a complement to terrestrial networks, especially in terms of transmission to mobile terminals. In 2009, the Group set up Solaris Mobile Ltd. a joint venture with SES Astra to develop mobile TV services via next generation satellite technology by making use of S-band payload on the W2A satellite. The role of Solaris Mobile Ltd. is to distribute TV, video and radio services, along with interactive communications across all types of mobile terminals including those built into vehicles. Solaris Mobile

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

Ltd. will be rolling out 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 15 MHz (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

A 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 68.6% of revenue in the financial year ended 30 June 2011 (excluding other revenues and non-recurring revenues). The Group, moreover, has a firm foothold in the Data and Value-Added Service segments which represented 20.4% of revenue (excluding other revenues and non-recurring revenues) as of 30 June 2011. Lastly, the Group offers Multi-Usage Services, which accounted for 11% of revenue (excluding other revenues and non-recurring revenues) as of 30 June 2011.

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

Applications	Customers
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

Applications	Customers
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
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

Applications	Customers
Supply of capacity for government services	Government agencies, civil protection

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

6.5.1 Video Applications

With revenues of €786.5 million in the financial year ended 30 June 2011 (growth of 6%), Video Applications represent the Group's main area of business, contributing 68.6% of revenues (excluding other revenues and non-recurring revenues).

The Group's satellite capacity is used by public and private television channels (European Broadcasting Union (EBU), RAI, France Télévisions, Deutsche Welle, the 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

With some 3,880 TV channels as of 30 June 2011, the Group is the European market leader in terms of the number of channels broadcast (source: Eutelsat, June 2011).

The three 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 1,153 channels transmitted as of 30 June 2011 and an audience of over 123 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 customers. Launching the HOT BIRD™ 9 satellite has significantly increased redundancy regarding transponders in this orbital position.

For example, Poland's leading pay-TV operator Telewizja Polsat and Italy's leading pay-TV operator Sky Italia have increased their capacity on HOT BIRD™ to support the expansion of their digital services and the arrival of new HD programmes for households equipped for DTH reception.

This leading position has been strengthened by the EUROBIRD™ 1 satellite, located in orbital position 28.5° East which broadcast 317 TV channels as of 30 June 2011 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.

Beyond these flagship positions situated at 13° East and 28.5° East, the Group believes that some of the orbital positions it operates are likely to become new premium transmission arrays. So as to harness growth in certain markets the Group is thus operating from various other orbital positions:

- 36° East with the W7 and W4 satellites, which serve the Russian, Ukrainian and sub-Saharan African markets and are currently 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 the Ukraine. This position was broadcasting 663 channels as of 30 June 2011, up by 26% compared with 30 June 2010.

  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 the dynamism in these markets is the fact that the audience for the position 36° East in direct reception stands at 8.1 million satellite antennae. In direct reception or via cable networks, the audience at the 36° East orbital position amounts to 17 million households (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 was broadcasting 462 channels as of 30 June 2011, an increase of nearly 11% year-on-year. In direct reception, 16° East has an audience of some three million households (source: Eutelsat Cable and Satellite Review, 2010);
- 7° East with the W3A satellite, which is used by the digital broadcast platform DigiTurk (the leading pay-TV platform in Turkey. In direct reception, the audience for 7° East stands at more than three million households (source: Eutelsat Cable and Satellite Review, 2010);
- 5° West with the ATLANTIC BIRD™ 3 satellite, which broadcasts all the 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 key part of the "Digital France 2012" plan and the new broadcasting Act of 5 March 2009, aimed at giving homes in shadow zones access to DTT with no costs arising from altering installed dishes;
- 25.5° East with the EUROBIRD™ 2 satellite, which covers the Middle East and today broadcasts more than 46 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; with this position transmitting some 281 channels as of 30 June 2011,
- 7° West with the ATLANTIC BIRD™ 4A satellite for North Africa and the Middle East. This satellite is co-located with Nilesat's two satellites, and was broadcasting 368 TV channels as of 30 June 2011, *i.e.* a near 15% increase versus 30 June 2010. The Middle East's leading satellite operator, Nilesat, has increased its business partnership with the Group on a number of transponders.

The growth in the number of TV channels at positions dedicated to emerging-market countries was particularly strong last year, reaching over 13.8% between 30 June 2010 and 30 June 2011. The number of channels rose from 1,731 as of 30 June 2010 to 1,970 as of 30 June 2011. The Group was broadcasting a total of 3,880 channels as of 30 June 2011.

The development of HDTV gained momentum during the financial year ended 30 June 2011. The Group was broadcasting 220 HDTV channels (fourteen of which were free-to-air) across its fleet as of 30 June 2011, up from 155 (six of which were free-to-air) as of 30 June 2010.

Amongst the clients buying satellite capacity from the Group, Sky Italia and Mediaset (Italy), BSkyB (UK), Orange and Bis (France), KabelKiosk (Germany), Polsat, n and Cyfra+ (Poland), NTV+ and Platforma HD (Russia), Hello HD (Hungary), DigitAlb (Albania), Al Jazeera Sport (Middle East), Multichoice and Zap (Africa), and DigiTurk (Turkey) launched or developed their HDTV offerings during the financial year.

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

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

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

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

For the occasion of the 2010 Football World Cup, Eutelsat, in partnership with its 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 €234 million in the financial year ended 30 June 2011 (an increase of 14.9%).

6.5.2.1 DATA SERVICES (16.4% OF REVENUE(6) IN THE FINANCIAL YEAR ENDED 30 JUNE 2011)

Data Services generated revenue of €188 million in the financial year ended 30 June 2011, increasing by 19.5% relative to the previous financial year.

PROFESSIONAL VSAT-TYPE NETWORKS

In this segment, the Group delivers satellite capacity enabling companies to connect their different sites by using a proprietary network of 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, video-conferencing, credit card authorisation systems and distance learning systems.

These VSAT networks mostly use Ku-band capacity, available on satellites in the W and SESAT satellite 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, British Telecom, 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 customers.

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

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% OF REVENUE(6) IN THE FINANCIAL YEAR ENDED 30 JUNE 2011)

Value-Added Services generated revenue of €46 million in the financial year ended 30 June 2011.

The Value-Added Services offered by the Group make it possible for customers to benefit from 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.

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

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Furthermore, Value-Added Services are benefiting from the entry into service of KA-SAT as of 31 May 2011. The Company's TOOWAY™ broadband service for individual consumers and the service aimed at corporate customers mainly use the capacity available on KA-SAT to serve the Western and Eastern European markets and the Mediterranean Basin. As of 30 June 2011, 13 distributors had signed TOOWAY™ contracts (via KA-SAT). The initial feedback from subscribers has been positive.

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 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 their company 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. For 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 interconnect branches of Algeria's public bank network and to link up emergency services, as took place during the L'Aquila (Italy) earthquake in 2009. The D-STAR™ service is operated and marketed by the Skylogic S.p.A. subsidiary.

As of 30 June 2011, the number of D-STAR™ terminals in operation totalled 9,694, a 4% increase on the financial year ended 30 June 2010.

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

The Group has been selected in partnership with Orange, Alstom and Capgemini by the French railway operator, the SNCF, to deliver broadband Internet access to passengers on-board 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 in 2010.

The Group continues to develop D-STAR™ equipment for use on commercial 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 paragraph on WINS below).

D-SAT™. 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 available on cruise ships and ferries. As of 30 June 2011, the number of D-SAT™ terminals in operation was around 80, the same level as at 30 June 2010.

TOOWAY™ consumer broadband Internet access solution. During the financial year 2008-09, the Group launched a major innovation to provide the public with satellite Internet access at prices and bandwidths comparable to ADSL broadband. This next-generation TOOWAY™ service 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), 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.

Within the framework of this initiative, in October 2007, the Group ordered a Ka-band satellite, now known as 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 reduces the cost of accessing Ka-band satellite capacity by a factor of between six and eight. KA-SAT, with a capacity of 70 Gbps, has the greatest capacity of any commercial satellite in the world. The equipment is relatively cheap for end-users (around US$300-400 per terminal). As a result, this satellite makes 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, April 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 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 motorway 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 the D-STAR™ technology that establishes a bi-directional broadband satellite link between the ship 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 on-board the ship typically consists of a dish measuring 120 centimetres in diameter, installed on the upper deck and containing an antenna automatically 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, and a set of four cellular relays providing optimum coverage of the ship for GSM communications.

When the ship 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 operates a closed secure network between the central office of a motorway transport 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.

6.5.3 Multi-Usage Services

Multi-Usage Services generated revenue of €125.6 million for the financial year ended 30 June 2011 (an increase of 28%, or 27.2% at constant euro-dollar parity). These services mostly involve delivering capacity to other satellite operators and providers of Internet services to government agencies, particularly in the USA. The service mainly uses capacity on the EUROBIRD™ 4A, EUROBIRD™ 2, W5, ATLANTIC BIRD™ 2 and ATLANTIC BIRD™ 3 satellites.

6.6 Satellites and coverage areas

As of 30 June 2011, the Group operated a fleet of 25 satellites in stable geostationary orbit, three of which are leased from third parties. In addition to the fleet in stable orbit, the Group drew on capacity from two satellites in inclined orbit, Telecom 2D (leased from a third party) and W48 located, respectively, at the 8° West and 48° East orbital positions.

As of 30 June 2011, having reached the end of its useful life, the W75 satellite was in the de-orbiting process.

The Group is also planning to launch seven new satellites (W3C, W3D, ATLANTIC BIRD™ 7, W5A, W6A, EUROBIRD™ 2A and Eutelsat 3B) in the next three years.

6.6.1 The satellite fleet

As of 30 June 2011, the Group's fleet covered 21 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 6.5 years as of 30 June 2011 (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 malfunctioning.

Every year, the Group reviews the estimated operational life of the satellites in-orbit (for further information, see Notes 4.7 and 6 to the consolidated financial statements for the financial year ended 30 June 2011 in Section 20.1 "Financial information for the year ended 30 June 2011" of this reference document).

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The following table shows a detailed breakdown of the satellite fleet operated by the Group as of 30 June 2011. Nominal capacity is the nominal number of transponders per satellite. The estimated dates indicated for the end of operational use reflect the Group's in-house estimates as of 30 June 2011 and are expressed in terms of calendar year.

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 2011 *(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
KA-SAT	9° East	Ka	82	Dec. 2010	Q1 2029
EUROBIRD™ 16(2)	16° East	Ku	15	Feb 1998	Q4 2011
W2M	16° East	Ku	9	Dec 2008	Q4 2020
W2A	10° East	Ku/C	42/10	Apr 2009	Q1 2023
W3A	7° East	Ku/Ka	42/2	Mar 2004	Q2 2021
W4	36° East	Ku	31	May 2000	Q1 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	Q4 2026
W48	48° East			Nov 1996	Inclined orbit
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

(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 2011.

LEASED CAPACITY

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 2011 *(calendar year)*
Telstar 12(4)	15° West	Ku	4	Oct 1999	Q4 2011
SESAT™ 2(5)	53° East	Ku	12	Dec 2003	Q1 2016
Eutelsat 3A(6)	3° East	C	7	May 2007	Q3 2015
TELECOM 2D	8° West			Aug 1996	Inclined orbit

(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.
(6) Previously known as Sinosat3 or ChinaSat5C and owned by China Satcom. Capacity corresponds to that operated by Eutelsat.

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The following table lists the satellites currently in service, whose names were changed on their re-location:

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

6.6.1.1 SATELLITE FLEET USAGE AND PERFORMANCE

As of 30 June 2011, the Group operated a total of 742 transponders in stable orbit compared to 652 as of 30 June 2010. This 14% increase was due mainly to the entry into the fleet of KA-SAT on 31 May and the capacity leased on Eutelsat 3A.

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 rate) 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 79.2% as of 30 June 2011 compared to 87.5% as of 30 June 2010.

During the financial year, the Group:

- brought the high-capacity KA-SAT multi-spotbeam satellite in Ka-band into service at orbital position 9° East at end May 2011, enabling the official opening of the TOOWAY™ new generation service;
- began, in June 2011, the procedure to de-orbit the W75 satellite that is reaching the end of its life after 13 years of operations at various orbital positions;
- leased the Eutelsat 3A satellite and positioned it at 3° East. This satellite operates seven transponders in Ku-band.

Capacity leased in Ku-band saw only a modest increase during the financial year (+3%) given the absence of the additional capacity which should have come from the W3B satellite. The fleet thus operated at a fill rate of above 90% for most of the year, falling to 79.2% only during the fourth quarter. This capacity will be increased when ATLANTIC BIRD™ 7 and W3C are brought into service during the financial year 2011-12.

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

	30 June		
	2009	2010	2011
Number of operational transponders(1)	589	652	742
Number of leased transponders(2)	523	570	588
Fill rate	88.8%	87.5%	79.2%

(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 2011, the Group owned 25 geostationary satellites, two of which were in inclined orbit (W75 under de-orbiting and W48). Most of these satellites were constructed by Thales Alenia Space and EADS Astrium.

HOT BIRD™ SATELLITES

As of 30 June 2011, with 102 Ku-band transponders operating in stable orbit over Europe (and four Ka-band transponders on **HOT BIRD™ 6**), the **HOT BIRD™ 6**, **HOT BIRD™ 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. This proximity allows homes equipped for DTH reception to receive services and television channels from each of these two positions via the same dual-feed antenna. This satellite provides coverage of Europe, the Middle East and North Africa.

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

EUROBIRD™ 4A (formerly W1) has been located at 4° East since June 2009 and is chiefly deployed for multi-usage applications in the Middle East. It replaced **EUROBIRD™ 4** (formerly **HOT BIRD™ 3**), itself relocated to 75° East and operated in inclined orbit under the name W75 since November 2009. W75 was de-orbited in July 2011.

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.

From its orbital position at 28.5° East, the **EUROBIRD™ 1** satellite provides direct broadcasting services to more than 11 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 bi-directional 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 four high-power beams.

KA-SAT SATELLITE

This Astrium-built satellite, launched in December 2010 and operational as of 31 May 2011, is the Group's first satellite operating solely in Ka-band. It is the first step in a major new satellite infrastructure programme which will significantly extend TOOWAY™ broadband resources and access to consumers throughout Europe and the Mediterranean basin, whilst offering new opportunities for local and regional television. **KA-SAT** is equipped with 83 narrow spotbeams (of which 82 are operational) making it the most advanced multibeam satellite ever designed in the world. As an integral part of this new infrastructure programme, a network of 10 stations, managed by Eutelsat, will allow access to KA-SAT and provide end-users with a comprehensive range of broadband services.

The KA-SAT multibeam satellite is located at 9° East where it has joined EUROBIRD™ 9A. It is close to 13° East and the three large Ku-band HOT BIRD™ broadcasting satellites, currently regarded as the world's leading TV broadcasting orbital array. Such proximity means that the Group is able to offer households access to interactive broadband services and telephony, as well as television reception from HOT BIRD™ with a single dual frequency antenna (triple play).

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 a 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 and medium-sized business networks to access a broadband IP connection of professional standard, thus enabling rural areas in Europe to break out of their isolation.

W SATELLITES

The seven W series 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 the 10° East orbital position, and is used for broadcast, broadband and telecoms services in Europe, Africa and the Middle East. W2A is equipped with a payload of 10 transponders in C-band, and has bolstered the Group's resources in this band over Africa. W2A also has payload in the S-band, which belongs to and is operated by Solaris Mobile Ltd., a joint venture between Eutelsat and SES Astra. An incident occurred during in-orbit deployment which significantly reduced the operational capacity of this payload thus 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, "Technical failures 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 the Ukraine) and Africa, supporting the development of broadcasting platforms in these regions.

The **W5** satellite, launched in November 2002, is located at 70.5° East. It has helped develop the fleet's coverage by enabling high-performance coverage of the Middle East and Central 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 under current operating conditions. Furthermore, what remained of its operational life was reduced by one year (see Section 6.6.3, "Technical failures and loss 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.

The **W7** satellite, launched in November 2009, is equipped with a Ku-band payload connected to six beams covering Europe, Russia, Africa, the Middle East and Central Asia. This satellite's co-location with W4 makes it possible to virtually double available power for digital video services in Russia, the Ukraine and sub-Saharan Africa at 36° East, and it has 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), 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 four 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, 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 Telecom 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 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.

OTHER SATELLITES

The satellite operated at 13° East under the name HOT BIRD™ 2 then, from the financial year 2006-2007, 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 then from the financial year 2006-2007, at 4° East under the name EUROBIRD™ 4, was replaced in this orbital position by EUROBIRD™ 4A in June 2009. It was operated in inclined orbit at 75° East under the name W75 between November 2009 and June 2011. The de-orbiting began in June 2011 and was completed in July 2011.

6.6.1.3 CAPACITY LEASED ON THIRD-PARTY SATELLITES

As of 30 June 2011, as well as operating its own satellites, the Group drew on capacity from four 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 four Ku-band transponders on Telstar 12 until the end of its operating life in stable orbit for services between Europe and the American continent, in exchange for 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 Telecom, currently in inclined orbit at 8° West.
- **Eutelsat 3A**. This satellite is located at 3° East where seven of its transponders are operated by Eutelsat (leased from China Satcom) to supply capacity across Europe, the Mediterranean basin and North Africa.

6.6.1.4 SATELLITES ORDERED AND CURRENTLY UNDER CONSTRUCTION

Having ordered five satellites in the financial years ended 30 June 2007, 2008, 2009 and 2010, the Group pursued its investment programme by placing an order for two new satellites during the year ended 30 June 2011, together with the procurement of five other programmes.

NEW SATELLITES COMMISSIONED

During the financial year, the Group announced the selection of Thales Alenia Space to build the **W3D** satellite whose launch is expected in the first quarter of 2013. W3D will be co-positioned with Eutelsat's W3A satellite at 7° East to expand operational capacity at this location to 70 transponders from 44. These additional resources will enable existing customers to expand their markets by increasing and securing in-orbit capacity at this location, thereby offering new business opportunities in Europe, the Middle East, Africa and Central Asia.

Note also that, during the month of July 2011, the Group signed a procurement contract for the **Eutelsat 3B** satellite which will be co-positioned with Eutelsat 3A to reinforce capacity at 3° East. This satellite, which will operate 51 transponders in Ku, C and Ka band, will cover Europe, Africa, the Middle East Central Asia and parts of South America, notably Brazil. Eutelsat 3B will provide professional video, data services, broadband and telecoms services. Its launch is scheduled for the first half of 2014.

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SATELLITES UNDER CONSTRUCTION

- **W3C,** ordered from Thales Alenia Space. This high capacity satellite will take over the mission initially scheduled for W3B at 16° East to meet the high demand at this position, enabling Eutelsat to support the development of digital television in Central and Eastern Europe and in the French-speaking Indian Ocean islands and provide new capacity for data services in Africa. W3C is scheduled for launch between September and October 2011.
- **ATLANTIC BIRD™ 7,** ordered from EADS Astrium, is on track to launch in September 2011. This second high-capacity satellite's mission will be to replace the ATLANTIC BIRD™ 4A satellite at 7° West, a key neighbourhood for digital broadcasting markets in the Middle East and North Africa, which Eutelsat operates in close collaboration with the Egyptian satellite operator Nilesat.
- **W6A,** ordered from Thales Alenia Space. Its mission will be to replace the W6 satellite and increase by more than 50% the resources available at 21.5° East, a core neighbourhood anchored for data, professional video and government services across North Africa and the Middle East.
- **W5A,** ordered from EADS Astrium. Its mission will be to replace the W5 satellite and more than double resources available at 70.5° East. It will enable Eutelsat to provide each of the regional markets served from the orbital position with increased resources (mainly in Central Asia and South-East Asia) but also provide solutions for interconnection between all the regions covered by the fleet. For instance, W5A will enable efficient satellite links for services that include secure government communications in Central Asia through hubs located in the region or in Europe, business networks between South-East Asia and Africa, and direct connectivity between Europe and Australia.
- **EUROBIRD™ 2A,** ordered from Space Systems/Loral Inc. Its mission will be to replace EUROBIRD™ 2 satellite at 25.5° East. Its 46 transponders, 32 of which are in Ku-band and 14 of which are in Ka-band will be equally shared with ictQATAR representing the State of Qatar. It will ensure service continuity in Ku-band on the satellite from which it will take over, with expanded coverage across the Middle East, North Africa and Central Asia. It will provide this orbital position with its first resources in Ka-band enabling Eutelsat to offer new services in these covered regions.

The launches of these last three satellites are expected during the financial year 2012-2013.

OTHER SATELLITES ANNOUNCED BUT NOT COMMISSIONED

Under the terms of the MOU signed with RSCC in May 2011, a new satellite is planned for launch in 2015 to occupy the most popular neighbourhood for satellite TV in Russia, 36° East. This new satellite will be specifically designed to optimise the operation of this orbital position by a constellation of co-located satellites. It will deliver new resources to both RSCC and Eutelsat for consumer broadcasting and multimedia services within a footprint of European Russia to the Urals. It will also carry a payload with a footprint over sub-Saharan Africa to provide long-term continuity for services currently supplied at 36° East by W4, and capacity for further expansion.

The table below lists those satellites which were under construction or ordered as of the filing date of this reference document together with their estimated launch dates. An additional period of one to two months should be allowed after the launch date in order to assess the date of a satellite's entry into operational service.

Name of satellite	Constructor	Estimated launch	Nominal capacity	Orbital position
ATLANTIC BIRD™ 7	EADS Astrium	Sept./Dec. 2011	50 Ku-band transponders	7° West
W3C	Thales Alenia Space	Sept./Dec. 2011	53 Ku-band transponders and 3 Ka-band transponders	16° East
W6A	Thales Alenia Space	Q4 2012	40 Ku-band transponders	21.5° East
W5A	EADS Astrium	Q4 2012	48 Ku-band transponders	70.5° East
W3D	Thales Alenia Space	Q1 2013	53 Ku-band transponders and 3 Ka-band transponders	7° East
EUROBIRD™ 2A	Space Systems/Loral	H1 2013	16 Ku-band transponders/7 Ka-band transponders(1)	25.5° East
Eutelsat 3B	EADS Astrium	H1 2014	30 Ku/12 C/9 Ka	3° East

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

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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 Telecom 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 customers' 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 2011, employed 74 specialist technicians and engineers in this capacity.

ACTIVITIES OF THE SATELLITE CONTROL CENTRE

As of 30 June 2011, the Group managed the 23 satellites it owned, with support from a contractor for ATLANTIC BIRD™ 1. Telecom 2D is controlled by France Telecom, Telstar 12 is controlled by Skynet, SESAT™ 2 is controlled by RSCC, while Eutelsat 3A is controlled by China Satcom.

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 Telemetry, Command and Ranging (TCR) station network) from the Satellite Control Centre.

The Group's satellite control activities are certified ISO 9001. This ISO 9001 certification was obtained in 2005, renewed in 2008, and again renewed in 2011 for a three-year period to June 2014. 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 the W3A, EUROBIRD™ 9A, HOT BIRD™ 8 and 9, ATLANTIC BIRD™ 4A, W2A, W7 and KA-SAT satellites launched between 2004 and 2010. Furthermore, the Group has entered into long-term service agreements with five 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 Madeira has started to provide TCR services since September 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 eight 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 the 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 two centres are connected to each other and to each monitoring site by a network of protected and redundant voice/data communication lines.

6.6.3 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, W7 and KA-SAT) 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 due to a faster than expected deterioration in some solar panels (the energy source for the satellites). To date, these faults have had only a limited impact on these satellites (shutdown of four 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

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reduction in battery power of ATLANTIC BIRD™ 3 was caused by the loss of six cells 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 very limited impact on the overall performance of the satellites during eclipses. However, the implementation of the constructor's recommendations and corrective measures are reflected in very limited consequences for the future transmission capability of the ATLANTIC BIRD™ 3 and HOT BIRD™ 6 satellites relative to the level originally planned and with no real 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 sub-systems. The satellite's power sub-system 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 12 months (see Section 6.6.1 "The satellite fleet").

On 3 December 2008, EUROBIRD™ 4 (now W75) experienced a service interruption of around four 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 satellite's propulsion system led to the end of its life in stable orbit. As of 30 June 2011, W75 was in the de-orbiting process.

The performance of the W2M satellite, which was launched on 20 December 2008, does 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 financial year 2008-2009. 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) 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. filed a claim for constructive total loss with its insurers, who 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 (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 in Section 6.6.1).

LAUNCH FAILURES

Since it started its activities (including during the period prior to the Transformation), the Group has lost three 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.

In October 2010, the Group reported the loss of W3B satellite following the malfunction observed on the satellite's propulsion sub-system after its launch by an Ariane 5 rocket. W3B was supposed to be positioned at 16° East to replace the EUROBIRD™ 16, W2M and SESAT™ 1 satellites. In the absence of W3B, these three satellites are maintaining all their services at this position ahead of the arrival of W3C whose launch is scheduled before the end of 2011. As a result the Group immediately launched a new satellite programme, W3D, for entry into commercial service in early 2013.

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 Space Operations Act which came into force in December 2010.

In the year ended 30 June 2011, the W75 satellite reached the end of its useful life and was under de-orbiting as of 30 June 2011.

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 Telecom/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.

As of 30 June 2010 and 2011, the Group's top four client-distributors (France Telecom/Globecast, British Telecom/Arqiva, Telespazio and Deutsche Telekom/Media-Broadcast) accounted, respectively, for 29.1% and 24% of the Group's consolidated revenue.

This reduction in the 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, the Group is now able to offer services to its clients and end-users regarding 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.

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 the needs of end-users of satellite capacity. The Group has launched direct marketing programmes to expand its base of potential customers.

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 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 customer requesting an existing customer's capacity and (ix) 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 is generally 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 regarding changes in the satellite

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telecommunications market" and especially paragraph 4.2.6, "The Group is dependent on several major customers").

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 customers who 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 2011.

As of 30 June 2011, the Group's top 10 customers accounted for 52.2% of the Group's revenues with the breakdown as follows:

Customers	Revenue per customer *(in millions of euros)*	*(as a percentage)*
Public sector entities	133.0	11.4%
France Telecom/Globecast	109.6	9.4%
Sky Italia S.r.l.	83.2	7.1%
Telespazio/Telecom Italia/	71.0	6.1%
Deutsche Telekom/T-Systems/Media Broadcast	54.1	4.6%
British Telecom/Arqiva	46.0	3.9%
Nilesat	39.1	3.4%
Noorsat WLL	29.4	2.5%
Intersputnik Int. Org. of Space Communication	23.0	2.0%
Multichoice Africa	21.7	1.9%
Total of top 10 customers	**610.2**	**52.2%**
Other	557.9	47.8%
TOTAL	**1,168.1**	**100%**

As of 30 June 2010, the Group's top 10 customers represented 53.6% of revenues with the breakdown as follows:

Customers	Revenue per customer *(in millions of euros)*	*(as a percentage)*
France Telecom/Globecast	108.9	10.4%
Public sector entities	95.8	9.1%
Telespazio/Telecom Italia	77.9	7.4%
Sky Italia S.r.l.	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 top 10 customers	**561.7**	**53.6%**
Others	485.5	46.4%
TOTAL	**1,047.2**	**100%**

TECHNICAL QUALIFICATIONS OF THE GROUP'S CUSTOMERS AND TECHNICAL ASSISTANCE

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

CUSTOMER ALLOTMENT AGREEMENTS

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

The Group sells its capacity and services under three 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, seven 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, seven 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 pre-determined times (for a minimum of five hours a week for one year), or (iv) subscriptions for 15 hours of use per month or for 180 hours of use over six months. Part-time leases of capacity are mainly used for broadcasting, for professional video links and, to a lesser extent, for Professional Data Networks and Value-Added Services.
- Mobile applications. These cover the lease of capacity for EutelTRACS services. For these services, customers do not lease capacity on the basis of pre-determined volume but on actual use.

Under the standard capacity allotment agreement, customers 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 respect of the customer's contractual obligations.

ORDER BACKLOG

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

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

At 30 June	2010	2011
Value of contracts *(in billions of euros)*	4.9	5.0
Weighted remaining duration of contracts	8.0	7.5
Proportion of Video Applications	92%	91%

As of 30 June 2011, the Group's order backlog amounted to nearly €5 billion, slightly higher than the level as of 30 June 2010. Most of the order backlog is made up of contracts for the duration of the satellites.

The proportion of the order backlog represented by Video Applications as of 30 June 2011 was 91%, 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 2011 (weighted by value) was 7.5 years, compared with 8 years as of 30 June 2010.

The breakdown of the backlog by year as of 30 June 2011 was as follows:

Financial year ended 30 June	Backlog *(unaudited, in millions of euros)*
2012	952
2013	728
2014 and beyond	3,276
TOTAL	**4,955**

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 requiring the payment of an early termination penalty.

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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 national regulations in countries in which it provides or seeks to provide 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 six 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 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 the 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.

The Radio Regulations define three separate systems for frequency assignments to be used for space radiocommunications using geostationary satellites. The applicable system is determined by the frequency bands in which the frequencies to be assigned are located:

- a general system governs assignments in all frequency bands assigned to space radiocommunications services in the parts of the spectrum known as "C-band", "Ku-band", "S-band" and "Ka-band" with the exception of those explicitly governed by one of the two special systems described below;
- the first special system (referred to below as 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 three 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 two 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 two 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 two 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 two 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).

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, the ANFR was the entity responsible for applying the international rules governing the coordination of frequency assignments on behalf of all the Parties.

After the Transformation, all 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 and ATLANTIC BIRD™ 3 satellites, at 8° West and 5° West respectively, which are operated under French frequency assignments granted to France Telecom. It is also the case with the EUROBIRD™ 1 satellite at 28.5° East operated under the German frequency assignments, 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 the ANFR. They depended on the 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 the 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 two-stage system:

- the assignment request is sent to the 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 the 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. Authorisation can be refused, for example "for the protection of public order, defence or public safety".

Persons who have asked the French government or the ANFR to declare to the ITU a frequency assignment prior to the publication of the LCEN had to request, if they wanted to retain the rights to use the frequency assignment, the authorisation provided for in Article L. 97-2 of the CPCE within a period of one year from 12 August 2006, which was the publication date of decree No. 2006-1015 of 11 August 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 the 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 themselves authorised to operate networks and/or communications services. 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 used to require prior authorisation from the Minister of Telecommunications while 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 bi-directional VSAT terminals on French territory. However, these activities still require payment of an administrative tax of €20,000 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 frameworks 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 notably obtained a network operator licence and two general authorisations to provide interactive satellite services in Italy.

Other countries, generally in emerging markets, have maintained strict monopolies. In these countries, a single State entity, generally the public postal, telephone and telegraph authority, often holds a monopoly on the ownership and operation of communications equipment or on the provision of communications or broadcasting services to or from that country, including via satellite. In order to provide services in these countries, the Group may have to negotiate an operating agreement with the State entity, which defines the services to be offered by each party, the contractual terms 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 the State entity, with all associated ground services provided by that entity. These operating agreements also allow customers 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 authorisation 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.

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

Name of satellite	Orbital position	Date of inclusion on the 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 seen considerable change. 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 five new EU directives and one EU decision, all 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 announced its selection decision on 13 May 2009, demand for spectrum not having exceeded the amount available. Solaris Mobile Ltd. was selected and was 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.

One of the principles of this reform provides for the rationalisation and harmonisation of 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, 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 two separate entities.

To date, Eutelsat has not been identified as exercising significant influence in a given market. According to ARCEP, the European institutions (the Commission or the new European regulator where applicable) are responsible for determining whether the Group exercises a significant 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 two 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 No. 1), or, in the absence of which, the one with authority over the satellite capacity used (criterion No. 2), or finally, in the absence of which, the one from whose territory the signal was uplinked to the satellite (criterion No. 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 No. 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 No. 1 was not applicable.

A major change was made in the new Audiovisual Media Services Directive, which deleted criterion 1 and reversed criteria No. 2 and No. 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 the 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 2011, the Group was broadcasting 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; and
- 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.

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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 governing space operations was published in France's *Journal officiel* on 4 June 2008. This legislation is the direct result of 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.

Two application decrees were published on 10 June 2009. Of the two, the Group is mainly affected by decree No. 2009-643 relating to authorisations. This decree stipulates that the system will come into force one year after the publication of the associated technical regulations and, at the latest, 18 months after publication of the decrees. The technical regulations were only published by decree on 31 May 2011 but the system has been in force since 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, namely 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 are granted by the Minister for Space within a period of four months, which may be extended by two months if a valid reason exists.

The Act also creates a licensing regime for operators involving certain guarantees. There are three levels of licence: licences attesting only the respect of moral, financial and professional guarantees; licences that, in addition, require that systems and procedures comply with the technical regulations, and; licences that grant 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 only exists 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 for 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 benefit from a State guarantee for amounts exceeding the ceiling set out in the authorisation and enshrined by the applicable finance law. (As things currently stand, the ceiling is between €50 million and €70 million 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 stipulates the authorisation process, providing for delivery of authorisations by the Ministry for Space no later than four months following filing of a completed application which can be extended by 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 or licence applications are in two parts:

- an administrative part, which attests to the existence of sufficient moral, professional and financial guarantees;
- a technical part, which demonstrates that the systems and procedures the applicant intends to use comply with the technical regulations.

These technical regulations were published by decree on 31 May 2011. Within the framework of the authorisation process, they require the availability of various studies on orbital control (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 proof of the implementation of an organisation to deal with all technical and organisational facts, as the case may be, potentially affecting 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 establish a number of requirements linked to the limitation of debris in space, in the form of information on the likelihood of accidental disintegration, passivation at the end of useful 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 the current design of satellites into account and to give manufacturers the time needed to apply the new requirements to future satellites. All the legal provisions will be applicable as of 1 January 2021.

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, the Ministry informs the applicant of its draft decision, and the latter has a fortnight in which to make comments.

6.8.4.3 LICENCES AND AUTHORISATIONS OBTAINED BY THE GROUP

Within the framework of this process, on 24 December 2010, the Group obtained by decree a licence equivalent to authorisation for the control of space devices for its entire fleet. This licence was granted for a one-year period from the effective date of the decree insofar as the technical regulations associated with the Act had not been published as of 10 December 2010. The Group will therefore have to file a new licence application equivalent to an authorisation for a ten-year-period before 24 December 2011.

The licence provides for requirements in addition to those in the technical regulations. In particular, the Group will have to provide, for any new satellite to be launched within the framework of this licence, specific information such as the mission analysis and danger study, the revision dates prior to launch and the launch date, and propellant emissions before and after the launch. The Group will also have to send regular declarations to the CNES proving the ability of satellites covered by the licence to perform service withdrawal manoeuvres. The Group is also required to notify the Minister and the CNES of any changes in orbital position other than an avoidance manoeuvre one month before the start of its implementation, except in the event of an emergency.

Any satellite launches undertaken by the Group from France or abroad remain subject to a case-by-case authorisation regime. However, on 23 December 2010, the Group obtained a licence certifying that Eutelsat has moral, financial and professional/business guarantees granting it an exemption from the administrative part of such requests and reducing the authorisation timeframe from four months to one month. On the same date, the Group was granted authorisation to proceed with the launch of its KA-SAT satellite on board the Proton launcher.

On 31 March 2011, the Group obtained authorisation to proceed with the launch of the satellites currently being manufactured by the traditional launchers currently known. Any other launches are subject to a new application for leave.

As part of its authorisations to proceed with satellite launches, one month before launch the Group has to provide the launch authorisation obtained by Arianespace in the case of a launch by Ariane 5, or, in the case of a launch by other launchers, the launch authorisation granted by the relevant government to its launch operator or, failing this, a "certificate" for authorisation to launch from the relevant government or its launch operator.

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 Defence 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.
- Eutelsat IGO's Executive Secretary shall be named as an Observer on Eutelsat S.A.'s Board of Directors, subject to certain conditions.
- Eutelsat S.A. shall finance Eutelsat IGO's annual operating costs (as an illustration, the budget for this was approximately €720,000 for the year ended 30 June 2011).

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 six 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 Observer, the Executive Secretary of Eutelsat IGO shall have access to information under the same conditions as those which apply to a Board Member 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 Observer 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 Observer, 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 Observer, 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 Observer" for further information on the clause in Eutelsat Communications' by-laws concerning the Observer).

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 Observer, 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 Observer 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.

7 ORGANISATIONAL CHART

The financial year ended 30 June 2011 saw the development of new Eutelsat commercial subsidiaries designed to offer the best possible solutions to the needs of the Group's customers in their various markets.

As of 30 June 2011, the Group directly or indirectly controlled 26 subsidiaries and held five equity interests.

The two charts below show the holdings of Eutelsat S.A., the Group's main operating subsidiary (Part 1) and all the subsidiaries and equity interests held directly or indirectly by Eutelsat S.A. (Part 2) as of 30 June 2011. Eutelsat Communications is a holding company, with no operational role other than its indirect equity interest in Eutelsat S.A.

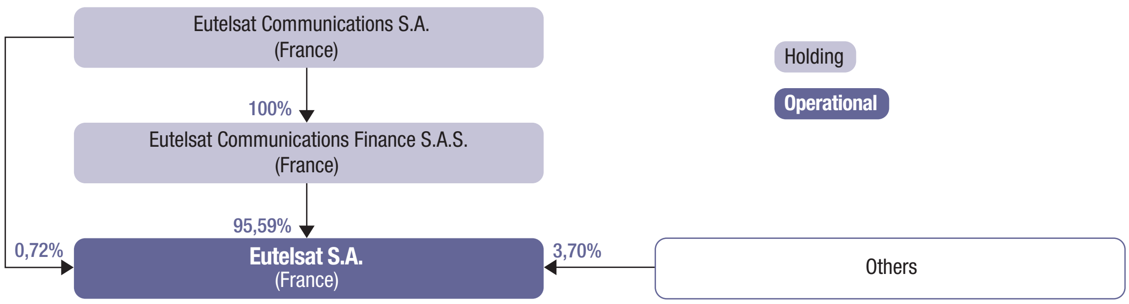
The revenues and results of the companies mentioned in Section 7.2 "Subsidiaries and Equity Interests" have been established based on the annual accounts of these companies, in accordance with the accounting standards applicable locally. This data is not representative of the contribution of these companies 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" of this reference document.

7.1 The Group's Organisational Chart

The two flow charts below represent the organisation of the Group as of 30 June 2011.

GROUP ORGANISATIONAL CHART AS OF 30 JUNE 2011 (PART 1) – EUTELSAT COMMUNICATIONS ORGANISATIONAL CHART



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

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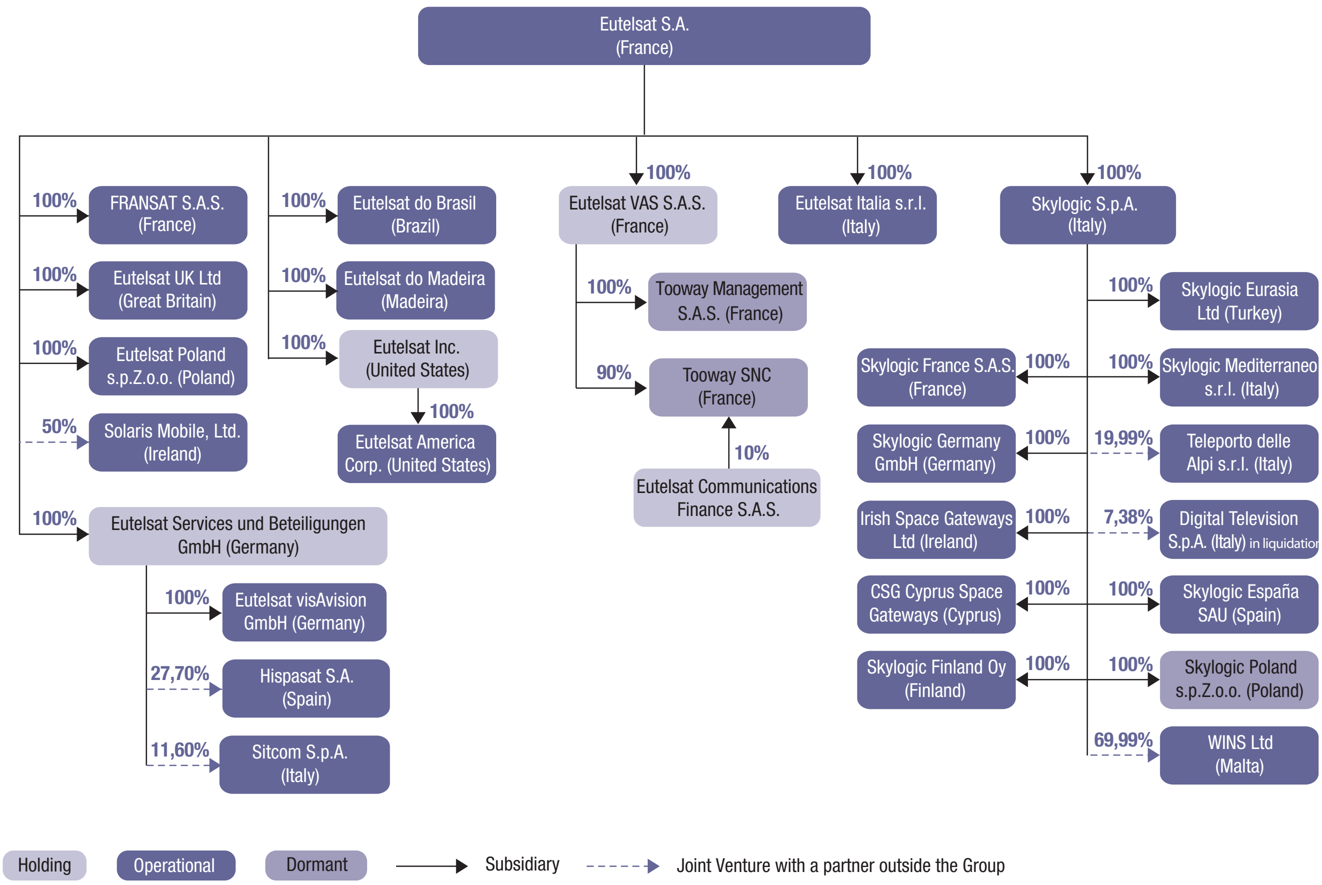
GROUP ORGANISATIONAL CHART AS OF 30 JUNE 2011 (PART 2) – EUTELSAT S.A. ORGANISATIONAL CHART



Information on the agreements between the Company and its various subsidiaries are described in Section 19 "Related Party Transactions" 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., Eutelsat do Madeira (Madeira) and Eutelsat America Corp.

7.2.1 Subsidiaries managing the Group's equity interests

EUTELSAT COMMUNICATIONS FINANCE S.A.S. (FRANCE)

Incorporated in June 2006 and 100% owned by Eutelsat Communications, Eutelsat Communications Finance S.A.S is a French *société par actions simplifiée* (joint-stock company) whose registered office is located at 70, rue Balard, 75015 Paris. Its purpose was to receive the financing arising from the refinancing of the Revolving and Senior Credits, taken out by some of the Group's subsidiaries during the financial year 2005-2006. During the financial year 2008-2009, the corporation completed the merger of two 100%-owned subsidiaries: SatBirds 2 S.A.S. and WhiteBirds S.A.S.

The sole activity of Eutelsat Communications Finance S.A.S. is to hold 95.59% of Eutelsat S.A.'s share capital.

On 15 June 2011, given the projected results of Eutelsat Communications Finance S.A.S. for the financial year 2010-2011 (interim financial statements to 31 May 2011 showing distributable income of €376.4 million comprising €251.7 million in net income and €124.7 million in retained earnings), an interim dividend of €160 million was paid to Eutelsat Communications.

As of 30 June 2011, no revenue was reported and the net income of Eutelsat Communications Finance S.A.S stood at €252.2 million arising from the flows from its subsidiary Eutelsat S.A.

EUTELSAT S.A. (FRANCE)

Eutelsat S.A. is the main operating company of the Group. It is a *"société anonyme"* and its registered office is located at 70, rue Balard, 75015 Paris.

As of 30 June 2011, Eutelsat Communications directly and indirectly held a 96.30% stake in Eutelsat S.A., the Group's main operating company, through which it had direct and indirect control of a number of subsidiaries and equity interests including Skylogic S.p.A. (100%), Hispasat S.A. (27.69%) and Solaris Mobile Ltd. (50%).

As of 30 June 2011, its revenues[1] totalled €1,111.6 million, resulting in net income of €349.4 million.

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 tasked with promoting its services and representing Eutelsat S.A. whose revenues and net income are not significant.

EUTELSAT INC. (USA)

Incorporated in November 2006, Eutelsat Inc. is responsible for promoting Eutelsat S.A.'s services and satellite capacity in the USA. In addition, Eutelsat Inc. has a 100%-owned subsidiary, Eutelsat America Corp.

At 30 June 2011, Eutelsat Inc. generated revenues of €768 thousand and net income of €39 thousand.

EUTELSAT AMERICA CORP. (USA)

Incorporated in November 2006, Eutelsat America Corp's role is to distribute Eutelsat S.A.'s capacity throughout the North American market. As of 30 June 2011, it generated revenues of €128.8 million and net income of €4.8 million.

EUTELSAT DO BRASIL (BRAZIL)

Incorporated in June 2000, Eutelsat do Brasil is responsible for 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 2011, this company generated revenues of €1,962 thousand and net income of €183 thousand.

EUTELSAT UK LTD. (UNITED KINGDOM)

Incorporated in July 2003, Eutelsat UK Ltd. is responsible for promoting Eutelsat S.A.'s activity in the United Kingdom and Ireland.

As of 30 June 2011, Eutelsat UK Ltd. generated revenues of €1,404 thousand and net income of €50 thousand.

EUTELSAT POLSKA S.P.Z.O.O. (POLAND)

Incorporated in December 2003, Eutelsat Polska S.p.Z.o.o.'s purpose is to promote Eutelsat S.A.'s services in Poland and Central Europe.

As of 30 June 2011, this company generated revenues of €436 thousand and net income of €7 thousand.

EUTELSAT ITALIA S.R.L. (ITALY)

Incorporated in 2002, Eutelsat Italia s.r.l., chaired by Mr. Giuliano Berretta, represents and promotes the Group in Italy.

As of 30 June 2011, it generated revenues of €781 thousand and a loss of €5 thousand.

7.2.2.2 OPERATIONAL 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 is responsible for operating Value-Added Services including satellite Internet access solutions by D-STAR™ and TOOWAY™. During the financial year, Skylogic's activity focused mainly on marketing the D-STAR™ service and on advancing the technical activities for the development of TOOWAY™.

As of 30 June 2011, Skylogic S.p.A. owned, in partnership with the Maltese operator MaltaSat, 70% of the company WINS Ltd. (Malta). Skylogic S.p.A. also owns Skylogic Eurasia Ltd., incorporated in January 2007, which is responsible for the promotion and marketing of satellite services in Turkey, Skylogic España S.A.U., incorporated in September 2008, which markets Skylogic S.p.A.'s Value-Added Services and, particularly, Internet access solutions by satellite and Skylogic Polska.

Skylogic S.p.A also owns 100% of the share capital of Skylogic Mediterraneo s.r.l. (Italy), incorporated in July 2006, which operates a teleport in Sardinia.

Lastly, during the financial year 2010-11, Skylogic S.p.A. (which became the holding company for the KA-SAT activity given the abandonment of the project to establish reciprocal joint ventures with the US company ViaSat) set up five subsidiaries in which it owns 100% of the share capital, one in each country (excluding Italy) where the gateways required for the operation of the KA-SAT satellite need to be deployed: Skylogic France S.A.S. (France), Skylogic Germany GmbH (Germany), Irish Space Gateways Ltd. (Ireland), CSG Cyprus Space Gateways Ltd. (Cyprus) and Skylogic Finland Oy (Finland).

As of the date of this report, the establishment of a sixth subsidiary, Skylogic Hellas located in Greece, has been authorised by the Board of Directors of Skylogic S.p.A., and is in the process of being set up.

Furthermore, the company Digital TV S.p.A. in which, as of 30 June 2011, Skylogic S.p.A. still owned a 7.38% stake was in the process of liquidation in application of a ruling by the Court of Milan dated 23 December 2010. After the end of the financial year, the company was wound up (ruling from the Court of Milan dated 7 July 2011).

(1) Non-consolidated revenues based on annual accounts for the period ended 30 June 2011, 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 - ORGANISATIONAL CHART

7.2 Subsidiaries and equity interests

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As of 30 June 2011, Skylogic S.p.A generated revenues of €33.9 million and a net loss after tax of €22.8 million. As of 30 June 2011, Skylogic S.p.A. employed 146 people.

WINS LTD (MALTA)

Incorporated in September 2005, WINS Ltd. (Malta) 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 them with telephony services (GSM) and broadband access.

As of 30 June 2011, WINS Ltd. generated revenues of €3,291 thousand and a net profit of €824 thousand.

SKYLOGIC EURASIA LTD (TURKEY)

Incorporated in January 2007 with a share capital of YTL5,000, Skylogic Eurasia Ltd. was initially 99.5% owned by Skylogic S.p.A. and 0.5% by Eutelsat S.A.

On 1 June 2011, the associates in the company (Skylogic S.p.A., which then held 99.5% of the capital and Eutelsat S.A. which held 0.5%) decided to incorporate in the capital the Skylogic S.p.A. debt of YTL825,250 which had been recorded under reserves, such that the capital increased to YTL830,250, held at 100% less one (1) share held by Skylogic S.p.A. and for one (1) share held by Eutelsat S.A. The transaction was adopted by the General Meeting of Shareholders on 1 June 2011, notarised on 2 August 2011 and published on 15 August 2011.

Skylogic Eurasia Ltd. is responsible for the development and promotion of satellite services in Turkey.

As of 30 June 2011, this company generated revenues of €207 thousand and net income of €21 thousand.

SKYLOGIC ESPAÑA S.A.U. (SPAIN)

Incorporated in September 2008, Skylogic España S.A.U.'s main activity is marketing Skylogic S.p.A.'s Value-Added Services, particularly satellite Internet access solutions. It is wholly owned by Skylogic S.p.A.

As of 30 June 2011, Skylogic España S.A.U. generated revenues of €1,054 thousand and net income of €214 thousand.

SKYLOGIC POLSKA S.P.Z.O.O. (POLAND)

Incorporated in December 2003, Skylogic Polska S.p.Z.o.o. is a company with no activity. Initially owned at 100% by Eutelsat S.A., it is now 100% owned by Skylogic S.p.A. pursuant to an act of transfer occurring on 26 August 2010.

As of 30 June 2011, this company posted no revenues and a net loss of €8 thousand.

SKYLOGIC MEDITERRANEO S.R.L. (ITALY)

Incorporated in July 2006 and 100% owned by Skylogic S.p.A., this company's role is to operate a teleport in Sardinia.

As of 30 June 2011, it posted revenues of €2,192 thousand and net income of €366 thousand.

SKYLOGIC FRANCE S.A.S. SKYLOGIC GERMANY GMBH (GERMANY), IRISH SPACE GATEWAYS LTD (IRELAND), CSG CYPRUS SPACE GATEWAYS LTD (CYPRUS) AND SKYLOGIC FINLAND OY (FINLAND)

During the financial year 2010-2011, Skylogic S.p.A set up five subsidiaries in which it owns 100% of the share capital, one in each country (excluding Italy) where the gateways required for the operation of the KA-SAT satellite need to be deployed:

- Skylogic France S.A.S. (France);
- Skylogic Germany GmbH (Germany);
- Irish Space Gateways Ltd. (Ireland);
- CSG Cyprus Space Gateways Ltd. (Cyprus); and
- Skylogic Finland Oy (Finland).

At the filing date of this reference document, the establishment of a sixth subsidiary, Skylogic Hellas located in Greece, has been authorised by the Board of Directors of Skylogic S.p.A., and is in the process of being set up.

EUTELSAT DO MADEIRA LDA (PORTUGAL)

Incorporated in June 2008, Eutelsat do Madeira is responsible for marketing the 25 transponders on the W2A satellite in the African zone and the Portuguese-speaking regions with Eutelsat S.A. transferring its full ownership for a total value of €72.8 million in April 2009.

In April 2009, the sole shareholder Eutelsat do Madeira Lda decided to launch two successive capital increases of €72.8 million and €6 million (after the satellite launch), increasing the share capital to nearly €78.8 million.

On 16 March 2011, the sole shareholder, Eutelsat S.A., decided to distribute €11 million of free reserves payable in U.S. dollars (USD) in one or several instalments by no later than 30 June 2011.

As of 30 June 2011, Eutelsat do Madeira Lda posted revenues of €33.3 million and net income of €20.2 million.

EUTELSAT SERVICES UND BETEILIGUNGEN GMBH (GERMANY)

In April 2002, Eutelsat S.A. acquired 100% of the company Gabriela Verwaltungs GmbH, since renamed Eutelsat Services und Beteiligungen GmbH. This company has a role in promoting and representing Eutelsat S.A. in Germany.

In July 2003, Eutelsat S.A. transferred to Eutelsat Services und Beteiligungen GmbH its 27.69% shareholding in the Spanish operator Hispasat S.A. together with its 11.60% shareholding in the Italian company Sitcom S.p.A.

In December 2003, Eutelsat S.A. paid an additional €111 million contribution to Eutelsat Services und Beteiligungen GmbH reserves within the framework of the acquisition by the latter of the shareholding in Hispasat S.A. In March 2007, Eutelsat S.A. paid a further contribution of €24 million due to an additional payment on the acquisition consideration for this shareholding. In January 2009, Eutelsat Services und Beteiligungen GmbH distributed to Eutelsat S.A. €16.4 million deducted from this €135 million of reserves.

Furthermore, in September 2004, Eutelsat Services und Beteiligungen GmbH acquired 100% of the share capital of the company Halde Fünfundsechzigste Verwaltungs GmbH, which was subsequently renamed Eutelsat visAvision GmbH.

As of 30 June 2011, Eutelsat Services und Beteiligungen GmbH generated revenues of €2,050 thousands and net income of €6,789 thousands.

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EUTELSAT VISAVISION GMBH (GERMANY)

Eutelsat visAvision GmbH, 100% owned by Eutelsat Services und Beteiligungen GmbH and incorporated in April 2004, is responsible for 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 2011, Eutelsat visAvision GmbH generated revenues of €4,309 thousand and net income of €527 thousand.

EUTELSAT VAS S.A.S, TOOWAY S.N.C. AND TOOWAY MANAGEMENT S.A.S. (FRANCE)

Eutelsat VAS S.A.S. was incorporated in June 2007 by Eutelsat S.A. within the framework of the planned partnership with the US company ViaSat, that had originally planned to offer, in Europe and the United States, Internet access services via the KA-SAT satellite for Europe and a ViaSat Ka-band satellite for the United States. As of 30 June 2011, this company posted no revenues and net income of €1,599.7 thousand.

The project had been structured around the creation of reciprocal joint ventures by the two companies in France and the United States. To this end, Eutelsat S.A. had set up four subsidiaries including Eutelsat VAS S.A.S. and three other companies:

- Tooway SNC: a company 90%-owned by Eutelsat VAS S.A.S. and 10% by Eutelsat Communications Finance S.A.S. initially intended to own the KA-SAT satellite and be responsible for marketing its capacity. As of 30 June 2011, this company posted no revenues and net income of €3.5 thousand;
- Tooway Management S.A.S.: a company 100% owned by Eutelsat VAS S.A.S. which was to ensure the management of Tooway SNC. As of 30 June 2011, this company posted revenues of €1 and a net loss of €8.2 thousand; and
- Eutelsat Broadband Corp: a company incorporated in the United States (Delaware) by Eutelsat VAS S.A.S, wound up on 8 June 2011.

In early 2010, the project in its original form was abandoned such that Eutelsat VAS S.A.S. has never traded and only the three other companies have maintained their initial structure although they too have never traded.

FRANSAT S.A. (FRANCE)

FRANSAT S.A. was incorporated in May 2009 as a simplified stock corporation *(société par actions simplifiée)*. In February 2010, it was transformed into a *société anonyme* (limited company), with a Board of Directors.

FRANSAT S.A. is fully owned by Eutelsat S.A. Given the legal requirement for limited companies to have a minimum of seven shareholders, Eutelsat has granted simple share loans, each covering one (1) share (of a total of 800,000 shares) to six of its employees.

FRANSAT S.A. is responsible for developing and operating the FRANSAT offering on the ATLANTIC BIRD™ 3 satellite. 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 switchover to digital does not require a change in the antenna already pointed towards the ATLANTIC BIRD™ 3 satellite.

In January 2011, at the Extraordinary General Meeting, the shareholders decided not to wind up the Company despite shareholders' equity having fallen to less than half the share capital following the appropriation of income decision for the financial year ended 30 June 2010. The situation should be settled before the close of the second financial year following the financial year in which the losses were recognised.

As of 30 June 2011, FRANSAT S.A. posted revenues of €6,915 thousand and a net loss of €730 thousand.

7.2.2.3 EQUITY INTERESTS

HISPASAT S.A. (SPAIN)

As of 30 June 2011, Eutelsat S.A. indirectly held, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the share capital and voting rights of Hispasat Group, a private unlisted Spanish satellite operator. A 21.15% stake was acquired on 28 December 2001, followed by a further 6.54% on 8 April 2002. As of 31 December 2010, this company posted revenues of €174.8 million and net income of €72.7 million.

The table below shows a summary of Hispasat Group's annual data for the year ended 31 December 2010 (latest data published by Hispasat):

(in millions of euros)	31 December 2010
Assets	985,160
Equity	540,551
Operating income	174,809
Net income	72,669

SOLARIS MOBILE LTD (IRELAND)

As of 30 June 2011, Eutelsat S.A. indirectly held 50% of the share capital and voting rights of Solaris Mobile Ltd., a company incorporated in Ireland and headquartered in Dublin. Jointly held at parity with SES, Solaris Mobile Ltd's role is to operate and commercialise the S-band payload of the W2A satellite.

In March 2008, this company had been the subject of a 50/50 joint venture between Eutelsat S.A. and SES Astra S.A., tasked with supplying S-band services enabling the marketing of television, video and radio services, as well as bi-directional communications on mobile equipment such as telephones, computers and multimedia readers.

In May 2009, Solaris Mobile Ltd. obtained from the European Commission the allocation of 15 MHz of S-band frequencies (of a total of 30 MHz assigned), subject to the assignment of rights by the Member States, in order to provide services via these frequencies in the territory of the European Union.

In June 2009, a problem affecting Solaris Mobile Ltd's operational capacity for the S-band payload hosted on the W2A satellite was officially confirmed. Solaris Mobile Ltd. filed an insurance claim for non-compliance with the contractual specification of the S-band payload with the contract specifications, and received full insurance compensation for the damage affecting its payload.

In November 2010, the partners of Solaris Mobile Ltd. decided to reduce the issued capital by €120 million via the cancellation of shares, thereby reducing the share capital from €150 million to €30 million.

As of 30 June 2011, Solaris Mobile Ltd. did not generate any revenue and posted a net loss of €5,918 thousand.

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SITCOM S.P.A. (ITALY)

Until the date of the Sitcom S.p.A General Meeting of Shareholders on 28 June 2011, Eutelsat S.A. indirectly held, via its subsidiary Eutelsat Services und Beteiligungen GmbH, 11.60% of the share capital and voting rights in the Italian company Sitcom S.p.A.

Incorporated in 1997, Sitcom S.p.A. 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. Given the company's poor financial situation, the General Meeting of Shareholders of 28 June 2011 decided to proceed with its recapitalisation. In a letter dated 23 June 2011, Eutelsat Services und Beteiligungen GmbH had indicated to the Chairman of the company that it would not take part in the General Meeting of Shareholders since it did not plan to participate in the planned recapitalisation of Sitcom S.p.A., the latter's business having only a marginal link with the Group's own activity.

At 30 June 2011, Eutelsat S.A. no longer held a stake in the capital of Sitcom S.p.A. via Eutelsat Services und Beteiligungen GmbH.

DIGITAL TV S.P.A. (ITALY)

At 30 June 2011, Eutelsat S.A. indirectly held via Skylogic S.p.A., a 7.38% stake in the capital of Digital TV S.p.A., an Italian company which distributes audiovisual programmes and multimedia content.

After the end of the financial year, the company was wound up in application of a ruling by the Court of Milan dated 7 July 2011.

TELLEPORTO DELLE ALPI S.R.L. (ITALY)

Incorporated in 2007, Telleporto delle Alpi s.r.l. is an Italian company providing telecommunications services in which Eutelsat S.A. indirectly held via Skylogic S.p.A., a 19.99% stake. Given the company's weak financial situation, Skylogic S.p.A.'s Board of Directors decided, at its meeting of 6 April 2011, not to participate in the planned reduction in capital to zero followed by a recapitalisation.

As of 30 June 2011, Eutelsat S.A. no longer held, via Skylogic S.p.A., a stake in the capital of Telleporto delle Alpi s.r.l.

7.3 Group cash flow

At the filing date of this reference document, there are no contractual relationships generating significant cash flow aside from the cash flows generated under the service agreements and centralised cash management agreements signed within the Group. Cash flows having been the subject of regulated agreements and commitments are presented in the Statutory Auditors' Report figuring in Appendix 3 of this reference document.

The table below summarises relations between the Company and its subsidiaries as of 30 June 2011:

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)	4,320	-	21	4,341
Debt (owed to non-Group entities)	850	-	1,465	2,315
Cash assets on balance sheet	131	-	1	132
Cash flow from operating activities	754	1	62	817
Dividends paid to the Company	2	370	-	372

8 PROPERTY, PLANT and equipment

8.1 Group property and equipment

The registered office of the Company and of Eutelsat S.A. is located at 70, rue Balard, 75015 Paris.

In August 2009, Eutelsat S.A. renewed in advance the lease on the building for a nine-year period, including a fixed term 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 Telecom for €5.3 million. The Rambouillet teleport notably serves 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, at a total cost of €930,000, a new site in Turin, Italy, to accommodate its "Skyparc" teleport and has invested around €40 million 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. A teleport, which will operate, amongst others, C-band and S-band services, is under construction on this plot.

Since early 2009, Eutelsat do Madeira has occupied a 5,000 m^2 site to the east of the island of Madeira where it has built a satellite control centre, whose first phase was completed in June 2010 with the coming on stream of the first four antennae. Four more antennae were subsequently installed and operational in late 2010. The total investment will amount to around €6.5 million.

At the filing date of this reference document, the Group also has 21 geostationary satellites in stable orbit which are described in Section 6.6.1.2 "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 also 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.

Note that the Group also commissions an inspection company to establish 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

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9.1 Preliminary note on the presentation of the financial statements

The Company is a holding company with no business activities of its own other than its indirect equity interest in Eutelsat S.A. As of 30 June 2011, the Company held 96.3% 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 2011.

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 2011 prepared in accordance with 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 2011" of this reference document.

The review of the Company's financial position and results for the financial years ended 30 June 2010 and 2009 are incorporated for reference purposes in this reference document and may be found, respectively, in Section 9.4 (pages 78 to 81) of the Company's 2009-2010 reference document and in Section 9.4 (pages 81 to 85) of the 2008-2009 reference document.

9.2 Overview

The Group is one of the European leaders in satellite services. It operates a fleet of 28 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 75° 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 742 operational transponders in stable orbit as of 30 June 2011, compared with 652 transponders in stable orbit as of 30 June 2010.

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

BUSINESS PORTFOLIO (STATED AS A PERCENTAGE OF REVENUES)[(1)]

12 months ended 30 June	2010	2011
Video Applications	71.1%	68.6%
Data and Value-Added Services	19.5%	20.4%
of which Data Services	*15.1%*	*16.4%*
of which Value-Added Services	*4.4%*	*4.0%*
Multi-Usage Services	9.4%	11.0%
TOTAL	**100%**	**100%**

(1) Excluding other revenues and non-recurring revenues of respectively €3.4 million in the year ended 30 June 2010 and €22.1 million in the financial year ended 30 June 2011.

9.3 Analysis of income statement elements

Revenues

The Group's revenues chiefly come from supplying satellite capacity. The Group's customer base includes both distributors who resell satellite capacity to end-users and end-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 revenues ("Others") principally derives from: (i) the sale or lease of terminals and equipment for business networks and mobile services; (ii) compensation paid on the settlement of business-related litigation; (iii) the financing of certain research programmes by the European Union and other organisations, and (iv) the recognition of EUR/USD foreign exchange gains. It is difficult to predict trends in most of these factors.

Furthermore, a modest portion of revenues ("non-recurring 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. Additionally, Eutelsat S.A. has entered into service contracts related to satellite communications systems control with eight suppliers.
- **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 one year to another (see Section 4.7.1 "Insurance").
- **A portion of the business contribution on added value tax (*"cotisation sur la valeur ajoutée des entreprises"*, C.V.A.E.) and of the local tax (*"contribution économique territoriale"*, C.E.T.),** which is divided 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 C.V.A.E. and C.E.T. taxes); and,
- impairment allowances for trade and other receivables.

Expressed as a percentage of revenues, operating costs, *i.e.* operating costs and selling, general and administrative expenses, remain almost stable compared to the previous period. The increase in operating costs (+10.2%), which is lower than the growth in revenues, principally reflects the:

- continued strict policy of tight control over the Group's costs;
- increased resources dedicated by the Group to developing new activities (FRANSAT, TOOWAY™, KabelKiosk, etc.).

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.

At least once a year, the Group reviews 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 26 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, the risks and benefits of ownership

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having been transferred to it. These contracts concern the satellites SESATTM 2, Telstar 12, and Eutelsat 3A. 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 offset 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, the financial result and income from equity investments, less income tax.

Net income attributable to the Group

Net income attributable to the Group represents the Group's consolidated net income less the income from subsidiaries attributable to non-controlling interests in these subsidiaries.

9.4 Comparative analysis of the income statements for the financial years ended 30 June 2010 and 2011

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEARS ENDED 30 JUNE 2010 AND 2011

IFRS *(in thousands of euros)*	12-month financial year ended 30 June 2010	12-month financial year ended 30 June 2011
REVENUES	**1,047,224**	**1,168,142**
Operating costs	(80,877)	(88,659)
Selling, general and administrative expenses	(138,552)	(153,074)
Depreciation and amortisation	(313,419)	(280,459)
Other operating income	(148)	235,393
Other operating charges	(5,973)	(236,145)
Operating income	**508,551**	**645,198**
Financial result	(100,644)	(109,168)
Net income before taxes	**425,750**	**553,784**
Income tax expense	(143,239)	(199,041)
CONSOLIDATED NET INCOME	**282,511**	**354,743**
Attributable to the Group	269,501	338,474
Non-controlling interests	13,010	16,269

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9.4.1 Revenues

The following table provides a breakdown of revenues by service for the financial years ended 30 June 2010 and 2011:

(in millions of euros)	30 June 2010	30 June 2011	Change *(In millions of euros)*	Change *(In %)*
Video Applications	742.0	786.5	+44.5	+6.0%
Data & Value-Added Services	203.7	234.0	+30.3	+14.9%
of which Data Services	*157.4*	*188.0*	*+30.6*	*+19.5%*
of which Value-Added Services	*46.3*	*46.0*	*(0.3)*	*NA*
Multi-Usage Services	98.1	125.6	+27.4	+28.0%
Other revenues and non-recurring revenues[(1)]	3.4	22.1	+18.7	NA
TOTAL	**1,047.2**	**1,168.1**	**+120.9**	**+11.5%**

(1) One-off revenues include indemnities for late delivery and interruption in satellite capacity transmission.

Revenues increased from €1,047.2 million as of 30 June 2010 to €1,168.1 million as of 30 June 2011, *i.e.* an increase of 11.5%. At constant exchange rates and excluding “non-recurring revenues”, revenue growth stood at 10%.

VIDEO APPLICATIONS

Video Applications posted a revenue increase of €44.5 million during financial year 2010-2011, *i.e.* growth of 6.0%, moving up from €742 million as of 30 June 2010 to €786.5 million as of 30 June 2011.

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 at 13° East was evidenced by the extension of existing contracts with leading operators. The number of television channels broadcast at this flagship orbital position rose to 1,153 as of 30 June 2011, an increase of 31 channels year-on-year. For example, Mediaset and Telewizja Polsat, respectively the leading pay-TV operators in Italy and Poland, increased their capacity on the HOT BIRD™ position to support the expansion of their services and the arrival of new HD programmes for households equipped for DTH reception.
- On the high-growth markets[(1)], the number of television channels broadcast from the video neighbourhoods serving the region increased by 14.0% year-on-year to 1,970 channels as of 30 June 2011. This growth was particularly significant for those orbital positions where Eutelsat has recently increased capacity, particularly at the 7° West and 36° East positions, with the full-year effect of W7.

STRONG GROWTH IN THE NUMBER OF TV CHANNELS BROADCAST FROM THE VIDEO ORBITAL POSITIONS SERVING THE HIGH-GROWTH MARKETS:

Orbital positions	Market	30 June 2010	30 June 2011	Change
7° West[(1)]	North Africa and Middle East	321	368	+14.6%
7° East	Turkey	198	196	-1%
9° East	Central and Eastern Europe	272	281	+3.3%
16° East	Balkans and Indian Ocean islands	415	462	+11%
36° East	Russia and Africa	525	663	+26%
TOTAL		**1,731**	**1,970**	**+13.8%**

(1) Including 46 channels in the Middle-East, transferred from EUROBIRD™ 2 at 25.5° East to ATLANTIC BIRD™ 4A at 7° West.

In total, the number of TV programmes broadcast by the Eutelsat satellite fleet stood at 3,880 as of 30 June 2011, an increase of 218 channels (+6%). HDTV largely contributed to this growth, increasing by 65 channels (+41.9%); as of 30 June 2011, the Eutelsat fleet was broadcasting 220 HDTV channels, 94 of which from its flagship positions HOT BIRD™ and EUROBIRD™ 1 targeting Western Europe, and 114 channels from its orbital positions targeting the high-growth markets.

(1) High growth markets comprise Central and Eastern Europe, Russia, Africa, the Middle East and Central Asia.

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NUMBER OF TV CHANNELS BROADCAST BY THE EUTELSAT FLEET

	At 30 June		
	2010	2011	In %
Flagship orbital positions for TV broadcasting(1)	1,444	1,470	+1.8%
Major orbital positions for TV broadcasting(2)	2,033	2,198	+8.1%
Other orbital positions(3)	185	212	+14.6%
TOTAL	**3,662**	**3,880**	**+6.0%**

(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.

DATA AND VALUE-ADDED SERVICES

Revenues from Data Services and Value-Added Services posted strong growth of 14.9% to €234 million.

Data Services enjoyed significant growth, rising by 19.5% versus the previous financial year to €188 million. In addition to Europe, where sales of satellite capacity for data networking remain strong, growth was particularly driven by the Africa and the Middle Eastern markets where the Group's satellites offer excellent coverage to support the deployment of corporate networks and interconnecting GSM networks, and Internet backbone connectivity in regions where terrestrial infrastructure is either not particularly developed or non-existant. This activity benefited, notably, from the full year effect of the additional capacity from the W7 satellite covering Europe, Western Asia and sub-Saharan Africa. Arqiva, Telespazio, Hughes Network Systems and Horizon Satellite Systems are amongst the clients having made the greatest contribution to growth in Data Services. Furthermore, new contracts, extensions and renewals have been signed with operators like Speedcast, Vizada Networks and RSCC.

Value-Added Services, comprising fixed and mobile services, had a stable year with revenue amounting to €46 million. The D-Star™ activity, a professional broadband Internet access service for companies, recorded a good progression in revenues in Africa and the Middle East for the year while TOOWAY™, the second Value-Added Services activity, entered a transition phase in the second half towards the new generation offer provided through the KA-SAT satellite. The KA-SAT satellite, which was brought into service on 31 May, is now fully operational enabling the development of a range of broadband services for the general public and professionals in Europe and large areas of the Mediterranean basin where terrestrial networks provide insufficient coverage. Marketed by a network of regional distributors, the TOOWAY™ new generation service posted results in line with the Group's forecasts for its first month of operation with, as of 30 June 2011, the signature of 13 contracts accompanied by volume commitments with distributors located in the main target markets.

MULTI-USAGE SERVICES: VIRTUALLY ALL CONTRACTS RENEWED

Multi-Usage Services, which include satellite capacity lease contracts for governments and administrations, experienced strong growth during the financial year with an increase of 28.0% to €125.6 million.

This year marks the third consecutive year of double-digit revenue growth in this business, showing that the Eutelsat fleet is particularly well-placed to respond to demand in regions such as Central Asia and the Middle East with connectivity to Europe.

OTHER REVENUES AND NON-RECURRING REVENUES

"Other revenues" and "non-recurring revenues" mostly refer to late delivery penalties paid to Eutelsat. They stood at €22.1 million as of 30 June 2011, compared to €3.4 million as of 30 June 2010.

GEOGRAPHICAL BREAKDOWN OF REVENUES

The Group generated nearly 24.0% 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 "Foreign exchange hedges").

The table below gives a breakdown of the Group's revenue by geographical area during the years ended 30 June 2010 and 2011. This table has been based on 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.

Regions (in millions of euros and as a percentage)	12-month financial year ended 30 June 2010 Amount	%	30 June 2011 Amount	%
Italy	170.1	16.2%	183.3	15.7%
United Kingdom	87.9	8.4%	83.7	7.1%
France	145.3	13.9%	154.4	13.2%
Europe (Rest of)	360.4	34.4%	385.3	33.0%
Americas	116.8	11.2%	147.2	12.6%
Middle East	101.6	9.7%	122.4	10.5%
Africa	62.3	5.9%	74.7	6.4%
Others(1)	2.8	0.3%	17.1	1.5%
TOTAL	**1,047.2**	**100%**	**1,168.1**	**100%**

(1) 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 financial year 2010-2011.

9.4.2 Operating costs and selling, general and administrative expenses

Operating costs and selling, general and administrative expenses represent 20.7% of 2010-2011 revenues compared with 21.0% for the financial year 2009-2010.

These costs remained almost stable as a percentage of revenues, the 10.2% increase on the previous year reflecting:

- the continued strict policy of rigorous control over Group costs;
- increased resources invested in developing new activities (FRANSAT, TOOWAY™, KabelKiosk).

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 Notes to the consolidated financial statements shown in Section 20.1.1 of this reference document.

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 amounting to €44.5 million *per annum.*

It represents the Group's largest expense item.

As of 30 June 2011, the decline in depreciation and amortisation expenses (-10.5%) to €280.5 million. was due to the ending of amortisation on a number of satellites such as SESAT™ 1 and W1, partly offset by the increased amortisation on satellite W7 linked to the full-year effect.

"Other operating income (charges)" stood at €0.8 million as of 30 June 2011, versus a €5.8 million charge as of 30 June 2010.

9.4.4 Operating income

As of 30 June 2011, due to the Group's excellent performance, operating income rose by 26.9% to €645.2 million, representing 55.2% of revenues (versus 48.6% as of 30 June 2010).

9.4.5 Financial result

The financial result shows an expense of €109.2 million as of 30 June 2011, compared with €100.6 million in the previous financial year.

This increase notably reflects the impact over a full year of the coming into force in April 2010 of an interest-rate hedging contract on the Eutelsat Communications refinancing loan which had been set up in 2006.

9.4.6 Income tax

Income tax expense moved up 39% to €199 million during the year ended 30 June 2011 compared with €143.2 million as of 30 June 2010. This increase was attributable to the Group's particularly robust performance during the year.

As of 30 June 2011, the tax expense was 37%. The tax rate distortion is mainly explained by losses of foreign subsidiaries which were not recognised as active deferred taxes.

9.4.7 Consolidated net income

As of 30 June 2011, consolidated net income totalled €354.7 million, up from €282.5 million as of 30 June 2010.

This strong improvement in consolidated net income reflects the Group's sound operational performance and rigorous cost management, which enabled an increase in all the intermediate management balances and especially in the operating and financial results, but also the solidity of income from associates.

9.4.8 Net income attributable to the Group

Net income attributable to the Group came to €338.5 million as of 30 June 2011, compared to €269.5 million as of 30 June 2010.

10 LIQUIDITY AND capital resources

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10.1 Eutelsat Communications' equity

Investors are invited to refer to Note 15 of the consolidated financial statements for the year ended 30 June 2011 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 2010 and 2011.

	Financial year ended 30 June	
(in millions of euros)	2010	2011
Cash flow from operating activities	698.3	816.8
Cash flow from investing activities	(491.5)	(248.3)
Cash flow from financing activities	(306.4)	(478.1)
Impact of exchange rate on cash and cash equivalents	(0.5)	0.7
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(100.0)**	**91.1**
Cash and cash equivalents at the beginning of the year	141.4	41.3
Cash and cash equivalents at the end of the year	41.4	132.4

Cash flow from operating activities

During the financial year ended 30 June 2011, the Group continued to generate very strong cash flow from operating activities. Cash flow from operating activities increased by 17% from €698.3million to €816.8 million, representing 69.9% 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 and launch-plus-one-year insurance premiums. 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 three control and monitoring sites as well as equipment for the Group's registered office (such as technical facilities, office furniture and IT equipment). Investments in on-ground equipment closely 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 financial year ended 30 June 2011, cash flows from investing activities decreased by 49.5% from €491.5 million as of 30 June 2010 to €248.3million as of 30 June 2011. This decrease was primarily due to the fact that the flows linked to the acquisition of satellites and other tangible assets were offset, this year, by one-off items including the €235.1 million insurance indemnity and Eutelsat S.A.'s €60 million portion of the Solaris capital reduction.

The table below shows cash flows from investing activities, as well as the number of satellites launched during the financial years ended 30 June 2010 and 2011.

Financial year ended 30 June *(in millions of euros)*	12-month period 2010	2011
Acquisitions of satellites and property and equipment	(494.4)	(545.9)
Movement in equity investments		60.0
Insurance indemnities on property and equipment		235.1
Changes in other long-life assets	2.9	2.5
CASH FLOWS FROM INVESTING ACTIVITIES	**(491.5)**	**(248.3)**
Satellites launched	1	2

Cash flow from financing activities

During the financial year ended 30 June 2011, cash flow from financing activities moved from a negative €306.3 million to a negative €478.1 million. The €171.8 million change in cash flow from financing activities was driven primarily by the reduction in gross debt (partial early reimbursement of €150 million on the Eutelsat Communications term loan), a dividend distribution and higher interest expenses.

10.3 Changes in debt and the Group's financing structure

The following paragraphs primarily describe the Group's liquidity needs and financial resources. See also the Company's historical consolidated financial statements for the financial years ended 30 June 2010 and 2011 prepared under IFRS standards and also the Notes to these financial statements.

The Group's liquidity needs mainly comprise:

- financing for satellite construction and launches;
- servicing of the Group's debt;
- financing of 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 previous financial year.

Trend in the Group's net debt

The following table shows a breakdown of the Group's net debt at 30 June 2010 and 2011.

Net debt *(in millions of euros)*	At 30 June 2010	2011
Eutelsat Communications' long-term bank debt	1,615.0	1,465.0
Eutelsat S.A.'s long term bonded debt	850.0	850.0
Eutelsat S.A.'s long-term bank debt	0.2	
Eutelsat S.A.'s short-term bank debt(1)	0.4	
Bank debt	**2,465.6**	**2,315.0**
Cash, cash equivalents and marketable securities net of bank overdrafts(2)	(41.3)	(132.4)
Net bank debt	**2,424.3**	**2,182.6**
Long-life leases(3)		15.3
NET DEBT	**2,424.3**	**2,197.9**

(1) Including the short-term portion of long-term bank debt.
(2) Bank overdrafts stood at €18.2 million as of 30 June 2010 and €4.5 million as of 30 June 2011.
(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 "Financial debt" to the consolidated financial statements for the year ended 30 June 2011 in Section 20.1 of this reference document).

THE GROUP'S NET DEBT AS OF 30 JUNE 2010

During the financial year ended 30 June 2010, Eutelsat S.A. refinanced a total €1.3 billion of its existing credit lines through two transactions: (i) a seven-year €850 million bond issue ("the bonds") and (ii) a five-year €450 million revolving credit facility ("Eutelsat S.A.'s bank loan").

As of 30 June 2010, the Group's consolidated net debt stood at €2,424.3 million and mainly comprised: (i) €1,615 million of debt related to the Term Loan (see section below, "Eutelsat Communications refinancing loan", (ii) €850 million of bonds issued by Eutelsat S.A. and €0.6 million of debt in its subsidiaries, (iii) €41.3 million in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also had a further €750 million available under various credit facilities that had not yet been drawn down.

GROUP'S PRINCIPAL CREDIT FACILITIES AT 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

The weighted average rate of interest on amounts drawn under the revolving credit facility was 1.48% and 5.33% after taking into account the effects of hedging instruments for the period ended 30 June 2010. The effective interest-rates on the Eutelsat Communications term loan were, respectively, 3.48% and 4.64% after taking into account the effects of hedging instruments for the period ended 30 June 2010. The effective interest-rate on the bonds issued by Eutelsat S.A. was 4.35% as of 30 June 2010.

As of 30 June 2010, almost all of the Group's debt carried interest at a floating rate (generally EURIBOR plus a margin) and at a fixed rate for the bonded debt.

THE GROUP'S NET DEBT AT 30 JUNE 2011

As of 30 June 2011, the Group's consolidated net debt came to €2,197.9 million mainly comprising: (i) €1,465 million in debt under the Eutelsat Communications Term Loan, (ii) €850 million of bonds issued by Eutelsat S.A. (iii) €15.3 million of debt related to satellite financing agreements and (iv) €132.4 million in cash, cash equivalents and marketable securities (net of bank overdrafts).

In June 2011, in order to optimise the Group's financial position, it was decided to proceed with the early reimbursement of €150 million of the €1,615 million Refinancing Loan due on 8 June 2013. After this early reimbursement, the outstanding loan stood at €1,465 million as of 30 June 2011.

The Group also had a further €750 million available under various credit facilities that had not yet been drawn down.

GROUP'S MAIN CREDIT FACILITIES AS OF 30 JUNE 2011 AND BOND ISSUE BY EUTELSAT S.A. DURING THE YEAR ENDED 30 JUNE 2011

(in millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications Term Loan ("Refinancing")	1,465	1,465	8 June 2013
Eutelsat Communications Revolving Credit facility	300	0	8 June 2013
Eutelsat S.A. 2017 Bond	850	850	27 March 2017
Eutelsat S.A. Revolving Credit facility	450	0	24 March 2015

The weighted average rate of interest on amounts drawn under Group bank debt was 2.21% after taking account of the effects of the hedge instruments for the period ended 30 June 2011. The effective interest-rates on the Eutelsat Communications term loan and the Eutelsat S.A. term loan were 3.75% and 4.64% after hedge effects. The effective interest-rate on the Bonds issued by Eutelsat S.A. was 4.35% as of 30 June 2011.

As of 30 June 2011, part of the Group's debt carried interest at a variable rate (generally EURIBOR plus a margin) with the interest on the bonded debt at a fixed rate.

Given the changes in the level of interest-rates due to the financial crisis, the fair value of the Group's financial instruments saw a significant decline measured at fair value through the income statement and equity. However, the effectiveness of the hedge instruments qualified as future cash flow hedges is not in question.

Given the range of financial instruments used by the Group as of 30 June 2011, an increase of 10 basis points (+0.10%) in the EURIBOR interest-rate would have no impact on the interest charges in the Group's consolidated income statement as of 30 June 2011. It would lead to a variation in equity capital of €2,938 thousand arising from the variation of effective fair value of the hedge instruments qualified as future cash flow hedges.

The reduction in the Group's debt from €2,424 million to €2,198 million is mainly the net result of increased financing requirements for satellites under construction or commissioned during the financial period and an increased distribution to shareholders of Eutelsat S.A. and the Company in November 2010, more than offset by the insurance settlement on the loss of the W3B satellite and a return of capital totalling €295 million.

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 for seven years, consisting of two parts:

- Part *(tranche)* A: a long-term loan of €1,615 million, bearing interest at EURIBOR plus a margin of between 75 basis points and 162.5 basis points depending on the consolidated net debt to consolidated EBITDA financial ratio;
- Part *(tranche)* B: a revolving credit facility for €300 million. 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 consolidated net debt to consolidated EBITDA financial ratio.

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 financial statements for the financial year ended 30 June 2011 in Section 20.1 of this reference document 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.

Lastly, 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.a.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 "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.

In June 2011, in order to optimise the Group's financial position, it was decided to proceed with the early reimbursement of €150 million of the €1,615 million Refinancing Loan due on 8 June 2013. After this early reimbursement, the outstanding loan stood at €1,465 million as of 30 June 2011.

The costs still to be deferred as of 30 June 2011 were set off against the book value of the loans. As of 30 June 2011, they amounted to €4.9 million.

EUTELSAT S.A. LINES OF CREDIT AS OF 30 JUNE 2011

On 24 November 2004, Eutelsat S.A. entered into a seven-year €1.3 billion syndicated credit facility agreement comprising (i) a €650 million term loan repayable at maturity, and (ii) a revolving credit facility of €650 million 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. is required to maintain a total net debt to EBITDA ratio (contractually defined ratio) of less than or equal to 3.75 to 1, compliance with this ratio being 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).

These lines of credit were repaid in advance by Eutelsat S.A. during the financial year ended 30 June 2010 following Eutelsat S.A.'s €850 million issue of seven-year bonds listed on the Luxembourg Stock Market ("the Bonds"). At the same time, Eutelsat S.A. opened a new five-year revolving credit facility for €450 million (not drawn down as of 30 June 2011) ("Eutelsat S.A. credit facility").

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

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. Finally, the contract provides for payment of a 0.25% fee if more than 50% of the revolving credit facility is used, applied only to the portion exceeding 50% of the aggregate amount of this credit facility.

In addition, under the terms of this credit facility, Eutelsat S.A. is required to maintain a total net debt to annualised EBITDA ratio (as contractually defined) below or equal to 3.75 to 1 (this ratio is tested on 30 June and 31 December each year).

The credit agreement and the bond issue include neither a guarantee by the Group nor the pledging of assets to the lenders, but do include restrictive clauses (subject to the usual exceptions contained in loan agreements) limiting the capacity of Eutelsat S.A. and its subsidiaries, 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);
- 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 the event of the respective downgrading of Eutelsat S.A. or bonds issued by Eutelsat S.A., resulting from 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 in the case of Group restructuring.

The credit contract comprises an undertaking to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, an undertaking not to have more than one satellite not covered by a launch insurance policy.

The issue costs for the €850 million bond issue were deferred over the loan period.

Costs still to be deferred on 30 June 2011 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 2011 (see the Notes to Eutelsat Communications S.A.'s consolidated financial statements for the year ended 30 June 2011 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	16.70	3.4	9.1	4.2	
In-orbit incentive payments	20.4	6.9	9.6	3.9	-
Operating lease commitments	18.2	4.0	8.1	6.1	-
Satellite construction and launch contracts	519.3	280.3	159.7	79.3	0
Operating agreements(1)	96.8	37.9	19.4	11.1	28.4
Customer contracts	75.4	17.6	16.4	14.7	26.6
Retirement indemnities and other post-employment benefits(2)	9.4	-	-	-	9.4
TOTAL CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS	**756.2**	**350.2**	**222.3**	**119.3**	**64.4**

(1) Primarily includes costs of controlling satellites in-orbit.
(2) Mainly includes long-term obligations (more than five years).

As of 30 June 2011, the Eutelsat S.A.'s contractual and commercial commitments comprised the following:

LONG-LIFE LEASE OBLIGATIONS

SESAT™ 2 SATELLITE

In March 2004, Eutelsat S.A. entered into a lease with RSCC for 12 transponders on the SESAT™ 2 satellite for its entire operating life (with a contractual minimum of 12 years). These transponders were recognised as assets worth €60 million, 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. had renewed the lease on 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, or subsequently on 31 July 2018 with no penalty. As of 30 June 2011, future minimum rental payments came to €18.1 million.

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, the sum subsequently paid by Eutelsat S.A.

In November 2004, the Trust's administrators in charge of the Pension Fund requested payment of €22.3 million 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 as of 30 June 2009.

As of 30 June 2011, the present value of the Trust's obligations in respect of the pension commitments amounted to €151.7 million in Eutelsat Communications' consolidated financial statements, and the fair value of its assets to €156.2 million (see Note 22.1 "Financial guarantee granted to a pension fund" in Section 20.1.1 of Eutelsat Communications' consolidated financial statements for the financial year ended 30 June 2010 figuring in Section 20.1.1 of this reference document). The calculation of the 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 Closed 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"). The estimated amount of pension liabilities may be higher or lower depending on the scenario applied.

During the financial year 2010-2011, as a result of the significant decline in long-term interest-rates, the guarantee was called upon in the amount of €8,211 thousand. This was valued on the basis of the Trust's projections of future market developments. In February 2011, an agreement was reached with the Trust to spread payment of the amount called to the tune of €4,105.5 thousand at 30 June 2011 and 2012.

As of 30 June 2011, the first payment amounting to €4,105.5 thousand was made.

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 Company 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. In respect of this transaction, 513,119 shares were purchased at a unit price of €6.00 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, whose subscription period 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 a unit price of €6.85 per Eutelsat S.A. share.

Through its Eutelsat Communications Finance S.A.S. subsidiary, the Company made two liquidity offers in December 2010 and May 2011. In respect of these two transactions, 400,187 and 135,389 shares were repurchased, respectively, at €6.99 and €7.73 per 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 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 are not necessarily under the Group's control. 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.

11 RESEARCH AND DEVELOPMENT, patents and licences

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 28 patent families, one of which held on a co-ownership basis with Invacom Ltd. (UK), and one in co-ownership with the company Calearo Antenne S.p.A. (Italy), together with 58 trademarks.

Research and development activities are mainly directed at the multimedia business. No development expenses were capitalised as of 30 June 2011.

12 INFORMATION on future trends

12.1 Recent developments

None.

12.2 Future prospects

Objectives for the 2011-2014 period

SOLID MID-TERM GROWTH PROSPECTS

The Group is targeting revenues of over €1,235 million in 2011-2012 with growth accelerating in the subsequent two years to deliver a three-year CAGR of more than 7% for the three-year period ending 30 June 2014. This growth is consistent with the near 20% increase in fleet capacity as foreseen 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 excellent performance of the last financial year, the Group has adjusted its profitability objectives and is now targeting an EBITDA margin of more than 77%—compared with the objective of around 77% communicated in July 2009—for each financial year through to June 2014 and, more specifically, EBITDA in excess of €955 million for the current financial year.

AN ACTIVE, FOCUSSED INVESTMENT STRATEGY

With the aim of leveraging its unique positioning in Western Europe and coverage of high-growth markets, the Group will pursue the next phase of an active and targeted investment policy with average capital expenditure of €550 million *per annum* between July 2011 and June 2014. The increase from previous levels reflects mainly the investment in the Eutelsat 3B satellite to develop the 3° East position as well as other projects under consideration.

SOUND FINANCIAL STRUCTURE

Eutelsat Communications intends to maintain a sound financial structure targeting a net debt/EBITDA ratio lower than 3.5 times in order to maintain its investment grade credit ratings attributed by Moody's and Standard & Poor's.

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 (attributable to the Group) to shareholders in the period between July 2011 and June 2014.

These aims are based mainly on the following assumptions: (i) the successful launch and entry into service at the specified periods set by the Group of the seven 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 Group 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 above and considered as being reasonable by Eutelsat Communications as of the filing date of this reference document.

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 aforementioned 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, competitive and regulatory environment.

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.

13 PROFIT forecasts and estimates

The Company does not produce profit forecasts or estimates.

14 ADMINISTRATIVE, MANAGEMENT and supervisory bodies and senior management

14.1 Composition of the Board of Directors

The Company was incorporated 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.

As of the filing date of this reference document, the Company is managed by a Board of Directors comprising 12 Board Members (three of whom are independent). Each Board Member has a six-year renewable term of office.

The composition of the Board of Directors changed during the financial year as follows.

- The *Fonds Stratégique d'Investissement*, represented by Mr. Thomas Devedjian, was co-opted by the Board of Directors meeting of 17 February 2011, replacing CDC Infrastructure which resigned from the Board having transferred all of its shareholding in the Company to the *Fonds Stratégique d'Investissement* during the previous financial year;
- Abertis Telecom, represented by Ms. Marta Casas Caba, was co-opted by the Board of Directors Meeting of 27 May 2011, replacing Mr. Carlos Espinós-Gómez who resigned from the Board due to his appointment as Chief Executive Officer of Spanish company Hispasat S.A.

These two appointments will be submitted for approval to the General Meeting of Shareholders to be held on 8 November 2011.

On 28 July 2011, the Company announced that Mr. Jean-Paul Brillaud, Deputy Chief Executive Officer, would step down from his operational role at the end of the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011, and that the *Fonds Stratégique d'Investissement* would submit a resolution at the aforementioned Meeting to nominate him as a Board Member.

14 - ADMINISTRATIVE, MANAGEMENT and supervisory bodies and senior management

14.1 Composition of the Board of Directors

The Board Members 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/ Co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions 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/ Co-opting:* 31 August 2005	*Current offices and functions:* • Chairman of the Board of Eutelsat S.A. • Sole Board Member of Eutelsat Italia s.r.l.	*Current offices and functions:* • Board Member of Palladio Finanzaria
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011(1)	*Offices and functions having expired:* • Chief Executive Officer of the Company and of Eutelsat S.A. • Chairman of the Board of Eutelsat Inc.	*Offices and functions having expired:* • Board Member of Hispasat S.A. • Board Member of Solaris Mobile Ltd. • Board Member 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 and Board Member	*First appointment/ Co-opting:* 9 November 2009	*Current offices and functions:* • CEO and Board Member of Eutelsat S.A. • Board Member of Skylogic S.p.A. • Chairman of the Board and Board Member of Eutelsat Inc. • Representative of Eutelsat S.A. • Chairman of Eutelsat VAS S.A.S.	*Current offices and functions:* • Board Member of Hispasat S.A. • Board Member of Solaris Mobile Ltd. • Board Member 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 and of Eutelsat S.A.	*Offices and functions having expired:* • Chairman and CEO of SGD • CEO of the US company ViroPharma
Jean-Luc Archambault **Eutelsat Communications** 70, rue Balard 75015 Paris	Board Member	*First appointment/Co-opting:* 10 May 2007	*Current offices and functions:* • Board Member of Eutelsat S.A.	*Current offices and functions:* • CEO of Lysios S.A.S.
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011(2)	*Offices and functions having expired:* None	*Offices and functions having expired:* • Member of Supervisory Board of L. Loret & Cie and of the subsidiary AGI (Auto Guadeloupe Investissement)
Fonds Stratégique d'Investissement 56, rue de Lille,75007 Paris Represented by: **Thomas Devedjian**	Board Member	*First appointment/Co-opting:* 17 February 2011	*Current offices and functions of the permanent representative, Mr. Thomas Devedjian:* • Permanent Representative of the *Fonds Stratégique d'Investissement*(3), Board Member of Eutelsat S.A.	*Current offices and functions of the permanent Representative, Mr. Thomas Devedjian:* • Member of the Supervisory Committee of HIME
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011(2)	*Offices and functions of the permanent representative, Mr. Thomas Devedjian, having expired:* None	*Office and functions of the permanent representative Mr. Thomas Devedjian having expired:* • Member of the Supervisory Board of Apcoa (Germany)

(1) The term of office of Mr. Giuliano Berretta in his capacity as a Board Member and Chairman of the Board expires at the end of the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011.
(2) The terms of office of Messrs. Jean-Luc Archambault, Bertrand Mabille, Andrea Luminari, Tobías Martínez Gimeno and Francisco Reynes, together with those of the Fonds Stratégique d'Investissement *and Abertis Telecom expire at the end of the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011.*
(3) The company CDC Infrastructure, represented by Mr. Jean Bensaïd, having resigned from the Board on 17 February 2011, the Fonds Stratégique d'Investissement, *represented by Mr. Thomas Devedjian, was co-opted to replace Mr. Bensaïd, for the remaining period of his predecessor's term of office.*

Surname, first name, business address	Office	Date of first appointment/ Co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
Lord John Birt **Eutelsat Communications** 70, rue Balard 75015 Paris	Board Member	*First appointment/ Co-opting:* 10 November 2006	*Current offices and functions:* None	*Current offices and functions:* • Non-executive Director of Infinis Ltd. • Chairman of Paypal Europe • Chairman of Terra Firma's Investor Advisory Board • Member of the House of Lords
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2012	*Offices and functions having expired:* None	*Office and functions having expired:* • Adviser to Capgemini • Chairman of Maltby Capital Ltd.
Abertis Telecom Edificio B Avgda del Parc Logistic, 12-2008040 Barcelona Spain Represented by: **Marta Casas Caba**	Board Member	*First appointment/ Co-opting:* 27 May 2011(2)	*Current offices and functions of the permanent representative, Ms. Marta Casas Caba:* • Permanent Representative of Abertis Telecom • Board Member of Eutelsat S.A.	*Current offices and functions of the permanent representative, Ms. Marta Casas Caba:* • Vice General Secretary of Abertis • Secretary of the Audit Committee of Abertis • Board Member of TBI plc • Board Member of Sevisur Logistica S.A. • Secretary to the Board of Directors of Autopista Vasco Aragonesa, S.A. • Vice-Secretary of the Board of Directors of Autopistas Concessionara Espanola, S.A. • Vice-Secretary of the Board of Directors of Autopistas Aumar, S.A. Concesionara des Estado • Vice-Secretary of the Board of Directors of Iberica de Autopistas, S.A.C.E.
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011(2)	*Offices and functions having expired:* None	*Offices and functions of the permanent representative, Ms. Marta Casas Caba, having expired:* None
Andrea Luminari **Eutelsat Communications** 70, rue Balard 75015 Paris	Board Member	*First appointment/ Co-opting:* 23 January 2007	*Current offices and functions:* • Board Member of Eutelsat S.A.	*Current offices and functions:* • Director of Strategic Development of Abertis Telecom • Board Member 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(2)	*Offices and functions having expired:* None	*Offices and functions having expired:* None

(1) The term of office of Mr. Giuliano Berretta in his capacity as a Board Member and Chairman of the Board expires at the end of the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011.

(2) The terms of office of Messrs. Jean-Luc Archambault, Bertrand Mabille, Andrea Luminari, Tobías Martínez Gimeno and Francisco Reynes, together with those of the Fonds Stratégique d'Investissement *and Abertis Telecom expire at the end of the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011.*

(3) The company CDC Infrastructure, represented by Mr. Jean Bensaïd, having resigned from the Board on 17 February 2011, the Fonds Stratégique d'Investissement, *represented by Mr. Thomas Devedjian, was co-opted to replace Mr. Bensaïd, for the remaining period of his predecessor's term of office.*

14 - ADMINISTRATIVE, MANAGEMENT and supervisory bodies and senior management

14.1 Composition of the Board of Directors

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Surname, first name, business address	Office	Date of first appointment/ Co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
Bertrand Mabille Eutelsat Communications 70, rue Balard 75015 Paris	Board Member	*First appointment/ Co-opting:* 10 May 2007	*Current offices and functions:* • Board Member of Eutelsat S.A.	*Current offices and functions:* • CEO of CWT France • Representative of Carlson Wagonlit Travel France, Chairman of Carlson Wagonlit Distribution • Representative of Carlson Wagonlit Travel France, Chairman of Carlson Wagonlit Meetings & Events • Chairman of SETA (Forum Voyages) • Board Member of So Ouat • Member of the Supervisory Board of Cofitel
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011(2)	*Offices and functions having expired:* None	*Offices and functions having expired:* • Chairman of the Supervisory Board of Jet Multimedia • Chairman of the Supervisory Board of Adeuza
Tobías Martínez Gimeno Eutelsat Communications 70, rue Balard 75015 Paris	Board Member	*First appointment/ Co-opting:* 23 January 2007	*Current offices and functions:* • Board Member of Eutelsat S.A.	*Current offices and functions:* • CEO of Abertis Telecom
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011(2)	*Offices and functions having expired:* None	*Offices and functions having expired:* None
Francisco Reynes Eutelsat Communications 70, rue Balard 75015 Paris	Board Member	*First appointment/Co-opting:* 22 June 2010	*Current offices and functions:* • Board Member of Eutelsat S.A.	*Current offices and functions:* • CEO of Abertis • Board Member of SANEF • Board Member of Hispasat • Board Member of Avasa • Board Member of TBI plc
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2011(2)	*Offices and functions having expired:* None	*Offices and functions having expired:* • CEO of Criteria CaixaCorp • Board Member of SegurCaixa Holding • Member of the Executive Committee of Gas Natural • CEO of Uniland • Board Member of VidaCaixa Holding
Olivier Rozenfeld Eutelsat Communications 70, rue Balard 75015 Paris	Board Member	*First appointment/ Co-opting:* 9 November 2010	*Current offices and functions:* None	*Current offices and functions:* • Board Member of Iliad • Board Member of OpenERP (Belgium)
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2016	*Offices and functions having expired:* None	*Offices and functions having expired:* • Financial Director of Iliad Group • Member of the Supervisory Board of LowendalMasaï

(1) *The term of office of Mr. Giuliano Berretta in his capacity as a Board Member and Chairman of the Board expires at the end of the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011.*
(2) *The terms of office of Messrs. Jean-Luc Archambault, Bertrand Mabille, Andrea Luminari, Tobías Martínez Gimeno and Francisco Reynes, together with those of the* Fonds Stratégique d'Investissement *and Abertis Telecom expire at the end of the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011.*
(3) *The company CDC Infrastructure, represented by Mr. Jean Bensaïd, having resigned from the Board on 17 February 2011, the* Fonds Stratégique d'Investissement, *represented by Mr. Thomas Devedjian, was co-opted to replace Mr. Bensaïd, for the remaining period of his predecessor's term of office.*

Surname, first name, business address	Office	Date of first appointment/ Co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
Carole Piwnica **Eutelsat Communications** 70, rue Balard 75015 Paris	Board Member	*First appointment/ Co-opting:* 9 November 2010	*Current offices and functions:* None	*Current offices and functions:* • CEO of Naxos UK • Board Member, member of the Compensation Committee and Chairman of the «Social Responsibility» Committee of the Board of Aviva plc • Board Member of Sanofi • Board Member of Louis Delhaize • Board Member of Amyris Inc.
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2016	*Offices and functions having expired:* None	*Offices and functions having expired:* • Chairman of the Board of Amylum group • Board Member of Toepfer International GmbH • Board Member of Dairy Crest Group plc • Board Member of SA Spaldel NV • Board Member and Vice-president of Tate & Lyle plc

(1) The term of office of Mr. Giuliano Berretta in his capacity as a Board Member and Chairman of the Board expires at the end of the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011.
(2) The terms of office of Messrs. Jean-Luc Archambault, Bertrand Mabille, Andrea Luminari, Tobías Martínez Gimeno and Francisco Reynes, together with those of the Fonds Stratégique d'Investissement *and Abertis Telecom expire at the end of the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011.*
(3) The company CDC Infrastructure, represented by Mr. Jean Bensaïd, having resigned from the Board on 17 February 2011, the Fonds Stratégique d'Investissement, *represented by Mr. Thomas Devedjian, was co-opted to replace Mr. Bensaïd, for the remaining period of his predecessor's term of office.*

Carlos Espinós-Gómez having resigned from the Board on 27 May 2011, the company Abertis Telecom, represented by Ms. Marta Casas Caba, was co-opted to replace him for the remaining term of office.

Board Members at 30 June 2011

Michel de Rosen (DoB: 18 February 1951—60 years old), a French national, 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 9 November 2009 and Board Member of the Company by the Eutelsat Communications General Meeting of Shareholders 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 Board Member of Eutelsat S.A. by the Eutelsat S.A. General Meeting of Shareholders. 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, 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, 1993-1999). 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.

Lord John Birt (DoB: 10 December 1944—66 years old), a British national, served as Director General of the BBC (1992-2000) then as a Strategy Adviser to the British Prime Minister, Tony Blair (2000-2005). He was also Chairman of Waste Recycling Group (2006), Infinis Ltd. (2006-2007) and Maltby Capital Ltd. (2007-2010). He worked as an adviser to McKinsey (2000-2005) and Capgemini (2005-2010). He is currently Chairman of Terra Firma's Investor Advisory Board and Chairman of Paypal Europe. Lord Birt is a graduate of Oxford University.

Bertrand Mabille (DoB: 18 March 1964—47 years old), a French national, 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 been successively 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 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.*

Francisco Reynes (DoB: 8 April 1963—48 years old), a Spanish national, was appointed Deputy Director of Abertis group in June 2010, having been a Director of the Group in charge of Development since May 2009. Mr. Reynes is an industrial engineering graduate of the Polytechnic University of Catalonia and holds an MBA from IESE. Between 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.

Olivier Rozenfeld (DoB: 24 November 1970—41 years old), a Belgian national, began his career at Merrill Lynch in the Investment banking department where he was involved in various privatization programmes before joining the team at Goldman Sachs as head of primary issues in New York and Hong Kong. Olivier Rozenfeld served as CFO of the Iliad Group between January 2001 and January 2008. He is a Board Member of the Iliad Group and of OpenERP in Belgium. Olivier Rozenfeld has also been a member of the Supervisory Board of LowendalMasaï. He is a graduate of the Solvay Business School (Belgium).

Carole Piwnica (DoB: 12 February 1958—53 years old), a Belgian national and a graduate in law from the *Université Libre de Bruxelles* (Belgium); holds a Masters degree in Law from the New York University and is a member of the Paris and New York Bars. After a career with several international law firms, Carole Piwnica is currently CEO of Naxos UK (private equity firm) and a member of the Boards of Sanofi (healthcare), Aviva plc (insurance), Louis Delhaize (retail) and Amyris Inc (industrial biotechnology). Ms. Piwnica is also a member of the Compensation Committee and Chairperson of the "Social Responsibility" Committee of the Aviva plc Board of Directors. Prior to that, Ms. Piwnica was notably Chairman of the Board of Directors of Amylum Group and a Board Member of Toepfer International GmbH (commodities trading) and Dairy Crest Group plc (food).

Board Members at June 2011 whose terms of office expire at the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011

Giuliano Berretta (DoB: 17 July 1940—71 years old), an Italian National, joined Eutelsat S.A. as its first Commercial Director in 1990. Between January 1999 and July 2001, he was Director General of the Intergovernmental Organisation. From July 2001 to September 2004, Mr. Berretta was Chairman of Eutelsat S.A.'s Management Board before being appointed Chairman of the Board of Directors and Chief Executive Officer of Eutelsat S.A. in September 2004. During the Eutelsat Communications General Meeting of Shareholders of 31 August 2005, having decided to proceed with the Tranformation of the Company, he was appointed a Board Member than Chairman and CEO by the Board of Directors. On 10 November 2009, the Company's Board of Directors noting the expiry of his functions as CEO appointed him Chairman of the Board of Directors. During his career with the Group, 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. Giuliano 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. Giuliano Berretta one of the fifty European businessmen recognised as "leaders of change". In April 2010, Mr. Giuliano 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. Giuliano 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. Giuliano 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.* In March 2011, Mr. Berretta was nominated for the "Satellite Hall of Fame 2011" by the SSPI (Society of Satellite Professionals International).

Jean-Luc Archambault (DoB: 28 April 1960—51 years old), a French national, is the founder and Chairman of Lysios, a Public Affairs consultancy based in Paris and Brussels. He has served as a member of the Supervisory Board of L.Loret & Cie and of the subsidiary AGI (Auto Guadeloupe Investissement) based at Pointe-à-Pitre and as 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 Telecom, 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.*

Andrea Luminari (DoB: 25 July 1966—45 years old), an Italian National, 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.

Tobías Martínez Gimeno (DoB: 27 April 1959—52 years old), a Spanish national, 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 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.

The *Fonds Stratégique d'Investissement* was co-opted by the Board of Directors Meeting of 17 February 2011 and this co-opting must be ratified by the Ordinary General Meeting approving the financial statements for the year ended 30 June 2011.

The *Fonds Stratégique d'Investissement* is currently represented by Thomas Devedjian (DoB: 16 June 1971—40 years old), a French national, is a graduate of the Paris *Institut d'Études Politiques* (IEP) and of the French *Hautes Études Commerciales* (HEC) Business School, and a graduate in law and alumnus of the *École Nationale d'Administration* (ENA) (Cyrano de Bergerac, 1997-99 promotion). Mr. Thomas Devedjian was a civil administrator (1999) at the Ministry of Economy, Finance and Industry and Deputy Director of the external agriculture policy (1999-2001), credit-assurance (2001-02) and External Economic Relations departments before becoming Deputy Director of the Energy, Telecommunications and Commodities office of the Treasury Department (2002-2004). He also served as technical Adviser to the Cabinets of Nicolas Sarkozy (2004), Hervé Gaymard (2004-05) and Thierry Breton (2005-2006) (successive French Ministers of Economy, Finance and Industry). He was Associate Director of Eurazeo investing (2006-09), and has been a Director and member of the Executive Committee of the *Fonds Stratégique d'Investissement* (FSI, *Caisse des Dépôts et Consignations* group) since 2009.

Abertis Telecom, a company incorporated under Spanish law, was co-opted by the Board of Directors meeting of 27 May 2011 and is represented by Ms. Marta Casas Caba. This co-opting must to be ratified by the Ordinary General Meeting approving the financial statements for the year ended 30 June 2011.

Marta Casas Caba (DoB: 27 June 1959—52 years old), a Spanish national, held various positions as law officers in the Cirsa and Ingesa companies before becoming Manager M&A at Landwell. Since 2000, she has served as Legal Director of Abertis Infraestructuras S.A. and is also Vice General Secretary of Abertis Infraestructuras and member of Abertis' Audit Committee, Board Member of TBI plc, Board Member of Sevisur Logistica, S.A., Board Member of Sevisur Logistica S.A., Secretary to the Board of Directors of Autopista Vasco Aragonesa, S.A., Vice-Secretary of the Board of Directors of Autopistas Concessionara Espanola, S.A., Vice-Secretary of the Board of Directors of Autopistas Aumar, S.A. Concesionara des Estado, Vice-Secretary of the Board of Directors of Iberica de Autopistas, S.A.C.E.

Proposed appointment of Board Members at the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011

On 28 July 2011, the Company announced that the *Fonds Stratégique d'Investissement* would propose to the Board of Directors that it submit a resolution to the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011 proposing the nomination of the current Deputy Chief Executive Officer, Mr. Jean-Paul Brillaud, as a Board Member, Mr. Brillaud having relinquished his operational role as of the date of the Meeting.

Jean-Paul Brillaud (DoB 29 October 1950—61 years old), a French national, is currently the Company's Deputy Chief Executive Officer and also a Board Member 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 Eutelsat S.A. Management Board in 2001 and became Deputy Chief Executive Officer of the Company and of Eutelsat S.A. in 2005. The Chief Executive Officer having changed in 2009, Mr. Brillaud's office as Deputy CEO expired and he was re-appointed as Deputy CEO of the Company for a six-year period, expiring at the end of Mr. de Rosen's term of office as Chief Executive Officer. Mr. Brillaud was also appointed Deputy CEO of Eutelsat S.A. for a three-year period 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 limited company *("société anonyme")*, 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 Telecom where he was notably responsible for managing France Telecom's space segment investments and for the operations of the satellite communications centre. He began his career with the CNT (National Centre for Telecommunications Research). Jean-Paul Brillaud is a graduate of the *École Nationale Supérieure des Télécommunications.*

Board Members resigning during the financial year ended 30 June 2011

CDC Infrastructure resigned from the Board having transferred all of its shareholding in the Company to the *Fonds Stratégique d'Investissement* during the previous financial year. CDC Infrastructure had been represented on the Board of the Company by Mr. Jean Bensaïd.

Jean Bensaïd (DoB: 19 June 1961—50 years old), a French national, is Deputy Director of the *Caisse des Dépôts et Consignations* and was Director of the Employment and Social Affairs Department of the Ministry of Finance, Economic and Tax Adviser in the Office of the Prime Minister, Financial Attaché to the French Embassy in the United States, Director of the Tax Department at the Ministry of Finance and an economist at INSEE. He is a graduate of the *École Normale Supérieure,* ENSAE and Harvard University. Following the co-opting of the *Fonds Stratégique d'Investissement* and the resignation of CDC Infrastructure, Mr. Thomas Devedjian was appointed permanent representative of the *Fonds Stratégique d'Investissement*.

Carlos Espinós-Gómez (DoB: 4 April 1964—47 years old), a Spanish national, resigned from the Company's Board of Directors on 27 May 2011 owing to his appointment as Chief Executive Officer of Hispasat S.A. He had 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 where he initially held several positions of responsibility at Tradia. After the acquisition of Retevisión Audiovisual in 2003, he was appointed Deputy CEO and Commercial and Technology Director for Abertis Telecom. In 2010, he was appointed CEO of Abertis Telecom Satellite Infrastructures. He was a member of the Executive Committee of Abertis Telecom, and 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.

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Observer *(censeur)* within the Board of Directors

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 Work Council of its operating subsidiary, Eutelsat S.A., under which the two representatives of the Eutelsat S.A. Work 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 Board Members of the Company.

14.2 Main Executives

At the filing date of this reference document, the main executives of the Company were as follows:

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	Chief Executive Officer	*First appointment:* 9 November 2009	*Current offices and functions:* • CEO and Board Member of Eutelsat S.A. • Board Member of Skylogic S.p.A. • Representative of Eutelsat S.A. • Chairman of Eutelsat VAS • Board Member and Chairman of the Board of Directors of Eutelsat Inc.	*Current offices and functions:* • Board Member of Hispasat S.A. • Board Member of ABB Ltd. • Board Member of Solaris Mobile Ltd.
		Expiry date of office: General Meeting approving the accounts for the financial year ending 30 June 2015	*Offices and functions having expired:* • Deputy CEO of the Company	*Offices and functions having expired:* • Chairman and CEO of SGD • CEO of U.S. 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. • Member of the Supervisory Board of Eutelsat Services & Beteiligungen GmbH • Board Member of Eutelsat Inc.	*Current offices and functions:* • Board Member of Hispasat S.A. • Board Member of Solaris Mobile Ltd.
		Expiry date of office: General Meeting approving the accounts for the financial year ending 30 June 2015	*Offices and functions having expired:* None	*Offices and functions having expired:* None
Michel Azibert Eutelsat Communications 70, rue Balard 75015 Paris	Deputy CEO	*First appointment:* 28 July 2011 (effective 1 September 2011)	*Current offices and functions:* • Deputy CEO of Eutelsat S.A.	*Current offices and functions:* None
		Expiry date of office: General Meeting approving the accounts for the financial year ending 30 June 2015	*Offices and functions having expired:* None	*Offices and functions having expired:* • Deputy CEO of TDF (2007-August 2011), Board Member of Digita (Finland), Media Broadcast (Germany), Levira (Estonia), Antenna Hungária (Hungary), Axión (Spain) and Mediamobile (France), subsidiaries of TDF

Within the Company, Michel de Rosen fulfils the office of Chief Executive Officer and Jean-Paul Brillaud that of Deputy Chief Executive Officer (see summary of their experience in the previous section).

The Board of Directors Meeting of 28 July 2011 appointed Mr. Michel Azibert as Deputy Chief Executive Officer, effective 5 September 2011. In order to ensure a smooth transition, Michel Azibert will work closely with Jean-Paul Brillaud until the date of the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011, which will also vote on the appointment of Jean-Paul Brillaud as a Board Member, the latter having relinquished his operational responsibilities as Deputy CEO.

Michel Azibert (DoB: 27 July 1955—56 years old), a French national, fulfils the office of Deputy CEO having joined the Group on 5 September 2011. He is a graduate of the *École Centrale de Paris* (1978), is an alumnus of the *Institut d'Etudes Politiques* (IEP) of Paris and of the *École Nationale d'Administration* (ENA) (1982). He worked at the French State Council *(Conseil d'État)* between 1982 and 1989 where he advised the government on audiovisual matters and, notably, participated in the drafting of the French Media Act of 1986. At the end of 1989, he joined TDF, the leading French technical operator of terrestrial broadcasting services, as its Head of International Development and Operations. He led TDF's development and supervised the operations in several new markets, in particular between 1995 and 2000 in the UK and the US (he served as Vice Chairman of Crown Castle International, the leading US tower company) and between 2000 and 2008 in Continental Europe (Spain, Finland, Estonia, Poland, the Netherlands, Germany, Hungary). Mr. Azibert became Director General of the TDF Group and has been Deputy Group CEO since 2008. At TDF he has been responsible for overseeing the establishment of the Group's strategic plan, the launch of new services in the field of digital TV/HDTV/interactive media as well as telecom and broadband Internet, leading the M&A activities of the Group and ensuring the interface with the political and regulatory authorities in France and the other European countries where TDF has operations.

14.3 Relations within the administrative and management bodies

To the best of the Company's knowledge, there are no family ties between the Company's Corporate Officers.

Furthermore, to the Company's knowledge, no Corporate Officer has been the subject of a:

- conviction for fraud within at least the last 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 barred 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.

14.4 Conflicts of interest within the administrative and management bodies

At the filing 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.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

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 having conducted a detailed review of 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 free shares granted to Corporate Officers and Directors during the financial years ended 30 June 2010 and 2011:

Summary of compensation and benefits paid to Corporate Officers and Directors (Table 1 – AMF Recommendation)

(in euros)	Financial year 2009-2010	Financial year 2010-2011
Mr. de Rosen **Deputy CEO (until November 2009)** **CEO (after November 2009)**		
Compensation (see table 2 for details)	400,000	696,000
Valuation of options granted during the year 2010-2011	-	-
Valuation of performance shares granted during the year 2010-2011	-	-
TOTAL	**400,000**	**696,000**
G. Berretta **Chairman and CEO (until November 2009)** **Chairman of Board of Directors (since November 2009)**		
Compensation (see table 2 for details)	2,158,453	322,500
Valuation of options granted during the year 2010-2011	-	-
Valuation of performance shares granted during the year 2010-2011	-	-
TOTAL	**2,158,453**	**322,500**
J.-P. Brillaud **Deputy CEO**		
Compensation (see table 2 for details)	575,415	572,391
Valuation of options granted during the year 2010-2011	-	
Valuation of performance shares granted during the year 2010-2011	-	
TOTAL	**575,415**	**572,391**

The following table summarises the compensation paid to executive and non-executive Directors during the financial years ended 30 June 2010 and 2011:

Summary of compensation paid to each executive and non-executive director (Table 2 – AMF Recommendation)

	Financial year 2009-2010		Financial year 2010-2011	
(in euros)	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Mr. de Rosen Deputy CEO (until November 2009) CEO (after November 2009)				
Fixed salary	400,000	400,000	400,000	400,000
Variable portion of compensation	-	-	400,000	296,000
Attendance fees	-	-	N/A	N/A
Benefits in kind	-	-	N/A	N/A
Exceptional compensation	-	-		
TOTAL	**400,000**	**400,000**	**800,000**	**696,000**
G. Berretta Chairman and CEO (until November 2009) Chairman of Board of Directors (since November 2009)				
Fixed salary	402,227	402,227	225,000	225,000
Variable portion of compensation	1,181,977	1,181,977	N/A	N/A
Attendance fees	75,000	72,500	N/A	97,500
Benefits in kind	1,749	1,749	N/A	N/A
Exceptional compensation (non-competition indemnity and exceptional bonus)	500,000	500,000		N/A
TOTAL	**2,160,953**	**2,158,453**	**225,000**	**322,500**
J.-P. Brillaud Deputy CEO				
Fixed salary	312,502	312,502	312,976	312,976
Variable portion of compensation	255,653	255,663	251,833	251,833
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	7,250	7,250	7,582	7,582
Exceptional compensation	-	-	-	-
TOTAL	**575,415**	**575,415**	**572,391**	**572,391**

Mr. de Rosen's compensation

FIXED SALARY

The amount of Mr. de Rosen's fixed salary indicated for the financial year ended 30 June 2011 corresponds to the total compensation paid by Eutelsat Communications in respect of his duties as Chief Executive Officer of Eutelsat Communications.

Mr. de Rosen forewent compensation in respect of his duties as a Board Member of Eutelsat Communications and Eutelsat S.A.

VARIABLE PORTION OF COMPENSATION

The variable compensation paid to Mr. de Rosen during the financial year ended 30 June 2011 consists of a bonus whose amount varies as a function of performance targets taking into account the Company's performance relative to a set of predefined financial indicators and qualitative objectives. This amounted to €296,000 in respect of the financial year ended 30 June 2010, and was paid during the first half of the year ending 30 June 2011.

Mr. Berretta's compensation

FIXED SALARY

The amount of Mr. Berretta's fixed salary as stated for the financial year ended 30 June 2011 corresponds to the total compensation paid in respect of (i) his duties as Chairman of the Board of Directors of Eutelsat Communications and (ii) his duties as Sole Director by Eutelsat Italia s.r.l.

Mr. Berretta received no variable compensation during the financial year 2010-2011.

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 as stated for the financial year ended 30 June 2011 corresponds to the total compensation paid by Eutelsat S.A. during the financial years ended 30 June 2010 and 30 June 2011 in respect of Mr. Brillaud's employment contract with Eutelsat S.A.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

The fixed salary paid to Mr. Brillaud during the financial year 2010-11 corresponds to a total of €312,976. Since Mr. Brillaud is not a Board Member, he receives no attendance fees.

VARIABLE PORTION OF COMPENSATION

The variable compensation due to Mr. Brillaud in respect of the financial year ended 30 June 2010 and paid during the first half of the financial year ended 30 June 2011 comprised:

- a bonus whose amount varies according to performance targets taking into account the Company's performance with regard to predetermined financial metrics. The amount paid in respect of the financial year ended 30 June 2010 was €166,774 and payment was made during the first half of the financial year ended 30 June 2011;
- a variable bonus based on qualitative objectives which amounted to €59,850 for the year ended 30 June 2010 and paid during the first half of the financial year ended 30 June 2011;
- an amount of €25,209 paid under the employee profit-sharing and incentive schemes for the financial year ended 30 June 2010 and paid during the first half of the financial year ended 30 June 2011.

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. de Rosen's and Mr. Brillaud's compensation were the same for the financial years ended 30 June 2010 and 2011.

As recommended by the Selection and Remuneration Committee, the Board of Directors reviewed and set at its meeting of 25 September 2007 the criteria used to determine the CEO's and Deputy CEO's variable compensation for the financial year ended 30 June 2008. Variable compensation is based on performance assessed with respect to the Group's key financial indicators, *i.e.* revenues, EBITDA and net income. Moreover, at its meeting on 30 December 2008, the Board of Directors decided to adopt and to apply the AFEP-MEDEF guidelines regarding the compensation of Corporate Officers.

The following table lists the attendance fees and other forms of compensation payable to the non-executive Directors and Corporate Officers in respect of the financial years ended 30 June 2010 and 30 June 2011 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	Financial year 2009-2010 *(in euros)*	Financial year 2010-2011 *(in euros)*
G. Beretta Chairman	**72,500**	**97,500**
Attendance fees	72,500	97,500
Other forms of compensation	0	0
Lord J. Birt Board Member	**80,000**	**157,000**
Attendance fees	80,000	121,000
Other forms of compensation	0	36,000
CDC Infrastructure Board Member, represented by J. Bensaïd	**58,500**	**77,500**
Attendance fees	58,500	77,500
Other forms of compensation	0	0
CDC Infrastructure Board Member, represented by T. Devedjian	**0**	**14,000**
Attendance fees	0	14,000
Other forms of compensation	0	0
C. Espinós-Gómez Board Member	**70,000**	**37,000**
Attendance fees	70,000	37,000
Other forms of compensation	0	0
A. Luminari Board Member	**50,000**	**67,000**
Attendance fees	50,000	67,000
Other forms of compensation	0	0
T. Martínez Gímeno Board Member	**70,000**	**51,000**
Attendance fees	70,000	51,000
Other forms of compensation	0	0
C. Sagasta-Reussi Board Member	**72,000**	**2,000**
Attendance fees	72,000	2,000
Other forms of compensation	0	0
B. Mabille Board Member	**60,000**	**67,000**
Attendance fees	60,000	67,000
Other forms of compensation	0	0
J.-L. Archambault Board Member	**70,000**	**66,000**
Attendance fees	70,000	66,000
Other forms of compensation	0	0
F. Reynes Board Member(2)	**0**	**35,000**
Attendance fees	0	35,000
Other forms of compensation	0	0
O. Rozenfeld Board Member(1)	**0**	**43,000**
Attendance fees	0	43,000
Other forms of compensation	0	0
C. Piwnica Board Member	**0**	**56,000**
Attendance fees	0	56,000
Other forms of compensation	0	0
Abertis Telecom Board Member, represented by M. Casas Caba	**0**	**0**
Attendance fees	0	0
Other forms of compensation	0	0
TOTAL	**603,000**	**770,000**

(1) Mr. Rozenfeld was co-opted by the Board of Directors on 22 June 2010 to replace Mr. Guarguaglini who resigned from the Board.
(2) Mr. Reynes was co-opted by the Board of Directors on 22 June 2010 to replace Mr. Sagasta-Reussi who resigned from the Board.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

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 2011 (see Notes to the consolidated financial statements for more details).

The General Meeting of Shareholders of 9 November 2010 fixed at €855,000 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 2010-2011, 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 2011 to be submitted for approval by shareholders during the General Meeting of Shareholders on 8 November 2011 provide for the maintenance of the gross amount of attendance fees paid to members of the Board of Directors at €855,000 for the financial year ending 30 June 2012 and for all years thereafter until a new decision by the Meeting.

The amount of attendance fees paid to Board Members depends on (i) their attendance at Board Meetings and, for the calculation of the ceilings for attendance fees, their capacity as Chairman of the Board or Committees if they are also independent, and their term of office with the Company beyond two years, and (ii) their duties or special responsibilities as members of the various Committees or working groups of the Board of Directors.

At its meeting of 22 June 2010, the Board of Directors decided to increase the amount of attendance fees and the ceiling for each Board Member and Committee Member to €75,000 for the Chairman, €50,000 for Board Members and €20,000 for Committee Members, and further decided to:

- raise the amount of attendance fees paid to Committee Chairs to €30,000 if they are independent Board Members; and
- increase by a lump sum of €20,000 the amount of attendance fees paid to independent Board Members, this discretionary amount being paid as a loyalty bonus within two years of ratification of the appointment by the General Meeting of Shareholders.

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 financial year ended 30 June 2011 stood at €734,000.

Stock options or stock purchase options (Tables 4 & 5 – AMF Recommendation)

The Company did not put in place any stock options or stock purchase plans during the financial years ended 30 June 2009, 2010 and 2011.

Note however that, during earlier financial years, the operating subsidiary Eutelsat SA had put in place stock options and stock purchase plans.

At the date of this reference document, none of the Corporate Officers or related parties held any Eutelsat S.A. stock options or stock purchase plans.

Free Share Allocation

FREE SHARE ALLOCATION PLAN OF 27 MAY 2007

During the financial year 2008-2009, the Board of Directors meeting of 27 May 2009, based on a recommendation from the Governance, Selection and Remuneration Committee, had decided to definitively grant Mr. G. Berretta, then Chairman and Chief Executive Officer and Mr. J-P Brillaud, Deputy Chief Executive Officer, a respective 30,000 and 10,000 free shares in accordance with the Free Share Allocation Plan dated 10 May 2007.

Pursuant to the provisions of Article L. 225-197 of the French *Code de commerce,* these shares will only be available at the end of a two-year retention period.

FREE SHARE ALLOCATION PLAN OF 25 JULY 2007

Under the delegation of authority granted by the General Meeting of Shareholders, the Board of Directors meeting of 25 July 2007 decided to grant 474,831 free shares to all employees of the Eutelsat Group. The allocation of free shares under this programme was subject to a number of conditions as set out hereafter (i) a requirement that the beneficiaries stayed with the Group for two years and a commitment from the beneficiaries to retain the shares for a further two-year period after the effective date of acquisition and (ii) the achievement, for half of the shares granted, of certain performance objectives over a two-year period including a consolidated EBITDA objective, revised each year, and, for the remaining half, to an absolute progression in the Company's share price of at least 20% over a two-year period.

The respective annual performance objectives were reached as of 30 June 2008 and 30 June 2009. However, the share price target was not met upon maturity of the plan. On 30 July 2009, at the end of the two-year acquisition period, the Board of Directors subsequently decided to definitively grant 310,017 shares to 439 employees and key managers (including the Directors and Corporate Officers) of the Eutelsat Group.

Under this plan, Mr. Berretta was allocated 38,216 free shares and Mr. Brillaud 12,996 free shares on 30 July 2009. These shares are subject to a retention period of two years, as of the date of the final allocation of shares.

FREE SHARE ALLOCATION PLAN OF 1 FEBRUARY 2010

On 1 February 2010, the 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 *("mandataires sociaux"),* 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 characteristics of this plan are as follows:

- 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, with 50% linked to a target cumulative EBITDA and the remaining 50% linked to an average ROCE target;

- On the other part, the grant of 368,200 shares to Directors and Corporate Officers *("mandataires sociaux")*, conditional upon the achievement, over the same three financial periods, of one 25% objective based on cumulative EBITDA, one 25% objective based on average ROCE, one 25% objective linked to cumulative EPS and one 25% TSR-linked objective, all four objectives being equally weighted.

The performance objectives are based on the Group's consolidated financial statements. The definitive granting of these shares will take place as of 2 February 2013 subject to achievement of the performance objectives.

As a result, 554 beneficiaries of the Group fulfilling the conditions for eligibility will receive a minimum of 600 free shares in the Company.

Under this Plan and subject to the achievement of the performance objectives set by the Board of Directors, Mr. Michel de Rosen, CEO, may be entitled to a maximum of 66,952 free shares and Mr. Jean-Paul Brillaud, Deputy CEO, to a maximum of 36,122 free shares.

Performance shares granted to each Director and Corporate Officer (Table 6 – AMF Recommendation)

Performance shares definitively granted by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group	Date of plan and vesting	Number of shares granted since 30 June 2008	Valuation of shares based on method used for the consolidated financial statements	Date of vesting	Date available	Performance plan conditions
Michel de Rosen Deputy Chief Executive Officer then Chief Executive Officer						
G. Berretta Chairman and CEO then Chairman of the Board of Directors	25 July 2007 for 2 years	38,216[1]	€536,934.80	26 July 2009	26 July 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) compared to grant price (i.e. €17.99)
J-P. Brillaud Deputy CEO	25 July 2007 for 2 years	12,996[1]	€182,593.80	26 July 2009	26 July 2011	
TOTAL		**51,212**	**€719,528.60**			

(1) Shares fully vested as of 30 July 2009.

Performance shares available for each corporate officer (Table 7 – AMF Recommendation)

No performance shares were made available for Directors and Corporate Officers during the financial year 2010-2011.

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.

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

Employment contract and pensions (Table 10 – AMF Recommendation)

Officers and Directors	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	
	Yes	No	Yes	No	Yes	No	Yes	No
G. Berretta **Chairman of the Board of Directors** Appointed 31 August 2005 End of office: General Meeting approving the financial statements for the financial year ending 30 June 2011		X[(1)]	X			X	X[(2)]	
Mr. de Rosen **Chief Executive Officer** Appointed 10 November 2009 End of office: General Meeting approving the financial statements for the financial year ending 30 June 2015		X[(3)]		X		X		X
J.-P. Brillaud **Deputy Chief Executive Officer** Appointed 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 Eutelsat Communications General Meeting of Shareholders on 10 November 2009. Since then, Mr. Berretta has no longer been an employee of 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 "Compensation and other benefits paid to the Company's Corporate Officers and senior management").

(3) Mr. de Rosen has no employment contract with Eutelsat S.A.

(4) Mr. Brillaud has an employment contract with Eutelsat S.A.

16 OPERATION OF ADMINISTRATIVE and management bodies

16.1 Term of office of members of the administrative and management bodies

This information can be found in Section 14.1 "Composition of the Board of Directors" of this reference document.

16.2 Information 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 Board Members or 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 the Committees

The statutory provisions relating to the Board of Directors are summarised in Section 21.2.2 entitled "Board of Directors, Committees and Observer" 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 Internal Rules adopted on 10 November 2009, a number of strategic decisions and undertakings require the prior approval of the Board of Directors.

These decisions requiring prior approval can 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 to the Company's by-laws;
- Approval of draft resolutions for submission to General Meetings of Shareholders, 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 to acquire other companies, any response 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 shareholder 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;
- Approval of any transaction to buy out, invest in or disinvest in another company involving amounts in excess of €50 million where this is provided for in the Five-Year Strategic Plan or in the annual Investment Plan approved by the Board of Directors;
- Approval of any transaction to buy out or invest in another company involving amounts in excess of €25 million (individually or in total 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 recruitment plans) and any change therein;
- All capital expenditure in excess of €25 million (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;

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

- Any divestment, sale 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 per transaction or group of transactions made during the year;
- Any loan, credit agreement, 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 (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 General Meeting of Shareholders.

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 Board Members;
- 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) would rank (or ranked, in the case of dismissal) among the six highest compensation packages in the Group;
- Approval of all recommendations by the Governance, Selection and Remunerations Committee in respect of selection or co-opting of a new Board Members;
- Allocation of attendance fees among Board Members;
- 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 10 times during the year ended 30 June 2011. The average attendance rate by Directors at meetings during the financial year was around 90%.

Barring emergencies, invitations to attend meetings of the Board of Directors are sent out to Board Members at least five days before the meeting concerned.

Information communicated to the Board of Directors

In accordance with the relevant provisions of the by-laws and the Internal Rules of the Board of Directors, documents for Board Meetings are sent to Board members at least five 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 Internal Rules also provide for an annual self-evaluation of the functioning of the Board of Directors and for a formal evaluation once every three years. An independent Board Member is tasked with carrying out a formal evaluation of the Board of Directors' *modus operandi*, for which he or she may request the assistance of a consultant from outside the Company. The result of this evaluation, as well as the measures potentially envisaged to improve the way in which the Board operates, are published in the Annual Report.

The latest formal evaluation carried out during the financial year 2009-10 led to the proposed appointment of two new independent Board Members being submitted for approval to the General Meeting of Shareholders on 9 November 2010. The General Meeting of Shareholders on 9 November 2010 subsequently appointed Mr. Olivier Rozenfeld and Ms. Carole Piwnica as independent Board Members. The Board currently has three independent Board Members.

The Board considers that its composition, given the presence throughout the financial year of independent Board Members alongside Board Members exercising management functions within the Group or representing major shareholders, constitutes a factor of sound governance.

Internal Rules of the Board of Directors

In addition to regulatory and legal provisions, the Board of Directors operates in accordance with a set of Internal Rules adopted by the Board of Directors on 10 November 2009.

The Internal Rules stipulate that individual Board Members must devote the necessary time and attention to performing their duties. In addition, when accepting a new job or position, they must ensure that they are always in a position to fulfil that assignment. In this respect, the Internal Rules set out the provisions of law and the regulations applicable to Board Members (number of concurrent Directorships, disclosure of appointments held, etc.). Unless genuinely prevented from attending, every Board Member must attend every Board Meeting, every meeting of each Committee on which they sit, and every General Meeting of Shareholders.

The Internal Rules also specify provisions for preventing any conflicts of interest and for managing contracts with related parties. Each Board Member must inform the Company of any conflict of interest of which he or she is aware, and take all necessary measures to avoid it. Any agreement between a Board Member and the Company must comply with the provisions applicable to related party agreements.

The Internal Rules also specify measures applying to transactions undertaken by senior managers and their related parties regarding Company securities, as well as the rules intended to prevent insider dealing. Each Board Member must therefore comply with the legal provisions in force and with the General Regulations of the *Autorité des marchés financiers* (AMF), and must make the necessary disclosures required under these texts for transactions in the Company's shares. No Board Member may divulge information about the Company obtained whilst performing their duties.

Observer *(censeur)*

Since the initial public offering of the Company, the Executive Secretary of Eutelsat IGO has performed the duties of Observer on the Board of Directors of Eutelsat Communications.

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

The Board of Directors is assisted in its work by three committees: the Audit Committee, the Governance, Selection and Remuneration Committee and the Strategy and Investment Committee. The missions of each of these three committees were determined by the Board on 9 November 2010.

Internal control

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 Appendices to this reference document.

16.4 Operation of the management bodies

Separation of the Chairman of the Board of Directors and CEO positions

Pursuant to the legal and regulatory provisions, the Board of Directors Meeting of 10 November 2009 opted to separate the positions of Chairman of the Board of Directors and Chief Executive Officer.

Since that date, Mr. Michel de Rosen has been in charge of the Company's general management, with Mr. Giuliano Berretta acting as Chairman of the Board of Directors until the end of his term of office as a Board Member *i.e.* after the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2011.

Powers of the Chief Executive Officer

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 General Meetings of Shareholders and the Board of Directors.

He represents the Company in its dealings with third parties. The Company is bound even by the acts of the CEO that do not fall under the corporate purpose, unless it proves that the third party knew that the act exceeded that purpose or if the third party could not have been ignorant of that fact considering the circumstances; the mere publication of the by-laws not being sufficient to constitute 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.

Limitations stated in the by-laws or decided by the Board of Directors

The Company's by-laws do not restrict the powers of the Chief Executive Officer.

The Internal Rules 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 Chief Executive Officer(s)

As proposed by the Chief Executive Officer, 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 established 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 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 Chief Executive Officer in November 2009 and as proposed by the new CEO, Mr. Michel de Rosen, Mr. Brillaud was re-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.

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16.5 Corporate governance

Following the admission to trading of its shares on the NYSE 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, notably the creation of various committees as described above and the appointment of three independent Board Members to sit on the Board of Directors.

The Board of Directors of Eutelsat Communications complies with the guidelines of the AFEP-MEDEF Code.

Adopted on 10 November 2009, the Internal Rules of the Company's Board of Directors are intended to guarantee the transparency of the Board of Directors in its operations. The main provisions of these Internal Rules are summarised in Section 16.3 "Operation of the Board of Directors and the Committees" in the paragraph entitled the "Internal Rules of the Board of Directors".

Furthermore, to strengthen the Group's employer-employee communication policy, the Company reached an agreement with the Work Council at Eutelsat S.A., the Group's main operational subsidiary. This agreement aims to give Eutelsat S.A.'s Work 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 Work 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 two representatives of Eutelsat S.A.'s Work Council on the Board of Directors of Eutelsat S.A. are invited to participate in the meetings of the Company's Board of Directors and receive the same information as the Board Members.

The internal control measures are described in the special report of the Chairman of the Board of Directors which is included in the Appendices to this reference document.

17 EMPLOYEES

17.1 Number of employees

As of 30 June 2011, the Company did not have any employees and the Group had 723 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		
	2009	2010	2011
Operations	251	253	296
Commercial and administrative activities	354	386	394
TOTAL	**605**	**639**	**690**

The number of staff employed by the Group has risen over the last three financial years. The change in the number of staff can be explained in part by the increase in the staff employed by the Group's foreign subsidiaries between June 2008 and June 2010, which rose from 134 to 178 during the financial year 2009-2010 and from 178 to 220 during 2010-2011. This increase in the headcount mainly concerned the Italian subsidiaries Skylogic S.p.A. and Skylogic Mediterraneo s.r.l.

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 Work Council issues an opinion on this social audit report. The social report and the opinion of the Work 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.*

During calendar year 2010, Eutelsat S.A. employed an average of approximately nine temporary staff per month. Temporary staff worked for an average of 17 days. Eutelsat S.A. employees had an average length of service of 10 years, with managers representing approximately an overall 82% of Company staff during the 2010 calendar year.

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 filing date of this reference document, no stock options 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 two Corporate Officers to have received stock subscription options were Mr. Berretta and Mr. Brillaud. At the date of this reference document, they no longer hold any Eutelsat S.A. stock options (see Section 15.1 "Compensation and other benefits paid to the Company's Corporate Officers and senior management" for more details).

Previous grants of stock options and stock purchase options by Eutelsat S.A. (Table 8 – AMF Recommendation)

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8	Plan No. 9
Date of Board of Directors or Management Board, as appropriate	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 Corporate 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 Corporate 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	€2.00	-	€1.79	€1.70	€1,615	€1.70	€2.00	€2.20
• after the December 2004 adjustment	€1	€1.54	-	€1.38	€1.31		€1.31	€1.54	€1.70
• after the December 2005 adjustment(2)	€1	€1.48	-	€1.33	€1.26		€1.26	€1.48	€1.64
Number of options exercised by 30/06/2011	0	0	-	0	0	0	0	0	23,987
Number of shares underlying stock subscription options or stock purchase options outstanding on 30/06/2011(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	0

(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.

Stock subscription or purchase options granted to the 10 employees who are not Corporate Officers who received the greatest number of options and options exercised by the latter during the financial year 2010-2011 (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)	23,987	1.68	0	0	0	0	0	0	23,987

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 Corporate 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 provides 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 29 November 2010 and closed on 10 December 2010. Final settlement of the transaction took place on 15 December 2010.

At the filing date of this reference document and in respect of this transaction, 400,187 shares had been repurchased at a unit price of €6.99 per Eutelsat S.A. share.

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 per Eutelsat S.A. share. This liquidity offer opened on 12 May 2011 and the subscription period closed on 26 May 2011. Final settlement of the transaction took place on 3 June 2011. At the filing date of this reference document, in respect of this transaction, 135,389 shares had been repurchased at a unit price of €7.73 per Eutelsat S.A. share.

Furthermore, 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 1,453,432 shares in Eutelsat S.A. under the Managers IV plan, at a unit price of €2.70.

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 allocation plan, and took note of the resulting capital increase of €133,331 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 for a further period of two years from the vesting date. Under this plan, Mr. Berretta is entitled to 30,000 free shares and Mr. Brillaud to 10,000 free 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 had 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,* these freely granted shares were fully vested, subject to the condition of continuous presence within the Group for a period of two years (*i.e.* until 25 July 2009) the shares being available after a further 2 year period (*i.e.* on 26 July 2011). Under this plan, the final allocation of these freely granted shares was 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 Corporate 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 the fulfilment 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 as of the date of the Board Meeting, 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 Selection and Remuneration 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), 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 15.1 "Compensation and other benefits paid to the Company's Corporate Officers and senior management" of this reference document.

17.4 Employee profit-sharing and incentive plans and Company savings plan

On the filing date of this reference document, given that the Company has no employees, 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 within the Company. The Company has not set up a corporate savings plan.

Employee incentive plan at Eutelsat S.A.:

- A corporate 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 corporate 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 corporate 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 corporate 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.

  The table below shows the average amount of incentive payment per employee beneficiary:

(in euros)	2008-2009	2009-2010	2010-2011
Average amount of the incentive payment	2,192	1,616	1,507

- 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)	2008-2009	2009-2010	2010-2011
Amount of the special profit-sharing reserve	4,797,609	4,584,910	6,115,101

18 PRINCIPAL SHAREHOLDERS

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18.1 Breakdown of ownership structure and voting rights

The following table provides disclosures about changes Eutelsat Communications' ownership structure reported to the Company over the past three financial years:

	30 June 2011		30 June 2010		30 June 2009	
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
Abertis Telecom S.a.u.	69,022,989	31.36%	69,022,989	31.36%	69,022,989	31.40%
CDC Infrastructure S.A.			-	-	56,399,660	25.66%
Fonds Stratégique d'Investissement (FSI)	56,399,660	25.62%	56,399,660	25.62%	-	-
Radio Televizijia Slovenia	1,894,724	0.86%	2,332,724	1.06%	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%
Other minority shareholders(1)	3,227,577	1.47%	3,227,577	1.47%	3,227,577	1.47%
Free float	85,628,543	38.90%	83 734 835	38,04%	83,159,592	37.83%
Employees and senior managers	1,544,603	0.70%	3,000,311	1.36%	3,129,537	1.42%
TOTAL SHARES	**220,113,982**	**100%**	**220,113,982**	**100%**	**219,803,965**	**100%**

(1) This category includes a number of Eutelsat Communications minority shareholders including 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 filing date of this reference document, 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 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 disclosure thresholds in the financial year 2010-2011).

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 the by-laws, the Company has been notified and the Board of Directors informed of the following crossings of threshold:

Crossing of disclosure thresholds	
22 August 2011	Notification of the 5% upward crossing of threshold in terms of Company capital and voting rights by Blackrock Inc., which owns 11,031,045 shares, representing 5.01% of the Company's share capital
30 May 2011	Notification of the 5% downward crossing of threshold in terms of Company capital and voting rights by Blackrock Inc, which owns 10,967,006 shares, representing 4.98% of the Company's share capital
3 May 2011	Notification of the 5% upward crossing of threshold in terms of Company capital and voting rights by Blackrock Inc., which owns 11,046,243 shares, representing 5.02% of the Company's share capital
2 May 2011	Notification of the 1% downward crossing of threshold in terms of Company capital and voting rights by UBS AG, which owns 847,296 shares, representing 0.38% of the Company's share capital
27 April 2011	Notification of the 1% downward crossing of threshold in terms of Company capital and voting rights by Amundi Asset Management, which owns 854,597 shares, representing 0.39% of the Company's share capital
26 April 2011	Notification of the 1% upward crossing of threshold in terms of Company capital and voting rights by UBS AG, which owns 2,254,697 shares representing 1.02% of the Company's share capital
18 March 2011	Notification of the 5% downward crossing of threshold in terms of Company capital and voting rights by Blackrock Inc., which owns 10,991,320 shares, representing 4.99% of the Company's share capital
23 February 2011	Notification of the 5% upward crossing of threshold in terms of Company capital and voting rights by Franklin Resources Inc., which owns 11,034,280 shares, representing 5.0130% of the Company's share capital
15 February 2011	Notification of the 2% downward crossing of threshold in terms of Company capital and voting rights by Norges Bank Investment Management, which owns 4,214,194 shares, representing 1.91% of the Company's share capital
21 January 2011	Notification of the 2% downward crossing of threshold in terms of Company capital and voting rights by Threadneedle Asset Management Holdings Ltd., which owns 4,288,082 shares, representing 1.948% of the Company's share capital
8 December 2010	Notification of the 2% upward crossing of threshold in terms of Company capital and voting rights by Norges Bank Investment Management, which owns 4,419,829 shares, representing 2.01% of the Company's share capital
8 December 2010	Notification of the 5% upward crossing of threshold in terms of Company capital and voting rights by Blackrock Inc, which owns 11,376,630 shares, representing 5.17% of the Company's share capital
30 November 2010	Notification of the 1% upward crossing of threshold in terms of Company capital and voting rights by GLG Partners LP, which owns 2,028,230 shares, representing 0.92% of the Company's share capital
16 November 2010	Notification of the 1% downward crossing of threshold in terms of Company capital and voting rights by UBS Investment bank, which owns 1,075,684 shares, representing 0.49% of the Company's share capital
10 November 2010	Notification of the 1% upward crossing of threshold in terms of Company capital and voting rights by AMUNDI, Société Générale Gestion and Etoile Gestion, which owns 2,259,896,shares, representing 1.03% of the Company's share capital

At the filing date of this document, the Company had not been notified of any other crossings, whether upwards or downwards, of legal or statutory disclosure thresholds in the Company's capital.

18.1.2 Corporate Officers' securities transactions

Declarations of securities trading	
December 2010	Giuliano Berretta and related party(ies): disposals of 3,700 shares
January 2011	Giuliano Berretta and related party(ies): disposals of 16,500 shares
February 2011	Giuliano Berretta and related party(ies): disposals of 7,100 shares
March 2011	Giuliano Berretta: and related party(ies): disposals of 1,000 shares
April 2011	Giuliano Berretta and related party(ies): disposals of 8,500 shares
May 2011	Giuliano Berretta and related party(ies): disposals of 41,000 shares
June 2011	Giuliano Berretta and related party(ies): disposals of 16,000 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 filing date of this reference document, 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.

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 regulated agreements and commitments in the Appendices of this reference document.

Service agreements within the Group

The Company and its subsidiaries maintain contractual relationships linked to the organisation and operations of the Group. These operations mainly relate to the division of common administrative expenses, centralised cash management and the existence of a tax group. During the financial year ended 30 June 2011, the chargeback agreement in the event of share purchases as part of the implementation of the free share allocation plan remained in force, together with the supplementary pension scheme with defined benefits (Article 39), to the benefit of Messrs. Giuliano Berretta and Jean-Paul Brillaud.

20 FINANCIAL INFORMATION about the Company's assets and liabilities, financial position and results

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20.1 Financial information for the financial year ended 30 June 2011

20.1.1 Eutelsat Communications' consolidated financial statements prepared under IFRS for the financial year ended 30 June 2011

CONSOLIDATED BALANCE SHEET

(in thousands of euros)	Note	30 June 2010	30 June 2011
ASSETS			
Non-current assets			
Goodwill	5	807,752	807,752
Intangible assets	5	709,195	671,044
Satellites and other property and equipment, net	6	1,797,588	1,950,206
Construction in progress	6	732,913	697,976
Investments in associates	7	232,928	188,422
Non-current financial assets	8, 14	3,049	5,803
Deferred tax assets	21	52,624	19,374
Total non-current assets		**4,336,049**	**4,340,577**
Current assets			
Inventories	9	1,372	1,211
Accounts receivable	10	298,816	244,060
Other current assets	11	13,510	19,306
Current tax receivable	21	2,867	1,582
Current financial assets	12, 14	4,900	7,512
Cash and cash equivalents	13	59,519	136,946
Total current assets		**380,984**	**410,617**
TOTAL ASSETS		**4,717,033**	**4,751,194**

(in thousands of euros)	Note	30 June 2010	30 June 2011
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	**15**	**220,114**	**220,114**
Additional paid-in capital	15	497,128	453,214
Reserves and retained earnings		725,951	978,302
Non-controlling interests		69,112	77,123
Total shareholders' equity		**1,512,305**	**1,728,753**
Non-current liabilities			
Non-current financial debt	16	2,446,102	2,300,762
Other non-current financial liabilities	17, 18	49,164	59,081
Other non-current debt	20	1,469	99
Non-current provisions	22	30,156	28,564
Deferred tax liabilities	21	289,501	308,124
Total non-current liabilities		**2,816,392**	**2,696,630**
Current liabilities			
Current financial debt	16	32,866	19,970
Other current financial liabilities	17, 18	160,661	85,343
Accounts payable		40,956	53,173
Fixed assets payable		30,424	22,162
Taxes payable		12,618	39,719
Other current payables	20	97,153	91,252
Current provisions	22	13,658	14,192
Total current liabilities		**388,336**	**325,811**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,717,033**	**4,751,194**

CONSOLIDATED INCOME STATEMENT

(in thousands of euros, except per share data)	Note	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Revenues	23	1,047,224	1,168,142
Revenues from operations		**1,047,224**	**1,168,142**
Operating costs		(80,877)	(88,659)
Selling, general and administrative expenses		(138,552)	(153,074)
Depreciation and amortisation	5,6	(313,419)	(280,459)
Other operating income	27.2	148	235,393
Other operating expenses	6, 15.3	(5,973)	(236,145)
Operating income		**508,551**	**645,198**
Financial income		32,868	16,579
Financial expenses		(133,512)	(125,747)
Financial result	**24**	**(100,644)**	**(109,168)**
Income from associates	7	17,843	17,754
Net income before tax		**425,750**	**553,784**
Income tax expense	21	(143,239)	(199,041)
Net income		**282,511**	**354,743**
Net Income Attributable to the Group		269,501	338,474
Attributable to non-controlling interests		13,010	16,269
Earnings per share attributable to Eutelsat Communications shareholders	**25**		
Basic earnings per share in euro		1.224	1.539
Diluted earnings per share in euro		1.224	1.539

COMPREHENSIVE INCOME STATEMENT

(in thousands of euros)	Note	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Net income		282,511	354,743
Other items of gain or loss on comprehensive income			
Translation adjustment		3,813	(1,891)
Tax effect	21.2	(858)	164
Changes in fair value of cash-flow hedging instruments	15.4, 26.5	(24,663)	75,867
Tax effect	21.2	8,491	(26,023)
Total of other items of gain or loss on comprehensive income		**(13,217)**	**48,117**
TOTAL COMPREHENSIVE INCOME STATEMENT		**269,294**	**402,860**
Attributable to the Group		255,760	386,296
Attributable to non-controlling interests		13,534	16,564

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Note	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Cash flow from operating activities			
Net income		**282,511**	**354,743**
Income from equity investments	7	(17,844)	(17,754)
(Gain)/loss on disposal of assets		120	-
Other non-operating items		238,525	257,436
Depreciation, amortisation and provisions		321,824	282,477
Deferred taxes	21	15,428	26,509
Changes in accounts receivable		(19,274)	24,280
Changes in other assets		4,447	(6,820)
Changes in accounts payable		12,430	33,244
Changes in other debt		8,821	3,685
Taxes paid		(148,702)	(140,979)
Net cash inflow from operating activities		**698,286**	**816,820**
Cash flows from investing activities			
Acquisitions of satellites, other property and equipment and intangible assets	6	(494,362)	(545,933)
Movements in equity investments	7.1	-	60,000
Proceeds from disposal of assets		8	22
Insurance indemnities on property and equipment	27.2	-	235,096
Changes in other non-current financial assets		(295)	(879)
Dividends received from associates		3,169	3,378
Net cash flows from investing activities		**(491,480)**	**(248,315)**
Cash flows from financing activities			
Changes in capital		-	-
Distributions		(156,196)	(177,125)
Movements in treasury shares	15.3	263	(13,650)
Increase in debt		843,472	
Repayment of debt	16.1	(850,184)	(150,559)
Repayment in respect of performance incentives and long-term leases		(14,329)	(11,366)
Other loan-related expenses		(9,554)	(30)
Interest and other fees paid		(76,930)	(112,228)
Interest received		1,498	2,870
Premium and termination indemnities on derivatives settled	26.2	(38,015)	(5,977)
Acquisition of non-controlling interests	15.3	(6,717)	(7,769)
Other changes		315	(2,261)
Net cash flows from financing activities		**(306,377)**	**(478,094)**
Impact of exchange rate on cash and cash equivalents		(464)	684
Increase (decrease) in cash and cash equivalents		**(100,035)**	**91,095**
Cash and cash equivalents, beginning of period		**141,372**	**41,337**
Cash and cash equivalents, end of period		**41,337**	**132,432**
Cash reconciliation			
Cash	13	59,519	136,944
Overdraft included under debt[(1)]	16.2	(18,182)	(4,512)
CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT		**41,337**	**132,432**

(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.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Common stock						
(in thousands of euros, except share data)	Number	Amount	Additional paid-in capital	Reserves and retained earnings	Shareholders' equity Group share	Non-controlling interests	Total
As of 30 June 2009	**219,803,965**	**219,804**	**526,047**	**584,913**	**1,330,764**	**67,070**	**1,397,834**
Net income for the period				269,501	269,501	13,010	282,511
Other items of gain or loss on comprehensive income				(13,741)	(13,741)	524	(13,217)
Total comprehensive income statement				**255,760**	**255,760**	**13,534**	**269,294**
Transactions affecting the capital	310,017	310	(310)	-		-	-
Treasury stock				263	263	-	263
Transactions with non-controlling interests				(4,183)	(4,183)	(2,170)	(6,353)
Distributions			(28,609)	(116,636)	(145,245)	(10,951)	(156,196)
Benefits for employees upon exercising options and free shares granted				1,563	1,563	40	1,603
ABSA commitments				(1,002)	(1,002)	2,245	1,243
Liquidity offer				5,273	5,273	(656)	4,617
As of 30 June 2010	**220,113,982**	**220,114**	**497,128**	**725,951**	**1,443,193**	**69,112**	**1,512,305**
Net income for the period				338,474	338,474	16,269	354,743
Other items of gain or loss on comprehensive income				47,822	47,822	295	48,117
Total comprehensive income statement				**386,296**	**386,296**	**16,564**	**402,860**
Transactions affecting the capital				-		-	-
Treasury stock				(13,649)	(13,649)	-	(13,649)
Transactions with non-controlling interests				(3,929)	(3,929)	(3,792)	(7,721)
Distributions			(43,914)	(122,958)	(166,872)	(10,252)	(177,124)
Benefits for employees upon exercising options and free shares granted				4,031	4,031	150	4,181
ABSA commitments				2,249	2,249	1,739	3,988
Liquidity offer				311	311	3,602	3,913
As of 30 June 2011	**220,113,982**	**220,114**	**453,214**	**978,302**	**1,651,630**	**77,123**	**1,728,753**

Notes to the consolidated financial statements

Note 1: Key events during the financial year

- On the night of 28 to 29 October 2010, the W3B satellite was launched by an Ariane 5 launch vehicle. Following separation from the rocket, a failure was observed on the satellite's propulsion sub-system, preventing it from being placed into geostationary orbit. Consequently, the Group declared the total loss of the W3B and filed an insurance claim on the spacecraft. (see Note 6 "Satellites and other property and equipment" and Note 27.2 "In-orbit insurance and launch insurance").
- On 26 December 2010, the KA-SAT satellite was successfully launched by an M Breeze M. Proton rocket and subsequently came into operational service on 31 May 2011.

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 2011, the Group owns and operates, via Eutelsat S.A., 24 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 four satellites belonging to third parties or related parties.

Six more satellites (W3C, ATLANTIC BIRD™ 7, W5A, W6A, EUROBIRD™ 2A and W3D) are currently under construction. The first two satellites are expected to be launched in 2011-2012 and the last four in 2012-2013.

2.3 – APPROVAL OF ACCOUNTS

The consolidated financial statements for 30 June 2011 have been prepared under the responsibility of the Board of Directors, which approved them at its meeting of 28 July 2011.

They will be submitted for the approval of the Ordinary General Meeting to be held on 8 November 2011.

Note 3: Basis of preparation of the financial information

3.1 – COMPLIANCE WITH IFRS

Pursuant to Regulation 1602-2002 of the European Union governing 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 2011 have been prepared in accordance with the IFRS, as adopted by the European Union and effective as of that date. The relevant texts are available for consultation at the following website:

http://ec.europa.eu/internal_market/accounting/ias/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 FOR FINANCIAL PERIODS BEGINNING ON OR AFTER 1 JULY 2010

The standards and interpretations effective as of 30 June 2011 are identical to those effective at 30 June 2010, with the exception of the new standards and interpretations as described below, which are adopted by the European Union and are to be applied after 1 July 2010.

- amendment to IFRS 2 "Cash-settled Share-based Payments of Intra-group Transactions". This amendment clarifies the accounting for group cash-settled share-based payment transactions. It did not have any impact on the financial position of the Group;
- improvements to IFRSs released in April 2009 for amendments which are required to be applied for financial periods beginning on or after 1 January 2010; these amendments primarily concern the following standards:
  - IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" clarifies the nature of disclosures required in respect of groups of assets classified as "held for sale",
  - IFRS 8 "Operating Segments" removes the requirement to report information about segment assets when this information is not regularly provided to the chief operating decision maker (the same applies to the equivalent requirement on segment liabilities),
  - IAS 1 "Presentation of Financial Statements" clarifies that the possibility for a holder to convert a convertible debt instrument into an equity instrument within 12 months does not affect its classification as current/non-current,

  - IAS 7 "Statements of Cash Flows" clarifies that only expenditures that result in a recognised asset in the balance sheet are eligible for classification as cash flows from investing activities,
  - IAS 17 "Leases" provides guidance on classification of land as a lease,
  - IAS 18 "Revenue Recognition" introduces criteria for determining whether an entity is acting as a principal or as an agent in a business transaction,
  - IAS 36 "Impairment of Assets" clarifies that the largest unit permitted for allocating goodwill is the operating segment defined in IFRS 8 before business combination,
  - IAS 39 "Financial instruments: Recognition and Measurement" clarifies the accounting treatment for contracts to purchase/ sell a business and the event that subsequently results in the reclassification to profit and loss in a cash flow hedging relationship;
- amendment to IAS 32 "Classification of Rights Issues" effective for financial years beginning on or after 1 February 2010. Subject to certain conditions, foreign currency rights issues (and certain warrants and options) can be classified as equity instruments. Prior to the amendment, these rights were classified as derivatives. The Group did not issue such instruments and therefore was not impacted by the amendment;
- IFRIC 17 "Distributions of Non-cash Assets to Owners" addresses the accounting when an entity distributes non-cash assets as dividends to its shareholders. It has no impact on the Group's accounts;
- IFRIC 18 "Transfers of assets from customers";
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", released in November 2009 and effective for financial years beginning on or after 1 July 2010. The interpretation clarifies the accounting treatment when an entity renegotiates the terms of its debt with the result that the liability is extinguished, in whole or in part, by the entity issuing its own equity instruments to the lender(s). The interpretation does not address the accounting by the lender;
- improvements to IFRSs released in May 2010, for Amendments effective for financial years beginning on or after 1 July 2010:
  - IFRS 3R Amendment limits the fair value option when measuring non-controlling interests in a business combination; furthermore, it addresses the application of the existing IFRS 3 for earn-outs (adjustments to consideration) from business combinations recognised under IFRS 3; it also clarifies the accounting treatment for un-replaced and voluntarily replaced share-based payment transactions.

None of these texts has had an impact on previous financial periods or on the consolidated financial statements as of 30 June 2011.

Furthermore, no standard or interpretation has been applied in advance, whether they were endorsed by the EU or not, and the Group is currently analysing the practical consequences of the new standards and the effects of applying them in the accounts. This concerns:

- IAS 24 revised "Related Party Disclosures", effective for financial years beginning on or after 1 January 2011, and endorsed by the European Union on 20 July 2010;
- amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement" effective for financial years beginning on or after 1 January 2011 and endorsed by the European Union on 24 July 2010;
- IFRS 9 "Financial Instruments", effective as of 1 January 2013, as yet not endorsed by the European Union;
- Improvements to IFRSs released in May 2010, as yet not endorsed by the European Union for amendments effective as of 1 January 2011 and endorsed by the European Union on 19 February 2011;
- IFRS 7 "Disclosures about Transfers of Financial Assets" released in October 2010 and effective as of 1 July 2011, as yet not endorsed by the European Union;
- IAS 12 "Income Taxes", released in December 2010 on the assessment of deferred tax assets for assets for which the entity expects to recover the carrying amount by using or selling the asset items. The amendment was not adopted by the European Union;
- IAS 1 "Presentation of Financial Statements", released in June 2011;
- IFRS 10 "Consolidated Financial Statements"; the standard supersedes IAS 27 and SIC Interpretation 12, IFRS 11 "Joint Arrangements" superseding IAS 31 "Interests in Joint Ventures" which eliminates the proportionate consolidation method for recognising interests in joint ventures; and IFRS 12 "Disclosure of Interests in Other Entities". The three standards were issued in May 2011, but they have not yet been endorsed by the European Union;
- amendment to IAS 27 "Consolidated and Separate Financial Statements", issued in May 2011, as yet not endorsed by the European Union. This standard follows up on the release of IFRS 10;
- amendment to IAS 28 "Investments in Associates", released in May 2011, as yet not endorsed by the European Union. This standard follows up on the release of IFRS 10;
- IFRS 13 "Fair Value Measurement", issued in May 2011, as yet not endorsed by the European Union. The standard provides guidance on fair value measurement where its use is required by the current standards. It does not introduce any new fair value measurement requirements;
- IAS 19 "Employee Benefits", released in June 2011, as yet not endorsed by the European Union.

3.3 – ACCOUNTING PROCEDURES APPLIED BY THE GROUP IN THE ABSENCE OF SPECIFIC ACCOUNTING STANDARDS

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 as 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 accounts requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised during a subsequent financial period because of the uncertainty that surrounds them.

JUDGEMENTS

When preparing the consolidated financial statements for the period ended 30 June 2011, Management exercised its judgement, especially with regard to the dispute with Deutsche Telekom (see Note 27.4 "Litigation").

3.6 – PERIODS PRESENTED AND COMPARATIVES

The financial year of Eutelsat Communications runs for 12 months and ends on 30 June.

The reference 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 govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. 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

Since 1 July 2009, business combinations are recognised using the acquisition method, in accordance with the revised IFRS 3. 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

Since 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 TRANSACTIONS

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transactions.

Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the functional currency at the end of the period using the balance sheet rate. 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 1.45 U.S. dollar per euro and the average exchange rate used for the period is 1.36 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.

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 periods ended 30 June 2010 and 2011, no development costs were capitalised by the Group.

The Group spent €3.5 million on research and development during the financial period ended 30 June 2011.

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 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 2010 and 2011, the following CGUs have been identified for the purpose of impairment tests:

- each of the satellites, *i.e.* 28 as of 30 June 2011;
- investment in the Hispasat group;
- each of the four assets related to "Customer Contracts and Relationships".

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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" or "Loans and receivables" 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 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 a financial 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 an active market (such as with some equity investments, marketable securities and derivatives) is determined on the basis of the list price or the market value on year-end closing.

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 assumptions reflecting market conditions at year-end closing.

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.

4.11 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist mainly of cash on hand and at bank, as well as short-term deposits or investment certificates 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 released daily and for which the risk of a change in value is insignificant.

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.

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4.13 – REVENUE RECOGNITION

The Group's revenues are mainly generated through the allotment 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 are recognised for each fiscal entity in respect of all temporary differences, with some exceptions, 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.

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 4.16 “Post-employment benefits”, 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.

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 2009	**807,752**	**889,000**	**40,800**	**30,018**	**1,767,570**
Separate acquisitions	-	-	-	6,430	6,430
Disposals	-	-	-	-	-
Transfers	-	-	-	584	584
30 June 2010	**807,752**	**889,000**	**40,800**	**37,032**	**1,774,584**
Separate acquisitions	-	-	-	8,165	8,165
Disposals	-	-	-	-	-
Transfers	-	-	-	4,233	4,233
30 JUNE 2011	**807,752**	**889,000**	**40,800**	**49,430**	**1,786,982**

CHANGES IN ACCUMULATED DEPRECIATION AND IMPAIRMENT

(in thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
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)**	**-**	**(24,724)**	**(257,637)**
Annual allowance	-	(44,450)	-	(6,099)	(50,549)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2011	**-**	**(277,813)**	**-**	**(30,373)**	**(308,186)**

NET ASSETS

(in thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Net value at 30 June 2009	807,752	700,087	40,800	10,597	1,559,236
Net value at 30 June 2010	807,752	655,637	40,800	12,758	1,516,947
Net value at 30 June 2011	807,752	611,187	40,800	19,057	1,478,796

The economic conditions observed as prevailing as of 30 June 2011 did not lead Management to review the annual impairment test of the goodwill, carried out on 31 December 2010. 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 2010.

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 2009	**2,843,781**	**135,287**	**543,717**	**3,522,785**
Change in gross value	(916)	-	-	(916)
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**
Acquisitions	15,379	40,672	531,956	588,007
Disposals and scrapping of assets		(9,936)	(235,864)	(245,800)
Transfers	295,971	30,825	(331,029)	(4,233)
GROSS VALUE AS OF 30 JUNE 2011	**3,340,026**	**231,095**	**697,976**	**4,269,097**

(1) Including satellites subject to finance leases.

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 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)**
Annual allowance	(207,529)	(22,332)	-	(229,861)
Reversals	-	9,568	-	9,568
Impairment	-	-	-	-
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2011	**(1,512,603)**	**(108,312)**	**-**	**(1,620,915)**

(1) Including satellites subject to finance leases.

NET ASSETS

(in thousands of euros)	Satellites[1]	Other property and equipment	Construction in progress	Total
Net value at 30 June 2009	1,719,539	60,980	543,717	2,324,236
Net value at 30 June 2010	1,723,602	73,986	732,913	2,530,501
Net value at 30 June 2011	1,827,423	122,783	697,976	2,648,182

(1) Including satellites subject to finance leases.

(in thousands of euros)	
Gross value	93,031
NET VALUE AS OF 30 JUNE 2011	**42,924**

In particular, this item refers to three 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	25,767	12 transponders	Contract dated March 2004 covering the satellite's remaining useful life
Telstar 12[1]	15,068	1,108	4 transponders	Agreement dated June 1999 covering the satellite's remaining useful life
EUTELSAT 3A	16,766	16,049	10 transponders	Agreement dated December 2010 covering the satellite's remaining useful life

(1) Gross value corresponding to the fair value of the satellites as of 4 April 2005, the date Eutelsat S.A. was acquired by Eutelsat Communications.

Satellite-related transfers at 30 June 2010 correspond to the delivery into geostationary orbit of the W7 satellite launched during the financial year.

Satellite-related transfers at 30 June 2011 correspond to the entry into operational service of the KA-SAT satellite launched during the financial year.

Transfers related to "Other Property and Equipment" correspond to the entry into service of the on-ground infrastructure dedicated to the Tooway ™ service.

The TELECOM 2C and W2 satellites were fully depreciated and de-orbited during the financial year ended 30 June 2010.

6.1 – W3B SATELLITE

Following its launch on 28 October 2010, the W3B satellite suffered an anomaly related to its propulsion sub-system, precluding any possible entry into commercial service of the satellite. On 17 November 2010, the Group filed an insurance claim for the total loss of the spacecraft (see Note 27.2 "In-orbit insurance and launch insurance"). This incident had no impact on the continuity of service provided to the Group's customers, but it resulted in Eutelsat recognising the impairment caused by the loss of the satellite under "Other operating expenses". As of 30 June 2011, Eutelsat has received the indemnity in full.

6.2 – W75 SATELLITE

At 30 June 2010, 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 was recognised under "Other operating costs", based on revised and discounted future cash flows, using a discount rate of 7.5%.

6.3 – CONSTRUCTION IN PROGRESS

As of 30 June 2011, the "Construction in progress" item mainly included the W3C, ATLANTIC BIRD ™ 7, W5A, W6A, EUROBIRD™ 2A and W3D satellites.

Note 7: Investments in associates

As of 30 June 2010 and 30 June 2011, "Investments in associates" are as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Solaris Mobile	71,080	8,121
Hispasat	161,848	180,301
TOTAL	**232,928**	**188,422**

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, Ireland, to provide services in S-band.

This frequency band is able to distribute television, video and radio services, as well as bi-directional 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.

During the period ended 30 June 2011, the Solaris Company reduced its capital by €120 million. The Group received its share, *i.e.* €60 million.

CHANGE IN THE CARRYING AMOUNT OF THE EQUITY INVESTMENT IN THE BALANCE SHEET

(in thousands of euros)	30 June 2010	30 June 2011
Value of equity investment, beginning of period	**71,878**	**71,080**
Capital reduction	-	(60,000)
Share of income	(798)	(2,959)
Impact of income and expenses recognised directly under equity	-	-
VALUE OF THE EQUITY INVESTMENT, END OF PERIOD	**71,080**	**8,121**

The following table shows the half-year accounts of Solaris:

(in thousands of euros)	30 June 2010	30 June 2011
Non-current assets	3,840	3,988
Current assets	139,538	13,987
Non-current liabilities	-	-
Current liabilities	1,218	1,732
TOTAL NET ASSETS	**142,160**	**16,243**
Operating income	-	-
Net income	(1,596)	(5,918)

7.2 – HISPASAT GROUP

As of 30 June 2010 and 2011, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the Hispasat group, a private unlisted Spanish satellite operator.

CHANGE IN THE CARRYING AMOUNT OF THE EQUITY INVESTMENT IN THE BALANCE SHEET

(in thousands of euros)	30 June 2010	30 June 2011
Value of equity investment, beginning of period	**144,625**	**161,848**
Share of income	18,642	20,713
Impact of income and expenses recognised directly under equity	(1,419)	(2,260)
VALUE OF EQUITY INVESTMENT, END OF PERIOD	**161,848**	**180,301**

The following amounts represent the Group's share of the assets, liabilities and income of the Hispasat group.

(in millions of euros)	30 June 2010	30 June 2011
Intangible rights(1)	27.7	27.7
Service contract(2)	1.2	1.0
Investment in Hisdesat	5.0	5.0
Sub-total	**33.9**	**33.7**
Hispasat net assets	127.9	146.6
TOTAL	**161.8**	**180.3**

(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 2009	31 December 2010
Non-current assets	744,222	818,325
Current assets	96,520	166,835
Non-current liabilities	242,054	323,769
Current liabilities	140,537	120,841
TOTAL NET ASSETS	**458,151**	**540,551**
Operating income	147,925	174,809
Net income	71,469	72,669

On 30 June 2010 and 2011, "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.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

Note 8: Non-current financial assets

Non-current financial assets are mainly made up of:

(in thousands of euros)	30 June 2010	30 June 2011
Non-consolidated equity investments(1)	457	32
Long-term loans and advances	2,592	5,771
TOTAL	**3,049**	**5,803**

(1) Non-listed investments valued at cost less impairment.

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 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.

Based on the information provided, the investments were fully impaired as of 30 June 2011.

8.2 – LONG-TERM LOANS AND ADVANCES

Long-term loans and advances mainly consist of loans to social-welfare bodies for €1.0 million, rental guarantee deposits for Eutelsat S.A.'s Paris premises of €0.4 million and the "cash account" for the liquidity agreement relating to treasury stock, (first set up by Eutelsat Communications during the 2005-2006 financial period) amounting to €3.4 million.

Note 9: Inventories

Gross and net inventories respectively amount to €3,484 thousand and €1,372 thousand as of 30 June 2010 and €3,510 thousand and €1,211 thousand as of 30 June 2011. They mainly comprise receive antennas and modems.

The allowance for stock depletion was €2,112 thousand and €2,299 thousand respectively for the financial periods ended 30 June 2010 and 2011.

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 2010, the net carrying value of these accounts receivable was €298,816 thousand and the corresponding impairment charge was €20,496 thousand.

As of 30 June 2011, the net value of these receivables was €244,060 thousand. The corresponding impairment charge was €22,669 thousand.

Accounts receivable for 30 June 2010 and 2011 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 2011 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 €1,398 thousand and €1,052 thousand as of 30 June 2010 and 2011 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 1.35% of the value of accounts receivable as of 30 June 2011.

10.1 – EVOLUTION OF THE ALLOWANCE FOR BAD DEBT

(in thousands of euros)	Group total
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**
Annual allowance	12,715
Reversals (used)	(1,052)
Reversals (unused)	(9,490)
Translation adjustments and other movements	-
VALUE AS OF 30 JUNE 2011	**22,669**

10.2 – ANALYSIS OF ACCOUNTS RECEIVABLE (MATURED AND UNMATURED)

(in thousands of euros)	30 June 2010	30 June 2011
Unmatured receivables	203,825	182,050
Unimpaired receivables	86,330	55,715
Between 0 and 30 days	*66,402*	*34,435*
Between 30 and 90 days	*6,143*	*5,043*
More than 90 days	*13,785*	*16,237*
Matured and impaired receivables	29,155	28,964
Between 0 and 30 days	*349*	*-*
Between 30 and 90 days	*11,286*	*12,076*
More than 90 days	*17,519*	*16,888*
Impairment	(20,496)	(22,669)
TOTAL	**298,816**	**244,060**

10.3 – GUARANTEES AND COMMITMENTS RECEIVED, WHICH REDUCE THE CREDIT RISK

	30 June 2010		30 June 2011	
(in thousands of euros)	Value of accounts receivable	Value of the guarantee	Value of accounts receivable	Value of the guarantee
Guarantee deposits	83,098	29,559	93,767	42,312
Bank guarantees	55,673	46,888	72,689	51,968
Guarantees from the parent company	33,635	33,635	37,654	37,654
TOTAL	**172,406**	**110,081**	**204,110**	**131,934**

Note 11: Other current assets

Other current assets are as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Prepaid expenses	3,826	6,606
Tax and employee-related receivable	9,684	12,700
TOTAL	**13,510**	**19,306**

Note 12: Current financial assets

(in thousands of euros)	30 June 2010	30 June 2011
Hedging instruments[(1)]	24	2,120
Other receivables	4,876	5,392
TOTAL	**4,900**	**7,512**

(1) See Note 26 "Financial instruments".

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

Note 13: Cash and cash equivalents

Cash and cash equivalents are as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Cash	53,481	63,378
Accrued interest	-	2
Cash equivalents	6,038	73,566
TOTAL	**59,519**	**136,946**

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 2010					
(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 2010
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	4,876	4,876	-	-	-	4,876
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
UCITS(2)	Fair value option	-	-	-	-	-	-
Other cash equivalents	Receivables	6,038	6,038	-	-	-	6,038

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

		Net carrying amount as of 30 June 2011					
(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 2011
ASSETS							
Non-current financial assets							
Unconsolidated investments	Available for sale	32	-	32	-	-	32
Long-term loans and advances	Receivables	5,771	5,771	-	-	-	5,771
Current financial assets							
Accounts receivable	Receivables	244,060	244,060	-	-	-	244,060
Other receivables	Receivables	5,392	5,392				5,392
Financial instruments(1)							
Qualified as cash-flow hedges	N/A	1,693	-	-	1,693	-	1,693
Qualified as trading instruments	Held for trading purposes	427	-	-	-	427	427
Cash and cash equivalents							
Cash	N/A	63,378	63,378	-	-	-	63,378
UCITS(2)	Fair value option	66,187	66,187	-	-	-	66,187
Other cash equivalents	Receivables	7,379	7,379	-	-	-	7,379

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

Note 15: Shareholders' equity

15.1 – SHAREHOLDERS' EQUITY

As of 30 June 2011, the share capital of Eutelsat Communications S.A. comprised 220,113,982 ordinary shares with a par value of €1 per share. As of the same date, in terms of treasury stock, the Group holds 44,516 shares amounting to €1,348 thousand under a liquidity agreement. As of 30 June 2010, the Group was holding 52,762 such shares corresponding to a total amount of €1,462 thousand. Furthermore, under the free share allocation plan (see below), the Group bought back 500,000 shares amounting to €13.9 million. The aggregate amount of treasury stock is deducted from shareholders' equity.

Changes in the share capital and additional paid-in capital of the Company since 30 June 2010 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)*
30/06/2010		-	-	497,128	220,114	220,113,982	1
09/11/2010	Distribution of dividends(GM of 09/11/2010)	-	-	(43,914)	220,114	220,113,982	1
30/06/2011		-	-	453,214	220,114	220,113,982	1

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15.2 – DIVIDENDS

On 9 November 2010, the Ordinary and Extraordinary General Meeting decided to distribute a gross amount of €0.76 per share, *i.e.* a total of €166,872,289.52, taken from "Additional paid-in capital" for a total of €43,913,760.40 and from net income as per 30 June 2010 for a total of €122,958,529.12.

The proposed distribution for the financial year ended 30 June 2011 submitted for approval to the General Meeting of Shareholders on 8 November 2011, is €197,653 thousand, *i.e.* €0.90 per share.

15.3 – SHARE-BASED COMPENSATION

FREE ALLOTMENT OF 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 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 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 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 was estimated at €5.0 million spread over the two-year vesting period. The expense recognised for the period ended 30 June 2010, with a double entry to shareholders' equity, was €178 thousand.

On the anniversary date of the plan, *i.e.* 25 July 2009, 310,017 shares with a par value of €1 each were issued and definitively vested to the benefit of 439 beneficiaries. The subsequent capital increase of €310,017 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 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 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[1] (50% of the relevant portion) and another objective linked to average ROCE[2] (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, one objective based on average ROCE, one objective linked to cumulative EPS[3] and one TSR[4]-linked objective, all four objectives being equally weighted.

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, which was initially estimated at €10.5 million, increased to €11.9 million during the financial period to take into account the reassessed allocation of shares. The amount was spread over the three-year vesting period. The expense recognised for the period ended 30 June 2010 and 30 June 2011, with a double entry to shareholders' equity, was €1,425 thousand and €4,181 thousand respectively.

It should be noted that at 30 June 2011, 500,000 shares were bought back for €13.9 million, and 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 €1,603 and €4,181 thousand as of 30 June 2010 and 30 June 2011 respectively.

(1) EBITDA is defined as the operating result before depreciation and amortisation, excluding asset impairments, and 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).

DESCRIPTION OF EUTELSAT S.A. STOCK-OPTION PLANS

The information contained in this Note only concerns the Eutelsat S.A. sub-group and the governing bodies of that sub-group.

a) Summary of movements in respect of the stock-option plans

	Shares reserved for future grants	Stock options outstanding	Weighted average exercise price *(in euro)* after distribution
Balance as of 1 July 2010	**-**	**23,988**	**1.64**
Authorised	-	-	-
Granted	-	-	-
Exercised	-	23,987	1.64
Cancelled	-	1	1.64
BALANCE AS OF 30 JUNE 2011	**-**	**-**	**-**

b) Changes in the stock-option plans

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)	(40,375)	23,988	1.64
TOTAL	**28,053,039**	**(27,601,804)**	**(427,248)**	**23,988**	**-**

Plans 30/06/2011	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	(3,987,840)	(40,375)	-	1.64
TOTAL	**28,053,039**	**(27,625,791)**	**(427,248)**	**-**	**-**

ASSUMPTIONS USED TO DETERMINE THE FAIR VALUE OF THE STOCK-OPTION PLANS

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 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 2010 and 2011 respectively, 193,841 options and 23,987 options were exercised. These capital increases generated a dilution loss of €68,000 and €8,000 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 as of the date that the operation was recognised as debt, offset by an equivalent reduction in shareholders' equity. The debt measured at present value as of 30 June 2010 on the basis of the timetable for purchase of the securities and exercise of the stock options was €3,988 thousand. As of 30 June 2011, all shares outstanding with respect to the liquidity obligation were repurchased.

The above resulted in the Group acquiring 460,256 Eutelsat S.A. shares representing 0.04% of the latter's share capital for an amount of €1,243 thousand during the financial year ended 30 June 2010.

During the financial year ended 30 June 2011, the Group acquired 1,453,432 Eutelsat S.A. shares representing 0.1435% of the latter's share capital for an amount of €3,925 thousand.

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. The amount recognised at 30 June 2010 and 30 June 2011 with respect to a reassessment of the repurchase value of the debt was an item of expense of €4,126 thousand and €1,064 thousand respectively. As of 30 June 2010 and 30 June 2011, the debt measured at present value to take account of the offers made and the options exercised amounted to €12,478 thousand and €9,628 thousand respectively.

In this context, it should be noted that share purchase offers to the Group's employees during the financial year ended 30 June 2010 resulted in the purchase of 862,868 Eutelsat S.A. shares representing 0.09% of the latter's share capital for an amount of €5,475 thousand. Also, during the financial year ended 30 June 2011, the Group acquired 535,576 Eutelsat S.A. shares representing 0.05% of the latter's share capital for an amount of €3,844 thousand.

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 2010	**(125,038)**
Changes in fair value within equity	27,390
Transfer into the income statement(1)	48,477
BALANCE AS OF 30 JUNE 2011	**(49,171)**

(1) Including €42.8 million corresponding to coupons due and matured on the swaps and caps and €5.6 million 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 net income attributable to the Group 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.

Note 16: Financial debt

16.1 – NON-CURRENT PORTION

As of 30 June 2010 and 2011, all debt was denominated in euros.

Since 30 June 2010, 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 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 term loan repayable at maturity;
- a €650 million revolving credit facility, of which €200 million were used.

As a result, the credit facilities entered into in November 2004 for an amount of €1,300 million 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 and was recognised in this financial year using the accelerated amortisation method as during the financial period ended 30 June 2010.

Since 30 June 2010, the Group's debt structure has changed.

As of 30 June 2011, the Group has access to the following credit facilities:

- a syndicated credit facility entered into by Eutelsat Communications on 8 June 2006 for a period of seven years, initially amounting to €1,915 million and reduced to €1,765 million during the financial period. The facility breaks down in two parts:
  - *Tranche A*: a long-life term loan for €1,615 million, bearing interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below), partially reimbursed for €150 million during June 2011, resulting in the term loan now amounting to €1,465 million. The partial reimbursement being accounted for as an extinguishment of liability within the meaning of IAS 39, a portion of the residual amount of trailing commissions associated with these credit agreements totalling €502 thousand was fully amortised over the financial period.
  - *Tranche B*: a revolving credit facility for €300 million. 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.

  To this end, Eutelsat Communications had acquired an interest-rate hedge put in place for the previous loan from its SatBirds Finance subsidiary on 19 June 2006.

  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 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 (unused as of 30 June 2011) 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.

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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),
- 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 satellites 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 2011, the Group is in compliance with these ratios.

FINANCIAL INFORMATION FOR 30 JUNE 2010 AND 2011

The non-current portion of the Group's financial debt as of 30 June 2010 and 2011 breaks down as follows:

	30 June 2010		30 June 2011	
(in thousands of euros)	Fair value	Carrying amount	Fair value	Carrying amount
Eutelsat Communications term loan (Variable rate)	1,615,000	1,615,000	1,465,000	1,465,000
Eurobond	843,000	850,000	859,432	850,000
Fixed rate loan (WINS Ltd.)	64	64	-	-
Variable rate loan (WINS Ltd.)	150	150	-	-
Sub-total of debt (non-current portion)	**2,458,214**	**2,465,214**	**2,324,432**	**2,315,000**
Loan set-up fees and premiums[1]		(19,111)		(14,238)
TOTAL		**2,446,103**		**2,300,762**

(1) Inclusive of refinancing cost and bond issue premium.

The weighted average rate of interest on amounts drawn under this revolving credit facility for the financial period ended 30 June 2011 was 2.21%.

The effective interest-rate on the €1,465 million term loan was 3.75% and 4.64% after taking into account the effects of hedging activities. The effective interest-rate on the €850 million bond was 4.35%.

As of 30 June 2011, the Group has access to the following main credit facilities:

(in thousands of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan	1,465,000	1,465,000	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	64	64	31 December 2011
TOTAL	**3,065,064**	**2,315,064**	

As of 30 June 2011, the debt maturity analysis is as follows:

(in thousands of euros)	30 June 2011	Maturity within 1 year	Maturity between 1 and 5 years	Maturity over 5 years
Eutelsat Communications term loan	1,465,000	-	1,465,000	-
Eurobond	850,000	-	-	850,000
WINS Ltd. fixed rate loan	64	64	-	-
TOTAL	**2,315,064**	**64**	**1,465,000**	**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 2011. Current financial debt is as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Bank overdrafts	18,182	4,512
Accrued interest not yet due	14,275	15,394
Portion of the loans due within one year (excluding revolving credit)	409	64
TOTAL	**32,866**	**19,970**

Note 17: Other financial liabilities

Other financial liabilities break down as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Financial instruments(1)	129,781	55,189
Performance incentives(2)	26,955	18,198
Finance leases(3)	90	15,384
Other liabilities	52,999	55,653
TOTAL	**209,825**	**144,424**
Current part	*160,661*	*85,343*
Non-current part	*49,164*	*59,081*

(1) See Note 26 "Financial instruments".
(2) Including interest related to "Performance incentives" of €8,054 thousand as of 30 June 2010 and €5,917 thousand as of 30 June 2011.
(3) Including interest on finance leases of €99 thousand at 30 June 2011 At 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 2010				
(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 2010
LIABILITIES						
Financial debt						
Credit lines	At amortised cost	1,606,844	1,606,844	-	-	1,606,844
Bond loan	At amortised cost	839,045	839,045	-	-	843,000
Fixed rate loans	At amortised cost	191	191	-	-	191
Floating rate loans	At amortised cost	432	432	-	-	432
Bank overdrafts	N/A	18,182	18,182	-	-	18,182
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
Qualified as trading instruments		-	-	-	-	-
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).

(in thousands of euros)	Category of financial instruments	Net carrying amount as of 30 June 2011 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 2011
LIABILITIES						
Financial debt						
Credit lines	At amortised cost	1,460,092	1,460,092	-	-	1,460,092
Bond loan	At amortised cost	840,670	840,670	-	-	850,102
Fixed rate loans	At amortised cost	64	64	-	-	64
Floating rate loans	At amortised cost	-	-	-	-	
Bank overdrafts	N/A	4,512	4,512			4,512
Other financial liabilities						
Non-current	At amortised cost	59,081	59,081	-	-	59,081
Current	At amortised cost	30,154	30,154	-	-	30,154
Financial Instruments(1)						
Qualified as hedges		55,189	-	55,189	-	55,189
Qualified as trading instruments		-	-	-	-	-
Accounts payable	At amortised cost	53,173	53,173	-	-	53,173
Fixed assets payable	At amortised cost	22,162	22,162	-	-	22,162

(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 expense amounted to €3,750 thousand and €3,757 thousand for the periods ended 30 June 2010 and 2011 respectively. Future lease payments are shown in the following table:

(in thousands of euros)	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Future payments for operating leases	18,096	4,021	14,075	-

19.2 – FINANCE LEASES

The Group operates four 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 2011, three of the four finance leases were pre-paid.

Financial expenses for satellites operated under finance leases amounted to €27 thousand as of 30 June 2010 and €122 thousand as of 30 June 2011.

Note 20: Other payables and deferred revenues

20.1 – NON-CURRENT PORTION

Other non-current debts only comprise deferred revenue.

20.2 – CURRENT PORTION

Other current payables and deferred revenues were as follows as of 30 June 2010 and 2011:

(in thousands of euros)	30 June 2010	30 June 2011
Deferred revenues	45,732	44,058
Tax liabilities	11,696	11,883
Liabilities for social contributions(1)	39,725	35,311
TOTAL	**97,153**	**91,252**

(1) Including the liability related to the ABSA commitment of €3,988 thousand as of 30 June 2010 and the liability related to the liquidity offer for an amount of €12,478 thousand at 30 June 2010 and €9,628 thousand at 30 June 2011 (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 2010	Twelve-month period ended 30 June 2011
Current tax expense	(127,811)	(169,372)
Deferred tax expense (income)	(15,428)	(29,669)
TOTAL INCOME TAX EXPENSE	**(143,239)**	**(199,041)**

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 2010	30 June 2011
Income before tax and income from equity investments	407,907	536,030
Standard French corporate income-tax rate	*34.43%*	*34.43%*
Theoretical income-tax expense	(140,442)	(184,555)
Permanent differences and other items	(2,797)	(14,486)
CORPORATE INCOME TAX EXPENSE IN THE INCOME STATEMENT	**(143,239)**	**(199,041)**
Actual corporate income tax rate	*35%*	*37%*

As of 30 June 2011, the tax expense was 37%. The discrepancy between the rates of tax is mainly explained by corporate losses which do not generate any deferred taxes.

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 2010 and 30 June 2011 were as follows:

(in thousands of euros)	30 June 2010	Net income for the period	Recognised in equity	30 June 2011
Basis of deferred tax assets				
Financial instruments	41,861	(157)	(25,364)(1)	16,340
Provisions for impairment of assets	13,965	(2,161)	-	11,804
Capitalisation of losses carried forward	11,391	(11,391)	-	-
Bad-debt provisions	17,998	2,056	-	20,054
Financial guarantee granted to the pension fund	7,550	(2,377)	-	5,173
Capitalised salaries and performance incentives	2,774	(2,392)	-	382
Provisions for risks and expenses	1,792	853	-	2,645
Accrued liabilities	4,176	1,137	-	5,313
Pension provision	2,299	353	-	2,652
Sub-total (a)	**103,806**	**(14,079)**	**(25,364)**	**64,363**
Basis of deferred tax liabilities				
Intangible assets	(239,784)	15,305	-	(224,479)
Exceptional depreciation	(92,033)	(27,481)	-	(119,514)
Capitalised interest	(3,663)	529	-	(3,134)
Finance leases	(1,055)	(182)	-	(1,237)
Other	(4,148)	(601)	-	(4,749)
Sub-total (b)	**(340,683)**	**(12,430)**	**-**	**(353,113)**
TOTAL = (A)+(B)	**(236,877)**	**(26,509)(3)**	**(25,364)(2)**	**(288,750)**
Reflected as follows in the financial statements:				
Deferred tax assets	52,625			19,374
Deferred tax liabilities	(289,502)			(308,124)
TOTAL	**(236,877)**			**(288,750)**

(1) This figure does not include the change due to the companies accounted for via the equity method. This amounts to €659 thousand for the period.
(2) This amount does not include the change in shareholders' equity of equity investments with regard to translation adjustments amounting to €164 thousand.
(3) Excluding provisions for risks amounting to €3.2 million at 30 June 2011.

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Deferred tax assets and liabilities break down as follows:

(in thousands of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	-	(15,885)
Due after one year	*19,374*	*(292,239)*
TOTAL	**19,374**	**(308,124)**

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 (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. The amortisation of customer contracts over 20 years, amounting to €44,450 thousand, generates deferred tax income of €15,304 thousand.

Note 22: Provisions

(in thousands of euros)	30 June 2010	Allowance	Reversal		30 June 2011
			Used	Unused	
Financial guarantee granted to a pension fund	21,927	1,306	(4,106)	-	19,127
Retirement indemnities	6,634	890	(75)	-	7,449
Post-employment benefits(1)	1,595	501	(108)	-	1,988
TOTAL POST-EMPLOYMENT BENEFITS	**30,156**	**2,697**	**(4,289)**	**-**	**28,564**
Litigation(2)	11,517	4,558	(1,998)	(3,753)	10,324
Other	2,141	3,157	(1,430)	-	3,868
TOTAL PROVISIONS	**43,814**	**10,412**	**(7,717)**	**(3,753)**	**42,756**
Non-current part	*30,156*	*2,697*	*(4,289)*	-	*28,564*
Current part	*13,658*	*7,715*	*(3,428)*	*(3,753)*	*14,192*

(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 year ended 30 June 2011, as a result of the significant decline in long-term interest-rates, the guarantee was called upon in the amount of €8,211 thousand. This was valued on the basis of the Trust's projections of future market developments. In February 2011, an agreement was reached with the Trust to spread payment of the amount called to the tune of €4,105.5 thousand at 30 June 2011 and 2012.

As of 30 June 2011, the first payment amounting to €4,105.5 thousand was made.

The actuarial valuation performed on 30 June 2010 and 2011 used the following assumptions:

	30 June 2010	30 June 2011
Discount rate	4.50%	5.00%
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 2010 and 2011, the position was as follows:

COMPARATIVE SUMMARY

	30 June				
(in thousands of euros)	2007	2008	2009	2010	2011
Present value of benefit obligations wholly or partly funded	152,792	133,436	134,182	163,947	151,669
Fair value of plan assets	(138,358)	(145,847)	147,983	(151,615)	(156,157)
Net financing	**14,434**	**(12,411)**	**(13,801)**	**12,332**	**(4,488)**
Actuarial and other gains/(losses) – amortised	16,860	40,729	36,524	9,595	23,615
Net (asset)/liability recognised in the balance sheet	**31,294**	**28,318**	**22,723**	**21,927**	**19,127**

RECONCILIATION BETWEEN THE PRESENT VALUE OF THE OBLIGATIONS AT BEGINNING AND END OF PERIOD

(in thousands of euros)	30 June 2010	30 June 2011
Present value of the obligations at beginning of period	**134,182**	**163,947**
Service cost of the period	-	-
Finance cost	7,302	7,316
Actuarial and differences: (gains)/losses	27,515	(16,460)
Benefits paid	(5,052)	(3,134)
Present value of the obligations at end of period	**163,947**	**151,669**

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 2010	30 June 2011
Fair value of plan assets at beginning of period	**147,983**	**151,615**
Expected return on plan assets	5,862	6,010
Actuarial and other gains/(losses)	2,822	(2,440)
Contributions paid	-	4,106
Benefits paid	(5,052)	(3,134)
Fair value of plan assets at end of period	**151,615**	**156,157**

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 €8.7 million and €3.6 million as of 30 June 2010 and 2011 respectively.

NET EXPENSE (NET GAINS) RECOGNISED IN THE INCOME STATEMENT

(in thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Service cost of the period	-	-
Finance cost	7,302	7,316
Expected return on plan assets	(5,862)	(6,010)
Actuarial (gains)/losses	(2,235)	-
NET EXPENSE (NET GAINS) RECOGNISED IN THE INCOME STATEMENT	**(796)**	**1,306**

RECONCILIATION OF ASSETS AND OBLIGATIONS RECOGNISED IN THE BALANCE SHEET

(in thousands of euros)	30 June 2010	30 June 2011
Provision at beginning of period	**22,723**	**21,927**
Net expense (net gains) recognised in the income statement	(796)	1,306
Contributions paid	-	(4,106)
Provisions at end of period	**21,927**	**19,127**

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HISTORY OF EXPERIENCE AND CHANGES IN ASSUMPTIONS

(in thousands of euros)	30 June 2011
Gain/loss between expected return and actual return on plan assets	2,440
History of experience with respect to the value of the obligations: (gains)/losses	(1,582)
Impact of changes in assumptions	(14,878)
	16,460

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 actuarial valuations performed as of 30 June 2010 and 2011 were based on the following assumptions:

	30 June 2010	30 June 2011
Discount rate	4.50%	5.00%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Mortality table	TF/TH04-06	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. and is reviewed every three years.

Age *(years)*	Turnover 2010	Turnover 2011
25	11.02	10.72
30	7.41	7.21
35	5.36	5.21
40	4.08	3.97
45	3.23	3.14
50	2.29	2.23
55	0.00	0.00
60	0.00	0.00

As of 30 June 2010 and 2011, the position was as follows:

COMPARATIVE SUMMARY

	30 June				
(in thousands of euros)	2007	2008	2009	2010	2011
Present value of obligations not financed	3,876	6,390	7,125	7,940	7,959
Past-service cost (amortised)	1,290	1,225	1,160	1,095	1,031
Actuarial and other gains/(losses) – amortised	610	(1,588)	(2,186)	(2,401)	(1,541)
Liability recognised in the balance sheet	**5,776**	**6,027**	**6,099**	**6,634**	**7,449**

RECONCILIATION BETWEEN THE PRESENT VALUE OF THE OBLIGATIONS AT BEGINNING AND END OF PERIOD

(in thousands of euros)	30 June 2010	30 June 2011
Present value of the obligations at beginning of period	**7,125**	**7,940**
Service cost of the period	457	513
Finance cost	387	357
Actuarial and other (gains)/losses	291	(776)
Benefits paid	(320)	(75)
Present value of the obligations at end of period	**7,940**	**7,959**

NET EXPENSE RECOGNISED IN THE INCOME STATEMENT

(in thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Service cost of the period	457	513
Finance cost	387	357
Amortisation of past service cost	(65)	(65)
Actuarial (gains)/losses	76	85
NET EXPENSE RECOGNISED IN THE INCOME STATEMENT	**855**	**890**

RECONCILIATION BETWEEN THE AMOUNT RECOGNISED IN THE BALANCE SHEET AT BEGINNING AND END OF PERIOD

(in thousands of euros)	30 June 2010	30 June 2011
Provision, beginning of period	**6,099**	**6,634**
Net expense recognised in the income statement	855	890
Benefits paid	(320)	(75)
Provision, end of period	**6,634**	**7,449**

HISTORY OF EXPERIENCE AND CHANGES IN ASSUMPTIONS

(in thousands of euros)	30 June 2011
History of experience with respect to the value of the obligations: (gains)/losses	(312)
Impact of changes in assumptions	(464)
	(776)

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 €1,529 thousand and €1,401 thousand on 30 June 2010 and 2011 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 2010 and 2011 respectively was €424 thousand and €654 thousand, and the fair value of the assets was €361 thousand and €450 thousand. As of 30 June 2011, the Group was recognising a liability of €203 thousand.

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 €5,911 thousand and €6,153 thousand on 30 June 2010 and 2011 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.

23.1 – SEGMENT REPORTING

(in thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Revenues	**1,047,224**	**1,168,142**
Total operating costs	(219,429)	**(241,733)**
EBITDA	**827,795**	**926,409**
Depreciation and amortisation	(313,419)	**(280,459)**
Other non-operating income (expenses), net	(5,825)	**(752)**
Operating income	**508,551**	**645,198**
Total interest	(118,892)	**(94,526)**
Income tax expense	(143,239)	**(199,041)**
Other financial expenses	18,248	**(14,642)**
Net income before revenue from equity investments and non-controlling interests	**264,668**	**336,989**
Income from equity investments	17,843	**17,754**
Net income	**282,511**	**354,743**
Non-controlling interests	(13,010)	**(16,269)**
Net Income Attributable to the Group	**269,501**	**338,474**
Tangible investments and equity investments (cash flow)	494,362	250,838
NET DEBT (INCLUDING FINANCE LEASES)	**2,424,372**	**2,197,917**

23.2 – INFORMATION PER GEOGRAPHICAL ZONE

Group revenues by geographical zone, based on invoice addresses, for the 12-month financial periods ended 30 June 2010 and 2011 are as follows:

Region	Twelve-month period ended 30 June 2010		Twelve-month period ended 30 June 2011	
(in thousands of euros and as a percentage)	Amount	%	Amount	%
France	145,259	13.9%	154,356	13.2%
Italy	170,118	16.2%	183,348	15.7%
United Kingdom	87,874	8.4%	83,677	7.1%
Europe (other)	360,406	34.4%	385,335	33.0%
Americas	116,790	11.2%	147,234	12.6%
Middle East	101,623	9.7%	122,377	10.5%
Africa	62,345	5.9%	74,693	6.4%
Other[(1)]	2,809	0.3%	17,122	1.5%
TOTAL	**1,047,224**	**100.0%**	**1,168,142**	**100.0%**

(1) Including €4.0 million and €4.7 million in indemnity payments for late delivery for the financial period ended 30 June 2010 and 30 June 2011 respectively.

Most of the Group's assets are satellites in-orbit; the remaining assets are mainly located in France.

Note 24: Financial result

The financial result is made up as follows:

(in thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Interest expense (banks)[1]	(79,962)	(114,279)
Other interest expense[2]	13,258	27,013
Loan set-up fees	(8,209)	(4,296)
Commitment fees and other similar charges	(2,247)	(3,004)
Changes in financial instruments[3]	(43,947)	(3,778)
Provisions for risks and expenses	-	(1,306)
Provisions on financial assets	-	(431)
Foreign exchange losses[4]	(12,405)	(25,666)
Financial expenses	**(133,512)**	**(125,747)**
Change in financial instruments[3]	792	819
Interest income	1,527	3,119
Reversal of provisions for risks and expenses	796	-
Foreign exchange gains[4]	29,753	12,641
Financial income	**32,868**	**16,579**
FINANCIAL RESULT	**(100,644)**	**(109,168)**

(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 2010 and 2011 by €37.6 million and €42.8 million 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 €18.5 million as of 30 June 2010 and €30.0 million as of 30 June 2011. 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 3.6% for the financial years ended 30 June 2010 and 4.4% for the year ended 30 June 2011. "Other interest expense" also includes interest related to in-orbit satellite performance incentives, and financial expenses attributable to satellite finance lease agreements, representing a net increase in expenses amounting to €0.7 million and €1.2 million for the periods ended 30 June 2010 and 30 June 2011 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 2010 and 30 June 2011 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 2010	Twelve-month period ended 30 June 2011
Net result on instruments measured at fair value per result on the option (cash equivalents)	75	54
Net result on instruments valued at fair value per result (non-qualifying derivatives for hedges and components excluded from hedging relationships)	343	78
Financial income on assets valued at amortised cost (loans and long-term advance payments and other receivables)	-	-
Interest expense on loans (excluding hedging effect)	(42,322)	(71,454)
Reversals and (depreciation) of financial assets (accounts receivable)	(918)	(2,173)

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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 2010	30 June 2011
Net income	282,511	354,742
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	(13,044)	(16,001)
NET EARNINGS USED TO COMPUTE BASIC EARNINGS PER SHARE	**269,466**	**338,741**

(in thousands of euros)	30 June 2010	30 June 2011
Net income	282,511	354,742
Income from subsidiaries attributable to non-controlling interests, after taking into account the dilutive instruments in the subsidiaries	(13,050)	(16,001)
NET EARNINGS USED TO COMPUTE DILUTED EARNINGS PER SHARE	**269,461**	**338,741**

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 30 June 2010 and 2011 respectively:

	30 June 2010	30 June 2011
Restated weighted average number of shares used to compute basic earnings per share	220,092,748	220,113,982
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]	**220,092,748**	**220,113,982**

(1) At 30 June 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 reference 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/U.S. dollar exchange rate. In particular, the Group hedges a number of 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 2011, 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 2011 is as follows:

(in thousands of euros)	
Assets	133,056
Liabilities	28,214
Net position before risk management	**104,482**
Off-balance sheet position (foreign exchange hedging)	(107,244)
Net position after risk management	**(2,402)**

Considering its exposure to foreign-currency risk, the Group believes that a 10% decrease in the euro/U.S. dollar exchange rate would have no impact on Group income and would result in a negative change amounting to €11,893 thousand in Group equity.

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;
  - 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. This amount was reduced in June 2011 to €1,465 million so as to represent the term loan's exact amount (see below). A termination indemnity amounting to €6.2 million was paid as a result of the partial termination.

  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.

  Following the early reimbursement of the amount of €150 million (see Note 16 "Financial debt"), the second swap was partially disqualified, resulting in the recognition of a €5.6 million expense, previously accumulated under equity (see Note 15.4 "Change in the revaluation surplus of financial instruments").

  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: In respect of the €650 million term loan facility:
  - a pay fixed/receive floating interest-rate swap put in place in November 2004 for a notional amount of €650 million over seven years (*i.e.* until maturity of term loan), terminated on 1 April 2010.

  The selected interest periods are 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 Term Loan.
- In respect of the €650 million revolver arranged in November 2004 by the Eutelsat S.A. sub-group, out of which amounts have been drawn down for €200 million at refinancing date:
  - a pay fixed/receive floating interest-rate swap put in place in February 2007 for a notional amount of €250 million over four years until maturity of the revolver (€650 million), terminated on 1 April 2010;
  - purchase of a cap in March 2007 in return for the payment of a €2 million premium for a notional amount of €200 million over four years until maturity of the €650 million 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 to the tune of €26 million in the income statement for the financial year ended 30 June 2010.

  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 for the swap covering the €650 million term loan and a termination indemnity of €12,572 thousand for the swap covering the €250 million drawn down from the €650 million revolving credit facility.

  Lastly, in respect of the partial hedging of the €450 million unused revolver entered into in March 2010 at Eutelsat S.A. sub-group level, the following derivative instrument was put in place in August 2010:

  A collar (purchase of a cap and sale of a floor) for a notional amount of €100 million over three years.

  The selected interest periods are one-month periods beginning 30 September, 31 October, 30 November, 31 December, 31 January, 28 February, 31 March, 30 April, 31 May, 30 June, 31 July and 31 August each calendar year.

SENSITIVITY TO INTEREST-RATE RISK

Considering the full range of financial instruments available to the Group as of 30 June 2011, 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 €2,938 thousand positive change in shareholders' equity, related to the change in the efficient fair values of hedging 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 39 lenders as of 30 June 2011. The Eutelsat S.A. banking syndicate consists of four.

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.

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The Group does not expect any loss resulting from a failure by its counterparts to meet their obligations as per the agreements.

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 lease agreements.

63% of the Group's debt matures in June 2013 and 37% in March 2017.

BREAKDOWN OF NET FINANCIAL LIABILITIES BY MATURITY (IN THOUSANDS OF EUROS)

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 Com.	(1,615,000)	(1,700,369)	(28,456)	(28,456)	(1,643,456)	-	-	-
Term loan 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[1]	(10,372)	(10,372)	(10,372)	-	-	-	-	-
Qualifying Eutelsat Communications interest-rate derivatives[1]	(119,410)	(119,410)	(34,047)	(37,939)	(47,424)	-	-	-
Non-Qualifying Eutelsat Communications interest-rate derivatives[1]	-	-	-	-	-	-	-	-
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)**
Non-qualifying Eutelsat S.A. interest-rate derivatives[1]	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)**

(1) The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

30 June 2011	Balance sheet value	Total contractual cash flows	06/2012	06/2013	06/2014	06/2015	06/2016	More than 5 years
Term loan Eutelsat Communications	(1,465,000)	(1,538,192)	(36,596)	(1,501,596)	-	-	-	-
Eurobond Eutelsat S.A.	(850,000)	(1,051,612)	(35,063)	(35,063)	(35,063)	(35,063)	(35,063)	(876,297)
Eutelsat S.A. revolver loan	-	-	-	-	-	-	-	-
WINS Ltd. Loan	(64)	(64)	(64)	-	-	-	-	-
Eutelsat S.A. foreign exchange derivatives[(1)]	(5)	(5)	(5)	-	-	-	-	-
Qualifying Eutelsat Communications interest-rate derivatives[(1)]	(55,184)	(55,184)	(29,781)	(25,403)	-	-	-	-
Non-qualifying Eutelsat S.A. interest-rate derivatives[(1)]	-	-	-	-	-	-	-	-
Bank overdrafts	(4,512)	(4,512)	(4,512)	-	-	-	-	-
Total financial debt	**(2,374,765)**	**(2,649,569)**	**(106,021)**	**(1,562,062)**	**(35,063)**	**(35,063)**	**(35,063)**	**(876,297)**
Other financial liabilities	(89,235)	(92,804)	(30,165)	(10,206)	(8,519)	(6,979)	(1,108)	(35,827)
Total financial liabilities	**(2,464,000)**	**(2,742,373)**	**(136,186)**	**(1,572,268)**	**(43,582)**	**(42,042)**	**(36,171)**	**(912,124)**
Eutelsat S.A. foreign exchange derivatives[(1)]	1,693	1,693	1,693	-	-	-	-	-
Non-qualifying Eutelsat S.A. interest-rate derivatives[(1)]	427	427	275	143	9	-	-	-
Financial assets	11,196	11,196	5,393	-	-	-	-	5,803
Cash	63,378	63,378	63,378	-	-	-	-	-
UCITS	66,187	66,187	66,187	-	-	-	-	-
Cash equivalents	7,379	7,379	7,379	-	-	-	-	-
Total financial assets	**150,259**	**150,259**	**144,304**	**143**	**9**	**-**	**-**	**5,803**
NET POSITION	**(2,313,741)**	**(2,592,114)**	**8,118**	**(1,572,125)**	**(43,573)**	**(42,042)**	**(36,171)**	**(906,321)**

(1) 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 2011

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 30 June 2010 and 30 June 2011 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 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 since 1 April 2008, unqualified since 26 March 2010.
(3) CAP qualifying as a hedge for €100 million since 1 January 2009, unqualified since 26 March 2010.
(4) Including termination indemnities settled.

(in thousands of euros)	Contractual or notional amounts	Fair value 30 June 2011	Change in fair value during the period	Impact on income (excluding coupons)[1]	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	107,244	1,687	12,059	54	12,005
Total foreign exchange derivatives	**107,244**	**1,687**	**12,059**	**54**	**12,005**
Swap (Eutelsat Communications)[1]	1,465,000	(55,184)	58,035	(3,629)	61,664
Cap (Eutelsat S.A.)	200,000		(24)	(24)	-
Collar (Eutelsat S.A.)	100,000	427	102	102	
Total interest-rate derivatives		**(54,757)**	**(58,113)**	**(3,551)**	**61,664**
TOTAL DERIVATIVES		**(53,070)**	**(70,172)**	**(3,497)**	**73,669**
Equity method companies					2,199
TOTAL					**75,868**

(1) Including termination indemnities settled for €6,190 thousand, deducted from variance over the financial period, including €538 thousand recognised under "interest charges" (see Note 24 "Financial result").

As of 30 June 2011, the cumulative fair value of financial instruments is negative at €53,070 thousand. This is composed of €2,120 thousand recognised under "Current financial assets" (see Note 12 "Current financial assets") and €55,189 thousand recognised under "Other current financial liabilities" (see Note 17 "Other financial liabilities").

As of 30 June 2010 and 2011, the changes in fair value recognised within financial result in respect of financial instruments amounted to a net expense of €43,155 thousand and €3,497 thousand respectively.

Breakdown of financial instruments qualifying for hedge accounting as of 30 June 2010 and 30 June 2011:

(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)(5)]	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 since 1 April 2008, unqualified since 26 March 2010.
(3) CAP qualifying as a hedge for €100 million 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.

(in thousands of euros)	Contractual or notional amounts	Fair value 30 June 2011	Change in fair value during the period	Impact on income (excluding coupons)[1]	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	107,244	1,687	12,059	54	12,005
Total foreign exchange derivatives	**107,244**	**1,687**	**12,059**	**54**	**12,005**
Forward Swap (Eutelsat Communications)[2]	1,465,000	(55,184)	58,035	(3,629)	61,664
Total interest-rate derivatives		**(55,184)**	**58,035**	**(3,629)**	**61,664**
TOTAL DERIVATIVES		**(53,497)**	**70,094**	**(3,575)**	**73,669**
Equity method companies					2,199
TOTAL					**75,868**

(1) The ineffective portion of the hedges was not significant and has not been isolated.
(2) Including €6,190 thousand termination indemnities settled, deducted from variance over the financial period, including €538 thousand recognised under "interest charges" (see Note 24 "Financial result").

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.

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	1,687	1,687	-	-	-	-	-
Interest-rate risk hedges	(49,581)	(28,899)	(20,682)		-	-	-
NET TOTAL AS OF 30 JUNE 2010[1]	**(47,894)**	**(27,212)**	**(20,682)**		**-**	**-**	**-**

(1) Excluding equity investments for a negative amount of €1,277 thousand.

Note 27: Other commitments and contingencies

As of 30 June 2011, 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 2011, future payments under satellite construction contracts amounted to €255 million, and future payments under launch agreements amounted to €265 million. These commitments are spread over five 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 2010 and 30 June 2011 are scheduled as follows:

(in millions of euros)	30 June 2010	30 June 2011
2011	80	-
2012	21	60
2013	16	23
2014	13	20
2015 and thereafter[1]	47	18
2016 and thereafter	-	69
TOTAL	**177**	**190**

(1) For the period reported in respect of the financial year ended 30 June 2010.

The above total includes €1 million for purchase commitments entered into with related parties (see Note 28 "Related party transactions").

The Group may receive penalties related to incidents affecting the performance of its operational satellites.

27.2 – IN-ORBIT INSURANCE AND LAUNCH INSURANCE

As of 30 June 2011, the Group's existing L+1 insurance (launch-plus-one-year) and in-orbit insurance policies have been taken out with insurance syndicates of 24 insurers, 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

Since 1 July 2010, the Group has been covered by a new 12-month programme designed to minimise, 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 up to a maximum of €500 million and is underwritten by 24 insurance companies. The second part covers losses ranging from €50 million to €80 million and is underwritten by four insurance companies. The programme covers 15 of the satellites belonging to the Group (excluding EUROBIRD™ 4A (former W1), EUROBIRD™ 16 (former ATLANTIC BIRD™ 4, former HOT BIRD™ 4), ATLANTIC BIRD™ 1, W75 (former EUROBIRD™ 4), W5, W2M, SESAT™ 1 and W48 (former HOT BIRD™ 2).

The general insurance policy taken out against damage under this programme covers any cumulative partial or total constructive losses of the 15 satellites insured, up to a ceiling of €223 million per satellite, subject to a total maximum claim or claims each year of €500 million. The Group's satellites covered under this policy are insured for their net book value.

The policy was replaced by a new in-orbit insurance programme taken out for 12 months starting on 1 July 2011. The programme design is now composed of a single part covering losses in excess of €50 million up to a maximum of €600 million. These insurance policies were underwritten by 22 insurance companies. The programme covers 15 of the satellites belonging to the Group (excluding EUROBIRD™ 4A (former W1), EUROBIRD™ 16 (former ATLANTIC BIRD™ 4, former HOT BIRD™ 4), ATLANTIC BIRD™ 1, W75 (former EUROBIRD™ 4), W5, W2M, SESAT™ 1, W48 (former HOT BIRD™ 2) and W6 (former W3). The amount of insurance cover per satellite was increased from €223 million to €235 million.

B) LAUNCH INSURANCE

In October 2010, the Group took out L+1 (launch-plus-one-year) insurance for losses amounting to a maximum of €225 million per satellite, covering the five satellites under construction (W3C, ATLANTIC BIRD™ 7, W6A, W5A, EUROBIRD™ 2A).

This policy is valid for a period of three years, *i.e.* until November 2013, and provides the required flexibility to assign any type of launcher to any of the five satellites covered.

On 28 October 2010, the Company suffered the loss of the W3B satellite just after its launch (see Note 6 "Satellites and other property and equipment"). On 17 November 2010, a submission was sent to the insurers with proof of the loss and quantification of the claim. The loss was treated as a constructive total loss by all insurers of the programme. Consequently, a €235.1 million indemnity covering the full amount of the loss insured was paid to Eutelsat during the financial period ended 30 June 2011 and recorded under "Other operating income".

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.

The loss was treated as a constructive total loss by all insurers of the programme. An insurance indemnity of €120.5 million representing the full amount of the loss 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.

Any revenues would be recognised 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").

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.

Eutelsat initiated a request for arbitration on 6 April 2011 with the International Chamber of Commerce against Deutsche Telekom and Media Broadcast to enforce its rights at the orbital position 28.5 degrees East. The rights to certain frequencies at this orbital position are currently exploited by Eutelsat within the context of an agreement dating from June 1999 between Eutelsat and Deutsche Telekom (which has since transferred its satellite activity to Media Broadcast). At this stage, the Group does not expect any significant impact on its financial position.

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 2010 and 2011 within current assets and liabilities are as follows:

(in thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Gross receivables including unbilled revenues[(1)]	12,890	10,062
Liabilities including accrued invoices	628	224

(1) Including €2,860 thousand and €1,042 thousand for entities accounted for via the equity method as of 30 June 2010 and 30 June 2011 respectively.

Related party transactions included in the income statements for the periods ended 30 June 2010 and 2011 are as follows:

(in thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Revenues[(1)]	43,263	43,797
Operating costs, selling, general and administrative expenses	2,243	784
Financial result	(76)	(24)

(1) Including €9,928 thousand and €8,485 thousand for entities accounted for via the equity method as of 30 June 2010 and 2011 respectively.

For the financial year ended 30 June 2011, 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.

Furthermore, the Group holds a put option vis-à-vis a related party, with no limited validity, exercisable twice a year with respect to its equity interest in Hispasat.

28.2 – COMPENSATION PAID TO THE "PRINCIPAL SENIOR MANAGERS"

(in thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Compensation excluding employer's charges	2,580	1,495
Short-term benefits: Employer's charges	883	464
Total short-term benefits	**3,463**	**1,959**
Post-employment benefits[(1)]	12% 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)	0	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 102,422 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. In addition, the allocation is subject to the achievement of certain performance objectives over a two-year period (see Note 15.3 "Share-based compensation").

The value of the benefit was estimated at €1,031 thousand, spread over the vesting period. The expense recognised for the period ended 30 June 2010, with a double entry to shareholders' equity, was €41 thousand.

On the anniversary date of the plan, *i.e.* 25 July 2009, 51,212 shares with a par value of €1 each were issued and definitively vested to the benefit of the members of the Group's administrative and management bodies.

During its meeting of 1st February 2010, the Board of Directors approved a 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 Corporate Officers.

The value of the benefit granted, which was initially estimated at €1,289 thousand, was increased to €1,893 thousand, and is spread over a three-year vesting period. The expense recognised for the financial year ended 30 June 2010 and 2011, with a double entry to shareholders' equity, was €175 thousand and €715 thousand respectively.

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 2010	Twelve-month period ended 30 June 2011
Operating costs	30,849	36,231
Selling, general and administrative expenses	51,190	53,690
TOTAL[(1)]	**82,039**	**89,921**

(1) Including €1,603 thousand and €4,181 thousand as of 30 June 2010 and 30 June 2011 respectively for expenses related to share-based payments.

The average number of employees is as follows:

	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Operations	253	296
Selling, general and administrative	386	394
TOTAL	**639**	**690**

As of 30 June 2011, the Group has 723 employees, compared with 661 as of 30 June 2010.

Compensation (including employer's contributions) paid to Directors and Corporate Officers of Eutelsat Communications employed by the Group amounts to €1 959 thousand for the financial year ended 30 June 2011. Board members received €734 thousand as attendance fees during the financial 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.

Through 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 2011	% interest as of 30 June 2011
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	96.30%	96.30%
Eutelsat S.A. sub-group				
• Eutelsat VAS S.A.S.	France	FC	100.00%	96.30%
• Tooway Management S.A.S.	France	FC	100.00%	96.30%
• Tooway S.N.C(2)	France	FC	100.00%	96.67%
• FRANSAT S.A.S.	France	FC	100.00%	96.30%
• Eutelsat do Brasil S.A.(1)	Brazil	FC	100.00%	96.30%
• Eutelsat Italia s.r.l.	Italy	FC	100.00%	96.30%
• Skylogic Italia S.p.A.	Italy	FC	100.00%	96.30%
• Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.30%
• Eutelsat visAvision GmbH	Germany	FC	100.00%	96.30%
• Eutelsat Inc.	United States	FC	100.00%	96.30%
• Eutelsat America Corp.	United States	FC	100.00%	96.30%
• Eutelsat Broadband Corp.	United States	FC	100.00%	96.30%
• Eutelsat UK Ltd.	United Kingdom	FC	100.00%	96.30%
• Eutelsat Polska s.p.Z.o.o.	Poland	FC	100.00%	96.30%
• Skylogic Polska s.p.Z.o.o.	Poland	FC	100.00%	96.30%
• Skylogic Finland Oy	Finland	FC	100.00%	96.30%
• Skylogic France S.A.S.	France	FC	100.00%	96.30%
• Skylogic Germany GmbH	Germany	FC	100.00%	96.30%
• Skylogic Mediterraneo S.r.l.	Italy	FC	100.00%	96.30%
• Irish Space Gateways	Ireland	FC	100.00%	96.30%
• CSG Cyprus Space Gateways	Cyprus	FC	100.00%	96.30%
• Skylogic Eurasia Ltd.	Turkey	FC	100.00%	96.30%
• Skylogic Espana S.A.U.	Spain	FC	100.00%	96.30%
• Eutelsat do Madeira Unipessoal Lda	Madeira	FC	100.00%	96.30%
• WINS Ltd.(1)	Malta	FC	70.00%	67.41%
• Hispasat S.A.(1)	Spain	EM	27.69%	26.67%
• Solaris Mobile Ltd.(1)	Ireland	EM	50.00%	48.15%

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 2011.

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	199	21%	324	25%	209	42%	271	38%
Other subsidiaries	484	51%	433	33%	290	58%	234	33%
Other due care and services directly linked to the statutory audit task	-	-	-	-	-	-	-	-
Eutelsat Communications	-	-	-			-		
Other subsidiaries	156	16%	483	37%	-	-	205	29%
Sub-total	**839**	**88%**	**1,240**	**94%**	**489**	**100%**	**710**	**100%**
OTHER SERVICES, WHEN APPROPRIATE								
Legal, tax, social	112	12%	81	6%	-	-	-	-
Information technology	-	-	-		-	-	-	-
Internal audit	-	-	-		-	-	-	-
Other (to be specified if more than 10% of Statutory Auditors' fees)	0	-	0		0	-	0	-
Sub-total	**112**	**12%**	**81**	**6%**	**-**	**-**	**-**	**-**
TOTAL	**951**	**100%**	**1,321**	**100%**	**498**	**100%**	**710**	**100%**

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group's management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

20.1.2 Statutory Auditors' Report on Eutelsat Communications' consolidated financial statements prepared in accordance with IFRSs for the financial year ended 30 June 2011

To the shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the financial year ended 30 June 2011, on:

- the audit of the accompanying consolidated financial statements of Eutelsat Communications;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 at 30 June 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

As explained in note 3.5 to the consolidated financial statements, your Company's management uses judgments and significant estimates leading to assumptions that affect the amounts reported in the financial statements and the accompanying notes.

The significant judgments and accounting estimates likely to require a justification of our assessments are as follows

- 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 utilisation and their technically assessed lifetime. We assessed the reasonableness of the assumptions adopted.
- As explained in note 4.8 to the financial statements, the carrying-values of long-life assets including the satellites and equity investments are subject 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 resulting evaluation.
- As explained in note 3.5 to the consolidated financial statements, your Company has exercised its judgment on litigations as described in note 27.4 to the financial statements. We assessed the reasonableness of this judgment.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, 29 July 2011
The Statutory Auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
Isabelle Massa	Jean-Yves Jégourel

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20.1.3 Eutelsat Communications' annual financial statements for the financial year ended 30 June 2011

BALANCE SHEETS

(in thousands of euros)	Note	30 June 2010	30 June 2011
Assets			
Long-term assets			
Financial assets	3	2,442,980	2,445,427
Total long-term assets		**2,442,980**	**2,445,427**
Current assets			
Accounts receivable		10	363
Other receivables	5	40,724	56,849
Cash and marketable securities	6	800	14,871
Total current assets		**41,534**	**72,084**
Prepaid expenses	4	8,311	5,163
TOTAL ASSETS		**2,492,825**	**2,522,675**

(in thousands of euros)	Note	30 June 2010	30 June 2011
Liabilities and shareholders' equity			
Common stock (220,113,982 ordinary shares as of 30 June 2011 with a nominal value of 1 euro per share)		220,114	220,114
Additional paid-in capital		497,128	453,214
Legal reserve		6,225	12,783
Retained earnings		128	1,770
Result for the year		131,159	314,225
Regulated provisions		203	296
Total shareholders' equity	**7**	**854,955**	**1,002,401**
Provisions for risks		13	13
Provisions for expenses		245	873
Total provisions for risks and expenses		**258**	**886**
Loans and bank debt	8	1,628,044	1,476,881
Other financial debt		-	-
Total bank debt		**1,628,044**	**1,476,881**
Accounts payable		1,901	2,099
Tax and employee-related payable	9	4,716	39,795
Fixed assets payable		-	-
Other payables		2,952	613
Total operating debt		**9,568**	**42,507**
Deferred revenues		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,492,825**	**2,522,675**

The Notes are an integral part of the annual financial statements.

INCOME STATEMENTS

(in thousands of euros)	Note	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Revenues		903	1,702
Costs eligible for capitalisation		-	-
Grants received		-	-
Release of provisions and reclassification of costs		310	1,614
Other income		-	-
Total operating income		**1,213**	**3,317**
Purchase of goods and changes in inventories		-	-
Other purchases and external expenses		5,911	6,121
Taxes and assimilated		54	46
Wages	16	1,430	716
Social charges	16	731	1,837
Depreciation, amortisation and provisions		3,089	3,961
Other charges		717	861
Total operating charges		**11,932**	**13,542**
Operating result		**(10,719)**	**(10,226)**
Financial income		172,698	372,857
Financial expenses		55,115	80,884
Financial result	**11**	**117,582**	**291,973**
Exceptional income		595	463
Exceptional charges		166	428
Exceptional result	**12**	**429**	**35**
Mandatory employee profit-sharing		-	-
Income tax	13	(23,866)	(32,442)
NET INCOME		**131,159**	**314,225**

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 2010	Twelve-month period ended 30 June 2011
Cash flows from operating activities			
Net income		131,159	314,225
Adjustments for non-cash items:			
Capital (gain)/loss on disposal of assets		-	-
Depreciation, amortisation and provisions		3,043	3,962
Other non-operating items		(118,898)	(291,947)
Changes in operating assets and liabilities:			
Accounts receivable		494	(353)
Other current assets		21,908	(47,963)
Accounts payable		72	198
Other payables		(19,189)	32,741
Net cash flows provided by operating activities		**18,589**	**10,863**
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		(521)	(2,439)
Net cash flows used in investing activities		**(521)**	**(2,439)**
Net cash flows provided by (used in) financing activities			
Changes in capital		-	-
Distribution	7.4	(145,244)	(166,872)
Dividends received	11	171,957	371,885
Additional long-term and short-term debt		-	-
Reimbursements of long-term and short-term debt		-	(150,000)
Changes in borrowing		3,000	31,700
Financial instruments	11,14	-	(6,190)
Free share allocation plan		-	(13,892)
Interest paid		(49,789)	(75,814)
Interest received		696	982
Changes in other debt		-	-
Net cash flows provided by (used in) financing activities		**(19,380)**	**(8,201)**
Increase (decrease) in cash and cash equivalents		**(1,313)**	**222**
Cash and cash equivalents, beginning of period		**2,070**	**757**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**757**	**979**

The Notes are an integral part of the annual financial statements.

Notes to the annual financial statements

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 bad debts, the fair value of financial instruments, and the values in use of the equity investments and similar. Actual results could vary from these estimates.

2.3 – FINANCIAL ASSETS

Stock is recorded in the balance sheet at its acquisition value less incidental expenses. It may include treasury shares acquired under liquidity agreements.

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 treasury shares acquired under share buy-back programmes designed to serve stock option plans or free share allocation plans, UCITS, cash on hand and at bank, and deposit certificates with original maturities of three months or less.

Shares repurchased for the purpose of serving stock plans are recorded at their initial cost until they are delivered to their recipients or reclassified if not attributed. This results in their not being impaired in the event of a drop in the share price.

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 2011, the legal reserve is €12.8 million.

2.8 – PROVISIONS

A provision is an item with a negative economic value for the Company, *i.e.* it is a Company obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely fixed.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Note 3: Financial assets

Financial assets break down as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Equity interests	2,440,645	2,440,645
Other investments in securities	2,343	4,781
Loans and other financial assets	-	1
TOTAL GROSS BOOK VALUES	**2,442,988**	**2,445,427**
Less: provisions	8	-
TOTAL NET CARRYING AMOUNTS	**2,442,980**	**2,445,427**

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 2010	**2,440,650**	**2,335**	**0**	**2,442,980**
Acquisitions	-	43,611	43,612	87,223
Revaluation	-	-	-	-
Transfers	-	-	-	-
Reimbursement (of capital contribution) and disposals	-	(41,172)	(43,611)	(84,783)
Depreciation, amortisation and provisions	-	8	-	8
NET CARRYING VALUES AS OF 30 JUNE 2011	**2,440,645**	**4,781**	**1**	**2,445,427**

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, 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 of additional paid-in capital distributed by Eutelsat Communications Finance to Eutelsat Communications following the decision of the sole shareholder on 4 October 2006 was considered as repayment of a capital contribution. The value of the Eutelsat Communications Finance shares reduces accordingly,
  - 143,756 shares received on the occasion of the capital increase of 15 June 2007, subscribed for in full by offsetting the cost against an outstanding repayment;
- the €97.5 million of additional paid-in capital distributed by SatBirds Finance to Eutelsat Communications following the General Meeting of 25 September 2006 was considered as repayment of a capital contribution. The value of "Equity interests" reduces accordingly;
- the €45.5 million of additional paid-in capital distributed by SatBirds Finance to Eutelsat Finance following the General Meeting of 25 September 2006 was considered as a repayment of a capital contribution and by being dissolved into Eutelsat Communications the value of "Equity interests" reduces accordingly;
- the €79.8 million of additional paid-in capital distributed by Eutelsat Communications Finance following the decision of Eutelsat Communications, its sole shareholder, on 30 October 2007 was considered as repayment of a capital contribution. The value of the Eutelsat Communications Finance shares reduces accordingly;
- all distributions of additional paid-in capital have been treated in the accounts as repayment of a capital contribution. These have been reported as a reduction in the value of the shares, as following implementation of the Group's legal structure it was envisaged that most of the additional contributions would be recognised as additional paid-in capital to make it easier for liquidity to rise to the head company in the Group. This can be achieved by distributing amounts recognised as additional paid-in capital irrespective of whether or not a distributable profit is recognised in the books of the Group's subsidiaries.

Eutelsat S.A. shares:

- 7,248,478 shares in Eutelsat S.A. for an amount of €39,156,817.32 (including acquisition costs of €467,000), 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 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,
  - 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 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 €1,462 thousand euros corresponding to 52,762 shares as of 30 June 2010 and €1,348 thousand corresponding to 44,516 shares as of 30 June 2011.
- the "*SICAV de trésorerie*" (short-term marketable securities) held under the liquidity agreement for an amount of €881 thousand corresponding to 390 SICAV BNP Paribas as of 30 June 2010 and for an amount of €3,433 thousand corresponding to 1,510 SICAV BNP Paribas as of 30 June 2011.

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 €27.79 as of 30 June 2010 and for €987.54 as of 30 June 2011.

Note 4: Prepaid expenses and others

"Prepaid expenses and others" is composed as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Prepaid expenses	155	256
Expenses to be accrued over several years	8,156	4,908
TOTAL	**8,311**	**5,163**

Expenses for the loan set-up costs relate to an initial amount of €19,240 thousand and are accrued over seven years, which is the lifetime of the loan taken out in June 2006. Following the early partial reimbursement of a syndicated facility (see Note 8 "Financial debt") a portion of the residual amount of trailing commissions associated with these credit agreements totalling €502 thousand was fully amortised. Loan set-up costs amount to €8,156 thousand at 30 June 2010 and €4,908 thousand at 30 June 2011.

Note 5: Other receivables

"Other receivables" break down as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Prepayments and advances	56	29
Credits to be received	-	-
Prepaid expense account	1	1
Income tax	-	-
Deductible VAT	326	316
Inter-company accounts within the Group	40,341	56,503
Other debit balances	-	-
TOTAL	**40,724**	**56,849**

All other receivables are not later than one year.

Note 6: Cash and marketable securities

Cash and marketable securities are as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Treasury stock(1)	-	13,892
UCITS	-	-
Cash	-	279
Deposit warrants	800	700
TOTAL	**800**	**14,871**

(1) See Note 7.3 "Other securities giving access to capital".

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 2011
Share capital	220,114	-	-	-	-	-	220,114
Additional paid-in capital	463,843	-	-	-	(43,914)	-	419,929
Share premium	33,285	-	-	-	-	-	33,285
Legal reserve	6,225	-	-	6,558	-	-	12,783
Retained earnings (-)	-	-	-	-	-	-	-
Retained earnings (+)	128	-	-	1,642	-	-	1,770
Result 30.06.10	131,159	-	-	(8,200)	(122,959)	-	-
Regulated provisions	203	-	-	-	-	93	296
Total	**854,955**	**-**	**-**	**-**	**(166,873)**	**93**	**688,177**
Shareholders' equity before result							688,177
Net result for the year							314,225
TOTAL SHAREHOLDERS' EQUITY							**1,002,401**

7.2 – SHARE CAPITAL

As of 30 June 2011, the Company's share capital was composed of 220,113,982 ordinary shares with a par value of one euro each. No movement occurred during the financial period with respect to the number or the par value of shares.

7.3 – OTHER SECURITIES GIVING ACCESS TO CAPITAL

ALLOCATION OF FREE SHARES

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 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 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(1) (50% of the relevant portion) and another objective linked to average ROCE(2) (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.

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.

As of 30 June 2011, 500,000 shares were repurchased for €13.9 million and accounted for as "Cash and marketable securities" (see Note 6 "Cash and marketable securities").

7.4 – DIVIDENDS, ADDITIONAL PAID-IN CAPITAL AND LEGAL RESERVE

On 10 November 2009, the Ordinary and Extraordinary General Meeting recognised a net income of €122,908,336.23 at 30 June 2009 and decided to charge a total of €6,145 thousand to "Legal reserve" and distribute a gross amount of €0.66 per share, *i.e.* a total of €145,244 thousand, taken from "Additional paid-in capital" for a total of €28,609 thousand and from distributable income for a total of €116,635 thousand.

On 9 November 2010, the Ordinary and Extraordinary General Meeting recognised a net income of €131,158,794.76 at 30 June 2010 and decided to charge a total of €6,558 thousand to "Legal reserve" and distribute a gross amount of €0.76 per share, *i.e.* a total of €166,873 thousand taken from "Additional paid-in capital" for a total of €43,914 thousand and from distributable income for a total of €122,959 thousand.

(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 / (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).

Note 8: Financial debt

Loans and bank debt are denominated in euros with a seven-year maturity period and are repayable at maturity. The breakdown is as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Bank debt (up to 1 year)	-	-
Bank debt (between 1 and 5 years)	1,615,000	1,465,000
Bank overdrafts	43	-
Accrued interest	13,001	11,881
TOTAL	**1,628,044**	**1,476,881**

At 30 June 2010 and 2011, the Company has access to a syndicated credit facility entered into on 8 June 2006 for a period of seven years, initially amounting to €1,915 million and reduced to €1,765 million during the financial period. This facility breaks down in two parts:

- *Tranche A*: a long-life term loan for €1,615 million, bearing interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below), partially reimbursed for €150 million during June 2011, resulting in the term loan now amounting to €1,465 million;
- *Tranche B*: a revolving credit facility for €300 million. 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 less than or equal to 5.5 for the half-year and full-year periods defined in the agreement, with the first being 30 June 2006; this ratio is then gradually reduced to 5.25 at 31 December 2008, to 5 at 31 December 2009, to 4.75 at 31 December 2010 and then to 4.50 at 31 December 2011;
- Interest 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 2011, 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.

To this end, Eutelsat Communications had acquired an interest-rate hedge put in place for the previous loan from its SatBirds Finance subsidiary on 19 June 2006.

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:

(in thousands of euros)	30 June 2010	30 June 2011
State: accrued liabilities	61	70
Income tax	4,042	39,041
Output VAT	14	62
Staff: accrued liabilities	418	424
Social charges payable	181	198
	4,716	**39,795**

All tax and employee related-payable mature within one year.

Note 10: Staff

The Company has no employees.

Compensation paid to senior managers is indicated in Note 16 "Related party transactions".

Note 11: Financial result

The financial result is made up as follows:

	Period ended	
(in thousands of euros)	30 June 2010	30 June 2011
Interest expense	(55,105)	(75,232)
Interest income	735	954
Income from investments	171,957	371,885
Provisions on investments	(8)	8
Provisions for expenses	(2)	-
Investment income	4	10
Foreign exchange losses	(1)	-
Realised foreign exchange gains	2	-
Hedging instruments	-	(5,652)
	117,582	**291,973**

The interest expense corresponds to the loans taken out on 8 June 2006 (see Note 8 "Financial debt"), after taking into account interest received or paid on hedging instruments.

For the year ended 30 June 2010 income from investments mainly consists of dividends from the subsidiaries Eutelsat Communications Finance subsidiary (€170.0 million) and Eutelsat S.A. (€2 million).

For the year ended 30 June 2011, income from investments mainly consists of dividends from the subsidiaries Eutelsat Communications Finance (€210 million) and Eutelsat S.A. (€1.9 million), and an advance payment on dividends amounting to €160 million received from Eutelsat Communications Finance as decided by its Chairman on 15 June 2011.

The hedging expense consists of a termination indemnity excluding accrued interest as a result of the partial termination of an instrument (see Note 14 "Market risk").

Note 12: Exceptional result

The exceptional result comprises the following:

	Period ended	
(in thousands of euros)	30 June 2010	30 June 2011
Fines and penalties	-	(1)
Loss on repurchase of treasury stock	(73)	(334)
Gain on repurchase of treasury stock	595	463
Exceptional depreciation and amortisation	(93)	(93)
Allocation to provisions for risks	-	-
	429	**35**

Note 13: Tax on profits

13.1 – 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.

Since 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.

At 30 June 2010, the tax expense in respect of the tax consolidation group is €125 million and the amount due by the sub-subsidiaries under the tax consolidation agreement is €148.4 million, which generates a €23.4 million profit.

At 30 June 2011, the tax expense in respect of the tax consolidation group is €167 million and the amount due by the sub-subsidiaries under the tax consolidation agreement is €201 million, which generates a €34 million profit.

For information, Eutelsat Communications' losses prior to the tax consolidation system were €43.3 million.

13.2 – COMMON LAW PROVISIONS

As of 30 June 2011, the Company's tax liability, with an estimated rate of 33.33%, in accordance with applicable legal provisions, breaks down between current income and exceptional income as follows:

	Result before tax	Tax due	Net income
Current	281,748	(32,438)	314,186
Exceptional	35	(4)	39
TOTAL	**281,783**	**(32,442)**	**314,225**

Increases/reductions in future tax liability are as follows:

CERTAIN OR POSSIBLE INCREASES/REDUCTIONS OF TAX LIABILITY

(in thousands of euros)	30 June 2010	30 June 2011
Reductions in future tax liability:		
Loss carry-forwards	14,435	14,435
Impairment of assets	-	-
Non-deductible provisions	5	5
TOTAL	**14,440**	**14,440**
Increases in future tax liability:		
Capitalised interest and interest for late payment	-	-
TOTAL	**-**	**-**

Note 14: Market risk

The Company has exposure to market risks, particularly with regard to foreign exchange and interest-rates. Exposure to such risks is actively managed by Management, the objective of which is to limit, where appropriate, the fluctuations of revenues and cash flows due to variations in interest-rates and foreign exchange rates. The Company's policy is to use derivatives to manage its 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.

Eutelsat Communications S.A.'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 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. This amount was reduced in June 2011 to €1,465 million so as to represent the term loan's exact amount (see Note 8 "Financial debt"). A termination indemnity amounting to €6.2 million was paid as a result of the partial termination (see Note 11 "Financial result").

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.

14.2 – KEY FIGURES AS OF 30 JUNE 2010

The following table analyses the contractual or notional amounts and fair values of the derivatives at 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)

14.3 – KEY FIGURES AS OF 30 JUNE 2011

The following table analyses the contractual or notional amounts and fair values of the derivatives as of 30 June 2011 by type of contract:

Instrument *(in thousands of euros)*	Contractual or notional amounts	Fair values at 30 June 2011
Swap	1,465,000	(55,184)

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.

There are no other off-balance sheet commitments.

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).

More specifically, 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 subsidiary of the Company), the companies other than subsidiaries in which Eutelsat has an equity and the “principal senior managers”.

The Company considers that the concept of “principal senior managers” as applied to the governance of Eutelsat includes members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEO and the other members of the Board of Directors.

16.1 – RELATED PARTIES OTHER THAN “PRINCIPAL SENIOR MANAGERS”

Amounts due by or owed to related parties and included on the balance sheet within current assets and current liabilities are as follows:

(in thousands of euros)	30 June 2010	30 June 2011
Gross receivables (including unbilled revenues)	10	363
Inter-company accounts: receivables (payables)	37,389	55,889
Liabilities (including accrued invoices)	386	434

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:

(in thousands of euros)	30 June 2010	30 June 2011
Revenues	903	1,702
Transfer of expense	-	819
Operating charges	1,762	1,923
Financial result	172,689	372,821

Revenues are composed of the services the Company provides to the other companies in the Group in terms of strategy, industrial policy and representation.

16.2 – COMPENSATION GRANTED TO "PRINCIPAL SENIOR MANAGERS"

Gross compensation (including employer's contributions) paid by the Company to its Directors and Corporate Officers during the financial period ended 30 June 2011 breaks down as follows:

(in thousands of euros)	Twelve-month period ended 30 June 2011
Short-term benefits	896
Post-employment benefits	12% of annual salary at end of career
Share-based payment	See below

SHARE-BASED PAYMENT

During its meeting of 1 February 2010, the Board of Directors approved a new free share allocation plan (see Note 7.3 "Other securities giving access to capital") and decided on a free allotment of a maximum of 66,952 new shares in Eutelsat Communications to the members of the Company'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 non-executive officers.

The value of the benefit granted, which was initially estimated at €1,187 thousand, was increased to €1,859 thousand to take account of the free share grant reassessment, and was spread over a three-year vesting period. The expense recorded under staff expenses for the financial years ended 30 June 2010 and 30 June 2011 was €161.5 thousand and €711.3 thousand respectively.

€734 thousand were paid to the members of the Board of Directors as attendance fees during the reporting period.

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 2011

				Last financial period ended	
(in thousands of euros)	Capital	Other components of equity as of 30 June (local accounts)	Percentage of ownership	Revenues (local accounts)	Net income (local accounts)
Eutelsat Communications Finance RCS No. 490416674 Paris Headquarters in Paris (period ended 30 June 2011)	5,000	3,112,959	100%	-	252,205

The table below provides aggregated information for all investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2011:

(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	-	-	-	370,000

Note 18: Events after the balance sheet date

None.

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

20.1.4 Statutory Auditors' report on the annual financial statements of Eutelsat Communications for the financial year ended 30 June 2011

To the shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the financial year ended 30 June 2011, on:

- the audit of the accompanying annual financial statements of Eutelsat Communications;
- the justification of our assessments;
- the specific verification required by French law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 June 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

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:

Your Company records impairments on financial investments according to the method described in note 2.3 to the financial statements. Based on available information, we assessed the methods and assumptions considered by your Company to estimate the value of its investments. We also performed tests to control the correct application of these methods. As part of the justification of our assessments, we assessed the reasonableness of these assumptions.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders has been properly disclosed in the management report.

Courbevoie and Neuilly-sur-Seine, 29 July 2011
The Statutory Auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
Isabelle Massa	Jean-Yves Jégourel

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20.2 Statutory Auditors' fees

See Section 20.1.1 "Eutelsat Communications' consolidated financial statements prepared under IFRS for the financial year ended 30 June 2011", Note 32 "Statutory Auditors' fees", in the Notes to the consolidated financial statements of Eutelsat Communications for the financial year ended 30 June 2011.

20.3 Dividend payout policy

The dividend payout policy is set by the Board of Directors after analysis, in particular, of the Group's results and financial position.

Since it was incorporated only recently, Eutelsat Communications first undertook the distribution of amounts deducted from the "Share premium" account before starting to pay dividends as of the year ended 30 June 2009.

During the first three financial years Eutelsat Communications thus distributed:

- an amount of €0.54 per share, drawn from the "Share Premium" account, with respect to the financial year ended 30 June 2006;
- an amount of €0.58 per share, drawn from the "Share Premium" account, with respect to the financial year ended 30 June 2007; and
- an amount of €0.60 per share, drawn from the "Share Premium" account, with respect to the financial year ended 30 June 2008.

Subsequently, as of the year ended 30 June 2009, Eutelsat Communications undertook the distribution of:

- an amount of €0.66 per share, of which €0.53 drawn from profit available for distribution, and the remainder taken from the share premium account (*i.e.* €0.13) in respect of the financial year ended 30 June 2009;
- an amount of €0.76 per share, of which €0.56 drawn from profit available for distribution, and the remainder taken from the share premium account (*i.e.* €0.20) in respect of the financial year ended June 2010.

For the financial year ended 30 June 2011, the Board of Directors decided, on 28 July 2011, to propose to the General Meeting of Shareholders a dividend of €0.90 per share or a total distribution of €197,652,583.80, representing a distribution rate of more than 58% of the net income attributable to the Group.

This amount of €0.90 per share will be taken in full from profit available for distribution.

In future, Eutelsat Communication's goal is to distribute between 50% and 75% of the net income attributable to the Group 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

The Group is involved in a number of cases of litigation in the normal course of its business. The Company has set up provisions that are considered to be adequate to cover the costs deemed to be likely by the Company and its advisers.

On 6 April 2011, Eutelsat initiated a request for arbitration before the International Chamber of Commerce against Deutsche Telekom and Media Broadcast to enforce its rights at the orbital position 28.5° East. The rights to certain frequencies at this orbital position are currently exploited by Eutelsat within the context of an agreement dating from June 1999 between Eutelsat and Deutsche Telekom whose satellite activity has since been transferred to Media Broadcast. At this stage, the Group does not expect a significant impact on its financial situation.

20.5 Significant changes in financial and commercial position

To the best of the Company's knowledge, there have been no significant changes affecting the Company's financial and commercial position since the end of the financial year ended 30 June 2011.

21 ADDITIONAL information

21.1 General information on share capital

21.1.1 Share capital

At the filing date of this reference document, the share capital stood at €220,113,982, divided into 220,113,982 ordinary shares, each with a par value of one 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 NYSE 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 BUY-BACK PROGRAMME

The Company's Combined Ordinary and Extraordinary General Meeting held on 9 November 2009 had authorised the Board of Directors to proceed with purchases of its own shares by the Company pursuant Articles L. 225-209 *et seq.* of the French *Code de commerce* within the limit of 10% of the share capital (excluding external growth transactions) and for a maximum unit price of €30.

Using this authorisation, on 1 February 2010, the Company's Board of Directors approved the free share allocation plan capped at a maximum of 700,000 shares ("LTIP").

On 11 August 2010, via a press release, the Company published a description of the share buy-back programme authorised by the General Meeting of Shareholders on 10 November 2009, pursuant to Articles 241-2 of the *Autorité des Marchés Financiers* ("AMF") General Regulations and 4§2 of European Regulation (EC) No.2273/2003 of 22 December 2003.

Furthermore, the Company publishes on its website, in section: http://www.eutelsat.com/fr/investors/programme-rachat-actions.html, the transactions realised in its own shares (excluding those realised within the framework of the liquidity agreement) pursuant to Articles 241-4 I 1 of the AMF General Regulations and 4§4 of the aforementioned EC regulation. The Company also makes a monthly declaration to the AMF regarding any acquisitions, disposals, cancellations and transfers of its own shares, pursuant to Articles L. 225-212 of the French *Code de commerce*, 4§3 of the European Regulation and 241-4 I 2° of the AMF General Regulations.

The authorisation thus granted by the General Meeting of Shareholders on 10 November 2009 was renewed by the Meeting of 9 November 2010, with a change in the maximum price to €56. At the filing date of this reference document, the Board of Directors had not used this new authorisation. The draft resolutions prepared by the Company's Board of Directors on 22 September 2011 for approval by the Ordinary and Extraordinary Meeting of Shareholders on 8 November 2011 provide for renewal of the foregoing authorisation, subject to a change in the maximum purchase price to €56 a share.

The report on the implemention of the share buy-back programme required pursuant to Articles L. 225-211 of the French *Code de commerce* is as follows:

- number of shares purchased during the financial year ended 30 June 2011 pursuant to Articles L. 225-208, 209 and 209-1 of the French *Code de commerce*: 500,000;
- average purchase price: €27.8290 (net acquisition price);
- transaction costs: €18,872.34;
- number of shares held as treasury stock at 30 June 2011: 500,000:
  - value at the acquisition price: €13.9 million,
  - number of shares used: 0,
  - eventual reallocations: not applicable,
  - fraction of the capital represented: 10% maximum.

FREE SHARE ALLOCATION PLAN OF 1 FEBRUARY 2010 (LTIP)

The Board of Directors meeting on 1 February 2010 approved a new free share allocation plan for all Group staff including Corporate Officers, for a maximum of 700,000 shares, and decided that the grant would be implemented through the distribution of previously repurchased 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, 554 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. Michel de Rosen is entitled to a total 66,952 shares and Mr. Jean-Paul Brillaud to 36,122 shares.

As of 30 June 2011, in order to satisfy the potential allocations in respect of the LTIP, the Company held 500,000 of its own shares.

No other grant was made by the Board of Directors for the financial year ended 30 June 2011.

LIQUIDITY AGREEMENT

In 2007, the Company signed a contract with Exane BNP Paribas for the implementation of a liquidity agreement. This agreement was modified by an endorsement in 2011, to take into account the updated accepted market practice published by the AMF on 24 March 2011. On 26 April 2011 it was decided to increase the financing allocated to the liquidity contract which stood at €2,300,000 at 30 June 2011.

As of 30 June 2011, the liquidity provider had purchased in the name of and on behalf of the Company 44,516 shares, representing a total of €3,438,911.

21.1.4 Other securities giving access to the share capital

None.

21.1.5 Share capital authorised but not issued

The table below summarises the delegations of power and authorisations granted to the Board by the General Meeting of Shareholders on 9 November 2010 and remaining in force at the filing 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** (10th resolution)	10% of the share capital except for purchases of shares with a view to custody and later use for payment or exchange in a merger, split or contribution transaction; 5% of the share capital. Theoretical ceiling of €400 million (N.B. maximum price €56 per share excluding acquisition costs)	OGM convened to approve the accounts for the financial year ended 30 June 2011 and, in all cases, a maximum of 18 months as of the OGM of 9 November 2010
2.	**Delegation of power to the Board of Directors** **(i) to issue ordinary shares in the Company and/or securities conferring rights to ordinary shares in the Company:** **a- with maintained preferential subscription rights for shareholders** (11th resolution); **b- without preferential subscription rights for shareholders in the case of a public offering** (12th resolution) **c- without preferential subscription rights for shareholders in the case of a private placement pursuant to article L. 411-2 of the Financial and Monetary code** (13th resolution); **d- in the event of a public exchange offer initiated by the Company** (18th resolution); **e- to remunerate contributions in kind with the limit of 10% of the Company's share capital** (19th resolution)	a), b), c), d) and e) €44 million (total ceiling common to resolutions 11 to 15 and 18 to 20, c) 20% of the share capital per year, e) 10% of the share capital)	
	(ii) to increase the share capital through incorporating reserves, profits, premiums or other sums whose capitalisation is admitted (16th resolution);	€44 million (separate ceiling)	
	(iii) to issue: **a- free stock warrants to shareholders in the case of a public offer involving the Company's shares** (17th resolution); **b- ordinary shares as a result of the issuance by the Company's subsidiaries of securities conferring rights to the Company's ordinary shares** (20th resolution); **c- securities conferring rights to the allocation of debt securities** (21st resolution)	a) €44 million (separate ceiling) b) €44 million (ceiling common to the 11th to 15th and 18th to 20th resolutions c) €1.5 billion (separate ceiling)	
3.	**Authorisation granted to the Board of Directors in the cases of issues without preferential subscription rights to set the issue price based on modalities set by the General Meeting of Shareholders, limited to 10% of the share capital per year** (14th resolution)	10% of the share capital per year and €44 million (ceiling common to the 11th to 15th and 18th to 20th resolutions	
4.	**Authorisation granted to the Board of Directors to increase the number of shares to be issued in the case of a capital increase with or without preferential subscription right, decided in application of the eleventh to fourteenth resolutions** (15th resolution)	Ceiling foreseen in the resolution by whose application the initial issue has been decided	

	Operation concerned	Maximum nominal amount	Duration of the authorisation and expiry date
5.	**Authorisation granted to the Board of Directors to:**		
	(i) increase the share capital by issuing ordinary shares or securities conferring rights to the Company's capital reserved to members of a Company or Group savings plan (22nd resolution)	€2 million (separate ceiling)	
	(ii) to grant: **a- free shares in the Company to eligible employees and Corporate Officers of the Company or Group** (23rd resolution) **b- stock and/or purchase options in the Company's ordinary shares to eligible employees and Corporate Officers of the Company or Group** (24th resolution)	0.5% of the share capital (ceiling common to the 23rd and 24th resolution)	
	(iii) to reduce the share capital by cancelling shares acquired by the Company under its share repurchase programme (25th resolution)	10% of the share capital by periods of 24 months	

During the financial year ended 30 June 2011, the Board of Directors used the authorisation granted under the 10th resolution, authorising it to buy back the Company's shares under a liquidity agreement to stimulate trading in the secondary market.

The draft resolutions drawn up by the Company's Board of Directors at its meeting on 22 September 2011 for approval by the shareholders at the Combined Ordinary and Extraordinary General Meeting of 8 November 2011 provide for the renewal of the authorisations granted under the 10th to 25th resolutions adopted by the General Meeting of Shareholders on 9 November 2010, subject to certain changes in amounts or price conditions.

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

On 15 July 2005, certain key managers and Directors and Corporate Officers entered into formal commitments for the purchase and sale of Eutelsat S.A. shares potentially derived from the exercise of the stock options granted by Eutelsat S.A. under the "Managers I", "Managers II", "Managers III" and "Managers IV" plans (see Note 15.3 "Share-based compensation" to the consolidated financial statements for the year ended 30 June 2011), *i.e.* a total of almost 18.3 million Eutelsat S.A. shares, as follows:

- commitment to sell:
  - given by each of the managers and Corporate Officers to Eutelsat Communications,
  - exercise price per share: €2.70,
  - 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 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 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 per share.

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21.1.7 Change in the share capital up to the filing 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 filing 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 share with equity warrants (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
06/10/2005	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 equity warrants (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

21.1.8 Pledges, guarantees and securities

PLEDGES OF COMPANY SHARES

To the best of the Company's knowledge, at the filing date of this reference document, none of the Company's shares were pledged.

PLEDGES, GUARANTEES AND SECURITIES ON THE COMPANY'S ASSETS

To the best of the Company's knowledge, at the filing 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 filing date of this reference document.

21.2.1 Corporate purpose (Article 3 of the by-laws)

The Company's corporate 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 Observer (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 Board Members, the CEO, the Deputy CEO(s) and the Chairman when they reach the age limit, 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 three and at most 12 Board Members, subject to the exceptions stipulated by law. Board Members 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, Board Members no longer need to hold shares in the Company for the term of their office.

Board Members may be re-elected and their term of office may be revoked at any time by decision of the Ordinary General Meeting

No one may be appointed to be a Board Members if he/she has passed the age of 70 and if, as a result of his/her 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 Board Member. He/she may be re-elected.

The Board of Directors may revoke his/her appointment at any time.

No Board Members 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 General Meeting of Shareholders 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 Board Members 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, Board Members 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.

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 rules may provide that the Board Members who participate in the meeting by means of video conference or other telecommunications technologies permitting their identification

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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 registered office pursuant to regulatory provisions.

REPRESENTATION

Any Board Member may, in writing, authorise another Board Members to represent him/her at a meeting of the Board.

During one and the same meeting, each Board Member 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 Board Members.

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 General 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 to constitute 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 are members of the committees.

COMPENSATION

The General Meeting of Shareholders may allocate to Board Members, in consideration for their activities, by way of Board Members' attendance fees, an annual fixed sum that the Meeting determines, without being bound by previous decisions.

The Board of Directors shall freely distribute among its members the total amounts allocated to the Board Members in the form of Directors' fees.

The Board of Directors may allocate extraordinary compensation for duties or appointments assigned to Board Members under the conditions provided by law.

Board Members 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 Board Members in the Company's interest.

OBSERVER *(CENSEUR)*

The position of Observer has been created.

This Observer position is reserved for the individual who holds the position of Executive Secretary of Eutelsat IGO and may only be exercised by this individual.

No person may be an Observer if he/she 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 Observer's position shall remain vacant as long as the Executive Secretary position remains vacant.

The Observer shall be called to and may attend meetings of the Board of Directors and express his/her point of view on any item on the agenda, but he/she may not take part in the voting.

An Observer may not be represented at a meeting of the Board of Directors except, if it is impossible for him/her to attend a meeting, with the approval of the Chairman of the Board.

The Observer shall receive the same information and the same documentation as the Board Members, as said information and documentation shall be sent concurrently to the Board Members and Observer.

All the information brought to the attention of the Observer in connection with his/her duties shall be considered strictly confidential and he/she shall be held to the same obligations as the Board Members (unless such information has fallen into the public domain).

No confidential information may be disclosed to a third party by the Observer without first having been authorised by the Chairman of the Board of Directors, the CEO, if he/she 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 keeps the Company's securities account, under current statutory and regulatory conditions, for information about the holders of shares that immediately or ultimately confer the right to vote at Meetings of Shareholders and the number of shares held by each of them and any restrictions that may affect such shares.

21.2.4 Rights and obligations attached to shares (Article 12 of the 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 General Meetings of Shareholders. The by-laws impose no limit on voting rights.

The voting right shall belong to the beneficial owner at Ordinary General 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 of Shareholders, 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 General 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 registered office or at any other location stated in the convening notice.

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 General Meetings in person, a shareholder may choose between one of the following three options: give a proxy to another shareholder or to his/her spouse, or vote by mail, or send a proxy to the Company without indicating any agent, under the conditions provided in the 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 General Meeting the vote or the proxy of an owner of shares who does not have his/her 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 the law and regulations, shareholders may send their proxy and voting forms concerning any General Meeting of Shareholders either in paper form or, by decision of the Board of Directors indicated in the convening notice, 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.

General Meetings of Shareholders shall be chaired by the Chairman of the Board of Directors or, in his absence, by a Board Member specially delegated for that purpose by the Board. Otherwise, the General Meeting itself shall elect its Chairman.

The duties of scrutineers shall be performed by the two members of the General 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 the 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.

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.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

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 five 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, be 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 General Meeting of Shareholders that is held until the expiry of a period of two years following the date of rectification of the notice.

21.2.8 Changes in the share capital (Article 8 of the Company's by-laws)

The share capital may be increased, reduced or redeemed under the conditions set by law.

22 IMPORTANT CONTRACTS

22.1 Contracts concerning satellites

Since 30 June 2011, the following satellite procurement contracts have been signed.

- In July 2011, Eutelsat 3B was ordered from EADS Astrium.

During the financial year 2010-2011, the Group signed the following satellite procurement contracts:

- in July 2010, EUROBIRD™ 2A was ordered jointly with ictQATAR from Space Systems/Loral;
- in November 2010, W3D was ordered from Thales Alenia Space following the loss of the W3B in orbit.

During the financial year, 2009-2010, the Group signed satellite procurement contracts as follows:

- W5A, ordered in May 2010 from Astrium;
- W6A, ordered in May 2010 from Thalès Alenia Space.

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 four 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.

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 2010-2011, the Group received €2.68 million in respect of the late delivery of the W3B satellite and €1.99 million in consideration for the late delivery of the KA-SAT satellite. During the financial year 2009-2010, the Group received €5.4 million in respect of the late delivery of the W2A satellite and €850,000 in respect of the late delivery of the W7 satellite.

In 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 Limited Partnership, International Launch Services and China Great Wall Industry Corp (CGWIC)/Chinese Society of Astronautics (CSA). The fact of having at least four launch service suppliers gives the Group additional flexibility and security to ensure that its satellites under construction will be launched within the scheduled time limits.

During the financial year 2010-2011, the W3B satellite was launched on the Ariane 5 rocket by Arianespace and the KA-SAT satellite was launched on the Proton M Breeze M by ILS (International Launch Services).

During the financial year 2009-2010, the W7 satellite was launched on a Proton rocket by ILS (International Launch Services).

During the financial year 2008-2009, Arianespace launched three of the Group's satellites: HOT BIRD™ 9, HOT BIRD™ 10 and W2M 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 cancellation penalties, which could be substantial.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

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 Company's Refinancing Loan and the Eutelsat S.A. Refinancing Loan). These financing agreements together with the bonds issued by Eutelsat S.A. are described in Section 10.3 "Changes in debt and the Group's financing structure".

23 DOCUMENTS AVAILABLE to the public

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 website at the following address: http://www.eutelsat.com and copies thereof may be obtained at the Company's registered office, 70, rue Balard, 75015 Paris.

The following documents are also available on the Company's website www.eutelsat.com:

- annual report;
- reference document;
- presentation of the annual and half-year financial statements;
- half-year financial statements;
- press releases with financial data;
- description of the share buy-back programme and weekly statements of the liquidity agreement;
- half-year balance sheet of the liquidity agreement;
- modification of the resources allocated to the liquidity agreement;
- information about the number of voting rights and share capital;
- information regarding statutory auditors' fees;
- report on internal control and corporate governance.

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:

- 3 November 2011: Publication of first quarter revenues for the financial year 2011-2012;
- 8 November 2011: Combined Ordinary and Extraordinary General Meeting of Shareholders;
- 16 February 2012: Publication of half-year results for the financial year 2011-2012;
- 10 May 2012: Publication of third quarter revenues for the financial year 2011-2012;
- 30 July 2012: Publication of the full year results for the financial year 2011-2012.

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
Press Releases	
22 September 2011	Eutelsat's ATLANTIC BIRD™ 7 satellite set for September 24 launch by Sea Launch
21 September 2011	Eutelsat and Multichoice Africa announce winners of the first DStv Eutelsat Star Awards
20 September 2011	Eutelsat announces a new commercial agreement with Alsatis for the distribution of the TOOWAY™ satellite broadband service for consumers, businesses and local authorities
8 September 2011	TRACE selects Eutelsat's EUROBIRD™ 9A satellite to broadcast its platform of HD Channel across Europe and the Middle East
7 September 2011	Eutelsat and Eser Telekom announce agreement to expand reach of TOOWAY™ satellite broadband into Turkey and the neighbouring countries
1 September 2011	Exceptional student response to the first edition of the DStv Eutelsat Star Awards

23 - DOCUMENTS AVAILABLE TO THE PUBLIC

Annual information document

Publication date	Title of press release
31 August 2011	Eutelsat announces a new commercial agreement with Green Connection for the distribution of the TOOWAY™ satellite broadband service
29 August 2011	Eutelsat announces distribution agreement with Egyptsat for its TOOWAY™ satellite broadband service
24 August 2011	Forthnet Group signs new contracts with Eutelsat to launch triple play services
28 July 2011	Appointments: Michel Azibert joins Eutelsat as Deputy CEO – Jean-Paul Brillaud to be proposed as Board Member at the General Meeting of Shareholders of November 2011
28 July 2011	Eutelsat powers up a new orbital position to drive expansion in high growth markets
28 July 2011	Eutelsat Communications reports double-digit revenue and EBITDA growth, group share of net income up more than 25%
21 July 2011	Large-scale partnership between Eutelsat and France Televisions for the VIIIth Indian Ocean Island Games
21 July 2011	Eutelsat provides Wi-Fi networks with TOOWAY™ via satellite at the Évian Masters
13 July 2011	Eutelsat, ANEM and ADF reveal the name of the 12 departments and local authorities selected to be part of the broadband presentation via Eutelsat's KA-SAT satellite
13 July 2011	Eutelsat's TOOWAY™ satellite broadband service attracts new business in the Ukraine with Eurosat-Ukraine
4 July 2011	Italian Space Agency to cooperate with Eutelsat and Skylogic on broadband connectivity in Italy
30 June 2011	Eutelsat partners with Orange to broadcast in 3D via satellite Prince Albert of Monaco's wedding
29 June 2011	Eutelsat joins Space Data Association as executive member
20 June 2011	Datagroup selects Eutelsat's TOOWAY™ satellite service to roll-out broadband to consumers and businesses in the Ukraine
15 June 2011	Vizada Networks ramps up capacity on Eutelsat W7 satellite
14 June 2011	Eutelsat and Multichoice Africa launch the DStv Eutelsat Star awards to promote science and technology learning in African schools
10 June 2011	San Marino TV selects two Eutelsat satellites to broadcast across Italy and Europe from June 13
31 May 2011	Eutelsat's KA-SAT high throughput satellite goes live
23 May 2011	Eutelsat announces distribution agreement between Skylogic and Teliasonera for its TOOWAY™ satellite broadband service
18 May 2011	Eutelsat partners with the National Association of Elected Representatives from Mountain (ANEM) and the Assembly of the Departments of France (ADF) to kick off a free presentation on broadband Internet in white zones
17 May 2011	Russian Satellite Communications company and Eutelsat to partner on broadband services in Russia using the new KA-SAT satellite
10 May 2011	Eutelsat Communications third quarter 2010-2011 revenues increase 10% full year 2010-2011 revenue expectations revised upward
10 May 2011	Russian Satellite Communications Company and Eutelsat Communications announce the signature of a memorandum of understanding for a new satellite to drive expansion at 36° East
6 May 2011	Slovenia National TV renews broadcast relationship with Eutelsat with new 10-year contract at the HOT BIRD™ neighbourhood
29 April 2011	Marc Welinski joins Eutelsat as Director of Marketing and Commercial Strategy
27 April 2011	Capacity on four Eutelsat satellites mobilised for exceptional media coverage of British Royal Wedding
27 April 2011	Modification of the allocated resources to the liquidity contract
20 April 2011	Eutelsat announces new commercial contract between Skylogic and Avonline to provide TOOWAY™ broadband services to the UK via the KA-SAT satellite
11 April 2011	Globecast selects Eutelsat's EUROBIRD™ 9A satellite to launch HD distribution platform
4 April 2011	Eutelsat announces new contract between Skylogic and french Internet service provider SAT2WAY for new-generation broadband via KA-SAT
28 March 2011	Skylogic and skyDSL Global sign agreement for consumer broadband *services* via Eutelsat's KA-SAT satellite
24 March 2011	Eutelsat wins a Crystal Antenna of the World of Media award for Poland's first live satellite transmission in 3D
15 March 2011	Tachyon selects Eutelsat SESAT™ 2 satellite to expand service offering in Southwest Asia region
14 March 2011	Satellite broadband contract for Germany: Skylogic and Sat Internet Services seal an initial 3-year deal on KA-SAT

Publication date	Title of press release
23 February 2011	New Media Legend picks Eutelsat to launch “scene” TV platform for Russian satellite homes from 36° East video neighbourhood
17 February 2011	Eutelsat Communications reveal strong half-year results for 2010-2011
15 February 2011	New 12-year contract inked between Eutelsat and Mediaset to expand digital television in Italy
7 February 2011	Eutelsat at Cabsat Dubai satellites at the heart of dynamic digital media markets across Middle East and North Africa regions
27 January 2011	Digital transition in France driving growth of Eutelsat’s FRANSAT satellite platform of digital terrestrial TV channels
24 January 2011	Edouard Silverio joins Eutelsat Communication S.A.S. Group General Counsel
21 January 2011	Satellite Broadband Ireland signs €5M+ connectivity contract with Eutelsat to bring high speed Internet to Ireland via the KA-SAT satellite
18 January 2011	Box TGV: the OCEA Consortium meets the challenge of Internet access in high-speed trains
17 January 2011	Eutelsat and Arianespace pursue longstanding partnership with new contract for satellite launch in 2012
14 January 2011	T-HRVATSKI TELEKOM (T-HT) selects Eutelsat’s 16° East neighbourhood to roll-out MAXtv pay-tv platform to viewers across Croatia
13 January 2011	Eutelsat’s KA-SAT satellite successfully on station at 9° East and undergoing in-orbit tests
6 January 2011	Albania’s Digitalb pay-TV platform extends to 2020 its satellite capacity at Eutelsat’s 16° East neighbourhood
27 December 2010	Eutelsat’s KA-SAT satellite successfully lofted into orbit by ILS Proton rocket from the Baikonour Cosmodrome
22 December 2010	Launch campaign resumes for Eutelsat’s KA-SAT satellite: Launch scheduled for night of 26-27 December 2010
20 December 2010	Telewizja Polsat, broadcaster of Poland’s first commercial TV channel renews capacity lease at Eutelsat’s HOT BIRD™ position
16 December 2010	Xinhua’s CNC world english channel selects three Eutelsat satellites for reach across Europe, Middle East and Africa
06 December 2010	France Télévisions selects Eutelsat to launch digital public broadcasting for Reunion Island and Mayotte
3 December 2010	Eutelsat Commissions W3D satellite from Thales Alenia Space for delivery in November 2012
22 November 2010	Eutelsat’s high-throughput KA-SAT satellite on track for December 20 launch
19 November 2010	Winners announced of the prestigious HOT BIRD™ TV Awards 2010
9 November 2010	Eutelsat Communications: Annual General Meeting on 9 November 2010
8 November 2010	Nilesat inks 10-year contract with Eutelsat for five transponders at 7° West position
3 November 2010	Eutelsat Communications reports excellent first quarter 2010-2011 revenues
29 October 2010	Eutelsat statement on loss of W3B satellite
29 October 2010	Eutelsat’s W3B satellite successfully lofted into orbit: expanding resources for Europe and Africa
5 October 2010	Horizon Satellite Services boosts capacity with Eutelsat for increased broadband connectivity in Middle East and Central Asia
4 October 2010	Eutelsat’s W3B satellite ready to be launched on an Ariane 5 rocket on next 28 October
1 October 2010	HOT BIRD™ TV Awards nominated channels announced for 2010
28 September 2010	Eutelsat strengthens its commitment to all-digital policy in mountain areas by partnering with the National Association of Elected Representatives from Mountain (ANEM)
Crossing Of Disclosure Thresholds	
22 August 2011	Notification of the 5% upward crossing of threshold in terms of Company capital and voting rights by Blackrock Inc, which owns 11,031,045 shares, representing 5.01% of the Company’s share capital
30 May 2011	Notification of the 5% downward crossing of threshold in terms of Company capital and voting rights by Blackrock Inc, which owns 10,967,006 shares, representing 4.98% of the Company’s share capital.
3 May 2011	Notification of the 5% upward crossing of threshold in terms of Company capital and voting rights by Blackrock Inc, which owns 11,046,243 shares, representing 5.02% of the Company’s share capital.
2 May 2011	Notification of the 1% downward crossing of threshold in terms of Company capital and voting rights by UBS AG, which owns 847,296 shares, representing 0.38% of the Company’s share capital.

23 - DOCUMENTS AVAILABLE TO THE PUBLIC

Annual information document

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

Publication date	Title of press release
27 April 2011	Notification of the 1% downward crossing of threshold in terms of Company capital and voting rights by Amundi Asset Management, which owns 854,597 shares, representing 0.39% of the Company's share capital
26 April 2011	Notification of the 1% upward crossing of threshold in terms of Company capital and voting rights by UBS AG, which owns 2,254,697 shares representing 1.02% of the Company's share capital
18 March 2011	Notification of the 5% downward crossing of threshold in terms of Company capital and voting rights by Blackrock Inc., which owns 10,991,320 shares, representing 4.99% of the Company's share capital
23 February 2011	Notification of the 5% upward crossing of threshold in terms of Company capital and voting rights by Franklin Resources Inc., which owns 11,034,280 shares, representing 5.0130% of the Company's share capital
15 February 2011	Notification of the 2% downward crossing of threshold in terms of Company capital and voting rights by Norges Bank Investment Management, which owns 4,214,194 shares, representing 1.91% of the Company's share capital
10 February 2011 *Grand-Father Clause*	Statement of participation under the regulation of public offers by Abertis Telecom SAU which owns 69,022,989 shares of Eutelsat Communications, representing 31.36% in terms of capital and voting rights of the Company, from 1 January 2010 to 1 February 2011
21 January 2011	Notification of the 2% downward crossing of threshold in terms of Company capital and voting rights by Threadneedle Asset Management Holdings Ltd., which owns 4,288,082 shares, representing 1.948% of the Company's share capital
8 December 2010	Notification of the 2% upward crossing of threshold in terms of Company capital and voting rights by Norges Bank Investment Management, which owns 4,419,829 shares, representing 2.01% of the Company's share capital
8 December 2010	Notification of the 5% upward crossing of threshold in terms of Company capital and voting rights by Blackrock Inc, which owns 11,376,630 shares, representing 5.17% of the Company's share capital
30 November 2010	Notification of the 1% upward crossing of threshold in terms of Company capital and voting rights by GLG Partners LP, which owns 2,028,230 shares, representing 0.92% of the Company's share capital
16 November 2010	Notification of the 1% downward crossing of threshold in terms of Company capital and voting rights by UBS Investment bank, which owns 1,075,684 shares, representing 0.49% of the Company's share capital
10 November 2010	Notification of the 1% upward crossing of threshold in terms of Company capital and voting rights by AMUNDI, Société Générale Gestion and Étoile Gestion, which own 2,259,896 shares, representing 1.03% of the Company's share capital
Information published in the BALO (Bulletin des annonces légales obligatoires/Bulletin of Compulsory Legal Notices)	
29 December 2010	Declaration of number of voting rights
10 December 2010	Approval of the financial statements for the financial year ended 30 June 2010
25 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
1 October 2010	Notice of a meeting constituting a convocation to the Combined General Meeting of 10 November 2010, ruling on the annual financial statements for the financial year ended 30 June 2010
Declarations of securities transactions by managers	
June 2011	Giuliano Berretta and related party(ies): disposals of shares
May 2011	Olivier Rozenfeld, Board Member: acquisition of shares
May 2011	Giuliano Berretta and related party(ies): disposals of shares
April 2011	Giuliano Berretta and related party(ies)): disposals of shares
March 2011	Giuliano Berretta and related party(ies): disposals of shares
February 2011	Giuliano Berretta and related party(ies): disposals of shares
January 2011	Giuliano Berretta and related party(ies): disposals of shares
December 2011	Giuliano Berretta and related party(ies): disposals of shares
Information filed with the Court Clerk's Office	
4 March 2011	Annual financial statements
17 February 2011	Extract from the minutes: Resignation of Board Member; Co-opting of Board Member

Publication date	Title of press release
11 February 2011	Letter: Appointment of permanent representative
9 November 2010	Extract from the minutes: Appointment of Board Members
9 November 2010	Extract from the minutes: Appointment of Board Members
22 June 2010	Extract from the minutes: Co-opting of Board Members

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.

24 INFORMATION on holdings

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 17 to the Company’s annual financial statements for the financial year ended 30 June 2011.

GLOSSARY

Analogue

Format of a broadcast signal where a continuously varying physical quantity precisely describes the variation of the information it represents.

Bandwidth

Band of frequencies used for an RF transmission (*e.g.* 36 MHz).

Beam

Term used to describe the radiation pattern of a satellite antenna. The intersection of a satellite beam with the surface of the Earth is called the footprint (of the beam).

Broadcast Satellite Service (BSS)

Communications service in which signals transmitted or retransmitted by satellite are intended for direct reception by the general public. Use of the corresponding frequencies is governed by international regulations, with the aim of allowing all countries to offer services of this kind. In Europe, the downlink frequency range for the BSS is 11.7 to 12.5 GHz.

C-band

Frequency range assigned to satellite 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.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 A

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.

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 sub-systems 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 APPENDIX

Summary of appendices

A APPENDIX 1

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*

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

Eutelsat Communications
***Société anonyme* with a Board of Directors and a share capital of €220,113,982**
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 2011 and on the internal control procedures and risk management 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

With the support of its three committees, namely the Strategy and Investments Committee, the Audit Committee and the Governance, Selection and Remuneration Committee, the Board continued its close involvement in preparing 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 reinforce and improve its risk management and internal control practices, not least due to the marked development of its technical and operational activities.

2. Governance of the Company

Corporate governance

The Company complies with the guidelines of the AFEP-MEDEF Code of Corporate Governance of April 2010 (hereinafter the "Code of Reference"). Where there are points of divergence between the Company's practice and the recommendations of the Code of Reference, they are mentioned in the relevant paragraphs of this document.

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.*

To the Company's knowledge, 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* ("FSI") with 25.62% of the share capital as of 30 June 2011.

To the Company's knowledge, as of 30 June 2011, no shareholder of our Company, whether directly or indirectly, by itself or with others, exercised control within the meaning of article L. 233.3 and following of the French *Code de commerce.*

Pursuant to the new legal and regulatory provisions regarding the mandatory filing of a public offer on a regulated market, Abertis Telecom filed a declaration on 10 February 2011 with the AMF invoking the grandfather clause enabling holders, at 1 January 2010, of a stake of between 30% and one third of the share capital or voting rights of a company listed on the NYSE Euronext regulated market in Paris to continue to benefit from the former threshold of one third in perpetuity.

Separating the functions of Chairman and Chief Executive Officer

Note that, in accordance with the legal and regulatory provisions (articles L. 225-51-1, R. 225-26 and R. 225-27 of the Code of Commerce), the Board of Directors decided at its meeting of 10 November 2009 to separate the functions of Chairman of the Board and Chief Executive Officer.

Accordingly, Mr. Michel de Rosen became Chief Executive Officer of the Company, Mr. Giuliano Berretta being Chairman of the Board of Directors until the expiry of his term of office as a Board member.

Change in the composition of the Board of Directors

The composition of the Board of Directors changed during the financial year following the election to the Board by the General Meeting of Shareholders on 9 November 2010 of Ms. Carole Piwnica and Mr. Olivier Rozenfeld and the co-opting (i) of the *Fonds Stratégique d'Investissement* ("FSI") represented by Mr. Thomas Devedjian (Board meeting of 17 February 2011) in replacement of CDC Infrastructure which resigned from the Board having transferred all of its shareholding in the Company to the FSI during the previous financial year and (ii) of the company Abertis Telecom represented by Ms. Marta Casas Caba (Board meeting of 27 May 2011) in replacement of Mr. Carlos Espinós-Gómez, who resigned from the Board following his appointment as Chief Executive Officer of Hispasat S.A. during the financial year.

The composition of the Board of Directors as of 30 June 2011 is shown in the table below.

Name	Date appointed/ co-opted	End of term of office
Giuliano Berretta	31 August 2005	OGM approving the financial statements for the financial year to 30 June 2011
Michel de Rosen	10 November 2009	OGM approving the financial statements for the financial year to 30 June 2015
Jean-Luc Archambault	10 May 2007	OGM approving the financial statements for the financial year to 30 June 2011
Bertrand Mabille	10 May 2007	OGM approving the financial statements for the financial year to 30 June 2011
FSI, represented by Thomas Devedjian	17 February 2011	OGM approving the financial statements for the financial year to 30 June 2011
Francisco Reynes	22 June 2010	OGM approving the financial statements for the financial year to 30 June 2011
Tobías Martínez Gimeno	23 January 2007	OGM approving the financial statements for the financial year to 30 June 2011
Andrea Luminari	23 January 2007	OGM approving the financial statements for the financial year to 30 June 2011
Abertis Telecom, represented by Marta Casas Caba	27 May 2011	OGM approving the financial statements for the financial year to 30 June 2011
Lord John Birt	10 November 2006	OGM approving the financial statements for the financial year to 30 June 2012
Olivier Rozenfeld	9 November 2010	OGM approving the financial statements for the financial year to 30 June 2016
Carole Piwnica	9 November 2010	OGM approving the financial statements for the financial year to 30 June 2016

In application of the Company's by-laws and the Letter-Agreement between the Company and Eutelsat IGO, the Executive Secretary of Eutelsat IGO, sits on the Board of Directors as an observer *(censeur).*

Independent Board Members

The Board of Directors currently comprises three independent Board members, namely Ms. Carole Piwnica, Lord Birt and Mr. Olivier Rozenfeld. The criteria defining independence adopted by your Board are those recommended in the Code of Reference which stipulates that a Board member is independent when he or she has no relationship of any nature whatsoever with the Company, its Group or Management that would be such as to affect the Director's judgement.

The Board considers that its composition, given the presence throughout the financial year of independent Directors alongside Directors exercising management functions within the Group or representing major shareholders, constitutes a factor of sound governance, even if Board members deemed to be independent do not yet make up one third of the Board recommended by the Code of Reference.

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 its operating subsidiary Eutelsat S.A. and the Eutelsat S.A. workers council on 8 November 2007. This agreement is designed to give the workers 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 to inform the Eutelsat S.A. workers 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. workers 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, thereby limiting the powers of the Chief Executive Officer.

These decisions can be grouped under the following headings:

OPERATIONS AFFECTING THE COMPANY

Any operation that results in a significant change 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 Strategic Plan aims to establish the Group's strategic objectives and define the resources required to achieve those objectives, together with the Group's financial and business activity forecasts.

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 amounting to more than €50 million, or more than €25 million if the relevant investment operation is not included in the Five-Year Strategic Plan or the Annual Investment Plan.

The Strategic Plan for the period from the 2011-2012 financial year to the 2015-2016 financial year was approved by the Board of Directors meeting of 22 June 2011.

FINANCIAL COMMITMENTS AND INVESTMENTS

The Group's consolidated Annual Budget which establishes the financial and budgetary objectives for the coming year and which is included in the Strategic Plan is subject to prior approval by the Board of Directors at the beginning of each financial year. Similarly, all capital expenditure in excess of €50 million, if the relevant operation is included in the Group's Annual Budget or in its Strategic Plan (or in excess of €25 million if not included in the Annual Budget) is subject to prior approval by the Board of Directors.

The Group's consolidated Annual Budget is reviewed by the Board during the last quarter of the relevant financial year. The Annual Budget for the 2011-2012 financial year was approved by the Board on 27 May 2011.

Exhaustive documentation is prepared by the Management on any decisions to commit to capital expenditure and particularly investments relating to the satellite fleet or to external growth transactions. These dossiers are then reviewed in detail by the Strategy and Investments Committee followed by the Board of Directors, which evaluates the opportunity and determines whether the proposed capital expenditure is in line with the Group's strategic objectives. Note that proposed capital expenditure is also an integral part of the Group's consolidated Annual Budget reviewed by the Board of Directors in the normal course of its business.

During the financial year, the Board thus decided to procure the W3D and EUROBIRD™ 9B satellites and approved the Management's choice of the launchers Ariane, Sea Launch Limited Partnership and ILS.

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 of more than €50 million. The same applies to any decision to dispose of loan assets of the Company (excluding capacity lease agreements) or any other form of transfer of assets in excess of €50 million that is not expressly included in the Group's Annual Budget.

HALF-YEARLY AND ANNUAL FINANCIAL STATEMENTS

The half-yearly and annual consolidated financial statements are closed by the Board of Directors and submitted to the General Meeting of Shareholders for approval, as is the selection and submission of the list of Statutory Auditors to be appointed, renewed or dismissed.

Furthermore, pursuant to article L. 232.2 of the French Code of Commerce, the Board of Directors approves the Management planning documents for the Company no later than October and April of each year.

GROUP GENERAL MANAGEMENT

The prior approval of the Board of Directors is required before a Manager whose remuneration is amongst the six highest compensation packages in the Group can be recruited or dismissed.

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, summary income statement, situation regarding indebtedness, cash flow and costs, etc.) to enable the Board to gain 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 MATTERS

Pursuant to its by-laws and Internal Regulations, the Board of Directors is informed, notably, whenever any statutory thresholds are exceeded. This information is also brought to the attention of Eutelsat IGO in application of the Letter-Agreement of September 2005.

Committees of the Board of Directors

The Board of Directors decided to establish three committees to advise the Board in their respective areas of responsibility: the Audit Committee, the Governance, Selection and Remuneration Committee and the Strategy and Investments Committee. The missions of the three committees were determined by the Board at its meeting of 9 November 2010.

GOVERNANCE, 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 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 co-opting of new Board members in the event of vacancies, and (v) the recruitment or dismissal of any employee whose remuneration is amongst the six highest compensation packages in the Group.

As of 30 June 2011, the Governance, Selection and Remuneration Committee comprised Messrs. Thomas Devedjian, Francisco Reynes, Lord Birt and Ms. Carole Piwnica, who has chaired the Committee since 17 January 2011.

The Secretary of the Committee is Mr. Izy Béhar, the Group's Director of Human Resources.

The Committee met 10 times during the financial year, with an attendance rate for Committee members of more than 94%.

The Governance, Selection and Remuneration Committee was very active during the year, especially in three areas:

- The Committee reviewed the co-opting of new Board Members following the resignations of CDC Infrastructure and Mr. Carlos Espinós-Gómez and submitted its recommendations to the Board of Directors which subsequently adopted them.
- The Committee was informed of the audit conducted by the Legal Department on the implementation of the recommendations of the Code of Reference and of the AMF on 3 November 2010 on the prevention of insider trading. This audit has enabled the Committee to carry out a review that remains ongoing regarding potential changes to the Board's Internal Rules to comply with these recommendations.
- The Committee reviewed the implementation of recommendations aimed at the equal representation of men and women within the Board in order to reach the recommended 20% proportion of women Board Members by April 2013 (although the law requires this proportion to be respected only from November 2014).

STRATEGY AND INVESTMENTS COMMITTEE

In the course of its work, the Strategy and Investments Committee's main task was to oversee the preparation of the Group's 2011-2016 Strategic Plan and of the Group's consolidated annual budget for 2011-2012, in liaison with the Audit Committee, as well as review plans to invest in four new satellites (W3D, Newsat, EUROBIRD™ 9B and W4A).

As of 30 June 2011, the Strategy and Investments Committee comprised Mr. Giuliano Berretta, Lord Birt and Messrs. Michel de Rosen, Bertrand Mabille and Tobías Martínez Gimeno.

The Secretary to the Committee is Mr. Jean-Paul Brillaud, Deputy Chief Executive Officer.

The Committee met 10 times during the financial year with the attendance rate for members standing at above 90%.

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 financial statements (company and consolidated accounts), (ii) making recommendations on the draft consolidated Annual Budget proposed by the 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 principles 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 2011, the Audit Committee comprised Messrs. Jean-Luc Archambault, and Andrea Luminari together with two independents Directors, Ms. Carole Piwnica and Mr. Olivier Rozenfeld, the latter chairing the Committee and also meeting the independence and competence criteria established by the *Code de commerce.* Lord Birt resigned from the Audit Committee during the financial year.

The Group's Chief Financial Officer attended all the Audit Committee meetings. Secretarial services to the Committee are provided by the General Counsel and Secretary-General.

The Committee met seven times during the financial year with all its members attending virtually every meeting.

The work of 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 the financial statements 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 financial statements are being prepared, prior to their closing by the Board of Directors. Pursuant to the legal provisions (article L. 823-19 of the French *Code de commerce*), the Audit Committee issues a recommendation to the Board on the choice of Statutory Auditors whose appointment or reappointment will be proposed to the General Meeting of Shareholders approving the accounts for the financial year ended 30 June 2011.

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. A presentation of the risks associated with the orbital positions was also made to the Audit Committee.

Lastly, the Audit Committee also reviewed the work plan for the Internal Audit function during the financial 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 10 times during the financial year.

The attendance rate for Board members at meetings held during the financial year stood at 95%.

Except in the event of an emergency, invitations to attend meetings of the Board of Directors are sent out to Board members at least five days before the meeting concerned.

In accordance with the relevant provisions of the Board of Directors' Internal Regulations and the recommendations approved during the financial 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 five 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 Chief Executive Officer 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.

Conflicts of interest and regulated agreements

As of 30 June 2011, apart from the employment contract between Eutelsat S.A. and Eutelsat Italia s.r.l., of which Mr. Giuliano Berretta is an employee, there is no employment or service contract between the other Directors of the Company and any of its subsidiaries providing for the grant of benefits of any kind.

Note that, during the last financial year, we continued to apply the tax consolidation and so-called "management fees" concluded during previous financial years in compliance with the provisions of article L. 225-38 of the French *Code de commerce* on regulated agreements.

For further information, please see Section 10.4 of the Company's Management Report.

Principles and rules for determining compensation and benefits granted to the Directors and Corporate Officers

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 recommendations made by the Governance, Selection and Remuneration Committee.

The variable component of the Chief Executive Officer's compensation is determined on the basis of financial performance objectives linked mainly to predetermined, qualitative financial and operating performance criteria for the Group. For confidentiality reasons, precise quantitative objectives have been established which may not be made public. This variable component is awarded at the beginning of a year with reference to the previous financial year.

Mr. Jean-Paul Brillaud's (Deputy Chief Executive Officer) right to a defined benefits pension scheme is subject to his employment by the Group at the time of 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 criteria. During the financial year ending 30 June 2011, there were no free shares and/or stock subscription options granted by the Company to the benefit of its senior executives.

Evaluating the Board of Directors

In June 2010, the Board of Directors carried out a formal evaluation of its mode of functioning which had led to the appointment of new independent Board members by the General Meeting of Shareholders of 9 November 2010. In view of these latest appointments, the evaluation of the Board was postponed for a few months so that it could take place over a longer period.

Other information concerning the members of the Board of Directors

As of 30 June 2011, the Board of Directors comprised twelve members, of whom three are independent. During the financial year, two Board members were co-opted: the *Fonds Stratégique d'Investissement* ('"FSI"), represented by Mr. Thomas Devedjian, to replace CDC Infrastructure which resigned from the Board and Abertis Telecom, represented by Ms. Marta Casas Caba, to replace Mr. Carlos Espinós-Gómez following his resignation from the Board.

Each member of the Board of Directors is appointed for a six-year term of office and may be re-elected for a further term. In view of the structure of the shareholder base, the Board of Directors has, to date, not decided to reduce the duration of Board member' terms of office to four years or proceed to stagger the expiry of mandates as recommended by the Code of Reference.

Board Members resigning during the year

The company CDC Infrastructure resigned from the Board on 17 February 2011 due to the transfer of all CDC Infrastructure's holding in the Company to the *Fonds Stratégique d'Investissement* during the previous financial year. CDC Infrastructure had been represented within the Company's Board by Mr. Jean Bensaïd.

Mr. Thomas Devedjian was appointed permanent representative of the *Fonds Stratégique d'Investissement*, having been co-opted to the Board following the resignation of CDC Infrastructure.

Carlos Espinós-Gómez, a Spanish national, resigned as a member of the Company's Board on 27 May 2011 due to his appointment as Chief Executive Officer of Hispasat S.A.

Observer *(censeur)*

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 plans were put in place by the Board during the financial year ended 30 June 2011.

Note, however, that the Free Share Allocation Plan dated 25 July 2007 matured during the financial year ended 30 June 2010. As a result, the Board of Directors meeting on 29 July 2009 vested Mr. Giuliano Berretta, in his capacity as Chairman and CEO, with a total of 76,431 shares, and Mr. Jean-Paul Brillaud, Deputy CEO, with a total of 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 lock-in period of two years.

Furthermore, 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. The vesting period was fixed at three years, expiring on 1 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. To be definitively acquired, these shares must also 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. Jean-Paul Brillaud, Deputy CEO, to a maximum of 36,122 free shares.

Conditions for admittance to and participation in General Meetings of Shareholders

Note that the Group, there are no pre-emptive shares and no shares with double voting rights attached. The resolutions for 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 set out in article 21 of the Company's by-laws, as updated by the Board of Directors' decision dated 30 July 2009.

In accordance with the recommendations in the Code of Reference, Board members are invited to participate in General Meetings of Shareholders.

Factors likely to have an incidence in the event of a public offering

To the Company's knowledge, there are no provisions aimed at delaying, deferring or preventing a change of control.

There are no clauses in agreements foreseeing preferential conditions for the sale or acquisition of shares.

To the Company's knowledge, there are no shareholder pacts in existence.

3. Management of the Eutelsat Group

Mr. Michel de Rosen fulfils the office of Chief Executive Officer (and Board member) and is assisted by Mr. Jean-Paul Brillaud as Deputy Chief Executive Officer.

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, and (ii) a Management Committee comprising the main corporate officers in the following departments: Sales, Finance, Legal, Human Resources, Multimedia Products, Operations, Technical, Engineering, Mission and Programme Coordination, Strategy, Risk Management and Resource Management.

Note that, pursuant to the Internal Rules of the Board of Directors, a number of strategic decisions or undertakings must be submitted for prior approval by the Board.

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 safeguard 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.

This report on the internal control and risk management procedures implemented by the Company is based on the Code of Reference, supplemented by the application guide established by the *Autorité des marchés financiers* (AMF—French market regulator) as published in its recommendation dated 22 July 2010.

The Company has taken steps to adapt its internal control mechanism to the AMF's frame of reference and this process is continuing. The importance given to internal control will be reflected during the next financial year by the creation of a larger team dedicated to internal audit and control.

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 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.

These control centres ensure that the satellites are protected, in line with the recommendations and technical procedures applicable to the various satellites, 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 are 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;
- where appropriate, also reviewed also by a panel of independent experts, depending on the nature of the incidents having occurred;
- where appropriate, reported in a press release.

IT SECURITY AND CERTIFICATION OF THE SATELLITE CONTROL SYSTEM

The introduction of measures designed to strengthen IT security for the 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 Eutelsat S.A.'s information systems and the person with specific responsibility for IT security in the Operations Department. This includes *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 summer of 2011.

Certification of satellite control activities under ISO 9001 was obtained in 2005 and renewed in June 2008 and April 2011. The 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. The Company expects to achieve certification for these activities by the summer of 2011.

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 the continuity of 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 2009 and 2010 full-scale tests of the continuity plan were organised at the back-up site in the presence of the staff concerned by the resumption of the most critical processes (*i.e.* those required to resume as of the first day after the plan is activated and within a maximum two-week period) confirming the effective functioning of the business continuity plan as a whole. This plan and the related procedures are regularly updated.

During the last financial year, two tests of the IT infrastructure were carried out at the back-up site. All the IT and telecommunications resources required for the resumption of the critical processes were tested and validated.

INFORMATION SYSTEMS SECURITY

The desire to address the operating risks related to the security of the Eutelsat S.A.'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.: 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 Group'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 2010-2011 financial year:

- The implementation of a secure messaging system with the ability to quantify and sign for emails and attachments;
- Completion of an awareness campaign for all Eutelsat employees, highlighting IT security issues and associated good practices to be applied;
- The launch of an audit on IT security to verify the proper application of the measures figuring in the security standards and, as appropriate, to carry out the required corrective measures.

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. This reporting takes account of information on the Group's activities as provided by the operational departments of Eutelsat S.A. (Commercial Department, Multimedia Department, etc.) after due reconciliation with the 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 2008-2009 financial year, the Company now holds, directly or indirectly, over 96% of Eutelsat S.A., the Group's principal operating company, via Eutelsat Communications Finance S.A.S. (a fully-owned subsidiary of Eutelsat Communications).

Control of the undertakings and actions of Eutelsat Communications Finance is essentially based on the applicable legal provisions and by-laws. Its legal form is that of a simplified stock corporation incorporated under French law. The sole Chairman of this subsidiary is 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

To reinforce visibility over the activities of Eutelsat S.A.'s subsidiaries, the Company's Management has created a "Subsidiaries Committee", which reports directly to the Deputy CEO and comprises members of management, the legal expert responsible for the subsidiaries, the tax manager and the internal auditor. The Committee provides increased supervision of the subsidiaries' activities and ensures that the Group procedures are being duly applied.

The Subsidiaries Committee meets twice a 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 ensure that the accounting principles and procedures outlined 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 uses a consolidation and reporting system, 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

As with 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 per year only. Where sales agreements are for amounts between €300,000 and €600,000 per year, the signature of the General Counsel is also required. For agreements with amounts exceeding €600,000 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. 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 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 manage interest-rate and counterparty risk, the Group uses a number of derivative instruments, 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 2011, the Group hedged certain future U.S. dollar revenues by means of financial instruments such as knock-in foreign exchange options 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.

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INTEREST-RATE RISK

The Group manages its exposure to interest-rate variations by keeping part of its debt at fixed rates (Eutelsat SA bonded debt), and 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

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

The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products 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 the 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.

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, 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 comprising all the measures foreseen to prevent and reduce risks, improve this control and organize contingency plans;
- Monitor the adoption of the risk management policy by staff and carry out the appropriate communication initiatives in this area;
- 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 realisation of the Company's activities.

During the financial year 2010-11, mapping of the risks for the Group was updated, the purpose being to identify and measure the magnitude 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.

During 2010-11, the work on risk management continued to focus on the notion of access to space, with a systematic evaluation of the risks of failure or delay when launching satellites 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. One of the consequences was the application by the technical department of a new policy for acquiring launch services to enable more optimum management of access to space.

A detailed review of the actions to be implemented in the event of a partial or total loss of one of the satellites in the fleet is under way, in cooperation with all the departments within the Company.

During the financial year, new commercial projects and plans to invest in new satellites were also the object of in-depth risk 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 a pro-active policy of risk reduction to protect the Company's assets, activities and interests in the best possible way.

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.

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

A - STATUTORY AUDITORS' REPORT prepared in accordance with Article L. 225-235 of the French commercial code *(Code de commerce)* on the report prepared by the Chairman of the Board of Directors of Eutelsat Communications S.A.

Eutelsat Communications
Société anonyme **with a Board of Directors and a share capital of €220,113,982**
Registered office: 70, rue Balard – F-75015 Paris
481 043 040 R.C.S. Paris

Statutory Auditors' report prepared in accordance with article L. 225-235 of the French commercial code *(Code de commerce)* on the report prepared by the Chairman of the Board of Directors of Eutelsat Communications 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 2011.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code *(Code de commerce)* relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225-37 of the French commercial code *(Code de commerce).* It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information.

These procedures consist mainly of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management 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 Neuilly-sur-Seine, 29 July 2011

The Statutory Auditors

French original signed by

Mazars	Ernst & Young et Autres
Isabelle Massa	Jean-Yves Jégourel

A APPENDIX 3

SPECIAL REPORT OF THE STATUTORY AUDITORS
on regulated agreements and commitments

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

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Eutelsat Communications
***Société anonyme* with a Board of Directors and a share capital of €220,113,982**
Registered office: 70, rue Balard – F-75015 Paris
481 043 040 R.C.S. Paris

Special report of the Statutory Auditors on regulated agreements and commitments

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us or those that we could have found in the course of our engagement. We are not required to comment as to whether they are beneficial or appropriate neither to ascertain whether any other agreements and commitments exist. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Law *(Code de commerce),* to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, if applicable, in accordance with Article R. 225-31 of the French Commercial Law, to inform you of the agreements and commitments, which were approved during previous Shareholder's meeting and which were applicable during the period.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors *(Compagnie nationale des commissaires aux comptes),* relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

AGREEMENTS AND COMMITMENTS AUTHORISED DURING THIS YEAR AND SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreement or commitment authorised in the course of the year subject to the approval of the shareholders' meeting in accordance with article L. 225-38 of the French commercial code *(Code de commerce).*

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Furthermore, in accordance with Article R. 225-30 of the French commercial code *(Code de commerce),* we have been informed of the following agreements and commitments, already approved during previous periods, were applicable during the financial year ended 30 June 2011.

REINVOICING AGREEMENT IN CASE OF PURCHASE OF EUTELSAT COMMUNICATIONS SHARES 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.

During the year ended 30 June 2011, Eutelsat Communications purchased 500,000 shares on the market to serve the future allotments. These purchases will give rise to invoice the subsidiaries during the period when the free allotment shares to the employee of the Group Eutelsat will occur.

The natural persons are Mr. de Rosen and Mr. Brillaud, Board members of the subsidiaries concerned by the plan.

TAX CONSOLIDATION AGREEMENT

Tax consolidation agreement, approved by the Board on 28 June 2007, and concluded between Eutelsat Communications S.A., Eutelsat Communications Finance S.A.S., Eutelsat S.A., Eutelsat V.A.S., and FRANSAT S.A.S., went on during the period.

The corporate bodies are Eutelsat S.A. and Eutelsat Communications S.A., and the natural persons are Mr. Berretta and Mr. Brillaud.

Pursuant to this agreement, Eutelsat Communications S.A. recognised a tax income of €34,132,925 during the period ended on 30 June 2011.

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 Mr. Berretta and Mr. Brillaud.

No instalment was carried out by Eutelsat Communications S.A. during the period ended 30 June 2011.

Paris-La Défense and Courbevoie, 29 July 2011.

The Statutory Auditors

French original signed by

Mazars	Ernst & Young et Autres
Isabelle Massa	Jean-Yves Jégourel

APPENDIX 4

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 Regulations.

The documents mentioned in Article 222-3 of the *Autorité des marchés financiers'* General Regulations and the corresponding sections in this reference document are as follows:

AMF'S GENERAL REGULATIONS – ARTICLE 222-3

No. Section	Reference document Reference	Pages
1. Annual financial statements of Eutelsat Communications	Section 20.1.3	166
2. Consolidated financial statements of the Eutelsat Group	Section 20.1.1	118
3. Management report		
Review of business trends, financial position and earnings	Chapter 3	5
	Chapter 6	33
	Chapter 9	74
	Chapter 10	80
	Chapter 12	87
Indications concerning the use of financial instruments by the business	Section 4.4	17
	Section 4.6	25
	Chapter 10	80
Description of the principal risks and uncertainties	Chapter 4	8
Factors likely to have an influence in the event of a public offer	Section 10.3	81
	Section 14.1	89
	Chapter 15	98
	Chapter 16	105
	Sections 17.2 to 17.4	109 to 113
	Chapter 18	114
	Chapter 21	181
Purchase and sale of treasury shares	Section 21.1.3	181
Summary table of delegations of powers currently valid	Section 21.1.5	182
4. Certification of the person responsible for the annual financial report	Section 1.2	3
5. Statutory Auditors' report on the annual financial statements	Section 20.1.4	179
6. Statutory Auditors' report on the consolidated financial statements	Section 20.1.2	165

Cover illustration: Philippe Petit-Roulet
Design and production: Imprima

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