

EUTELSAT COMMUNICATIONS

Société anonyme with a Board of Directors
and a share capital of 219 641 955 euros
Registered office: 70 rue Balard
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<p>SPECIAL REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS CARRIED OUT UNDER ARTICLES L. 225-177 AND L. 225-197 OF THE CODE DE COMMERCE RELATING TO STOCK-OPTION PLANS AND PLANS TO GRANT FREE SHARES</p>

Ladies, Gentlemen, Shareholders,

In accordance with Articles L. 225-184 and L. 225-197-4 of the *Code de Commerce*, we are pleased to report on the operations that took place during the financial year under Article L. 225-177 on stock options and Article L. 225-197 of the *Code de Commerce* on allocations of free shares.

For information, you are reminded that there are no stock-option plans in operation within the Company. You should note, however, that stock-option plans are currently in force in our subsidiary company Eutelsat S.A. (more than 95% indirectly owned).

In line with its social policy, the Group wishes to associate the staff of the Group in its development.

1. 1) REPORT ON THE PROGRAMME FOR THE GRANT OF FREE SHARES (L.225-197)

In the context, therefore, of the policy referred to in the introduction, and following on from the initial allocation of free shares last year, the Board of Directors meeting on 25 July 2007 decided to introduce a further grant of free shares for all employees of the Group.

The characteristics of this plan are described below:

The plan was implemented under the delegation of authority granted by the Extraordinary General Meeting of 9 October 2006, which gave the Board of Directors full powers to grant free shares under Article L. 225-197 to the Company's employees and to employees of the companies controlled by the Company. The free shares were to be granted in one or more instalments for up to a maximum of 6 million shares with a nominal value of 1 euro each.

The Board of Directors meeting on 25 July 2007 decided to establish a plan for the allocation of free shares to all employees and *mandataires sociaux* of the Eutelsat Group and allocate 474 831 shares with a nominal value of 1 euro each. The value of each share at the grant date was fixed at 17.08 euros, this being the market value of the Company's share on the date of the Board meeting in question.

The free shares were granted to all employees and *mandataires sociaux* who held indefinite employment contracts and who had worked within the Eutelsat Communications Group for at least three months and were effectively being paid as such by their employer at the time the decision was taken to grant the shares.

Definitive acquisition of the shares would be after a period of 2 years reckoned from 26 July 2007, provided the employee was still working for the Group at that time. Beneficiaries are required to keep their shares for a further period of 2 years after the date of definitive acquisition. As well as a requirement that beneficiaries must still be working for the Group after 2 years, acquisition of all or part of the free shares is, for half of the shares granted, subject to the achievement of certain objectives over a two-year period linked to a financial target revised each year (50% of the relevant portion) and to a target linked to the Company's share price over a two-year period (the remaining 50%).

463 employees of the Eutelsat Group who fulfilled the conditions for eligibility received a letter notifying them that they had been granted a minimum of 400 free shares in the Company. These shares would be definitively acquired by the employees on 26 July 2009. The total amount involved was 8 110 113.48 euros (at the value quoted for the share on the grant date, i.e. 17.08 euros).

Information is provided below about grants of free shares to the *mandataires sociaux* of the Group:

SURNAME	First name	Number of shares
BERRETTA	Giuliano	76 431
BRILLAUD	Jean-Paul	25 991

Information is also provided about the ten largest grants of free shares to the Group's managers:

SURNAME	First name	Number of shares
GUILLOUARD	Catherine	12 150
DUTRONC	Jacques	9 900
PATACCHINI	Arduino	9 900
MILLIES-LACROIX	Olivier	8 900
BEHAR	Izy	7 900
MC ALLISTER	Philippe	7 900
O'CONNOR	Vanessa	7 400
SAUNDERS	Malcolm Barry	7 400
CATALDO	Francesco	4 200
CALVO SERRANO	Manuel	4 200

2. REPORT ON STOCK-OPTION PLANS (L.225-177)

In previous years, our subsidiary company Eutelsat S.A. has introduced stock-option plans for shares in Eutelsat S.A.

For more details on the evolution of these stock-option plans, please refer to Note 3-12 – Shareholders' Equity - to the consolidated financial statements for the financial year ended 30 June 2008.

Our Eutelsat S.A. subsidiary did not offer any new stock-option plans for shares during the financial year. The total number of stock options of our Eutelsat S.A. subsidiary exercised during the year ended 30 June 2008 was 13 597 863.

3. SELLING OPERATIONS DURING THE YEAR ENDED 30 JUNE 2008

At its meeting on 28 June 2006, the Company's Board of Directors decided to make six-monthly liquidity offers to employee and former employee shareholders in the Company whereby their Eutelsat S.A. shares could be exchanged for cash. The unit price of the Eutelsat S.A. shares would be calculated on a transparent basis, using the average of the last 20 trading days for the Eutelsat Communications share price and a formula similar to the one used for the private liquidity offers of previous years.

Two private offers to buy shares were consequently made to employees and former employees of Eutelsat S.A. in August/September 2007 and April 2008 respectively.

For the private offer in August/September, there was also an additional offer under which Eutelsat S.A. shares could be exchanged for shares in Eutelsat Communications.

3.1 The first Liquidity offer (August/September 2007)

The Company made a proposal to all beneficiaries of stock options granted under the Partners and the Managers 1 and 2 plans offering to acquire shares derived from the said plans in August/September at a unit price of 5.20 € per share or, alternatively, to exchange the Eutelsat S.A. shares for shares in Eutelsat Communications based on an exchange rate of 1 Eutelsat Communications share being equivalent to 3.135 Eutelsat S.A. shares, with fractions of a share to be paid in cash.

The Liquidity Offer closed on 15 October 2007. 72 735 shares were transferred by the beneficiaries to Eutelsat Communications for cash and 152 693 Eutelsat S.A. shares were contributed for exchange resulting in the creation of 48 721 shares in Eutelsat Communications.

3.2 Liquidity offer (April 2008)

Through its subsidiary SatBirds 2 SAS, the Company made a proposal to all beneficiaries of options granted under the Partners and the Managers 1, 2 and 3 Plans, and also to beneficiaries under the March and April 2004 stock-purchase plans, offering to acquire their Eutelsat S.A. shares in April 2008 at a unit price of € 5.48 per Eutelsat S.A. share.

As a result of this offer, beneficiaries sold 1 993 134 shares to the Eutelsat Communications subsidiary, SatBirds 2 SAS.

The operations described above expressly excluded Eutelsat S.A. shares derived from the Managers 3 plan and held by certain beneficiaries who had entered into a commitment to transfer their shares to Eutelsat Communications and its subsidiaries on 15 July 2005.

3.3. Selling operations involving the *mandataires sociaux* (Company officers) (January 2008 and May 2008)

A decision by the Eutelsat Communications Board of Directors on 25 September 2007 amended certain conditions of the commitments to sell granted by the Eutelsat S.A. *mandataires sociaux* benefiting from shares issued through the exercise of Managers 3 options. These changes principally involved a restriction on the conditions for the exercise of the *mandataires sociaux'* Managers 3 stock options and, in return, a change to the unit price at which the corresponding Eutelsat S.A. shares would be bought. In two stages during the year, therefore, SatBirds 2 SAS acquired all the Eutelsat S.A. shares derived from the Managers 3 plan and held by the *mandataires sociaux*:

- In January 2008 with the acquisition of a total of 6 058 361 shares at a unit price of 3.13 €
- In May 2008 with the acquisition from the *mandataires sociaux* of a total of 3 847 643 shares at a unit price of 3.37 €.

As a result of these operations, the *mandataires sociaux* no longer hold any Eutelsat S.A. stock options under the Managers 3 plan.

3.4. The Acquisition Operation (May 2008)

Under the commitments to sell their shares, granted by certain key managers of Eutelsat S.A. who were beneficiaries of Eutelsat S.A. shares deriving from the exercise of Managers 3 options, the SatBirds 2 SAS company acquired a total of 538 308 Eutelsat S.A. shares in May 2008 at a unit price of 2.70 €.

4. Summary table

The following table shows the total number of shares sold by the *mandataires sociaux* and by each of the 10 employees or former employees who sold the most shares under the liquidity offers and share purchase operation in the course of the financial year.

NAME, FIRST NAME	Total number of shares sold	Selling price (in euros)
BERRETTA (*) Giuliano (**)	5 800 000	3.13
BERRETTA (*) Giuliano (**)	3 667 917	3.37
HINDSON Charles	1 182 909	5.48
BRILLAUD (*) Jean-Paul (**)	258 361	3.13
BRILLAUD (*) Jean-Paul	179 726	3.37
STEINER Volker	438 087	5.48
MILLIES LACROIX Olivier	121 119	2.70
PATACCHINI Arduino	121 119	2.70
SAMUEL Ronald	107 661	2.70
CATALDO Francesco	94 204	2.70
ROISSE Christian	87 475	5.48
BLANC Yves	53 831	2.70

(*) Messrs Berretta and Brillaud are CEO & Chairman of the Board, and Deputy CEO respectively

(**) including related parties of Messrs Berretta and Brillaud.

5. OPTONS EXERCISED DURING THE FINANCIAL YEAR ENDED 30 JUNE 2008

You will find below details of stock options exercised under the various plans during the financial year ended 30 June 2008.

5.1. Options exercised by the *mandataires sociaux*

NAME, FIRST NAME	Function	Total number of options exercised	Exercise price (in euros)	Plan
Giuliano BERRETTA	Chairman of the Board & CEO	9 467 917	1.26	Managers 3
BRILLAUD Jean-Paul	Deputy CEO	438 087	1.26	Managers 3
BRILLAUD Jean-Paul	Deputy CEO	437 374	1.64	Managers 4

5.2 Exercise of the 10 highest numbers of options by employees or former employees who are not *mandataires sociaux*

List of the ten employees or former employees (not <i>mandataires sociaux</i>) having exercised the highest number of options	Total number of options exercised	Exercise price (in euros)	Plan
Name, first name			
MILLIES LACROIX Olivier	121 119	1.26	Managers 3
	309 526	1.64	Managers 4
DUTRONC Jacques	134 577	1.26	Managers 3
	269 153	1.64	Managers 4
CATALDO Francesco	94 204	1.26	Managers 3
	174 949	1.64	Managers 4
SAUNDERS Barry	67 288	1.26	Managers 3
	201 865	1.64	Managers 4
BEHAR Izy	80 747	1.26	Managers 3
	134 577	1.64	Managers 4
O' CONNOR Vanessa	43 065	1.26	Managers 3
	94 204	1.64	Managers 4
VALBRET Vincent	53 831	1.26	Managers 3
	80 747	1.64	Managers 4
CALVO SERRANO Manuel	40 374	1.26	Managers 3
	67 288	1.64	Managers 4
SAMUEL Ronald	107 661	1.26	Managers 3
GONZALEZ NUNEZ Ignacio	40 374	1.26	Managers 3
	53 831	1.64	Managers 4