

eutelsat
communications via satellite

EUTELSAT S.A.
€850,000,000 4.125% BONDS DUE 2017
ISSUE PRICE: 99.232 PER CENT

*The €850,000,000 aggregate principal amount 4.125 per cent. bonds due 27 March 2017 (the **Bonds**) of Eutelsat S.A. (the **Issuer**) will be issued outside the Republic of France on 26 March 2010 (the **Bond Issue**).*

*Each Bond will bear interest on its principal amount at a fixed rate of 4.125 per cent. per annum from (and including) 26 March 2010 (the **Issue Date**) to (but excluding) 27 March 2017, payable in Euro annually in arrear on 27 March in each year and commencing on 27 March 2011, except that the first payment of interest on 27 March 2011 will be in respect of the period from (and including) the Issue Date to (but excluding) 27 March 2011 and will amount to €2,068.15 per Bond (as further described in "Terms and Conditions of the Bonds - Interest").*

*Unless previously redeemed or purchased and cancelled in accordance with the terms and conditions of the Bonds, the Bonds will be redeemed at their principal amount on 27 March 2017 (the **Maturity Date**).*

The Issuer may at its option, and in certain circumstances shall, redeem all (but not part) of the Bonds at par plus any accrued and unpaid interest upon the occurrence of certain tax changes as further described in the section "Terms and Conditions of the Bonds - Redemption and Purchase - Redemption for tax reasons".

The Bondholders may under certain conditions request the Issuer to redeem all or part of the Bonds following the occurrence of certain events triggering a downgrading of the Bonds as further described in the Section "Terms and Conditions of the Bonds – Redemption and Purchase - Redemption following a Change of Control".

*The obligations of the Issuer in respect of principal and interest payable under the Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* among themselves and *pari passu* with all other present or future direct, unconditional, unsecured and unsubordinated obligations of the Issuer, as further described in "Terms and Conditions of the Bonds - Status".*

Payments in respect of the Bonds will be made without deduction for, or on account of, French taxes to the extent set out in the section "Terms and Conditions of the Bonds - Taxation– Additional Amounts".

*The Commission de Surveillance du Secteur Financier (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act**) has approved this document as a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the **Prospectus Directive**) and of the Prospectus Act. Application has also been made to the Luxembourg Stock Exchange for the Bonds to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange as of the Issue Date. The Luxembourg regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Investment Services Directive 2004/39/EC on financial instruments markets.*

The Bonds will be issued in dematerialised form in the denomination of €50,000 and will at all times be evidenced by book-entries in compliance with Article L. 211-3 of the French Code monétaire et financier. No physical documents of title will be issued in respect of the Bonds. As from the date of issue of the Bonds, the Bonds will be registered in the books of Euroclear France (acting as central depository) which shall credit the accounts of Account Holders (as defined in "Terms and Conditions of the Bonds - Form, Denomination and Title") including Euroclear Bank S.A./N.V. and the depository bank for Clearstream Banking, société anonyme.

*The Bonds have been assigned a rating of BBB- by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. (**S&P**). A rating is not a recommendation to buy, sell or hold the Bonds. Any credit rating is subject to revision, suspension or withdrawal at any time by the relevant rating organisation. Any revision, suspension, reduction or withdrawal of the rating may adversely affect the market price of the Bonds.*

*This document is not for distribution, directly or indirectly, in or into the United States. This document is neither an offer of securities for sale nor the solicitation of an offer to purchase securities in the United States or any other jurisdiction where such offer may be restricted. Securities may not be offered or sold in the United States absent registration with the Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or an applicable exemption from registration. The Bonds have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)). Copies of this document are not being, and should not be, distributed in or sent into the United States.*

An investment in the Bonds involves certain risks. Potential investors should review all the information contained in this document and, in particular, the information set out in the section entitled "Risk Factors" of this Prospectus prior to investing in the Bonds.

Joint Lead Managers

BNP PARIBAS

CRÉDIT AGRICOLE CIB

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

THE ROYAL BANK OF SCOTLAND

Date: 24 March 2010

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RESPONSIBILITY STATEMENT

As of the date of this Prospectus, to the best knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect the import of such information. The Issuer accepts responsibility for the information contained in this Prospectus accordingly.

IMPORTANT INFORMATION FOR INVESTORS

References herein to the Issuer are to Eutelsat S.A. This Prospectus has been prepared for the purpose of giving information with regard to (i) the Issuer, (ii) the Issuer and its subsidiaries (direct or indirect) and affiliates taken as a whole (the **Group**) but excluding its controlling entities Eutelsat Communications S.A. and Eutelsat Communications Finance S.A.S., and (iii) the Bonds, which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer. No information contained in this Prospectus may be used for any purposes other than investing in the Bonds.

Certain information contained in this Prospectus has been extracted from sources which the Issuer believes to be reliable, specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information in this Prospectus inaccurate or misleading in any material respect.

The Joint Lead Managers (as defined under **Subscription and Sale**) have not verified the information contained in this Prospectus. The Joint Lead Managers do not make any representation, warranty or undertaking, express or implied, and no responsibility or liability is accepted by the Joint Lead Managers or any of their respective affiliates as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the issue of the Bonds.

Any decision to purchase any Bonds should be based on this Prospectus. No person is or has been authorised by the Issuer or the Joint Lead Managers or any of their affiliates to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers or any of their affiliates. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances imply that the information contained herein is correct at any time subsequent to the date hereof, nor does the Issuer undertake to update this Prospectus except as may be required by applicable law or regulations. The Joint Lead Managers do not undertake to review the financial condition or affairs of the Issuer during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention.

Neither this Prospectus nor any other information provided in connection with the issue of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any recipient of any other information supplied in connection with the issue of the Bonds should purchase any Bonds. Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Bonds constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Bonds.

Prospective investors contemplating purchasing any Bonds should rely on their own independent investigation and appraisal of (a) the Issuer, the Group, their respective business, financial condition and affairs and (b) the terms of the offering, including the merits and risks involved. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Bonds. Potential investors should, in particular, read carefully the section entitled "Risk Factors" set out below before making a decision to invest in the Bonds.

This Prospectus does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe or purchase, any of the Bonds in any jurisdiction where, or to any person to whom, it is unlawful to make an offer or solicitation. The distribution of this Prospectus and the offering and sale of the Bonds in certain jurisdictions, including the United States, France, Luxembourg and other Member States of the European Economic Area, may be restricted by law. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume no responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which would permit a public offering of any Bonds, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe any, such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of the Prospectus and the offer or sale of Bonds in the United States, the United Kingdom and France (see **Subscription and Sale**).

The Bonds have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)).

The information in the sections concerning clearing systems has been obtained from sources that the Issuer believes to be reliable. The Issuer accepts no responsibility for the accuracy of such information, other than for the correct extraction and reproduction of such information. If investors want to use the facilities of Clearstream or Euroclear, they should confirm the continued applicability of the rules, regulations and procedures of Clearstream or, as applicable Euroclear. The Issuer will not be responsible or liable for any aspect of the records held through the facilities of Clearstream or Euroclear or for maintaining, supervising or reviewing any such records.

An application has been made to admit the Bonds to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg regulated market but we cannot guarantee that our application to listing and trading of the Bonds will be approved as at the Issue Date or any time after the Issue Date.

In this Prospectus, unless otherwise specified or the context requires, references to "Euro", "EUR" and "€" are to the single currency of the participating member states of the European Economic and Monetary Union.

In connection with the issue of the Bonds, Société Générale (the Stabilising Manager) (or any person acting on behalf of any Stabilising Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the

offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

The market data and other statistical information used throughout this Prospectus are based on estimates which the Issuer has made in good faith, review by the Issuer of internal surveys as well as analysis prepared, based on or derived from independent industry publications, government publications, reports by market research firms or other published independent sources. These publications and surveys generally state that they contain information from sources believed to be reliable but do not guarantee the accuracy and completeness of such information. While the Issuer believes these sources are reliable and such information was accurately reproduced in this Prospectus, the Issuer has not verified the research by any independent source.

The Issuer cannot assure that any of the assumptions underlying these statements are accurate or correctly reflect the Issuer's position in the industry and none of the internal surveys or information of the Issuer has been verified by any independent sources. Neither the Joint Lead Managers nor the Issuer make any representation or warranty as to the accuracy or completeness of this information. All of the information set forth in this Prospectus relating to the operations, financial results or market share of our competitors has been obtained from information made available to the public in such companies' publicly available reports and independent research, as well as from the Issuer's experience, internal studies, estimates and investigation of market conditions. Neither the Joint Lead Managers nor the Issuer have independently verified this information and cannot guarantee its accuracy.

Potential investors must rely upon their own examination of the Issuer and the financial statements presented in this Prospectus. Certain financial information contained or incorporated by reference in this Prospectus has been rounded and, as a result, the figures shown as totals may vary slightly from the exact arithmetic aggregation of the figures that precede them.

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. The Issuer may also make forward-looking statements in its audited annual financial statements, in its interim financial statements, in its prospectuses, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitation, "may", "will", "should", "would" and "could." Although the Issuer believes that expectations reflected in its forward looking statements are reasonable as of the date of this Prospectus, there can be no assurance that such expectations will prove to have been correct. Undue reliance should not be placed on such statements, because, by their nature, they are subject to known and unknown risks, uncertainties, and other factors. These factors include those set forth in section entitled "Risk Factors" below.

The risks described in this Prospectus are not the only risks an investor should consider. New risk factors emerge from time to time and it is not possible for the Issuer to predict all such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements. The Issuer undertakes no obligation to update the forward-looking statements contained in this Offering Memorandum or any other forward-looking statement it may make.

SELECTED FINANCIAL INFORMATION OF EUTELSAT S.A.

The tables below provide selected financial information from the Issuer's consolidated balance sheets, income statements, EBITDA calculations and statements of consolidated cash flows, in compliance with, for the purposes of the issue of the Bonds contemplated in this Prospectus, IFRS for the last two financial years ended 30 June 2008 and 30 June 2009 and for the half-year ended 31 December 2009.

The main accounting principles used by the Issuer in preparing its consolidated financial statements for the last two financial years and for the half-year ended 31 December 2009 are set out respectively in Note 4 and Note 3 of the notes to the Issuer's consolidated financial statements, as provided herewith under "Financial information".

The financial statements of the Issuer and the auditors' reports related thereto, included herewith under "Financial information" of this Prospectus are uncertified English translations and were originally issued in French and are provided solely for the benefit of English-speaking users.

Selected financial information from the Consolidated Balance Sheets of the Issuer

(in millions Euros)	Eutelsat S.A.		
	For the year ended		For the 6 months ended
	30 June 2008 (Audited)	30 June 2009 (Audited)	31 December 2009 (Unaudited)
Total of non-current assets	2,408.5	2,556.0	2,657.4
Total current assets	377.0	466.8	405.7
Total assets	2,785.5	3,022.8	3,063.1
Total shareholders' equity	1,432.1	1,481.2	1,392.2
Total non-current liabilities	1,138.3	1,235.3	1,389.0
Total current liabilities	215.1	306.3	281.9
Total liabilities and shareholders' equity	2,785.5	3,022.8	3,063.1
NET DEBT⁽¹⁾	1,031.0	1,014.9	1,224.7

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

Selected financial information from the Consolidated Income Statements of the Issuer

(in millions Euros)	Eutelsat S.A.			
	For the year ended		For the 6 months ended	
	30 June 2008 (Audited)	30 June 2009 (Audited)	31 December 2008 (Unaudited)	31 December 2009 (Unaudited)
REVENUES	879.1	941.9	464.2	508.8
Operating costs	(69.2)	(70.6)	(32.1)	(36.3)
Selling, general and administrative expenses	(104.4)	(120.1)	(51.8)	(56.0)
Depreciation and amortisation	(256.4)	(249.8)	(121.2)	(135.1)
Other operating income	3.8	145.8	25.1	0.1
Other operating charges	(12.0)	(121.5)	-	(0.4)
OPERATING INCOME	440.9	525.7	284.2	281.1
Net financial items	(41.7)	(35.9)	(18.6)	(11.3)
CONSOLIDATED NET INCOME	274.1	336.8	180.9	183.2
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	274.1	337.5	181.0	183.5

Selected financial information from the Consolidated Statements of Cash Flow of the Issuer

(in millions Euros)	Eutelsat S.A.			
	For the year ended		For the 6 months ended	
	30 June 2008 (Audited)	30 June 2009 (Audited)	31 December 2008 (Unaudited)	31 December 2009 (Unaudited)
Net cash flows from operating activities	554.6	606.9	317.5	310.3
Net cash flows used in investing activities	(420.4)	(293.6)	(138.2)	(223.0)
Net cash flows used in financing activities	(148.1)	(172.6)	(73.2)	(151.4)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13.4)	140.0	105.3	(63.4)

Other Selected Financial Information: EBITDA

(in millions Euros)	Eutelsat S.A.			
	For the year ended		For the 6 months ended	
	30 June 2008	30 June 2009	31 December 2008	31 December 2009
Revenues	879.1	941.9	464.2	508.8
Operating expenses ⁽¹⁾	(173.6)	(190.7)	(83.9)	(92.3)
EBITDA⁽²⁾	705.5	751.2	380.3	416.5
EBITDA margin (<i>as a percentage of revenues</i>)	80.2%	79.8%	81.9%	81.8%

(1) Operating expenses are defined as operating costs plus selling, general and administrative expenses.

(2) EBITDA is defined as operating income before depreciation and amortisation and other operating revenue and expenses (impairment of assets, dilution profits/losses, Insurance indemnities, etc.).

EBITDA is not a GAAP measure and as such it is not audited or reviewed by the auditors. EBITDA 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 Prospectus about EBITDA should not be compared to EBITDA information reported by other companies.

Order Backlog Evolution

	Eutelsat S.A.			
	30 June 2008	31 December 2008	30 June 2009	31 December 2009
Value of contracts (<i>in billions of Euros</i>)	3.4	3.5	3.9	4.2
Weighted remaining duration of contracts	7.4	7.7	7.8	8.2
Portion relating to Video Applications	93%	92%	92%	93%

At 31 December 2009, the Group's order backlog totalled 4.2 billion Euros or more than 4.2 times annual revenues, compared with 3.9 billion Euros at 30 June 2009.

RISK FACTORS

The following is a summary of certain aspects of the offering of the Bonds of which prospective investors should be aware. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus, including in particular the risk factors detailed below. This summary is not intended to be exhaustive and prospective investors should make their own independent evaluations of all investment considerations and should also read the detailed information set out elsewhere in this Prospectus.

Terms defined in the “Terms and Conditions of the Bonds” shall have the same meaning where used below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Additional risks or uncertainties not known to the Issuer at the date of this Prospectus, or that the Issuer believes are immaterial may also impact on the business operations of the Issuer. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

1. RISKS RELATING TO THE ISSUER

The risks described below are those identified by the Issuer that could have an adverse effect on the Group's situation. Additional risks, which are either not currently known or not considered likely to materialise, as at the date of this Prospectus may also exist, such additional risks could materially and adversely affect the Group's business, financial condition or the results of its operations. The occurrence of one or more of these risks could also have an adverse effect on the Group's situation.

Risks inherent to business

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

The Group is planning to launch 4 new satellites (W3B, KA-SAT, W3C and ATLANTIC BIRD™ 7) in the next 3 financial years. These satellites are intended to ensure the continuity of services provided by certain existing satellites, increase resources and security in certain orbital positions and strengthen the Group's service offering.

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

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

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

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

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

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

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

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

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

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

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

Total expenditure relating to these launch services and already paid by the Issuer to Sea Launch totalled 79.9 million Euros at 31 December 2009.

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

The Issuer believes that, at the date of this Prospectus, these discussions and the information available since the close of the half year ending 31 December 2009 do not change the approach adopted in Note 3 to the financial statements (see the Annex of this Prospectus) and that Sea Launch should be in a position to comply with its contractual obligations vis-à-vis the Group relating to the provision of launch services.

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

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

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

In February 2009, the W2M satellite, after it had been launched but before it had come into service, experienced a major fault in one of its power generation sub-systems. This made it impossible to integrate the satellite into the Group's commercial fleet during this financial year and resulted in a significant reduction in the satellite's transmission capacity (see section "Breakdowns and losses of equipment"). Following an in orbit test, this satellite has been put into commercial use at the 16°East orbital position with limited transmission capacity. In the past, certain equipment has broken down on other Group satellites, which are then operated by using onboard redundancy equipment. During the year ended 30 June 2008, the W5 satellite experienced a major incident which reduced its capacity from 24 to 20 transponders, and reduced its estimated remaining life by 1 year (see section "Breakdowns and losses of equipment").

During the night of 27 January, W2 satellite suffered from in orbit incident during a routine manoeuvre. That incident is still under technical investigation. Following that incident, all customers have been restored to the same orbital position within 24hrs. However, the W2 satellite, which was fully amortised, is not anymore in commercial service and it has been de-orbited.

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

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

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

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

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

As of 31 December 2009, the Group's in-orbit insurance programme has been taken out with insurance syndicates of 22 insurers, generally with ratings of between AA- and A+. Counterparty risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player. The policies cover the partial losses and/or deemed-total losses of the insured satellites under certain conditions. In spite of total or partial insurance coverage, a failure or loss of one or more of the Group's satellites could have a significant negative impact on its business, financial situation and results.

The in-orbit lifetime insurance policies taken out by the Group contain typical exclusion clauses as well as specific exclusion clauses for the risks of potential failures for certain satellites. In the event of losses resulting from an event or piece of equipment excluded by these policies, the damage suffered will not be compensated. Some partial losses or constructive total losses might not be fully

compensated under the insurance programme. The programme was defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and income of losing one or more satellites. Under this programme, 16 of the satellites belonging to the Group (excluding the EUROBIRD™4A (former W1), ATLANTIC BIRD™1, W75 (former EUROBIRD™4) and W5 satellites) are covered by insurance. The only reservation is a limitation of insurance cover for the W4 and W6 satellites due to incidents caused by already identified technical problems.

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

Under this insurance programme, the Group's compensation is limited in all circumstances to a cumulative annual amount of €50 million.

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

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

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

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

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

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

In addition, the Group has taken out launch insurance which covers the launch of the following satellites until May 2011: KA-SAT and W3B, currently under construction. For the avoidance of doubt insurance was contracted also for W7, which was launched in November 2009.

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

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

whole. This could have a significant negative impact on the Group's business, financial situation and results.

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

Over the last few years, the Group has generated some of its revenues (8.8% of the Group's revenues on 31 December 2009, 8.1% for the financial year ended 30 June 2009 excluding non-recurring and other revenues) in the Multi-Usage Services segment. Among other things, this segment includes the direct or indirect supply of services to governments, especially in the USA, on the basis of 1-year capacity allotment agreements. Obtaining and/or renewing capacity allotment agreements for this segment depends to a great extent on the global political and economic context. As a result, the Group cannot be certain that it will be capable of continuing to earn revenues in the Multi-Usage segment.

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

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

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

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

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

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

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

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

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

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

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

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

At the filing date of this Prospectus, the Group uses capacity on 3 satellites (Telstar 12, Sesat™ 2 and Telecom 2D) belonging to third parties, which are recognised as assets on its consolidated balance sheet.

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

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

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

Risks inherent in the FSS (Fixed Satellite Services) sector

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

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

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

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

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

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

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

The Group is dependent on several major customers.

The Group generates a significant portion of its revenues from a limited number of customers, including distributors, most of which are telecoms operators. At 30 June 2009, the Group's top 10 customers represented 53.7% of its revenues (the breakdown for the Group's top ten customers at 30 June 2008 and 2009 is shown in section "Commercial and Distribution Policy"). The Group's major clients could decide to terminate their contracts, not to renew them, or to renew them on terms, particularly price terms, less favourable to the Group. This could have a significant negative impact on its business, financial situation and results.

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

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

For management and operational purposes, the Group depends on a number of key employees who have very specialised skills and ample experience in their respective fields. If these employees were to leave, the Group might have trouble replacing them. In addition, the Group's business, characterised by constantly evolving technology, requires the ability to attract new, highly technically qualified employees on a permanent basis. In the future, if the Group is un-able 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.

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

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

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.

Risks relating to the Group's strategic development

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

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

Another part of the Group's strategy is developing Value-Added Services, especially IP access solutions. This will depend, in part, on ongoing growth in demand for broadband Internet services, which is not certain to take place and which is hard to predict. Demand for broadband Internet services could decrease or grow more slowly than it has in the last few years. Moreover, even if this demand does continue to grow, the Group cannot guarantee that such growth will result in increased demand for satellite services, because of the cost of accessing satellite capacity.

Furthermore, the Group might not be able to provide broadband Internet services corresponding to market demand or at competitive prices, particularly in the event of delays or failures involving its KA-SAT TOOWAY™ service. If the demand for satellite broadband Internet services does not increase as predicted or the Group is not able to meet it adequately, this could have a significant negative impact on its business, financial situation, results and growth objectives.

Development of the Group's operations also depends on its available capacity in the various frequency bands requested by customers. The fill factor of the Group's satellite fleet was 87.4% at 31 December 2009. This very high figure considerably reduces the Group's flexibility to respond to customer demand. This could have a significant adverse effect on the Group's ability to meet customer demand in these bands.

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

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

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

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

The Group has undertaken new and innovative projects, the success of which is not guaranteed.

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

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

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

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

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

Financial risks

The Issuer could be subject to new financing requests related to the financial guarantee it provides to IGO's Closed Pension Fund.

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

At 30 June 2009, the present value of the Trust's pension liabilities amounted to 134.2 million Euros in the Issuer's financial statements, and the fair value of its assets was 148.0 million Euros (see Note 22 to the financial statements for the year ended 30 June 2009). 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, the Issuer took over the unlimited financial guarantee given by IGO to cover any financing shortfall in the Closed Pension Fund. This guarantee may be activated under certain conditions so as to make up any such future shortfall. During the year ended 30 June 2005, as a result of a significant decline in long-term interest rates, the guarantee was called upon in an amount of 22.3 million Euros. This amount was measured on the basis of the Trust's projections, taking into account future market developments. No payment had been made as of 30 June 2005.

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

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

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

The Group is not exposed to any substantial liquidity risk.

At 31 December 2009, available net cash assets amounted to nearly 75 million Euros, to which were added 700 million Euros of facilities, which had not been drawn as of that date. The Group considers that it is not exposed to any significant liquidity risk. At 30 June 2009 and 31 December 2009, the Group complied with all of the financial ratios (covenants) required by its various credit facilities as described in section 7 "Indebtedness of the Issuer".

Regulatory risks

The Issuer is subject to the Amended Convention of EUTELSAT IGO.

The reciprocal rights and obligations of the Issuer and Eutelsat IGO are defined in an agreement dated 2 July 2001 (the **Arrangement**) entered into pursuant to an agreement dated 15 July 1982 and amended on 20 May 1999 (the **Amended Convention**).

The rights that Eutelsat IGO enjoys under the Arrangement are intended to allow Eutelsat IGO to ensure that the Issuer respects the Basic Principles defined in the Amended Convention, namely: the public service/universal service obligation for telephony services connected to the international public switched net-work; 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 in defining its strategy and conducting its business.

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

Additionally, the Issuer is obliged to finance the operating costs of Eutelsat IGO.

Eutelsat IGO's assessment of the Issuer'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.

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

Frequency assignments are co-ordinated internationally according to the International Telecommunication Union's (ITU's) "Radio Regulations". The purpose of this co-ordination is to limit the risks of interference between broadcasts.

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

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

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

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

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

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

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

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

In addition, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments"). 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 customers in the affected countries or the implementation of its development strategy, thereby having a significant negative impact on its business, financial situation and results.

Under the partnership with SES, the Group and SES formed a joint venture called Solaris Mobile Ltd. This company is responsible for operating and marketing an S-band payload on the W2A

satellite, which was launched on 3 April 2009. On 7 August 2008, the European Commission invited applications in order to select S-band satellite mobile systems operators in the European Union. Solaris Mobile Ltd responded to this invitation on 7 October 2008. Solaris Mobile Ltd was selected by the Commission in its decision of 13 May 2009. Member states must now grant a right of use in their territory for the frequencies identified in the Commission's decision, for a period of 18 years from the date of the Decision.

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

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

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

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

The space operations act was published in France's Journal Officiel on 4 June 2008, and its implementing decrees were published on 10 June 2009.

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

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

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

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

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

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

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

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

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

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

French laws could in future be supplemented or modified, especially with respect to non-European television channels, and could prohibit French satellite operators from carrying television channels that do not have an authorisation or licence from the CSA. This could have a significant negative impact on the Group's business, financial situation and results.

Regulatory changes

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

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

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

Mechanisms guaranteeing free competition will be created. More specifically, operators determined as exercising significant influence in a given market will be subject to more stringent obligations. As a last resort to end anti-competitive conduct, they may be ordered by the national

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

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

2. RISK FACTORS RELATING TO THE BONDS

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its own financial situation, an investment in the Bonds and the impact that any such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear the risks of an investment in the Bonds, including any currency exchange risk due to the fact that the potential investor's currency is not Euro;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of the financial markets and any relevant indices;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the risks of such investment; and
- (vi) consult its own advisers as to legal, tax and related aspects of an investment in the Bonds.

Risks related to the structure of the Bonds

Set out below is a brief description of the principal risks relating to the structure of the Bonds.

The Bonds are subject to early redemption by the Issuer for taxation reasons

An early redemption feature of Bonds is likely to affect their market value. During any period when the Issuer may elect or be obliged to redeem Bonds in accordance with Condition 5(b) "Terms and Conditions of the Bonds - Redemption for Taxation Reasons", the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a

significantly lower rate. Potential investors should consider investment risk in light of other investments available at that time.

Interest rate risk on the Bonds

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

The exercise of the Change of Control Put Option in respect of a significant number of Bonds may affect the liquidity of the Bonds in respect of which such Put Option is not exercised

Depending on the number of Bonds in respect of which the Put Option (as defined in “Terms and Conditions of the Bonds”) is exercised in conjunction, if applicable, with any Bonds purchased by the Issuer and cancelled, any trading market of the Bonds in respect of which such Put Option is not exercised may become less liquid or illiquid.

Risks related to the market generally.

Set out below is a brief description of the principal market risks, including liquidity risk, exchange risk and interest rate risk.

An active trading market for the Bonds may not develop

The Bonds are new securities for which there is currently no established trading market. There can be no assurance that an active trading market for the Bonds will develop, or, if one does develop, that it will be maintained. If an active trading market for the Bonds does not develop or is not maintained, the liquidity and the market or trading price of the Bonds may be adversely affected.

The trading market for the Bonds may be volatile and may be adversely impacted by many events

The secondary market for debt securities is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Bonds or that economic and market conditions will not have any other adverse effect. Developments and changes in securities analysts’ recommendations regarding the sectors in which the Issuer operates may also influence and bring volatility to the market of the Bonds.

The value of the Bonds may go down as well as up and an investor may not be able to sell the Bonds for the amount invested in them.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in Euro. This presents certain risk relating to currency conversions if an investor’s financial activities are denominated principally in a currency unit (the **Investor’s Currency**) other than the Euro. These include the risk that exchange rate may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Euro would decrease (1) the Investor’s Currency-equivalent yield on the Bonds, (2) the Investor’s Currency-equivalent value of the principal payable on the Bonds and (3) the Investor’s Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate, the market price of the Bonds or certain investors' right to receive interest or principal on the Bonds.

Risks related to the Bonds generally.

Modification and waiver

The Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to a two-third majority in accordance with Article L. 228-65 II of the French *Code de Commerce*.

No voting rights

The Bonds do not give the Bondholders the right to vote at meetings of the shareholders of the Issuer.

No limitation on issuing debt

There is no restriction in the Bonds on the amount of debt which the Issuer may incur. Any such further debt may reduce the amount recoverable by the Bondholders upon liquidation or insolvency of the Issuer.

Credit ratings may not reflect all risks

The credit ratings assigned to the Bonds may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above or other factors that may affect the value of the Bonds.

Change of law

The Conditions of the Bonds are based on the laws of France in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of France or administrative practice after the date of this Prospectus.

Taxation

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions, or in accordance with any applicable double tax treaty. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor. This paragraph has to be read in conjunction with the taxation section of this Prospectus.

EU Savings Directive

The EU Savings Directive of 3 June 2003 (in this section "Risk Factors", the **Directive**) provides that each Member State is required, as from 1 July 2005 to give to the tax authorities of another Member State details of payments of interest (or similar income) paid by a paying agent within its jurisdiction to an individual resident in that other Member State, except that, for a transitional

period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments unless the beneficiary elects for the exchange of information regime (the ending of such transitional period being dependent upon the conclusion of certain agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax.

French Insolvency law

Under French insolvency law as amended by ordinance n°2008-1345 dated 18 December 2008 which came into force on 15 February 2009, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a preservation (*procédure de sauvegarde*) or a judicial reorganization procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly comprises holders of all debt securities issued by the Issuer (including the Bonds), and regardless of their governing law. The Assembly deliberates on the proposed safeguard (*projet de plan de sauvegarde*) or judicial reorganization plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Bondholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Bondholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Bonds) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required to convoke the Assembly.

For the avoidance of doubt, the provisions relating to the representation of the Bondholders described in this Prospectus will not be applicable to the extent they are not in compliance with insolvency law provisions that apply in these circumstances.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

TERMS AND CONDITIONS OF THE BONDS

The following is the text of the terms and conditions that, subject to their issue, shall be applicable to the Bonds. The text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text.

The issue of the Bonds outside the Republic of France has been authorised by a resolution of the Board of Directors (*Conseil d'administration*) of Eutelsat S.A. (the **Issuer**) dated 17 February 2010 and a decision of Michel de Rosen, *Directeur Général* of the Issuer dated 22 March 2010. The Issuer will enter into an agency agreement dated 26 March 2010 (as amended or supplemented from time to time, the **Agency Agreement**) with Société Générale as fiscal agent and paying agent (the **Fiscal Agent**, and with any additional or substitute paying agents, the **Paying Agents**). Copies of the Agency Agreement are available for inspection during usual business hours at the specified offices of the Paying Agents. The Bondholders (as defined below) are deemed to have notice of all the provisions of the Agency Agreement relating to their rights. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

1. Form, Denomination and Title

The Bonds are issued in dematerialised bearer form (*au porteur*) in the denomination of €50,000 each and will at all times, in compliance with Articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier* (Monetary and Financial Code), be evidenced by book-entries (*inscription en compte*) in the books of the Account Holders. No physical documents of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Bonds.

The Bonds will, upon issue, be registered in the books of Euroclear France, which shall credit the accounts of the Account Holders.

Account Holder means any authorised financial intermediary institution entitled to hold accounts directly or indirectly on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. and the depositary banks for Clearstream Banking, *Société Anonyme*.

Title to the Bonds shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of the Bonds may only be effected through, registration of the transfer in such books. References to **Holders of Bonds** or **Bondholders** shall be construed as references to the persons whose names appear in the books of Account Holders as the persons entitled to the Bonds.

2. Status of the Bonds

The obligations of the Issuer under the Bonds in respect of principal, interest and other amounts, constitute direct, unconditional, unsecured (subject to Condition 3) and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future direct, unconditional, unsecured and unsubordinated obligations of the Issuer.

3. Negative pledge

So long as any of the Bonds remains Outstanding (as defined below), the Issuer shall not, and shall procure that none of its Material Subsidiaries, create or permit to subsist any Security over its assets or revenues to secure (i) any Relevant Debt (as defined below) or (ii) any guarantee or indemnity in respect of any Relevant Debt unless, at the same time or prior to such time, the

Issuer's obligations under the Bonds are secured equally and rateably with such Relevant Debt or such guarantee or indemnity in respect of any Relevant Debt, or are given the benefit of such other security, guarantee or arrangement as shall be approved by the *Masse* of the Bondholders.

For the purposes of these Conditions:

EBITDA means, in respect of any relevant determination period the consolidated net income (loss) before net financial charges, tax, depreciation and amortization, other operating expenses and income from associates.

Material Subsidiary means at any time, any subsidiary of the Issuer:

- (a) whose EBITDA (consolidated in the case of a subsidiary which itself has subsidiaries) is then 10 per cent. or more of the consolidated EBITDA of the Issuer and its subsidiaries taken as a whole (in each case after giving effect, on a pro forma basis, to acquisitions and disposals taking place during the financial period to which the relevant financial statements referred to below relate); or
- (b) whose total assets (consolidated in the case of a subsidiary which itself has subsidiaries) are then 10 per cent. or more of the consolidated total assets of the Issuer and its subsidiaries taken as a whole,

all as determined by reference to the most recent annual (audited if available) or (if prepared) interim financial statements of such subsidiary and the most recent annual audited or interim financial statements of the Issuer, provided that if any Material Subsidiary sells, transfers or otherwise disposes of all or substantially all of its undertaking or assets (whether by a single transaction or a number of related transactions) to any of the Issuer's other subsidiaries (each a **Transferee**), it shall no longer be a Material Subsidiary on the date of the relevant sale, transfer or disposal and each Transferee (if it is not already a Material Subsidiary) shall be deemed to become a Material Subsidiary on the date of the relevant sale, transfer or disposal, until the Material Subsidiaries are next determined on the basis of the annual audited financial statements referred to above.

Outstanding means, in relation to the Bonds, all the Bonds issued other than: (i) those which have been redeemed in accordance with the Conditions, (ii) those in respect of which the date for redemption in accordance with Conditions has occurred and the redemption monies (including all interest accrued on such Bonds to the date for such redemption and any interest payable under Condition 4(c) after such date) have been duly paid to the Fiscal Agent, (iii) those which have been purchased and cancelled as provided in Conditions 5(d) and (e), and (iv) those in respect of which a Put Option has been validly exercised within the Put Period as provided in Condition 5(c);

Relevant Debt means any present or future indebtedness for borrowed money in the form of, or represented by, bonds or notes (*obligations*) or other debt securities (including *titres de créance négociables*) which are for the time being, or are capable of being, quoted, admitted to trading or ordinarily dealt with any stock exchange, over-the counter market or other securities market; and

Security means a mortgage, pledge, lien, assignment by way of security, hypothecation or other security interest or encumbrance, or other agreement or arrangement conferring security or having a similar effect (but excluding any *opération de crédit-bail* or *location financière*) and securing any obligation of any person.

4. Interest

- (a) *Accrual and Interest Payment Dates*

Each Bond bears interest on its principal amount at a rate of 4.125 per cent per annum (the **Rate of Interest**) from, and including, 26 March 2010 (the **Issue Date**) payable annually in arrear on 27 March in each year (an **Interest Payment Date**) commencing on 27 March 2011, except that the first payment of interest on 27 March 2011 will be in respect of the period from (and including) the Issue Date to (but excluding) 27 March 2011 and will amount to €2,068.15 per Bond.

Each Bond will cease to bear interest from, and including, the due date for its redemption unless payment of its principal amount is improperly withheld or refused on such date or unless default is otherwise made in respect of such payment.

(b) Interest Periods

The period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date is referred to as an **Interest Period**.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period which is shorter than an Interest Period, it shall be calculated by applying the Rate of Interest to the principal amount of each Bond and multiplying the product by a fraction whose numerator is the number of days in the relevant period, from (and including) the date from which interest begins to accrue to (but excluding) the date on which interest becomes payable, and whose denominator is the number of days in the Interest Period in which the relevant shorter period falls.

(c) Default interest

If any amount due and payable by the Issuer under the Conditions is not paid on its due date (the **Unpaid Amount**), interest shall continue to accrue on the Unpaid Amount at the Rate of Interest, in accordance with this Condition 4.

5. Redemption and Purchase

The Issuer may not redeem the Bonds except in accordance with the following provisions of this Condition 5.

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as provided below, the Bonds will be redeemed in full in a single instalment on 27 March 2017 (the **Maturity Date**).

(b) Redemption for taxation reasons

- (i) If by reason of a change in the laws or regulations of the French Republic, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a judgment by a court of competent jurisdiction, becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Bonds, not be able to make such payment without having to pay additional amounts, the Issuer may, on any Interest Payment Date, subject to having given not more than 60 nor less than 30 days' prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 10, redeem the Bonds (in whole but not in part) at their principal amount plus accrued interest up to (but excluding) their effective redemption date provided that the due date for redemption of which notice

hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

- (ii) If the Issuer would on the occasion of the next payment of principal or interest in respect of the Bonds be prevented by French law from making payment to the Bondholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Bondholders in accordance with Condition 10, redeem the Bonds (in whole but not in part) at their principal amount plus accrued interest up to (but excluding) their effective redemption date provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal and interest payable without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

(c) Redemption following a Change of Control

If at any time while any of the Bonds remains Outstanding, (i) a Change of Control occurs and (ii) a Negative Rating Event in respect of that Change of Control is deemed to have occurred and is not cured before the last day of the Change of Control Period (a **Put Event**), then each Bondholder shall have the option (the **Put Option**) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) all (but not some only) of its Bonds at their principal amount together with (or, where purchased, together with an amount equal to) accrued interest to (but excluding) the Optional Redemption Date (as defined below).

Promptly upon the Issuer becoming aware of the occurrence of a Put Event, the Issuer shall give notice to the Bondholders in accordance with Condition 10, specifying the nature of the Change of Control Event, the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 5(c) (the **Put Event Notice**).

Each Bondholder will have the right to require the Issuer to redeem or, at the Issuer's option, to purchase (or procure the purchase of) all of the Bonds held by it within a 40-day period (the **Put Period**) commencing on the first Business Day (as defined in Condition 6) following the expiry of the Change of Control Period. To exercise the Put Option, each Bondholder must transfer (or cause to be transferred by its Account Holder) its Bonds to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice for the account of the Issuer within the Put Period, together with a duly signed and completed notice of exercise in the form obtainable from the specified office of the Fiscal Agent (a **Put Option Notice**) and in which the relevant Bondholder will specify a bank account to which payment is to be made under this Condition 5(c). A Put Option Notice once given may not be revoked.

The Issuer shall, subject to the transfer of such Bonds to the account of the Fiscal Agent as described above, redeem or, at the option of the Issuer, purchase (or procure the purchase of) all the Bonds in respect of which the Put Option has been validly exercised as provided above on the twentieth (20th) Business Day (as defined in Condition 6) following the expiry of the Put Period (the **Optional Redemption Date**). Payment in respect of any Bond so transferred will be made in Euro to the Euro-denominated bank account of the Holder specified in the Put Option Notice on the Optional Redemption Date via the relevant Account Holder.

For the purposes of this Condition:

A **Change of Control** occurs where, other than in connection with a Permitted Restructuring or a Permitted Change of Control, (i) Eutelsat Communications S.A. ceases to own, directly or indirectly, at least 50% of the share capital and the voting rights of the Issuer (or the surviving entity following a Permitted Restructuring), or (ii) any person or group of persons acting in concert, as defined in Article L. 233-10 of the French *Code de Commerce*, directly or indirectly owns or acquires more than 50% of the share capital and voting rights of Eutelsat Communications S.A.

Change of Control Period means, in relation to a Change of Control, the period commencing on the date of the first public announcement of the occurrence of the relevant Change of Control, and ending on (i) the date which is 120 days (inclusive) after such public announcement or (ii) the date which is 180 days (inclusive) after such public announcement if, at the end of the period stated in sub-paragraph (i) above, the Rating Agency has officially placed the Bonds under consideration for rating review.

Existing Major Shareholders means Abertis Telecom S.a.u. and/or the Fonds Stratégique d'Investissement and/or any person controlled (as defined in article L. 233-3 I of the French *Code de Commerce*) by either one of them.

A **Negative Rating Event** will be deemed to have occurred in respect of a Change of Control:

- (i) in circumstances where on the day immediately preceding the date of a Potential Change of Control, the credit rating previously assigned to the Bonds by the Rating Agency is an investment grade rating (BBB- or better or their equivalent), if the credit rating assigned to the Bonds by the Rating Agency, whether at the invitation of the Issuer or by the Rating Agency's own volition, is reduced to BB+ (or its equivalent), or below, on or after the date of a Potential Change of Control but before the expiry of the Change of Control Period and, after the date of such reduction but before the expiry of the Change of Control Period, the Rating Agency has not assigned to the Bonds a credit rating at least at the level of the credit rating assigned to the Bonds on the day immediately preceding the date of such Potential Change of Control;
- (ii) in circumstances where on the day immediately preceding the date of a Potential Change of Control, the credit rating previously assigned to the Bonds by the Rating Agency is below investment grade (BB+ or below or their equivalent), if the credit rating assigned to the Bonds by the Rating Agency, whether at the invitation of the Issuer or by the Rating Agency's own volition, is reduced by at least one full rating notch on or after the date of a Potential Change of Control but before the expiry of the Change of Control Period and, after the date of such reduction but before the expiry of the Change of Control Period, the Rating Agency has not assigned to the Bonds a credit rating at least at the level of the credit rating assigned to the Bonds on the day immediately preceding the date of such Potential Change of Control;
- (iii) if the credit rating previously assigned to the Bonds by the Rating Agency, whether at the invitation of the Issuer or by the relevant Rating Agency's own volition, is withdrawn by the Rating Agency on or after the date of a Potential Change of Control but before the expiry of the Change of Control Period, and, after the date of such withdrawal but before the expiry of the Change of Control Period, the Rating Agency has not assigned to the Bonds a credit rating at least at the level of the credit rating assigned to the Bonds on the day immediately preceding the date of withdrawal; or
- (iv) if any credit rating assigned to the Bonds by the Rating Agency, whether at the invitation of the Issuer or by the relevant Rating Agency's own volition, had been withdrawn by the Rating Agency prior to the date of a Potential Change of Control, and, on or after the date

of a Potential Change of Control but before the expiry of the Change of Control Period, the Rating Agency has not assigned to the Bonds a credit rating at least at the level of the credit rating assigned to the Bonds on the day immediately preceding the date of withdrawal.

provided that, in the case of sub-paragraphs (i), (ii) and (iii) above, the Rating Agency publicly announces, or confirms in writing to the Issuer, the Fiscal Agent or any Bondholder, that any such reduction or withdrawal is due, wholly or in part, to the relevant Change of Control.

Permitted Change of Control means any transaction where the Existing Major Shareholders acting individually or in concert (*personnes agissant de concert*, as defined in Article L. 233-10 of the French *Code de Commerce*) own or acquire directly or indirectly more than 50% of the share capital and voting rights of the Issuer (or the surviving entity following a Permitted Restructuring).

Permitted Restructuring means any merger (*fusion*), demerger (*scission*) or asset contribution (*apport partiel d'actifs*) between, or involving, the Issuer and Eutelsat Communications S.A. or any entity held directly or indirectly by Eutelsat Communications S.A., provided that Eutelsat Communications S.A. owns more than 50% of the share capital and voting rights of such entity and, if the Issuer is not the surviving entity, all the Issuer's liabilities and obligations under the Bonds are transferred and assumed by such surviving entity.

Potential Change of Control means the first public announcement or statement, made by the Issuer, or any of its direct or indirect parent companies, or any actual or potential bidder(s), or any of their respective advisers on their behalf, relating to any potential Change of Control.

Rating Agency means Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. (**S&P**) or, following a withdrawal by S&P of its credit rating assigned to the Bonds which is not due to any action or inaction of the Issuer, Moody's Investors Service Inc. (**Moody's**).

(d) *Purchases*

The Issuer, any of its subsidiaries and/or its affiliates, may at any time purchase any Bonds for cash consideration or otherwise (including, without limitation, by means of an exchange offer) in the open market or otherwise, at any price and on any conditions, in accordance with any applicable laws and regulations. If purchases are made by tender, tenders must be available to all Bondholders alike on the same terms.

(e) *Cancellation*

All Bonds which are (i) redeemed or (ii) purchased by or on behalf of the Issuer will forthwith be cancelled in accordance with the rules and procedures of Euroclear France.

6. **Payments**

(a) *Payments to Bondholders*

On each date on which the Issuer is required to make a payment under the Bonds, payment shall be made in Euro by transfer to the account of the relevant Account Holder for the benefit of the relevant Bondholder. Payment by the Issuer to the relevant Account Holder shall constitute an effective discharge of the Issuer to the extent of such payment.

(b) *Partial payments*

If a payment is made by the Issuer and the Bondholder receives an amount less than the amount of such payment, the Bondholder may apply the amount received towards the obligations of the Issuer to interest first and principal thereafter.

(c) *Payments on Business Days*

If the due date for payment of any amount in respect of any Bond is not a Business Day, payment shall not be made until the next following Business Day and the Bondholders shall not be entitled to any interest or other sums in respect of such postponed payment.

For the purpose of these Conditions:

A **Business Day** means any day on which the TARGET System is operating and commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in Paris and Luxembourg.

TARGET System means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System or any system that replaces it.

(d) *Payments subject to law*

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 below.

(e) *Fiscal Agent and Paying Agent*

The name of the initial Fiscal Agent and Paying Agent and its specified office are set forth below:

Fiscal and Principal Paying Agent

SOCIÉTÉ GÉNÉRALE
32, rue du Champ de Tir
44312 Nantes Cedex 3
FRANCE

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Paying Agent acts, provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city and (ii) so long as the Bonds are admitted to trading on the regulated market of the Luxembourg Stock Exchange and to the extent that the rules of that exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Fiscal Paying Agent). The Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty five (45) nor less than thirty (30) calendar days' notice thereof shall have been given to the Bondholders by, or on behalf of, the Issuer in accordance with Condition 10.

In the absence of wilful default, bad faith or manifest error, no liability shall attach to any of the Paying Agents in connection with the exercise or non-exercise by it of its powers, duties and discretions under these Conditions.

7. Events of Default

Each Bondholder may, upon written notice to the Issuer and the Fiscal Agent given before all defaults shall have been cured, cause all (but not some only) of the Bonds held by it to become immediately due and payable at their principal amount, together with any accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent without further formality, if any of the following events (each an **Event of Default**) shall occur:

- (a) the Issuer fails to pay or, in the case of a purchase of any Bonds under Condition 5(c), to procure the payment of, any amount of principal or interest in respect of the Bonds or any of them within 10 days of the due date for such payment; or
- (b) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any of the Bonds and (except where such default is incapable of remedy) such default has not been cured within 30 days after the Issuer receives written notice specifying such default at the specified office of the Fiscal Agent by the Holder of any such Bonds; or
- (c) (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for borrowed money becomes due and payable prior to its stated maturity as a result of a default thereunder, or (ii) any such indebtedness is not paid when due, or (iii) any guarantee or indemnity given by the Issuer or any of its Material Subsidiaries for, or in respect of, any such indebtedness of others is not honoured when due and called upon, provided, in each case, that the relevant aggregate amount of the indebtedness, guarantee or indemnity in respect of which one or more of the preceding events has occurred exceeds, whether individually or in the aggregate, €50,000,000 (or its equivalent in any other currency); or
- (d) (i) the Issuer suspends or ceases to carry on all or substantially all of its business, or (ii) sells or otherwise disposes of all or substantially all of its assets, or (iii) an order is made or an effective resolution is passed for its winding-up, dissolution or liquidation, unless:
 - (x) such suspension, cessation, sale, disposal, winding-up, dissolution or liquidation is made or takes place in connection with a merger, demerger, consolidation, amalgamation or other form of corporate reorganisation (together, **Merger**) with any other corporation, where all the Issuer's liabilities under the Bonds are transferred to and assumed by such other corporation; and
 - (y) (A) the Merger is a *fusion*, a *scission* or an *apport partiel d'actifs* falling within articles L. 236-1 et Seq. of the French *code de commerce*; or
 - (B) for any Merger other than a Merger referred to in paragraph (A) above, the corporate credit rating for long-term indebtedness assigned by S&P or Moody's (each as defined in Condition 5(c)) to such other corporation immediately following the Merger is not lower than (1) BBB- or Baa3 or (2) if the corporate credit rating for long-term indebtedness assigned by such Rating Agency to the Issuer immediately prior to such Merger was higher than BBB- or Baa3, such credit rating; or

- (e) (i) the Issuer or any of its Material Subsidiaries enters into a *mandat ad hoc* pursuant to article L. 611-3 of the French commercial court with creditors, or amicable settlement proceedings (*procédure de conciliation* in accordance with Articles L. 611-4 to L. 611-15 of the French *Code de commerce*) with creditors, or safeguard proceedings (*procédure de sauvegarde*), or (ii) with respect to the Issuer or any of its Material Subsidiaries a judgment is issued for judicial liquidation (*liquidation judiciaire*) without ordering the continued operation of the business (*liquidation judiciaire sans poursuite d'activité autorisée par le tribunal*), or for a transfer of the whole of its business (*cession totale de l'entreprise à la suite d'un plan de cession*) pursuant to a judicial reorganisation (*redressement judiciaire*) or a judicial liquidation (*liquidation judiciaire*), or the continued operation of the business authorized by the judicial liquidation proceedings ends, or (iii) the Issuer or any of its Material Subsidiaries is subject to equivalent legal proceedings, or in the absence of legal proceedings the Issuer or any of its Material Subsidiaries makes a voluntary conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors.

8. Taxation – Additional Amounts

(a) Withholding Tax Exemption

Payments of interest made by or on behalf of the Issuer with respect to the Bonds will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts*, as construed by the French tax authorities under the ruling (*rescrit*) no. 2010/11 (FP and FE) dated 22 February 2010. Moreover, pursuant to such ruling, interest paid by the Issuer on the Bonds will be subject neither to the non-deductibility set out under Article 238 A of the French *Code général des impôts* nor to the withholding tax set out under Article 119 bis 2 of the French *Code général des impôts* solely on account of such interest being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

(b) Additional Amounts

If, pursuant to French laws or regulations, payments of principal or interest in respect of any Bond become subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed by or on behalf of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Holder of each Bond, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding; provided however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Bond:

- (i) to, or to a third party on behalf of, a Bondholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with France other than the mere holding of such Bond;
- (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26/27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (iii) if the Bondholder (or a beneficial owner) was able to avoid such withholding or deduction by requesting payment under the relevant Bond to another Paying Agent in a Member State of the European Union;

- (iv) if the Bondholder has not supplied any information or declaration that has been requested by the Paying Agent in a reasonable and timely fashion or that is necessary to avoid or reduce such deduction or withholding;
- (v) if the Bond is presented for payment more than 30 days after the date on which the payment in respect of such Bond first becomes due and payable, except to the extent that the Holder of such Bond would have been entitled to such additional amounts on the last day of such period of 30 days; or
- (vi) any combination of sub-paragraphs (i) through (v) above.

Any references to these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 8.

9. Representation of the Bondholders

The Masse

The Bondholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the **Masse**).

The *Masse* will be governed by those provisions of the French *Code de commerce* with the exception of the provisions of Articles L. 228-48, L. 228-59, R. 228-63, R. 228-67, R. 228-69 and R. 228-72 of the French *Code de commerce*, as summarised and supplemented by the conditions set forth below, provided that notices calling a general meeting of the Bondholders (a **General Meeting**) and the resolutions passed at any General Meeting and any other decision to be published pursuant to French legal and regulatory provisions will be published only as provided under Condition 10 below.

(a) *Legal Personality*

The *Masse* will be a separate legal entity, by virtue of Article L. 228-46 of the French *Code de commerce* acting in part through one (1) representative (the **Representative**) and in part through a General Meeting.

The *Masse* alone, to the exclusion of all individual Bondholders, shall exercise the common rights, actions and benefits which may accrue now or in the future with respect to the Bonds.

(b) *Representative*

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer, its members of Board of Directors, its statutory auditors or its employees and their ascendants, descendants and spouses;
- (ii) companies possessing at least ten (10) per cent. of the share capital of the Issuer or of which the Issuer possesses at least ten (10) per cent. of the share capital;
- (iii) companies guaranteeing all or part of the obligations of the members of their Board of Directors, their statutory auditors or their employees and their ascendants, descendants and spouse; and

- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representative shall be:

Murielle Caton
The Royal Bank of Scotland plc
92, boulevard Haussmann
75008 Paris, France

In the event of death, incompatibility retirement or revocation of the initial Representative, the replacement Representative shall be:

Benoît Duret
The Royal Bank of Scotland plc
92, boulevard Haussmann
75008 Paris, France

In the event of death, retirement or revocation of the replacement Representative, a meeting of the General Meeting will elect a replacement.

The Representative shall not be entitled to any remuneration.

All interested parties will at all times have the right to obtain the name and the address of the Representative at the head office of the Issuer and at the offices of the Fiscal and Paying Agent.

(c) Powers of the Representative

The Representative shall, in the absence of any decision to the contrary of the General Meeting, have the power to take all acts of management to defend the common interests of the Bondholders.

All legal proceedings against the Bondholders or initiated by them in order to be justifiable, must be brought against the Representative or by it, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) General Meeting

General Meetings may be held at any time, on convocation either by the Issuer or by the Representative. One or more Bondholders, holding together at least one-thirtieth (1/30) of Outstanding Bonds may address to the Issuer and the Representative a request to convene the General Meeting; if such General Meeting has not been convened within two (2) months from such request, such Bondholder(s) may appoint one of themselves to petition the competent court in Paris to appoint an agent who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any meeting of a General Meeting will be published as provided under Condition 10 not less than 15 calendar days prior to the date of the General Meeting on first convocation and 6 calendar days on second convocation.

Each Bondholder has the right to participate in meetings of the *Masse* in person, by proxy or, if permitted by the by-laws (*statuts*) of the Issuer at the relevant time, by videoconference or such other means of telecommunication authorised by applicable law. As of the date of issue of the

Bonds, the by-laws (*statuts*) of the Issuer do not permit such participation by Bondholders. Each Bond carries the right to one vote.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Bondholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Bondholder on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting at 0:00, Paris time.

(e) Powers of General Meetings

A General Meeting is empowered to deliberate on the dismissal and replacement of the Representative, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds, including authorising the Representative to act as law as plaintiff or defendant.

A General Meeting may further deliberate on any proposal relating to the modification of the Conditions of the Bonds, including:

- (i) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of the Bondholders,

it being specified, however, that a General Meeting may not increase the liabilities (*charges*) of the Bondholders, nor establish any unequal treatment between the Bondholders.

General Meetings may deliberate validly on first call for a meeting only if Bondholders present or represented hold at least one fifth (1/5) of the principal amount of the Bonds then Outstanding. On second call for a meeting, no quorum shall be required. Decisions at meetings shall be taken by a two-thirds (2/3) majority of votes cast by the Bondholders attending such meeting or represented thereat.

(f) Notice of Decisions

Decisions of the meetings must be published in accordance with the provisions set out in Condition 10 not more than ninety (90) days from the date thereof.

(g) Information to the Bondholders

Each Bondholder or representative thereof will have the right, during a 15 day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Issuer, at the offices of the Paying Agents and at any other place specified in the notice of meeting.

(h) Expenses

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of meetings, and more generally all administrative expenses resolved upon by a General Meeting of the Bondholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Bonds.

10. Notices

Any notice to the Bondholders pursuant to these Conditions will be valid if (i) delivered to Euroclear France, Euroclear and/or Clearstream, for so long as the Bonds are cleared through such clearing systems or, if not so cleared, published in a leading English language daily newspaper having general circulation in Europe, and (ii) for so long as the Bonds are admitted to trading on the regulated market of the Luxembourg Stock Exchange and, to the extent so required by the Luxembourg Stock Exchange, published on the website of the Luxembourg Stock Exchange at www.bourse.lu. Any such notice shall be deemed to have been given on the date of such delivery or publication or, if delivered more than once or on different dates, on the first date on which such delivery or publication is made.

11. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Bonds shall become prescribed five (5) years from the due date for payment thereof.

12. Further Issues

The Issuer may from time to time without the consent of the Bondholders issue further bonds to be consolidated and form a single series (*assimilées*) with the Bonds as regards their financial service, provided that such further bonds and the Bonds shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further bonds shall provide for such consolidation (*assimilation*). In the event of such consolidation, the Bondholders and the holders of any consolidated bonds (*obligations assimilées*) will for the defence of their common interests be grouped in a single *Masse* having legal personality.

13. Governing law and Jurisdiction

The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by and shall be construed in accordance with the laws of the Republic of France.

Any action against the Issuer in connection with the Bonds will be submitted to the exclusive jurisdiction of the Commercial Court (*Tribunal de Commerce*) of Paris.

USE OF PROCEEDS

The net proceeds of the Bond Issue are expected to amount approximately to €840,072,000 and will be applied by the Issuer in or towards the refinancing of a EUR 1,300,000,000 term loan and revolving credit facility (the **Existing Credit Facility**) dated 24 November 2004 between, among others, the Issuer as Borrower and BNP Paribas, Calyon, Ixis Corporate & Investment Bank and The Royal Bank of Scotland, plc, as Mandated Lead Arrangers (the **Refinancing**) and the payment of costs, fees and other expenses incurred in connection with the Refinancing (including, without limitation, related broken funding costs and prepayment of premiums, if any).

INFORMATION ABOUT THE ISSUER

The Issuer

Business description

Eutelsat S.A. (**Eutelsat** or the **Issuer**) is a private fixed 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 part of Asia). Eutelsat is incorporated as a limited liability company (*société anonyme*) under the laws of France. Eutelsat's headquarters are located in Paris, France.

At the date of this Prospectus, Eutelsat exploits capacity on 25 satellites in geostationary orbit to provide capacity to major international telecommunications operators or broadcasting companies, for television and radio broadcasting services, both analogue and digital, for business telecommunications services, for multimedia applications and for messaging and positioning services. In addition, Eutelsat uses capacity on certain transponders on three satellites owned by both related and unrelated parties.

Four more satellites (W3B, Ka-Sat, W3C and ATLANTIC BIRD™7) are currently under construction. The first and second are expected to be launched in the financial year 2010/2011 and the last two in the financial year 2011/2012.

Formation and transfer of IGO activities

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

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

The frequency allocations for the spectrum and orbital resources used by Eutelsat upon the transfer of activity for its satellite operations remain under the joint responsibility of the member countries of the IGO, and of the IGO.

Legal information about the Issuer

The Issuer is registered with the French *Registre du Commerce et des Sociétés de Paris* (Commercial and Corporate Registry of Paris) under number 422 551 176. The Issuer was incorporated on 15 April 1999 as a French *société anonyme* (limited liability company) for a period of 99 years, expiring on 15 April 2098.

Registered office, legal form, applicable legislation

Registered office

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

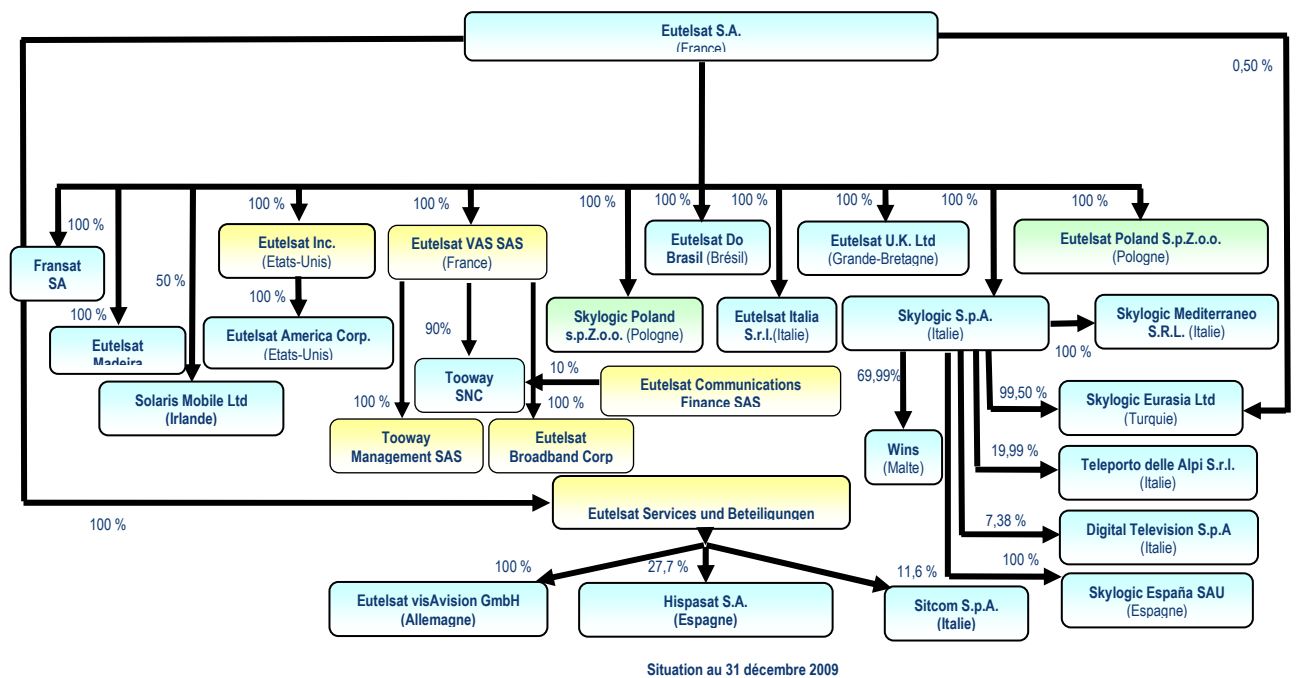
Legal form and applicable legislation

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

Structure

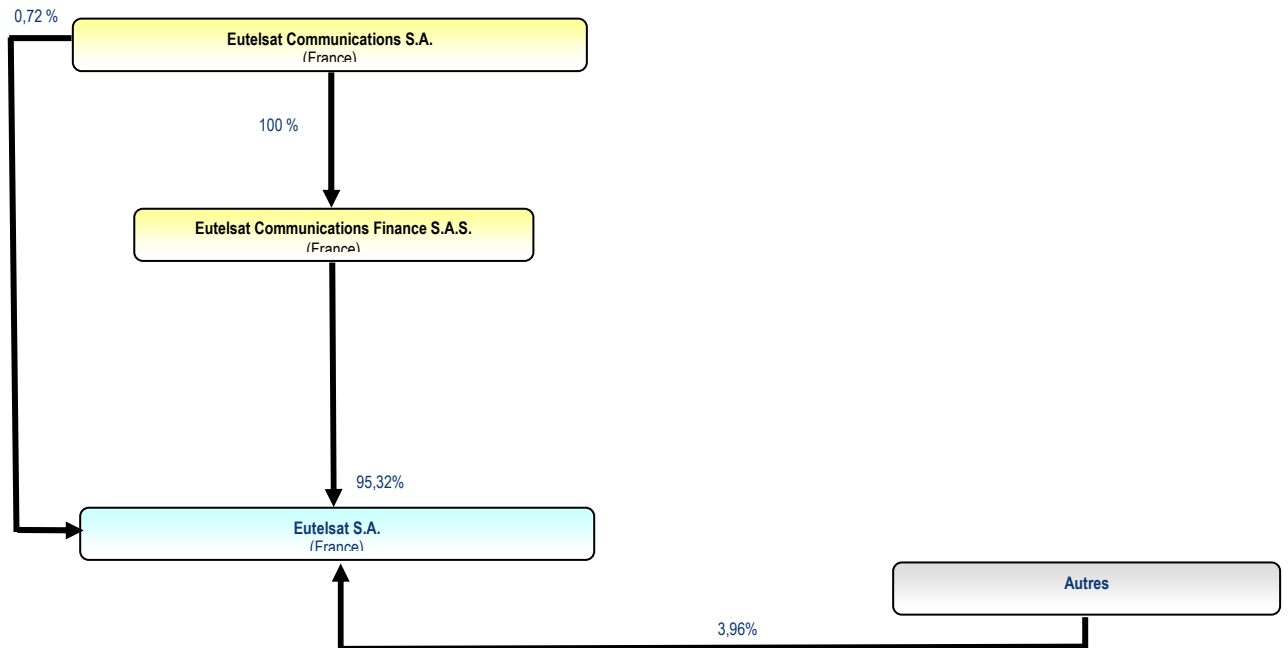
The Group's Organisational Chart

The chart below shows the Group's operating organisation at 31 December 2009.



Situation au 31 décembre 2009

Principal shareholders of the Issuer



Eutelsat Communication S.A. (France)

Eutelsat Communication S.A. is a *société anonyme* (limited company) whose shares are listed on the Paris stock market. Its registered offices are at 70, rue Balard, 75015 Paris.

The two largest shareholders of Eutelsat Communications are ABERTIS TELECOM S.a.u. which owns at 31 December 2009 a stake of 31,36% of the share capital of Eutelsat Communications and Fonds Stratégique d'Investissement (**FSI S.A.**), which owns 25,62% of the share capital of Eutelsat Communications.

At the date of this Prospectus, and to the best knowledge of the Issuer, no shareholders acting individually or in concert, controls Eutelsat Communications.

At 31 December 2009, Eutelsat Communications directly and indirectly held a 96.04% of the share capital of the Issuer.

Eutelsat Communications Finance S.A.S. (France)

This French *société par actions simplifiée* (simplified joint-stock company) is wholly owned by Eutelsat Communications.

It was created in June 2006 and is located at 70, rue Balard, 75015 Paris.

At the date of this Prospectus, Eutelsat Communications Finance S.A.S.'s only activity consisted of holding a direct equity interest in the Issuer.

At 31 December 2009, Eutelsat Communications Finance S.A.S. directly held a 95.32% stake in the Issuer.

The Issuer has signed several service agreements with these holding entities, including, in particular:

- a centralised cash management agreement with Eutelsat Communications S.A. and Eutelsat Communications Finance S.A.S.;
- an administrative assistance service agreement pursuant to which the Issuer provides services to Eutelsat Communications and Eutelsat Communications Finance S.A.S.; and
- a group promotion agreement with Eutelsat Communications whereby Eutelsat Communications provides services to the Issuer.

The chart below provides shareholders information for Eutelsat Communication S.A. as of 31 December 2009:

Shareholders	At 31 December 2009	
	Number of shares and voting rights	Percentage
Abertis Telecom S.a.u.	69,022,989	31.36%
CDC Infrastructure S.A.	-	-
Fonds Stratégique d'Investissement (FSI)	56,399,660	25.62%
Radio Televizija Slovenia	2,332,724	1.06%
Entreprise des Postes et Telecoms (Luxembourg)	2,395,886	1.09%
Other minority shareholders(1)	3,227,577(1)	1.47%
Free float	83,487,634	37.93%
Employees and senior managers	3,247,512	1.48%
TOTAL SHARES	220,113,982	100%
<i>(1) This category includes a number of Eutelsat Communications' minority shareholders, such as notably the Croatian ministry of the sea, transportation and infrastructure, Turksat Satellite Communications and the national telecommunications of Bosnia-Herzegovina, Bulgaria, Albania and the Macedonian Ministry of transport and communications and the Cyprus telecommunications authority.</i>		

Shareholders of the Issuer

The chart below provides shareholders information for Eutelsat S.A. as of 31 December 2009

Shareholders	Number of shares	Percentage
Eutelsat Communications Finance S.A.S. (France)	965,648,931	95.32%
RSCC (Russia)	34,284,270	3.38%
Eutelsat Communications (France)	7,248,478	0.72%
Beltelecom (Bielorussia)	500,000	0.05%
Broadcasting Radio Communications & Television (Ukraine)	500,000	0.05%
Ministère des Technologies de l'Information (Azerbaijan)	500,000	0.05%
Ministry of Transport & Inf. (Kazakhstan)	500,000	0.05%
Employees and managers	3,866,436	0.38%
TOTAL	1,013,048,115*	100

* Total number of shares issued.

Group's employees

At 30 June 2009, the Group had 610 employees.

The table below illustrates the breakdown of the average number of Group employees into operational activities and commercial and administrative activities:

	Average number of employees for the financial years ended 30 June		
	2007	2008	2009
Operations	222	226	251
Commercial and administrative activities	298	314	354
TOTAL	520	540	605

The number of staff employed by the Group has risen over the last 3 financial years. The change in the number of staff can be explained in part by the increase in the staff employed by the Group's foreign subsidiaries between June 2007 and June 2009, which rose from 81 to 93 during the 2007-2008 financial year and from 93 to 134 during the 2008-2009 financial year. This rise in staff members mainly concerned the Italian subsidiary Skylogic S.p.A.

Each year, the Issuer prepares a social audit report recapitulating key data in a single document to enable an assessment of the company's labour profile. This social audit report is prepared with reference to a calendar year. Each year, the Issuer's works' council issues an opinion on this social audit report. The social report and the opinion of the works' council are then made available to employees and to the company's shareholders upon request, in accordance with Articles L. 225-108 and L. 225-115 of the French Commercial Code.

In 2008, the Issuer employed an average of approximately 9 temporary staff per month. Temporary staff worked for an average of 15 days. In 2008, Eutelsat S.A. employees had an average length of service of 9.6 years, with managers representing approximately 80% of Company staff as a whole.

BUSINESS OVERVIEW

Presentation

With a market share of 14% worldwide and capacity on 25 satellites in geostationary earth orbit (or GEO) at the date of filing of this Prospectus, the Group is the world's third-largest Fixed Satellite Service (FSS) operator and Europe's leading player in terms of the number of TV channels broadcast (source: Euroconsult, Satellite Communications & Broadcasting Markets Survey – 2009 edition).

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

With its fleet of satellites located on 21 orbital positions extending from 15° West to 75° East, the Group covers the whole of the European continent, the Middle East, Russia, Central Asia and North Africa, sub-Saharan Africa (**Extended Europe**), and a large part of the Asian and American continents, potentially giving it access to 90% of the world's population.

The Group's satellite fleet had 609 operational transponders in stable orbit at 31 December 2009, as opposed to 589 transponders and 501 transponders in stable orbit at 30 June 2009 and 30 June 2008 respectively.

At 31 December 2009, the Group broadcasted more than 3,448 television channels and 1,070 radio stations to more than 190 million cable and satellite households in Extended Europe.

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

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

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

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

Group strengths and strategy

Group strengths

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

A large portfolio of attractive orbital positions

With 21 orbital positions in service, the Group is the satellite operator with the greatest number of orbital positions used for the transmission of video programming over the geostationary arc from 15° West to 75° East. The Group has developed 2 flagship orbital positions and has 7 major orbital positions allowing it to broadcast television channels in Extended Europe.

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

The HOT BIRD™ position today represents the leading television programme transmission position in Europe. In fact, the 3 HOT BIRD™ satellites broadcast 1,041 channels at 30 June 2009 and 1,079 channels at 31 December 2009 (more than any other orbital position in Europe) of which 38 High Definition TV to over 52 million households equipped for satellite reception. The Group has also developed the 28.5° East position, providing efficient coverage of the United Kingdom and Ireland with the EURO BIRD™ 1 satellite, which broadcast 336 channels at 31 December 2009 to around 10 million households equipped for satellite reception. The Group estimates that the channels broadcast at these 2 flagship positions are received by more than 60 million homes via satellite dishes for individual or community reception (source: Eutelsat cable and satellite review, 2009).

In addition to these 2 flagship positions, the Group is developing major orbital positions specialised by geographical area. These positions allowed the Group to broadcast 1,822 television channels at 30 June 2009 and 2,033 TV channels at 31 December 2009 (of which 60 High Definition TV) and to take advantage of rapid growth in the number of digital television channels emanating from geographical areas such as Central and Eastern Europe, Russia, North Africa, the Middle East and sub-Saharan Africa (via its positions at 5° West, 7° West, 7° East, 9° East, 16° East, 25.5° East and 36° East).

The Group considers that its orbital positions constitute a rare resource that gives it a strategic advantage in developing its business. Almost all orbital positions and associated frequency rights for the Ku-band have already been allocated to existing operators by the International Telecommunication Union (ITU), thus making it practically impossible for a new operator to access an orbital position in Ku-band under current ITU rules.

Thanks to its current portfolio of utilisation rights for orbital positions and its active policy of capacity management, the Group believes that it can adjust rapidly to any change in demand and seize new market opportunities that may arise in the future.

In-orbit satellite infrastructure that represents a major strategic advantage

The Group is operating 25 satellites in geostationary orbit at the date of this Prospectus.

It has the following major advantages:

- a large portfolio of orbital positions concentrated on the European orbital arc, serving geographical areas covering both mature markets (Western Europe) and rapidly expanding markets (the Second Continent);
- a modern satellite fleet with an average age (as weighted by number of transponders) of 5.5 years at 30 June 2009 and 5.7 years at 31 December 2009 (excluding satellites in inclined orbit), and currently being renewed with the scheduled launch of the 4 satellites under manufacturing over the next few years. As a reference, the operating life of satellites in stable orbit is usually 12 to 15 years;
- a high level of technical flexibility, particularly as a result of on-board antennas with steerable beams or several beams with different coverage areas. This allows the Group to adjust and reconfigure coverage areas to meet customer needs, respond to changes in geographical markets and reconfigure coverage areas if a satellite is repositioned to a new orbital position;
- connectivity between transponders and the various geographical coverage areas, enabling the Group to respond to evolving customer demand; and
- on-board redundant equipment and large back-up capacity at key orbital positions, enabling the Group to offer, in some cases, continuity of service in the event that a satellite breaks down or malfunctions.

Significant growth potential

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

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

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

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

- the rapid development of broadband satellite applications. For example, demand for satellite capacity for business networks and broadband services, excluding capacity allocated to

broadband services distributed by multibeam satellites, grew at a CAGR of 21% between 2004 and 2008 in Extended Europe (source: Euroconsult 2009);

- strong growth in demand from emerging markets (such as Central and Eastern Europe, Russia, North Africa, the Middle East and sub-Saharan Africa);
- the development of new mobile services and applications, which may create an additional source of growth. The Group now has strong expertise in this segment, through its services for the terrestrial, sea and air transport sector; and
- the development of new services and applications related to broadband Internet access in new frequency bands such as the Ka-band, which is expected to lead to a significant reduction in the cost of accessing satellite segment capacity in regions where terrestrial networks provide little or no coverage.

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

A leading position in the European market for satellite broadcasting

The Group is the leading operator in the European market for satellite TV and radio broadcasting in terms of the number of channels broadcast and the number of transponders, with 3,448 television channels and 1,070 radio stations broadcast to more than 190 million cable and satellite households at 31 December 2009.

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

A business portfolio focused on the most profitable applications

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

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

Video Applications account for 72% of the Group's revenues (excluding other revenues and non-recurring revenues) at 31 December 2009.

The stability of this source of revenues is strengthened by the fact that the Group has little exposure to the risk of falling demand for capacity resulting from the transition from analogue to digital. The Group only broadcasts 10 analogue channels (all being French channels for reception in "shadow" areas of mainland French territory from the 5° West orbital position). In addition the Group has benefited from sustained growth in digital TV markets in emerging-market countries (Central Europe, Russia, the Middle East, North Africa, and sub-Saharan Africa) as well as the

development of the first HDTV channels. As of 31 December 2009, the Group broadcast a total of 100 HDTV on its fleet.

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 19.2% of Group revenues (excluding other revenues and non-recurring revenues) as of 31 December 2009, grew by 14.4% compared with the six-month period ended 31 December 2008.

Data Services revenues rose by 15.2% on 31 December 2009, 13.9% on 30 June 2009, compared respectively to 31 December 2008 and to 30 June 2008 and were representing a total of 14.8% of Group revenues by 31 December 2009 (excluding other revenues and non-recurring revenues).

Value-Added Services revenues were up 12.1% on 31 December 2009 and 11.9% on 30 June 2009 compared respectively to 31 December 2008 and to 30 June 2008 (excluding other revenues and non-recurring revenues).

As at 31 December 2009, Value-Added Services accounted for 4.4% of total revenues (excluding other revenues and non-recurring revenues).

In addition, the Group also operates in Multi Usages applications which were representing 8.8% of its revenues by 31 December 2009 and 8.1% of Group revenues at 30 June 2009 (in each case, excluding other revenues and non-recurring revenues).

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

Significant and predictable cash flows

In recent financial years, the Group has generated consistent cash flow from operating activities, representing 64.4% of its revenues in the financial year ended 30 June 2009, and totalling 554.6 million Euros and 606.9 million Euros respectively in the financial years ended 30 June 2008 and 2009.

Cash flow from operating activities is largely predictable, due to the nature and size of the Group's order backlog and the average remaining lifetime of the contracts (weighted by amount), which was 7.8 years at 30 June 2009 and has increased to 8.2 years as of 31 December 2009. Most of the order backlog consists of long-term contracts (often corresponding to the operational life of satellites) entered into on the basis of pre-determined tariff conditions. At 31 December 2009, the Group's total order backlog was 4.2 billion Euros, equal to more than 4 times consolidated revenues for the financial year ended 30 June 2009 in comparison with 3.9 billion Euros at 30 June 2009 and 3.5 billion at 31 December 2008 (+19%).

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

The Group has the highest EBITDA margin among the large leading satellites operators. At 30 June 2009, EBITDA margin stood at 79.8% compared with 80.2% at 30 June 2008 and stood at 81.8% as at 31 December 2009.

A management team with recognised leadership

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

Strategy

The Group focuses on the most profitable segments and services within the FSS sector. The Group's strategy is based on the provision of outstanding satellite capacity (in terms of technical characteristics and antenna arrays and/or associated terminals), along with Value-Added Services. During the course of the financial year ended 30 June 2009 as well as during the six-month period ended 31 December 2009, the Group continued to implement its development strategy. This long-term strategy combines growth and profitability, and has 2 main aims:

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

Implementing this strategy also involves the following activities.

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

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

- consolidating its leading orbital position at 13° East, where resources have already been renewed with the launches of HOT BIRD™ 7A in March 2006, HOT BIRD™ 8 in August 2006, HOT BIRD™ 9 in December 2008;
- strengthening and developing its major orbital video positions (36° East, 25.5° East, 16° East, 9° East, 7° East, 5° West and 7° West), which cover emerging markets such as Central and Eastern Europe, Russia, North Africa, the Middle East and sub-Saharan Africa. In particular, the deployment of ATLANTIC BIRD™ 4A in April 2009 at orbital position 7° West, intended for the North African and Middle East markets, and the deployment of EURO BIRD™ 9A in February 2009 at position 9° East, intended for Western Europe, as well as the entry into service of the W7 satellite in January 2010 at the position 36° East to serve African and Russian markets, provide new capacity for developing these services; and
- implementing an active fleet security policy at the flagship orbital position 13° East, which will lead to 100% redundant satellite capacity and at position 7° East where there will be partial redundancy, from 2011 with the launch of satellite W3C.

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

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

- developing the D-STAR™ service, enabling it to offer an economical and effective solution for broadband networks and services, aimed especially at companies and regional or local authorities operating in areas with little or no coverage from terrestrial networks both in Europe and emerging-market countries;
- strengthening the range of mobile communication services, particularly for land transport, aircraft and ships. In this respect, the Group is working with Alstom, Orange and Capgemini to provide the SNCF's TGV Est high-speed trains with broadband Internet access onboard its trains; and
- developing the TOOWAY™ offering, launched in Europe at the end of 2007. This Ku-band/Ka-band service provides high-speed broadband access to the general public. TOOWAY™ is operated by Skylogic S.p.A., the Issuer's broadband subsidiary and was distributed in 26 countries through 58 distributors by 31 December 2009.

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

Pursuing an active policy of technical innovation

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

During the financial year 2007-2008, the Group partnered with SES Astra to set up Solaris Mobile Ltd (Solaris) based in Dublin, Ireland which is in charge of operating and marketing the S-band payload of the W2A satellite that was launched on 3 April 2009. This frequency band allows the distribution of TV, video and radio services, along with bi-directional communications using mobile equipment such as telephones, PCs and multimedia players. Solaris Mobile Ltd has been awarded 15 MHz (out of 30MHz) by the European Union on 13 May 2009 to operate this frequency over the European Union territory.

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

The Group intends to continue making its available satellite resources as profitable as possible by optimising its allocation of these resources, taking into account utilisation rates for each

geographical area and application as well as the expected expansion in demand. Accordingly, the Group intends to continue seizing all opportunities in segments that are not its core business (including services to public-sector entities), as long as the capacity allocated to this type of contract does not undermine the development of its main applications.

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

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

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

Maintaining rigorous control over operating costs

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

Main markets

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

Fixed Satellite Services (FSS) sector.

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

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

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

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

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

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

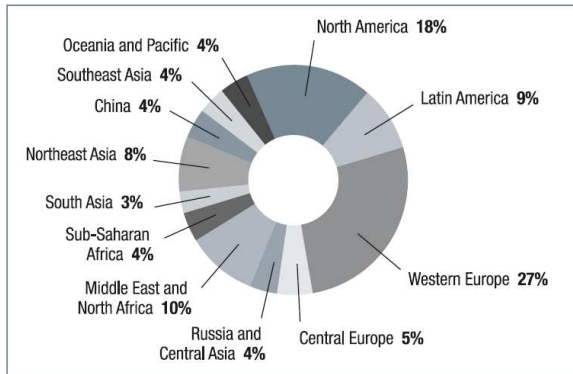
The FSS sector has the following characteristics:

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

According to Euroconsult, the FSS sector generated worldwide revenues of 9.8 billion US dollars on 31 December 2008, including more than 8.7 billion US dollars in infrastructure revenues. Total infrastructure revenues in Extended Europe were around 4 billion US dollars. In 2008, there were 264 commercially active satellites. For the purposes of the above paragraph, it should be noted that (i) infrastructure revenues represent revenues generated solely by selling satellite bandwidth (transmission capacity), excluding revenues from services and (ii) extended Europe is comprised of Western Europe, Central Europe, the Commonwealth of Independent State, North Africa, the Middle East and sub-Saharan Africa.

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

BREAKDOWN OF INFRASTRUCTURE REVENUES IN THE FSS SECTOR BY REGION



Source: Euroconsult, 2009.

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

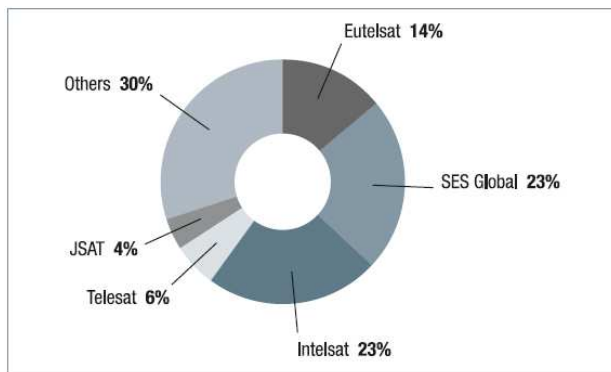
Competition

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

Satellite operators

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

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



Source: Euroconsult, 2009.

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

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

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

At 31 December 2009, SES' fleet consisted of 40 satellites. The fleet covered all of the world's population. At 31 December 2009, SES generated revenue of 1,701.6 million Euros, up from 1,630.3 million Euros in 2008, and its EBITDA was 1,189.5 million Euros as opposed to 1,100 million Euros in 2008. As a result, its EBITDA margin was 69.9% in 2009 and 67.5% in 2008.

SES operates in Extended Europe via its subsidiaries SES Astra and SES SIRIUS, and partly SES WorldSkies. In Europe, the 16 satellites in SES Astra and SES SIRIUS' combined fleet broadcast 2,491 TV and radio channels, including 64 HDTV channels to an audience of more than 122.2 million cable and satellite households at 31 December 2009.

SES is listed on Euronext Paris and in Luxembourg.

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

At 31 December 2009, Intelsat operated a fleet of 50 satellites (2,025 transponders). Its satellites are situated above North America and the Atlantic, Pacific and Indian oceans. In 2009, Intelsat SA generated sales of 2.51 billion US dollars, up from 2.36 billion US dollars in 2008. Intelsat SA EBITDA was 81.4 billion US dollars at December 2009 as opposed to 916 million US dollars in 2008. As a result, its EBITDA margin was 55% in 2009 and 39% in 2008.

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

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

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

Terrestrial communications services

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

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

DSL networks, dedicated mainly to the provision of broadband Internet access and television channels, could offer their services in urban and suburban areas on more competitive financial conditions than satellite operators. However, because of the technical limitations of this mode of distribution (limitation regarding volume and proximity of DSLAM distribution frames), DSL

networks currently only offer limited geographical coverage and are not suitable for the supply of large volumes over point-to-multipoint links.

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

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

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

Diverse range of services

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

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

Presentation of services offered by the Group by application.

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

Video Applications	
Broadcasting	
<ul style="list-style-type: none"> Direct broadcasting of TV and radio to households with a satellite dish (Direct-to-Home or DTH) 	<ul style="list-style-type: none"> Pay-TV platforms and TV channels ADSL network operators
<ul style="list-style-type: none"> Distribution of television channels and radio stations to cable operator network head-ends and terrestrial DTT retransmitters 	<ul style="list-style-type: none"> Terrestrial network operators, cable operators, fibre network operators
Professional Video Networks	
<ul style="list-style-type: none"> Point-to-point connections for routing TV channels to the teleport, enabling them to be transmitted to a direct broadcasting satellite 	<ul style="list-style-type: none"> TV channels Teleport operators
<ul style="list-style-type: none"> Transmission of live reports and events to TV channels' 	<ul style="list-style-type: none"> TV channels

production studios	<ul style="list-style-type: none"> • TV channel technical service providers
<ul style="list-style-type: none"> • Permanent connections constituting a mesh network for programme exchanges between broadcasters 	<ul style="list-style-type: none"> • European Broadcasting Union

Data and Value-Added Services	
Data Services	
<ul style="list-style-type: none"> • Professional VSAT networks/data exchanges 	<ul style="list-style-type: none"> • Press, financial agencies, retail, oil industry
<ul style="list-style-type: none"> • Internet backbone connectivity 	<ul style="list-style-type: none"> • Internet Service Providers (ISPs)
<ul style="list-style-type: none"> • Private networks for companies and local communities 	<ul style="list-style-type: none"> • Communication network integrators and operators
Value-Added Services	
<ul style="list-style-type: none"> • Professional broadband access solutions D-STAR™/D SAT 	<ul style="list-style-type: none"> • Businesses and local communities in regions that have little or no coverage from terrestrial broadband networks
<ul style="list-style-type: none"> • TOOWAY™ consumer broadband Internet access solutions 	<ul style="list-style-type: none"> • Internet services providers, terrestrial network operators, local communities
<ul style="list-style-type: none"> • Mobile Internet access solutions and GSM mobile networks extensions 	<ul style="list-style-type: none"> • Large ships, business aircraft, trains
<ul style="list-style-type: none"> • Mobile communications services (EuteI TRACS) 	<ul style="list-style-type: none"> • Road transport companies
Multi-Usage Services	
<ul style="list-style-type: none"> • Supply of capacity for government services 	<ul style="list-style-type: none"> • Public administration, civil protection

Video Applications

With revenues of 679.7 million Euros in the financial year ended 30 June 2009 and 361.4 million Euros for the six-month period ended 31 December 2009, Video Applications represent the Group's main area of business.

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

Broadcasting

The Group broadcast 3,448 TV channels at 31 December 2009, making it the European leader in terms of the number of channels broadcast (source: Euro-consult, Satellite Communications & Broadcasting Markets Survey - 2009 edition).

The 3 HOT BIRD™ satellites located at the 13° East orbital position make up the leading transmission array in Europe (source: Lyngsat and Eutelsat) with 1,079 channels transmitted at 31 December 2009. One of the Group's priorities is to strengthen this flagship position by maintaining a flexible and high-performance fleet capable of meeting users' needs and providing back-up capacity for its customers. The launch of the HOT BIRD™ 9 satellite has sharply increased redundancy regarding transponders in this orbital position.

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

This leading position is strengthened by the EUROBIRD™ 1 satellite, which is located in orbital position 28.5° East, and which broadcast 336 TV channels at 31 December 2009 (source: Lyngsat) to more than 10 million households in the UK and Ireland via both DTH receivers and cable (source: Eutelsat cable and satellite review, 2009). EUROBIRD™ 1 is also used by the Sky Digital platform to broadcast its programmes.

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

36° East, which serve the Russian and sub-Saharan African markets. The co-located W7 and W4 satellites at this position are used by the DStv digital broadcasting platform operated by Multichoice Africa, aimed at sub-Saharan Africa, and the Russian broadcast platforms NTV Plus, Tricolor TV. This position broadcast 454 channels at 31 December 2009 and 451 TV channels in June 2009. This position has been recently strengthened with the entry into service of the largest Group satellite named W7, which can operate 70 transponders in early January 2010 and has replaced SESAT 1 satellite (see Sections "Fleet" and "Recent Events" for further information).

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

In the Russian market, growth has been driven by additional capacity leased to operators RSCC and Intersputnik to accompany the fast growth of Russian TV packages. Reflecting strong momentum in the Russian and Ukrainian markets, the number of households equipped with DTH satellite dishes receiving programmes from Eutelsat increased by more than 95% to 4.7 million between 2006 and 2008. Over the same period, the DTH audience at position 36° East more than doubled to 3.5 million dishes, accounting for around 75% of the Group's audience in these markets. Across both DTH and cable, position 36° East has increased its audience to more than 12 million households, and has grown at a CAGR of 15% (source: Eutelsat cable and satellite review 2009).

25.5° East with the EUROBIRD™ 2 satellite, which covers the Middle East and broadcasts more than 90 television channels at 31 December 2009.

16° East with the co-located W2M, SESAT1 and EUROBIRD 16 satellites, which are used by digital TV broadcast platforms such as CanalSatellite Réunion and Parabole Océan Indien for islands in the Western Indian Ocean and regional broadcast platforms in Central Europe and the Balkans (including DigitAlb and Tring TV in Albania, ITV Partner in Bulgaria, Total TV in Serbia, Slovenia, Montenegro and Bosnia-Herzegovina). Position 16° East has also been boosted by growth in the

range of channels broadcast on the Roots Global platform, aimed at South Asian communities in Europe, and the launch of Hong Kong's Television Broadcasts Ltd package, aimed at the Chinese community in Europe. This position broadcast around 380 channels at 30 June 2009 and 410 TV channels as of 31 December 2009. Following the in orbit anomaly which occurred on 27 January 2010 on the W2 satellite this position has been reconfigured to be operated with 3 satellites, namely W2M, EUROBIRD 16 and SESAT 1, which can provide up to 40 operating transponders (see Sections "Fleet" and "Recent Events" for further information).

9° East with the EUROBIRD™ 9A satellite, which allows customers with a double-headed antenna to receive from both the 9° East and 13° East positions. The number of TV channels broadcast by this satellite almost doubled in 2008/09, from 125 at 30 June 2008 to 245 at 30 June 2009. This satellite broadcasts at 31 December 2009 a total of 273 TV channels of which 25 HD TV. This satellite is used, in particular, by the new Russian HD package Platforma HD, the Hungarian package Hello HD, by Italian TV channels and by the third German cable-operator TeleColombus, for transmitting TV channels to head-ends. Roots Global, the new pan-European TV package dedicated to South Asian communities living in Europe, the Middle East and North Africa, has expanded the range of channels it broadcasts using the EUROBIRD™ 9A satellite.

7° East with the W3A satellite, used by the digital broadcast platform DigiTurk (the leading pay-TV platform in Turkey with approximately 2.25 million subscribers at end-2008 according to Dataxis). This satellite broadcast 191 TV channels at 31 December 2009.

5° West with the ATLANTIC BIRD™ 3 satellite, which broadcasts a total of 161 TV channels. It broadcasts all national French channels to homes that cannot otherwise receive these channels because of terrestrial shadow zones, along with the Bis platforms and the Orange package, to complement its ADSL TV coverage. This satellite has been used since March 2005 to broadcast terrestrial digital channels to the head-ends of DTT retransmitter networks in France.

The Group has also developed a service for broadcasting French free-to-air DTT channels using this satellite. This service, called FRANSAT™, has been available since June 2009. The digital changeover of this key French orbital position is a logical part of the "France Numérique 2012" plan and the new broadcasting act of 5 March 2009, which aims to give homes in shadow zones access to DTT that does not involve any costs arising from altering installed dishes.

7° West with the ATLANTIC BIRD™ 4A satellite for North Africa and the Middle East. This satellite is co-located with Nilesat's 2 satellites, and broadcasts 181 TV channels at 30 June 2009 and 275 TV channels at 31 December 2009.

Professional Video Networks

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

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

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

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

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

Data and Value-Added Services

Data and Value-Added Services generated revenues of 173 million Euros in the financial year ended 30 June 2009 and 96.4 million Euros for the six-month period ended 31 December 2009.

Data Services

Data Services generated revenue of 134.1 million Euros in the financial year ended 30 June 2009 and 74.2 million Euros for the six months ending 31 December 2009.

Professional VSAT-type networks

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

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

Internet backbone connectivity

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

Provision of capacity to network integrators offering IP access solutions

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

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

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

Value-Added Services

Value-Added Services generated revenue of 38.8 million Euros in the financial year ended 30 June 2009 and 22.2 million Euros for the six-month period ending 31 December 2009.

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

IP access solutions

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

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

At 30 June 2009, the number of D-STAR™ terminals in operation totalled 9,914, up 11% compared with 30 June 2008. Growth in D-STAR™ terminal numbers was driven in particular by strong momentum in emerging markets (Africa and the Middle East), where there were 6,400 terminals at 30 June 2009, a year-on-year increase of 22%. At 31 December 2009, there were 10,020.

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

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

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

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

D-SAT service. This satellite IP access solution allows the creation of mesh networks to transfer high volumes of data at high speed, with payment based on actual usage. This service uses larger and more expensive terminals than the D-STAR™ service, and is used in particular on cruise ships and

ferries. At 30 June 2009, the number of D-SAT terminals in operation was around 80, as opposed to 150 at 30 June 2008.

TOOWAY™ consumer broadband Internet access solutions. In 2007/08, the Group launched a major innovation to provide the public with satellite Internet access at prices and bandwidths comparable to ADSL broadband. This next-generation TOOWAY™ service uses SurfBeam® DOCSIS technology developed by VIASAT – the world leader in satellite communication equipment – which has already been installed in 400,000 households in North America, and a Ka-band payload on board the HOT BIRD™ 6 satellite. This service will also use part of EURO BIRD™ 3's Ku-band resources.

This Ka-band Internet access solution is currently unique in Europe, and has been adopted by Swisscom (Switzerland), Fastweb (Italy), El Corte Ingles (Spain), Telecom Italia (Italy), Hellas On Line (Greece), 3 (Ireland) SFR (France) and more than 50 other operators in Europe in order to offer a universal broad-band Internet access service and serve regions not covered by terrestrial networks. The service is already being rolled out in Europe and several thousand TOOWAY™ terminals are in use. Tooway™, currently uses the HOT BIRD™ 6 and EURO BIRD™ 3 satellites. It has all the features required to supplement terrestrial broadband coverage and meet targets set by a growing number of governments to ensure universal broadband access across their territories by 2012.

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

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

Mobile Internet access solutions and GSM mobile networks extensions

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

WINS

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

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

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

EutelTRACS

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

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

Multi-Usage Services

Multi-Usage Services generated revenues of 75.4 million Euros for the financial year ended 30 June 2009 and 44.4 million Euros for the six-month period ended 31 December 2009. These services mostly include the provision of capacity to other satellite operators and to suppliers of services to government agencies, particularly in the USA. The service mainly uses capacity on the EURO BIRD™ 2, W5, ATLANTIC BIRD™ 2 and ATLANTIC BIRD™ 3 satellites.

Satellites and coverage areas

At 31 December 2009, the Group operated capacity on a fleet of 25 satellites in geostationary orbit (including capacity on 3 satellites in inclined orbit, Telecom 2D, W48 and W75, located respectively at the 8°West, 48°East and 75°East orbital positions).

The Group owns 23 satellites and leases capacity on 3 third parties satellites as of 31 December 2009 (Telstar 12, Sesat 2 and Telecom 2D).

The Group is also planning to launch 4 new satellites (W3B, KA-SAT, W3C and ATLANTIC BIRD™ 7) in the next 3 financial years, and to start replacing 3 satellites launched between 1998 and 2000.

The satellite fleet

At 31 December 2009, the Group's fleet covered 21 orbital positions between 15° West and 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 characteristics of the Group's satellite fleet are as follows:

- a large portfolio of orbital positions concentrated on the European orbital arc, serving both mature markets (Western Europe) and rapidly expanding markets;
- a fleet ranking as one of the youngest among major satellite operators, with an average age (as weighted by number of transponders) of 5.7 years at 31 December 2009;
- a high level of technical flexibility, with satellites featuring on-board antennas with steerable beams or several beams with different coverage, allowing the Group to adjust and reconfigure the areas covered to meet customer needs, respond to geographical market factors or reconfigure coverage areas if a satellite is repositioned to a new orbital position;
- connectivity between transponders and the various possible geographical coverage zones, enabling the Group to respond to evolving customer demands; and
- on board redundancy equipment and large back-up capacity in orbital positions enabling the Group to offer, in some cases, continuity of service in the event that a satellite breaks down or malfunctions.

At 30 June 2009, the Group's EUROBIRD™ 9 (formerly HOT BIRD™ 2) and EUROBIRD™ 4 (formerly HOT BIRD™ 3) satellites were in the process of being moved to 2 new orbital positions. At 31 December 2009, these satellites were respectively operated at 48°East and 75°East orbital position in inclined orbit under the name of W48 and W75.

Each year, the Group reviews the estimated lives of satellites in orbit (for further information, see Notes 6 to the consolidated financial statements for the year ended 30 June 2009 in the Annex of this Prospectus.

SATELLITE TABLE AT 31 DECEMBER 2009

The table below sets out the Group's operational satellite fleet in stable orbit at 31 December 2009. Nominal capacity is the nominal number of transponders per satellite. The dates for the end of operational lives in stable orbit, as shown in the table below, are estimated by the Group.

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 at 31 December 2009 (calendar year)
SATELLITE					
HOT BIRD™ 6	13° East	Ku/Ka	28/4	Aug. 2002	Q1 2018
HOT BIRD™ 8	13° East	Ku	64	Aug. 2006	Q1 2025
HOT BIRD™ 9	13° East	Ku	64	Dec. 2008	Q4 2024
EUROBIRD™ 1	28.5° East	Ku	24	Mar. 2001	Q3 2018
EUROBIRD™ 2	25.5° East	Ku	16	Oct. 1998	Q1 2013
EUROBIRD™ 3	33° East	Ku	20	Sept. 2003	Q3 2014
EUROBIRD™ 4A ⁽¹⁾	4° East	Ku	14	Sept. 2000	Q1 2012
EUROBIRD™ 9A	9° East	Ku	38	Mar. 2006	Q3 2024
EUROBIRD™ 16 ⁽¹⁾	16° East	Ku	15	Feb. 1998	Q4 2011
W2	16° East	Ku	24	Oct. 1998	Q4 2009

W2A	10° East	Ku/C	46/10	Apr. 2009	Q1 2023
W3A	7° East	Ku/Ka	42/2	Mar. 2004	Q2 2021
W4	36° East	Ku	31	May 2000	Q2 2017
W5 ⁽²⁾	70.5° East	Ku	20	Nov. 2002	Q1 2017
W6	21.5° East	Ku	24	Apr. 1999	Q2 2013
SESAT™ 1	36° East	Ku	18	Apr. 2000	Q4 2011
ATLANTIC BIRD™ 1	12.5° West	Ku	19	Aug. 2002	Q4 2017
ATLANTIC BIRD™ 2	8° West	Ku	26	Sept. 2001	Q1 2018
ATLANTIC BIRD™ 3	5° West	Ku/C	27/10	July 2002	Q3 2019
ATLANTIC BIRD™ 4A	7° West	Ku	26	Feb. 2009	Q1 2025
Telstar 12 ⁽³⁾	15° West	Ku	4	Oct. 1999	Q4 2011
SESAT™ 2 ⁽⁴⁾	53° East	Ku	12	Dec. 2003	Q1 2016
<i>(Owned by Loral Skynet.</i>					
<i>(5) Owned by Russian Satellite Communications Company (RSCC)</i>					

Recent Evolution of the fleet of the Group

Following the decision not to integrate the W2M satellite into the Group's operational fleet because of the in-orbit incident in February 2009, it was moved to orbital position 3° East (see section "Breakdowns and losses of equipment" for more information). This satellite is being now operated at 16° East orbital position since January 2010.

As of January 2010, the Group has put into commercial service satellite W7 which was successfully launched on 24 November 2009 at the orbital position 36°East and has subsequently relocated the satellite SESAT 1 at the orbital position 16°East.

As of 27 January 2010, W2 satellite at 16°East orbital position suffered from in orbit anomaly. This satellite was under control and customers transferred to other co located satellites at this orbital position. This satellite, which was close to end of life, has been de-orbited on 5 March 2010.

Satellite fleet usage and performance

At 31 December 2009, the Group operated a total of 609 transponders in stable orbit as opposed to 589 and 501 at 30 June 2009 and 30 June 2008 respectively. The number of transponders in operation can vary over time depending on the electrical power of the satellites, their degree of working order, their age, the frequencies available at the orbital positions and technical characteristics relating to the strength of signal transmitted by the satellites in orbit.

The utilisation rate (or fill factor) represents the total percentage of the Group's total allotted satellite capacity in stable orbit expressed as a percentage of the total operational satellite capacity in stable orbit. It was 88.8% at 30 June 2009 as opposed to 93.4% at 30 June 2008 and was at 87.4% at 31 December 2009 as opposed to 97.6% at 31 December 2008.

The Group's fill factor illustrates:

- the successful execution of the first phase of the Group's roll-out plan, bringing 3 new satellites into service and redeploying 3 existing ones, resulting in 88 additional transponders at 30 June 2009; and

- firm demand for capacity at these orbital positions, as shown by the increase in the number of transponders rented out at 30 June 2009 (+55).

Capacity evolution

The table hereunder reflects the capacity evolution of the Group over the last 2 years.

	30 June 2008	30 December 2008	30 June 2009	31 December 2009
Operational transponders ⁽¹⁾	501	501	589	609
Leased transponders ⁽²⁾	468	489	523	532
Fill rate	93.4%	97.6%	88.8%	87.4%

(1) Number of transponders in stable orbit, excluding spare capacity.

(2) Number of transponders leased on satellites in stable orbit.

NB: The W7 satellite is not included in the above table.

Satellites ordered and in course of construction

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

- **W7**, ordered from Thales Alenia Space in December 2006. This satellite will have capacity of up to 70 Ku-band transponders connected to 6 beams covering Europe, Russia, Africa, the Middle East and Central Asia. It will be co-located with the W4 satellite, and its main mission will to replace the Ku-band capacity on SESAT™ 1 and to expand the 36° East orbital position. This satellite has been successfully launched in November 2009 and was commercially operated as of January 2010.
- **KA-SAT**, ordered in January 2008 from EADS ASTRIUM. This satellite will be the Group's first satellite operating solely in Ka-band. It will be the first step in a major new satellite infrastructure programme which will significantly extend TOOWAY™ broadband resources and access to the public throughout Europe and the Mediterranean basin, whilst offering new opportunities for local and regional television. This satellite, which is due to be launched in the third quarter of 2010, will be equipped with more than 80 narrow beams, making it the most advanced multibeam satellite designed to date worldwide. As an integral part of this new infrastructure, a network of 8 stations managed by Eutelsat will allow access to KA-SAT and provide end-users with the entire range of broadband services.

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

The bandwidth provided by KA-SAT, in conjunction with SurfBeam® DOCSIS, VIASAT's next generation ground network system, will increase this satellite's operational capacity and enable it to reach unrivalled levels of efficiency and resources, with total bandwidth of more than 70 Gigabits/second. This capacity, made available by the new infrastructure created between the satellite and its associated access stations, represents a major turning point in satellite IP access. It increases the number of households that can access satellite broadband at ADSL-equivalent speeds to well over 1 million. Internet via satellite has thus been brought within

reach of the public at bandwidths and prices comparable to broadband. At present, only a few tens of thousands of professional users use the Ku-band satellite capacity currently available in Europe.

- **W3B**, ordered in May 2008 from Thales Alenia Space. W3B is scheduled for launch in the second quarter of 2010, and will be located in orbital position 16° East. Backed with a Thales Alenia Space's Spacebus 4000 platform and with operational capacity of up to 56 transponders, the launch of this satellite is expected during the period August/September 2010.
- **W3C**, ordered in March 2009 from Thales Alenia Space. Sistership of W3B, W3C will have a dual mission to help develop and increase redundancy at the 7° East position, and to ensure continuity of service in the event that W7 or W3B were lost. W3C is scheduled for launch in the third quarter of 2011, and will be able to operate up to 56 transponders, supported by a Spacebus 4000 platform made by Thales Alenia Space. Co-located alongside W3A, W3C will increase operational capacity at 7° East from 44 to 70 transponders. The co-location of these 2 satellites underscores Eutelsat's strategy to make 7° East a flagship position, in line with the strategy that enabled the HOT BIRD™ position to become the world leader in terms of the number of TV channels broadcast. W3A at 7° East offers optimised coverage of Europe, Africa, the Middle East and Central Asia, and already broadcasts almost 200 TV channels as well as offering data and professional video services.

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

- high-power Ku-band coverage of Europe, with a beam centred over Central Europe and Turkey that is particularly well suited to Direct-to-Home (DTH) reception in these regions;
- extensive coverage across Extended Europe, and including North Africa and the Middle East as far as Central Asia, via a Ku-band beam optimised for professional video links and data networks;
- Ku-band coverage of sub-Saharan Africa and islands in the Indian Ocean for regional telecommunications and Internet services. African coverage will also offer interconnection with Europe through a combination of Ka-band frequencies in Europe and Ku-band frequencies in Africa.
- **ATLANTIC BIRD™ 7**, ordered from EADS Astrium in May 2009. On 11 May 2009, EADS Astrium was selected to build ATLANTIC BIRD™ 7. This satellite will be located at 7° West, which is the flagship position for broadcasting TV channels to the Middle East and North Africa, and which is operated by Eutelsat and Egypt's national operator Nilesat in close collaboration. ATLANTIC BIRD™ 7 is scheduled for launch in the fourth quarter of 2011. Its in-orbit lifetime is expected to be more than 15 years.

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

The additional resources of ATLANTIC BIRD™ 7 will be located alongside Nilesat 101 and 102, as well as Nilesat 201, which is currently being built for launch in mid-2010. Under this

partnership, the 2 companies have decided to give orbital position 7° West the shared name of Nilebird.

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

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

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

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

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

TCR – Telemetry, command and ranging

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

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

Activities of the Satellite Control Centre

At 31 December 2009, the Group controlled the 23 satellites it owned. Telecom 2D is controlled by France Télécom. Telstar 12 is controlled by Skynet, while SESAT™ 2 is controlled by RSCC.

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

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

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

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

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

Activities of the Communications Control Centre

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

All equipment is managed centrally by the Communications Control Centre, which has been based at the Rambouillet teleport since 31 December 2007, with a back-up centre in Paris. The 2 centres are connected to each other and to each monitoring site by a network of protected and redundant voice/data communication lines.

Breakdowns and losses of equipment

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

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

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

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

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

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

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

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

The W75 satellite (formerly HOT BIRD™ 3) suffered an in-orbit incident during the night of 3 to 4 October 2006. This incident occurred the day after its communication services were transferred to HOT BIRD™ 8.

Consequently, this incident had no impact on the services marketed by Eutelsat at its 13° East orbital position, which were provided at the time of the incident by HOT BIRD™ 2, HOT BIRD™ 6, HOT BIRD™ 7A and HOT BIRD™ 8. Nevertheless, the consequence of this failure was the loss of half of the satellite's available electrical power and an estimated reduction in its remaining operational life of 15 months.

On 14 March 2007, as a precautionary measure, services provided by HOT BIRD™ 2 (renamed now W48 and located at 48° East) at 13° East were transferred to HOT BIRD™ 8, following detection of a fault. This fault had no impact on the satellite's ability to fulfil its stated communications mission.

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

The performances of the W2M satellite, which was launched on 20 December 2008, do not comply with the specifications established with its manufacturer EADS Astrium/ISRO Antrix, because of a major fault affecting its electrical power sub-system. This fault came to light while the satellite was being transferred from its test position to its planned operational position. Following extensive test period, at the filing date of this document W2M was being commercially operated at 16°East with partial capacities.

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

On 27 January, W2 satellite, which was operated at the orbital position 16°East suffered from an in orbit incident. As a consequence of that incident, this satellite, whilst being under control, is no longer in commercial service. Customers were restored at the same orbital location on other satellites. This satellite has de-orbited on 5 March 2010. This satellite was fully depreciated as of July 2009.

Launch failures

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

Breakdowns and losses of equipment affecting satellites leased by the Group

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

Under its capacity lease agreements, the Group can request compensation if there is any interruption in the capacity's availability or if there is any deterioration in the transponders. The amount of such compensation, which is limited to a certain amount per year, is calculated on the basis of the frequency and duration of the interruptions affecting the transponders leased. In addition, certain agreements stipulate that the Group can, in the event of specific malfunctions and if no other capacity is provided, terminate the entire allotment agreement or the lease covering the affected transponder without penalty. In such cases, the Group can request reimbursement of the part of the lease cost corresponding to the period in which it was unable to use the capacity.

Sparing capacity and redundancy

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

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

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

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

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

Satellite end-of-life

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

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

In the year ended 30 June 2009, no satellites were de-orbited, but in the period closed in 31 December 2009, the satellite Telecom 2C was de-orbited. Satellite W2 has been de-orbited on 5 March 2010.

Commercial and distribution policy

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

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

The Group's top 4 client-distributors (France Télécom/Globecast, Telespazio, British Telecom/Arqiva and Deutsche Telekom/T-Systems) represented 36.9% of the Group's consolidated revenues in 2007/08 and 34.6% in 2008/09.

This reduction in the large client-distributors' contribution to the Group's consolidated revenues reflects the desire of certain end-users of the Group's capacity to establish direct contractual links with the Group, particularly for Video Applications. Some pay-TV operators now prefer to sign contracts directly with the Group when the time comes to renew their existing allotment agreements or when they need additional capacity. In July 2005, SKY Italia signed a framework agreement with the Group for the additional lease of a minimum of 10 transponders for a 10-year period and to renew their existing direct allotment agreements with the Group, relating to 16 transponders, as and when their current agreements with client-distributors expire.

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

Direct commercial activities and marketing

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

Tariff structure

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

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

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

Although the Group faces strong competition, including competition in terms of pricing, it considers that it has generally been able to maintain existing tariffs when leases are renewed, including charges for Video Applications (particularly at the premium HOT BIRD™ position). However, the Group cannot be certain that it will be able to maintain the same tariffs in the future (see section "Risks inherent in the FSS (Fixed Satellite Services) sector").

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

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

Customers

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

At 31 December 2009, the Group's top 10 customers, 6 of which were distributors, accounted for 53.8% of the Group's revenues. These customers were as follows:

TOP 10 Clients	Revenues for customer (in millions Euros)	Revenues for customer (as a percentage)
France Telecom/Globecast	55.8	11.0
Service aux administrations	42.7	8.4
Telecom Italia/Telespazio	38.5	7.6
British Telecom/Arqiva	33.5	6.6
Sky Italia Srl	29.8	5.9
Deutsche Telekom/T-Systems	28.5	5.6
Nilesat	14.0	2.7
Noorsat WLL	13.2	2.6
TVN S.A./Iti Neovision	9.9	1.9
Enterprise P&T Luxembourg	7.8	1.5
Total top 10	273.7	53.8
Others	235.2	46.2
Total consolidated turnover	508.8	100.0

At 30 June 2009, the Group's top 10 customers, 6 of which were distributors, accounted for 53.7 % of the Group's revenues. These customers were as follows:

Customers	Revenues per customer (in millions Euros)	Revenues per customer (as a percentage)
France Télécom/Globecast	105.1	11.2
Telespazio/Telecom Italia	80.2	8.5
Public-sector entities	72.2	7.7
British Telecom/Arqiva	68.3	7.3
Deutsche Telekom/T-Systems/Media Broadcast	59.4	6.3

SKYItalia	41.5	4.4
Noorsat WLL	24.1	2.6
TVN/ITI Neovision	20.1	2.1
European Broadcasting Union	17.7	1.9
Canal+ group	17.2	1.8
Top 10 customers	505.7	53.7
Other	436.2	46.3
TOTAL	941.9	100.0

At 30 June 2008, the Group's top 10 customers, 6 of which were distributors, accounted for 54.4% of the Group's revenues. These customers were as follows:

Customers	Revenues per customer (in millions Euros)	Revenues per customer (as a percentage)
France Télécom/Globecast	99.8	11.4
Telespazio/Telecom Italia	90.7	10.3
British Telecom/Arqiva	72.2	8.2
Deutsche Telekom/T-Systems/Media Broadcast	61.4	7.0
Public-sector entities	54.5	6.2
SKYItalia	25.5	2.9
Noorsat WLL	23.1	2.6
TVN/ITI Neovision	19.7	2.2
Entreprise des Postes et Telecoms (Luxembourg)	15.6	1.8
European Broadcasting Union	15.5	1.8
Top 10 customers	478.0	54.4
Other	401.2	45.6
TOTAL	879.2	100.0

Technical qualifications of the Group's customers and technical assistance

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

Customer allotment agreements

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

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

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

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

Order backlog

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

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

Backlog main indicators

	30 June 2008	31 December 2008	30 June 2009	31 December 2009
Value of contracts (<i>in billions of Euros</i>)	3.4	3.5	3.9	4.2
Weighted average residual life of contracts (in years)	7.4	7.7	7.8	8.2
Share of Video Applications	93%	92%	92%	93%

Backlog represents future revenues from capacity lease agreements (including contracts for satellites yet to be delivered). These capacity lease agreements can be for the entire operational life of the satellites.

At 31 December 2009 the Group's order backlog totalled more than 4.2 times the annual revenues.

These more than offset natural erosion resulting from the increase in the fleet's average age, with most of the backlog consisting of contracts lasting for satellites' whole lives.

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

Regulation

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

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

Glossary of terms

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).

C-band

Frequency range assigned to satellite communications systems, approximately 4 GHz for the downlink and 6 GHz for the uplink. The associated transmit power is relatively low in comparison with Ku-band, for example. Large antennas are therefore required for C-band operation.

Capacity

Quantity of information transmitted. By analogy, there is often reference to spectrum width and to the associated power needed to transmit this quantity of information.

Digital

Format for recording, processing, transmitting and broadcasting data via a binary signal (and not by a continuously varying signal).

Direct broadcasting

Direct reception of satellite signals by the user, via DTH or community reception facilities (satellite dish) (synonym: direct broadcasting).

DSL

Digital Subscriber Line. Technologies that make it possible to use the copper lines connecting the customers of the switched telephone network for purposes of broadband transmission in packet mode (digital).

DVB

Digital Video Broadcasting. A set of European standards for the broadcasting and reception of digital TV signals by satellite (DVB-S), cable (DVB-C) or terrestrial means (DVB-T), developed within the framework of the Digital Video Broadcasting project and formalised by the European Telecommunications Standards Institute (ETSI). These European standards have been adopted by many countries worldwide.

Earth station

Installation required in order to receive a signal from a satellite and (or) transmit a signal to a satellite. The facility consists essentially of an antenna and communications equipment on the ground. (synonym: Ground station).

EDP

Eutelsat Digital Platform. Platforms set up to allow the multiplexing costs on the ground to be shared.

Fixed Satellite Service (FSS)

Communications service between earth stations located at fixed points, such points being determined when one or more satellites are used. However, this expression often designates the "unplanned" frequency bands, which that are not subject to the international regulations governing the use of BSS frequencies. In Europe, the downlink FSS frequencies are 10.7-11.7 GHz and 12.5-12.75 GHz.

Frequency

Number of vibrations produced by unit of time during a given period. Frequency relates to the rate of variation per second of the carrier wave or modulating signal. Satellite transmissions are generally in GHz (see C-band, Ka-band and Ku-band).

Internet backbone

The communications networks on which the Internet is based.

IP

Internet Protocol.

Ka-band

Frequency range assigned to satellite communications systems, approximately 20 GHz for the downlink and 30 GHz for the uplink. These frequencies have the shortest wavelength of the 3 principal frequency bands used by geostationary satellites. Small antennas can be used, but Ka-band requires the use of beams that are tightly concentrated over fairly small geographical areas.

Ku-band

Frequency range assigned to satellite communications systems, approximately 14 GHz for the uplink and 11 GHz for the downlink. Used for radio and TV, this band is the most widespread in Europe as a result of the small size of the antennas needed for reception.

MPEG

Moving Pictures Experts Group - Working Group charged by the ISO with the task of developing international standards for the compression, decompression, processing and encoding of video, audio and any combination thereof, such as to ensure a wide range of applications. Name also given to the compression and digital broadcasting standard for TV, resulting from the deliberations of this group of experts.

MPEG-2 is the second-generation standard designed for TV broadcasting and MPEG-4 provides a smaller compression format compared with MPEG-2 that can carry all the new Video Applications.

Payload

Set of satellite equipment used for reception, frequency conversion, processing, and retransmission of the communications signals after they have been amplified, but excluding add-on equipment such as the platform (physical structure and subsystems such as electrical and thermal control, attitude control, etc.).

Radio frequency

Electromagnetic frequency generally higher than 20 kHz, used to transmit information.

Redundancy

Architecture based on the use of several identical components, each able to replace any of the others in the event of failure.

S-band

Frequency range assigned to satellite communications systems, approximately 2 GHz for the uplink. Frequency adjacent to the UMTS frequencies.

Signal

Variation of a physical value of any kind carrying information.

Skyplex

System allowing several digital services to be multiplexed on board the satellite rather than on the ground and retransmitted by a single carrier wave compliant with the DVB standard. TV channels can thus be transmitted independently, from different geographical locations, and received on DTH equipment meeting the DVB standard. Skyplex systems require the use of specific equipment on board the satellite for reception and multiplexing of the digital services.

Space segment

Satellites in a satellite communications system belonging to an operator.

Steerable beam

Beam of a satellite antenna that can be directed onto a particular geographical region using ground-based controls.

Telemetry

Encoded communication sent by the satellite to the earth station to transmit the results of measurements related to the satellite's operation and configuration.

Transponder

Name given to the retransmitter on-board the satellites, whose function is to retransmit the signals received from the earth uplink station to a specific part of the globe.

Uplink

Path travelled by the signal in the direction Earth-Space.

VSAT Terminal

Microterminal connected to a fixed antenna and allowing satellite reception or transmission.

INDEBTEDNESS OF THE ISSUER

Financial indebtedness of the Issuer prior to the issue of the Bonds

A EUR 1,300,000,000 term loan and revolving credit facility was granted to the Issuer under a term loan and revolving credit agreement dated 24 November 2004 between, among others, the Issuer as Borrower and BNP Paribas, Calyon, Ixis Corporate & Investment Bank and The Royal Bank of Scotland, plc, as Mandated Lead Arrangers (the **Existing Credit Facility**).

The Existing Credit Facility will be refinanced through (i) the issuance and sale of the Bonds, the proceeds of which will be used to partially repay outstanding amounts under the Existing Credit Facility and (ii) the execution and delivery of the New Credit Facility, which will replace the Existing Credit Facility.

The Issuer believes that the implementation of the refinancing of the Existing Credit Facility will improve its debt maturity profile and strengthen its balance sheet.

New Credit Facility

The Issuer will enter into a new EUR 450 million senior revolving credit facility prior to the issuance of the Bonds (the **New Credit Facility**).

The following description of the New Credit Facility is based on the Issuer's expectations of the final terms of the New Credit Facility. Such description is a brief overview of the main terms and does not purport to be complete or final.

The final maturity date of the New Credit Facility shall be 5 years from the date of signing of the New Credit Facility.

The New Credit Facility shall be granted in order to refinance part of the Issuer's indebtedness under the Existing Credit Facility (if any) and for general corporate purposes of the Issuer and its Subsidiaries.

The interest margin will vary depending on the long-term credit rating assigned to the Issuer by S&P.

If a Change of Control that is not permitted under the New Credit Facility occurs and the Issuer's rating is downgraded below BBB- as a result of such Change of Control, each RCF Lender under the New Credit Facility will have the option to require prepayment of all of its Outstanding loans and cancellation of its commitment under the New Credit Facility. Payment will be made 20 Business Days after receipt of the prepayment notice.

Any reorganization, amalgamation or merger between the Issuer and any of its holding companies, including Eutelsat Communications SA and Eutelsat Communications Finance SA, will be a permitted transaction under the New Credit Facility (whatever the surviving entity).

Following the refinancing of the Existing Credit Facility, the Issuer's financial debt will consist mainly of the Bonds, and any amounts drawn under the New Credit Facility.

RECENT DEVELOPMENTS

- Continuation of the programme to renew and expand in-orbit resources

During the first half 2009-2010, the Group continued to implement its investment programme which covers the launch of five satellites (W7, W3B, KA-SAT, W3C, ATLANTIC BIRD™ 7) from mid-2009 to end-2011.

- Entry into service of W7

In November 2009, the W7 satellite (70 operational transponders) was successfully launched to 36° East for collocation with W4.

Following the satellite's entry into service in January 2010, the Group now operates more than 650 transponders on its fleet (situation 18 February 2010).

- Reconfiguration of capacity at the 16° East neighbourhood

At the beginning of January 2010, the W2M satellite was deployed to 16° East to be collocated with the EUROBIRD™ 16 (formerly ATLANTIC BIRD™ 4) and W2 satellites. The SESAT 1 satellite was also redeployed to this position following the entry into service in early January 2010 of W7 at 36° East.

This configuration of resources at 16° East enabled the Group to manage the failure of the W2 satellite, which took place on 27 January 2010, and to restore all services previously provided through W2 by the end of the following day. Depreciation of W2 ended in July 2009.

This configuration of three satellites enables Eutelsat to operate up to 40 transponders at 16° East, and will be maintained until the entry into service of the W3B satellite following its launch between August and September 2010.

- Strategic partnership with Asia Broadcast Satellite (ABS)

Within the framework of a strategic partnership agreement signed between Eutelsat and Asia Broadcast Satellite (ABS), the EUROBIRD™ 4 satellite, operating eight transponders, was redeployed in inclined orbit to 75° East and renamed W75/ABS-1B. This agreement enables a commercial offer to be launched at this new orbital position in partnership with ABS to address markets in the Middle East, central Asia and Russia.

- Update on satellite launch schedule

The Issuer has revised the launch arrangements for the W3B satellite in agreement with the spacecraft's prime contractor, Thales Alenia Space. In order to safeguard its delivery schedule, W3B will be launched by an Ariane 5 vehicle between August and September 2010. The Long March launch originally assigned for W3B has consequently been reallocated to W3C, for launch between June and September 2011. The KA-SAT satellite will be launched by Proton (International Launch Services) between November 2010 and January 2011.

TAXATION

The following is a general summary of the main French and Luxembourg tax considerations pertaining to the Bonds. Comments which are included therein are reported only for information purposes and do not aim at giving a complete description of the tax rules that may affect the Issuer, or the Bonds or the Investors. These comments contain general information on taxes withheld at source on income paid on the Bonds, some of which may be not relevant to certain Investors. This summary of the tax rules is based on the laws and regulation currently in force in France and in the Grand Duchy of Luxembourg as of the date of the Bond issue, all of which are subject to change, possibly with retrospective effect, or to different interpretations. Accordingly, no opinion is expressed herein with regard to any system of law other than the laws of France as currently applied by the French courts or Luxembourg as currently applied by the Luxembourg courts. Any Investor contemplating to acquire the Bonds should therefore consult its own tax adviser about the tax consequences that may arise for it as a result of the acquisition, the ownership or the disposal of the Bonds.

Furthermore, prospective Investors should know that under the EU Savings Directive n°2003/48/EC (the **Directive**) on the taxation of savings income, each EU member State is required, since 1 July 2005, to provide to the tax authorities of another EU member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such person for, an individual resident in that other EU member State. However, for a transitional period, Austria, Belgium and Luxembourg are permitted to apply a withholding system in relation to such payments, deducting tax at rates rising over time from 15% to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

For the purpose of this section it has been assumed that the holder of a Bond is not related to the Issuer, or at least no majority shareholding exists between the holder of the Bond and the Issuer.

Also, with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain EU member States, have agreed to adopt similar measures (i.e., either the provision of information or the transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in an EU member State. In addition, the EU member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU member State to, or collected by such a person for, an individual resident in one of those territories.

On 13 November 2008, the European Commission published a detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

1. Taxation in France of interest on the Bonds

The Directive was implemented into French law under Article 242 ter of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another EU Member State, including among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

According to Article 125 A III of the French *Code général des impôts*, payments of interest made by a debtor with respect to a particular debt (including debt in the form of bonds) are not subject to withholding tax unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**). If such payments are made in a Non-Cooperative State, a 50 % withholding tax is applicable (subject to certain exceptions certain of which are set forth below and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, according to Article 238 A of the French *Code général des impôts*, interest on debt will not be deductible from the debtor's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest may be re-characterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case it may be subject to the withholding tax set out under Article 119 bis 2 of the French *Code général des impôts*, at a rate of 25% or 50% (subject to the more favourable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, Articles 125 A III and 238 A of the French *Code général des impôts* provide that neither the 50% withholding tax set out under Article 125 A III of the French *Code général des impôts* nor, to the extent the relevant interest relate to genuine transactions and is not in an abnormal or exaggerated amount, the non-deductibility will apply in respect of a particular debt if the debtor can prove that the main purpose and effect of such transactions was not that of locating the interest in a Non-Cooperative State (the **Exception**). Pursuant to the ruling (rescrit) of the French tax authorities no. 2010/11 (FP and FE) dated 22 February 2010, an issue of bonds will benefit from the Exception without the issuer having to provide any evidence supporting the main purpose and effect of such issue of bonds, if such bonds are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code Monétaire et Financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Therefore, payments of interest made by or on behalf of the Issuer with respect to the Bonds will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts*, as construed by the French tax authorities under the ruling (rescrit) no. 2010/11 (FP and FE) dated 22 February 2010. Moreover, pursuant to such ruling, interest paid by the Issuer on the Bonds will be subject neither to the non-deductibility set out under Article 238 A of the French *Code général des impôts* nor to the withholding tax set out under Article 119 bis 2 of the French

Code général des impôts solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Under certain conditions, interest and revenues paid with respect to the Bonds to Bondholders who are also shareholders of the Issuer may be subject to withholding tax in France.

2. Other French taxation issue pertaining to the Bonds

Non-residents holders of the Bonds will generally not be subject to tax in France upon the sale, disposal or redemption of the Bonds. The issue, the sale, disposal or the redemption of the Bonds shall not place on the issuer a liability for French stamp duty.

3. Luxembourg Taxation

Luxembourg resident individuals

Interest falling into the scope of the Luxembourg law dated 23 December 2005, is subject to a final 10% withholding tax without further formalities. This law applies when the beneficial owner is an individual resident in Luxembourg who receives interest income from a paying agent (bank etc.) located in Luxembourg. Interest that is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempted from the withholding tax

EU Member States (other than Luxembourg) resident individuals (beneficial owners)

The Directive has been implemented into Luxembourg domestic law by the law dated 21 June 2005 which entered into force on 1 July 2005.

Based on the implementation of the Directive into Luxembourg domestic law, Luxembourg withholds, throughout the transitional period, an amount on interest payments instead of using the Disclosure of Information Method, except if the beneficiaries of the interest payments opt for the Disclosure of Information Method.

The rate of such withholding tax equals 20% until 1 July 2011, this rate being increased to 35% after 1 July 2011.

Such transitional period will end if and when the European Community enters into agreements on exchange of information upon request with several jurisdictions (Switzerland, Liechtenstein, San Marino, Monaco and Andorra) and when the Council of the European Union agrees that the United States is committed to use the Disclosure of Information Method.

Other investors (beneficial owners)

When paid by a Luxembourg agent to EU non resident investors or to EU resident entities, interest on Bonds issued by a French tax resident company which does not carry on any activity through a Luxembourg permanent establishment, do not fall within the scope of Luxembourg tax.

4. Supply of information

Each Bondholder shall be responsible for supplying to the relevant Paying Agent, in a reasonable and timely manner, any information as may be requested in writing by the Paying Agent in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any European Directive implementing the conclusions of the ECOFIN

Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

SUBSCRIPTION AND SALE

BNP Paribas, Crédit Agricole Corporate and Investment Bank, Société Générale and The Royal Bank of Scotland plc (the **Joint Lead Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 24 March 2010, jointly and severally agreed with the Issuer, subject to satisfaction of certain conditions, to subscribe or procure subscribers for the Bonds at the issue price of 99.232 per cent. of the principal amount of the Bonds, less any applicable commissions. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment made to the Issuer.

General

No action has been taken by the Issuer or any of the Joint Lead Managers that would, or is intended to, permit a public offer of the Bonds or possession or distribution of this Prospectus (in preliminary, proof or final form) or of any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations) in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Bonds or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

United States of America

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act (**Regulation S**) or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager hereby agrees that, except as permitted herein, it has not offered or sold the Bonds, and agrees that it will not offer or sell the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the Closing Date, except in accordance with Regulation S. Accordingly, neither it, its affiliates nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager agrees that, at or prior to confirmation of sale of Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The securities covered hereby have not been and will not be registered under the U.S. Securities Act of 1933 (the **Securities Act**). The securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the securities and the closing date of the offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act".

Terms used in this paragraph have the meanings given to them by Regulation S.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

- (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (A) an average of at least 250 employees during the last financial year; (B) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Bonds to the public** in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

France

Each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Bonds to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the Bonds and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account as defined in, and in accordance with Articles L. 411-1, L.411-2, and D.411-1 to D. 411-3 of the French *Code monétaire et financier*.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Authorisation

1. The Issuer has obtained all necessary consents, authorisations and approvals in France to issue and deliver the Bonds and perform its obligations under the Bonds.
2. In accordance with Article L. 228-40 of the French *Code de Commerce*, the issue outside the Republic of France of the €850,000,000 per cent. Bonds due 2017 (the **Bonds**) of Eutelsat S.A. (the **Issuer** or **Eutelsat SA**) has been authorised pursuant to a resolution of *the Conseil d'Administration* (the **Board of Directors**) of the Issuer, adopted on 17 February 2010, and a decision of Mr Michel de Rosen, *Directeur Général* of the Issuer, made on 22 March 2010.

The Board of Directors of the Issuer comprises 9 board members and one censeur or observer, elected for a three-year term of office, namely the Executive Secretary of EUTELSAT IGO, as well as a delegation from the Issuer's works' council (two members).

The Board of Directors is chaired by Mr Berretta. The members of the Board of Directors are Mr Giuliano Berretta, Chairman of the Board, Mr Michel de Rosen, Mr Tobias Martinez Gimeno, Mr Carlos Sagasta Reussi, Mr Carlos Espinos Gomez, Mr Andrea Luminari, CDC Infrastructure (represented by Mr Jean Bensaid), Mr Bertrand Mabilie, Mr Jean-Luc Archambault and Mr Denis Pivnyuk.

Mr Michel de Rosen is *Director Général* of the Issuer.

BOARD OF DIRECTORS

Surname, first name, business address	Office	Terms of office and positions held in the Eutelsat Group over the past 5 years	Terms of office and positions held outside the Eutelsat Group over the past 5 years
Giuliano Berretta Eutelsat Communications 70, rue Balard 75015 Paris	Chairman of the Board of Directors	<i>Terms of office in progress:</i> - Chairman of the Board of Directors of Eutelsat Communications	<i>Terms of office in progress:</i> - Director of Hispasat - Director of Palladio Finanzaria
		<i>Office and positions that have expired:</i> - Chief Executive Officer of Eutelsat Communications	<i>Office and positions that have expired:</i> - Director of the International Council of the National Academy of Television, Arts and Sciences
Michel de Rosen Eutelsat Communications 70, rue Balard 75015 Paris	Director and Chief Executive Officer	<i>Terms of office in progress:</i> - Director and Chief Executive Officer of Eutelsat Communications	<i>Terms of office in progress:</i> - Director of ABB Ltd - Director of Hispasat - Director of Solaris
Jean-Luc Archambault Lysios 52, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	Director	<i>Terms of office in progress:</i> - Director of Eutelsat Communications	<i>Terms of office in progress:</i> - Chairman of Lysios SAS - Member of the Supervisory Board of L. Loret & Cie - Member of the Supervisory Board of AGI
		<i>Office and positions that have expired:</i> None	<i>Office and positions that have expired:</i> None

Surname, first name, business address	Office	Terms of office and positions held in the Eutelsat Group over the past 5 years	Terms of office and positions held outside the Eutelsat Group over the past 5 years
CDC Infrastructure 56, rue de Lille 75007 Paris represented by Jean Bensaïd	Director	<i>Terms of office in progress:</i> - Director of Eutelsat Communications	<i>Terms of office in progress:</i> - Chairman and Representative of CDC MAP SUB - Deputy Director of CDC - Director of CDC Infrastructure, GALAXY - Permanent representative of CDC on the Tower Participations' Supervisory Board - Permanent representative of CDC on the Board of Directors of Seche, TDF (TéléDiffusion de France) and SANEF (Société des Autoroutes du Nord et de l'Est de la France)
		<i>Office and positions that have expired:</i> None	<i>Office and positions that have expired:</i> - Representative (as a natural person) on the Board of Directors of FINANCIÈRE TRANSDEV - CDC representative of the FOND CARBONE EUROPÉEN - Member of the Supervisory Board (as a natural person) of IXIS CIB - Member of the Supervisory Board as CDC representative of the IXIS AM GROUP - Member of the Supervisory Board as CDC representative of SANTOLINE - Director of CDC ECI - CDC Representative on the Board of Directors of SOCIÉTÉ FORESTIÈRE - CDC Representative on the Supervisory Board of SOGÉPOSTE - Permanent CDC Representative and C3D Representative of TRANSDEV S.A - CEO of CDC Holding Finance - Director of EGIS - Permanent representative of CDC on the Supervisory Board of Société d'Epargne Forestière "Forêts Durables SC" - Chairman representing CDC, BAC Gestion
Carlos Espinos Gomez Abertis Telecom Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	<i>Terms of office in progress:</i> - Director of Eutelsat Communications	<i>Terms of office in progress:</i> - Deputy CEO of Abertis Telecom - Director of Sales and Technology of Abertis Telecom - Director of Hispasat
		<i>Office and positions that have expired:</i> None	<i>Office and positions that have expired:</i> None
Andrea Luminari Abertis Telecom Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	<i>Terms of office in progress:</i> - Director of Eutelsat Communications	<i>Terms of office in progress:</i> - Director of Strategic Development of Abertis Telecom - Director of Hispasat
		<i>Office and positions that have expired:</i> None	<i>Office and positions that have expired:</i> None

Surname, first name, business address	Office	Terms of office and positions held in the Eutelsat Group over the past 5 years	Terms of office and positions held outside the Eutelsat Group over the past 5 years
Bertrand Mabilie Carlson Wagonlit Travel - Direction France 31, rue du Colonel Pierre Avia 75015 Paris	Director	<i>Terms of office in progress:</i> - Director of Eutelsat Eutelsat Communications	<i>Terms of office in progress:</i> - Chairman of the Supervisory Board of Adeuza - Member of the Supervisory board of Cofitel - Chief Executive Officer of CWT France - Director, representative of CWT Voyages - Director, representative of CWT Meetings & events - Director, representative of SETA (Voyages forum) - Director, representative of Acta Voyages - Director, representative of Comevat
		<i>Office and positions that have expired:</i> None	<i>Office and positions that have expired:</i> - Chairman of the Supervisory Board of Jet Multimédia
Tobias Martinez Gimeno Abertis Telecom Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	<i>Terms of office in progress:</i> - Director of Eutelsat Communications	<i>Terms of office in progress:</i> - Chief Executive Officer of Abertis Telecom
		<i>Office and positions that have expired:</i> None	<i>Office and positions that have expired:</i> None
Carlos Sagasta Reussi Abertis Telecom Avgda del Parc Logistic, 12-20, 08040 Barcelona, Spain	Director	<i>Terms of office in progress:</i> - Director of Eutelsat Communications	<i>Terms of office in progress:</i> - Chief Executive Officer and Director of Management - Control Abertis Telecom - Director of Hispasat
		<i>Office and positions that have expired:</i> None	<i>Office and positions that have expired:</i> None
Denis Pivnyuk Russian Satellite Communications Company 12/5, Kursovoy pereulok - Building 7 Moscow, 119034, Russia	Director	<i>Terms of office in progress:</i> None	<i>Terms of office in progress:</i> - Chief Executive Officer of Russian Satellite Communications Company (RSCC)
		<i>Office and positions that have expired:</i> None	<i>Office and positions that have expired:</i> None

Listing and admission to trading

3. Application has been made to the CSSF to approve this document as a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC. Application has been made for the Bonds to be admitted to the Official List and traded on the Luxembourg Stock Exchange's regulated market on or about the Issue Date. The Luxembourg Stock Exchange regulated market is a regulated market for the purposes of the markets in Financial Instruments Directive 2004/39/EC.

The total expenses relating to the admission to trading of the Bonds are, in the aggregate, estimated to be equal to €8,700.

Clearing Systems

The Bonds have been accepted for clearance through Euroclear France, Clearstream, Luxembourg and Euroclear, Brussels with the Common Code number 049779909. The International Securities Identification Number (ISIN) for the Bonds is FR 0010877183.

Euroclear France
115, rue Réaumur
75081 Paris Cedex 02, France

Euroclear
1, boulevard du Roi Albert II
1210 Bruxelles, Belgium

Clearstream Luxembourg
Clearstream Banking
42 Avenue JF Kennedy
L 1855 Luxembourg

No significant change and no material adverse change

5. Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2009 and no material adverse change in the prospects of the Issuer since 31 December 2009.

Litigation

6. Except as disclosed in this Prospectus, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Group.

Material Contracts

7. Except as disclosed in this Prospectus, there are, at the date of this Prospectus, no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds being issued.

No conflicts

8. At the date of this Prospectus, there are no conflicts of interest which are material to the issue of the Bonds between the duties of the members of the Board of Directors to the Issuer and their private interests and/or other duties and, in respect of the Issuer, no person involved in the issue of the Bonds has an interest material to the issue.

Auditors

9. Ernst & Young Audit (Tour Ernst & Young, Faubourg de l'Arche, 11 allée de l'Arche, 92037 Paris-La Défense Cedex, France) and Mazars (Tour Exaltis, 61, rue Henri Regnault, 92400 Courbevoie, France) have audited, without qualification, in accordance with French professional standards the Issuer's accounts prepared in accordance with IFRS as adopted by the European Union for each of the two financial years ended on 30 June 2008 and 30 June 2009 as stated in their report dated 12

March 2010 included therein. Ernst & Young Audit and Mazars have reviewed in accordance with French professional standards the Issuer's unaudited interim consolidated half-year accounts as of and for the six months ended 31 December 2009 as stated in their report dated 12 March 2010 (included therein). Ernst & Young Audit and Mazars are the independent statutory auditors of the Issuer. Ernst & Young Audit and Mazars belong to the Compagnie Régionale des Commissaires aux Comptes de Versailles.

Yield

10. The yield of the Bonds is 4.254 per cent. per year as calculated at the Issue Date on the basis of the issue price of the Bonds. It is not an indication of future yield.

Documents available

11. Copies of consolidated accounts of the Issuer prepared in accordance with IFRS for the two financial years ended 30 June 2008 and 30 June 2009 and the latest annual reports of the Issuer relating to the annual accounts of the Issuer prepared in French GAAP and approved by the general meeting of the shareholders of the Issuer may be obtained without charge from the specified offices for the time being of the Fiscal Agent or any of the Paying Agents during normal business hours, so long as any of the Bonds is outstanding.

12. For as long as any Bonds are outstanding the following documents may be inspected during usual business hours on any weekday (other than Saturdays, Sundays and public holidays), at the office of the Issuer, the Fiscal Agent or any of the Paying Agents:

- (i) this Prospectus;
- (ii) the Agency Agreement;
- (iii) the constitutional documents (with a translation thereof) of the Issuer; and
- (iv) the audited consolidated annual accounts of the Issuer for the two latest financial years (which at the Issue Date comprise the Issuer's audited consolidated accounts for the financial years ended 30 June 2008 and 30 June 2009) and the unaudited consolidated financial statements of the Issuer as at 31 December 2009.

FINANCIAL INFORMATION

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1. AUDITED CONSOLIDATED ACCOUNTS AT 30 JUNE 2008 AND 30 JUNE 2009

CONSOLIDATED BALANCE SHEET

(in thousands of Euros)

ASSETS	Note	30 June 2008	30 June 2009
Non-current assets			
Intangible assets	5	7 985	10 597
Satellites and other property and equipment, net	6	1 441 751	1 780 519
Construction work in progress	6	777 608	543 717
Investments in associates	7	177 169	216 502
Non-current financial assets	8,14	1 691	1 947
Deferred tax assets	21	2 255	2 753
TOTAL NON-CURRENT ASSETS		2 408 459	2 556 035
Current assets			
Inventories	9	2 013	1 771
Accounts receivable	10	239 225	299 500
Other current assets	11	16 842	16 649
Current tax receivable	21	2 759	3 407
Current financial assets	12	103 029	5 024
Cash and cash equivalents	13	13 147	140 391
TOTAL CURRENT ASSETS		377 015	466 742
TOTAL ASSETS		2 785 474	3 022 777
LIABILITIES AND SHAREHOLDERS' EQUITY			
	Note	30 June 2008	30 June 2009
Shareholders' equity			
Share capital	15	657 326	658 414
Additional paid-in capital		364 531	366 100
Reserves and retained earnings		410 569	457 455
Minority interests		(276)	(800)
TOTAL SHAREHOLDERS' EQUITY		1 432 149	1 481 169
Non-current liabilities			
Non-current financial debt	16	1 026 838	1 150 581
Other non-current financial liabilities	17,18	60 151	51 775
Other non-current debt	20	5 771	3 440
Non-current provisions	22	14 789	11 359
Deferred tax liabilities	21	30 719	18 173
TOTAL NON-CURRENT LIABILITIES		1 138 267	1 235 328
Current liabilities			
Current financial debt	16	15 418	2 713
Other current financial liabilities	17,18	34 303	76 133
Accounts payable		46 268	38 813
Fixed assets payable		35 668	72 036
Taxes payable		6 531	31 280
Other current payables	20	67 082	74 680
Current provisions	22	9 789	10 627
TOTAL CURRENT LIABILITIES		215 058	306 280
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2 785 474	3 022 777

CONSOLIDATED INCOME STATEMENT
(in thousands of Euros, except per share data)

	Note	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Revenues	23	879 158	941 894
Revenues from operations		879 158	941 894
Operating costs		(69 239)	(70 593)
Selling, general and administrative expenses		(104 401)	(120 076)
Depreciation and amortisation	5,6	(256 436)	(249 821)
Other operating income	27.2, 28	3 858	145 768
Other operating charges	6	(12 000)	(121 500)
Operating income		440 940	525 672
Financial income		15 279	26 879
Financial expenses		(56 934)	(62 737)
Financial result	24	(41 655)	(35 857)
Income from associates	7	11 193	15 954
Net income before tax		410 478	505 769
Income tax expense	21	(136 397)	(168 919)
Net income		274 081	336 850
Group share of net income (loss)		274 081	337 488
Minority interests' share of net income		-	(638)
Earnings per share attributable to shareholders	25		
Basic earnings per share in €		0.273	0.333
Diluted earnings per share in €		0.273	0.333

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of Euros)

	Note	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Cash flow from operating activities			
Net income		274 081	336 850
Income from equity investments	7	(11 193)	(15 954)
(Gain) / loss on disposal of assets		84	20
Other non-operating items		158 007	57 081
Depreciation, amortisation and provisions		266 965	367 021
Deferred taxes	21	11 759	10 305
Changes in accounts receivable		(19 598)	(74 097)
Changes in other assets		(9 802)	20 937
Changes in accounts payable		8 482	6 807
Changes in other debt		7 200	27 779
Taxes paid		(131 412)	(129 876)
NET CASH INFLOW FROM OPERATING ACTIVITIES		554 573	606 873
Cash flows from investing activities			
Acquisitions of satellites, other property and equipment and intangible assets	6	(377 224)	(386 802)
Acquisitions of equity investments	7.1	(45 250)	(29 750)
Proceeds from sale of assets		589	198
Insurance indemnities on property and equipment	27.2	-	120 545
Acquisition of minority interests		-	-
Changes in other non-current financial assets		(76)	(257)
Dividends received from associates		1 535	2 473
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(420 426)	(293 593)
Cash flows from financing activities			
Changes in capital		18 000	2 633
Distributions		(231 622)	(242 865)
Increase in debt		126 000	123 980
Repayment of debt		(168)	(138)
Repayment in respect of performance incentives and long-term leases		(21 232)	(15 994)
Interest and other fees paid		(40 863)	(45 907)
Interest received		2 602	5 363
Other changes		(796)	313
NET CASH FLOWS FROM FINANCING ACTIVITIES		(148 079)	(172 615)
Impact of exchange rate on cash and cash equivalents		501	(618)
Increase (decrease) in cash and cash equivalents		(13 431)	140 047
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		11 401	(2 030)
CASH AND CASH EQUIVALENTS, END OF PERIOD		(2 030)	138 017
Cash reconciliation			
Cash	13	13 147	140 390
Overdraft included under debt (1)	16.2	(15 177)	(2 373)
Cash and cash equivalents per cash flow statement		(2 030)	138 017

(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 part of "Current bank debt" within "Current liabilities" on the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of Euros, except share data)

	Share capital			Reserves and retained earnings	Minority interests	Total
	Number	Amount	Additional			
30 June 2007	997 672 773	648 487	355 342	363 930	(276)	1 367 483
Translation adjustment				4		4
Changes in fair value of cash-flow hedges				6 407		6 407
Tax impact				(2 206)		(2 206)
Income and expenses recognised directly under equity				4 205	-	4 205
Net income for the period				274 081		274 081
Total income and expenses recognised for the period				278 286	-	278 286
Transactions affecting the capital	13 597 863	8 839	9 189			18 028
Changes in scope of consolidation						
Distributions				(231 622)		(231 622)
Employee benefits for share subscription				(26)		(26)
30 June 2008	1 011 270 636	657 326	364 531	410 568	(276)	1 432 149
Translation adjustment				(684)		(684)
Changes in fair value of cash-flow hedges				(71 796)		(71 796)
Tax impact				24 760		24 760
Income and expenses recognised directly under equity				(47 720)	-	(47 720)
Net income for the period				337 488	(638)	336 850
Total income and expenses recognised for the period				289 768	(638)	289 130
Transactions affecting the capital	1 673 648	1 088	1 569			2 657
Changes in scope of consolidation					115	115
Distributions				(242 865)		(242 865)
Employee benefits for share subscription				(17)		(17)
30 June 2009	1 012 944 284	658 414	366 100	457 455	(800)	1 481 169

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: KEY EVENTS DURING THE FINANCIAL YEAR

- During the night of 16 to 17 June 2008, the W5 satellite suffered an anomaly affecting part of its power supply sub-system and compelling the Group to reduce the number of transponders in service by four. Furthermore, after an enquiry conducted with Thales Alenia Space, the residual service lifetime was estimated to be three years less on 30 June 2008. During the course of the year, remedial action was implemented and succeeded in reducing the three year period to one year only. (see Note 6: Satellites and other property and equipment).
- Four satellites (HOT BIRD TM9, W2M, HOT BIRD TM10 and W2A) were launched during the year. Three have entered operational service, whilst the fourth, the W2M satellite, suffered a major anomaly affecting its electrical sub-system. As of the date of preparing the financial statements, this was continuing to make its commercial operation impossible. An insurance indemnity has been paid for this satellite, corresponding to the total amount insured. *Satellites and other property and equipment* and Note 27.2 – *In-orbit insurance and launch insurance*).
- In May 2009, the Solaris Mobile Ltd Company (Solaris), a company owned jointly by the Group and by SES Astra to provide services in S band, obtained the utilisation of 15 MHz of S-band frequencies (out of a total of 30 MHz assigned) from the European Commission, subject to the assignment of rights by the Member States. During the same period, operation of Solaris's S-band payload on the W2A satellite was impaired. Solaris has filed an insurance claim for non-compliance of the S-band payload with the contractual specifications, and this is currently being processed.

However, the Company remains confident in its ability to meet the commitments entered into with the European Commission. (see Note 7 – *Investments in associates*).

- As of 30 June 2007, the Group and a related party had signed an agreement whereby, if certain conditions were met, the Group could be paid €25 million in return for transferring certain rights within an equity interest.

All the necessary conditions were fulfilled by July 2008, including completion of a transaction triggering effective payment of the €25 million. The relevant amount was recognised under "Other operating income" for the period (see Note 28 – Related Parties).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: GENERAL OVERVIEW

2.1 – Business description

EUTELSAT S.A. (**EUTELSAT** or the **Group**) is a private telecommunications satellite operator involved in the design, establishment, operation and maintenance of satellite telecommunications systems covering many geographical areas (extended Europe – including North Africa, Russia and the Middle East – the east of North America, South America, sub-Saharan Africa and Asia).

EUTELSAT owns and operates 22 satellites in geostationary orbit to provide (allocating and making available) capacity to major international telecommunications operators and broadcasting companies, for analogue and digital television and radio broadcasting services, business telecommunications services, multimedia applications and messaging and positioning services. In addition, EUTELSAT also has transponder capacity utilisation contracts on five satellites belonging to related and third parties.

Five more satellites (W7, W3B, Ka-Sat, W3C and ATLANTIC BIRDTM7) are currently under construction. The first is expected to lift off in 2009/2010, the second and third in 2010/2011 and the last two in 2011/2012.

2.2 – Formation and transfer of IGO activities

On 2 July 2001, EUTELSAT IGO (the **IGO**), an Intergovernmental Organisation set up to provide the space segment required for public international telecommunications services in Europe, transferred all its operational activities, assets, liabilities and commitments to a shell company, EUTELSAT S.A. (the Company) a joint stock company (*société anonyme*) incorporated according to French law with a Management Board and a Supervisory Board with Head Offices in Paris (France). The number of shares issued by EUTELSAT as a consideration for the transfer was based on the estimated net assets of the IGO as of 1 July 2001. Immediately after the transfer of activity, the IGO distributed 100% of the shares to its Signatories (namely the national telecommunications entities of the countries that are members of the IGO). The *Additional Paid-in Capital* was increased by the difference between the actual and the estimated net assets.

The entire IGO branch of activity was transferred at net book value applying the French tax rule for spin-offs (*“régime des scissions”*). The main consequence of the transfer is that the IGO activities are now subject to the French legal, tax and social security regimes and those of the other countries.

The frequency allocations for the spectrum and orbital resources used by EUTELSAT upon the transfer of activity for its satellite operations remain under the joint responsibility of the member countries of the IGO, and of the IGO.

Further to a decision taken by the extraordinary session of the General Meeting of 24 September 2004, the legal structure of the Company's management framework was changed into a *société anonyme* with a Board of Directors.

Since 4 April 2005, more than 50% of EUTELSAT S.A. is held by the EUTELSAT Communications Company (formerly SATBIRDS S.A.S.), which consolidates the accounts of EUTELSAT S.A. and its subsidiaries according to the full-consolidation method at the level of the EUTELSAT Communications Group (the **Group**).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.3 – Approval of the financial statements

The consolidated financial statements at 30 June 2009 have been prepared under the responsibility of the Board of Directors, which adopts them at its meeting on 12 March 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: BASIS FOR THE PREPARATION OF FINANCIAL INFORMATION

3.1 – Compliance with IFRS

In accordance with the EU rule 1602-2002 concerning the application of international accounting standards, the Company decided to prepare consolidated financial statements for the year ending 30 June 2004 in compliance with IFRS then applicable.

The consolidated accounts for the year ending 30 June 2004 were the first that the Company prepared according to IFRS standards for consolidated statements.

The consolidated financial statements have been prepared in accordance with the accounting principles defined by the “International Financial Reporting Standards” (IFRS), and in particular, IFRS 1, “First adoption of International Financial Reporting Standards”. The general principle is retrospective application on the opening balance sheet (1 July 2003) of the standards used in preparing the consolidated financial statements. The impact of the resulting adjustments is reported in shareholders’ equity at the beginning of the period. However, IFRS 1 offers “first-time users” a number of exceptions to the principles for total retroactive adoption when applying the IFRS. The following options have been applied by the Company in preparing its consolidated financial statements according to IFRS:

Business combinations – The Company has chosen not to apply IFRS 3 “Business combinations” retrospectively to business combinations formed prior to 1 July 2003. In particular the transfer in 2001 for the formation of EUTELSAT S.A. has not been restated.

Translation adjustments - The Company has not opted to adjust to zero the translation adjustments relating to the conversion of foreign subsidiaries’ accounts as of 1 July 2003, the amount of the translation adjustments therefore remains unchanged as of this date.

Fair value evaluation of certain tangible assets - The Company has chosen not to revalue tangible assets at their fair value on the date of transformation.

Employee benefits - The Company has chosen to book all cumulative actuarial gains / losses as of 1 July 2003 to shareholders’ equity. Application of this option has no impact on the method used by the Company for subsequent reporting of actuarial gains/losses in terms of retirement and post-employment benefits.

Payments in shares and similar - The Company has chosen to apply IFRS 2 “Share-based payment ” to equity instruments granted after 7 November 2002 for which rights have not yet vested as at 1 January 2005.

The Company has chosen to apply IAS 32 “Financial instruments”: “disclosure and presentation” and IAS 39 “Financial instruments”: “recognition and measurement” at 1 July 2003.

The financial statements at 30 June 2009 have been prepared in accordance with the IFRS, as adopted by the European Union and effective as of that date. The relevant texts are available for consultation on the following Web site:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 – Published standards and interpretations

The following standards and interpretations, whose application is compulsory at the beginning of the period on 1 July 2008 for the year ending 30 June 2009, have been taken into account and reviewed by the Group.

- Amendments to IAS 39 “Financial instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures”, on the reclassification of financial assets;
- IFRIC 13 “Customer Loyalty Programmes”;
- IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”.

None of these texts has had an impact on previous financial periods nor on the consolidated financial statements at 30 June 2009.

Additionally, no standard or interpretation has been applied in advance, and the Group is currently carrying out an analysis of the practical consequences of the new texts published by the IASB and adopted by the European Union and of the effects of applying them in the financial statements:

- Amendment to IAS 1 “Presentation of Financial Statements”, applicable to financial reporting periods beginning on 1 January 2009;
- IFRS 8 “Operating Segments”, for which application is compulsory in respect of financial reporting periods beginning on 1 January 2009 ;
- Amendment to IAS 23 “Borrowing Costs”, for which application is compulsory for reporting periods beginning on 1 January 2009 ;
- Amendment to IFRS 2 “Vesting Conditions and Cancellations”, applicable for reporting periods beginning on 1 January 2009 or later;
- Amendment to IAS 32 and IAS 1: Financial instruments repayable at the discretion of the noteholder, following liquidation, applicable for reporting periods beginning on 1 January 2009 ;
- Improvement of IFRS for financial periods beginning on or after 1 January 2009, apart from the IFRS 5 amendment on the interpretation of the notion of “held for sale” in the event of a partial transfer and applicable to financial periods beginning on or after 1 July 2009;
- IAS 27 (revised) “Consolidated and separate financial statements”, applicable to financial years beginning on or after 1 July 2009;
- IFRS 3 (revised) “Business combinations”, applicable to business combinations whose date of acquisition is during the first financial period beginning on or after 1 July 2009;
- IFRIC 16 “Hedges of a net investment in a foreign operation”, applicable to financial periods beginning on or after 1 October 2008.

3.3 – Presentation of the income statement

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites in addition to satellite in-orbit insurance premiums:

Selling, general and administrative expenses are mainly made up of costs for administrative and commercial staff, all marketing and advertising expenses and related overheads.

3.4 – Significant judgements and estimates

Preparation of the Group's consolidated financial statements requires Management to make estimates and judgements that are liable to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. EUTELSAT constantly updates its estimates and assessments using past experience in addition to other relevant factors related to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustment to the amounts that are recognised during a subsequent financial period because of the uncertainty attached to them.

Judgements

In preparing the financial statements at 30 June 2009, Management has exercised its judgement, particularly with regard to:

- The ability of the Sea Launch company to honour its contractual commitments towards the Group with respect to the two Sea Launch launchers following its decision to file for Chapter 11. (See Note 6 - *Satellites and other property and equipment*)
- The recognition by Solaris of an item of accrued income corresponding to the amount of harm sustained, in the context of its claim for an insurance indemnity for the total amount of the damage that affected the S-band payload on-board the W2A satellite. (see Note 7 – *Investments in associates*)

Estimates

The key estimates relating to the future and the other main sources of uncertainty at the date of closing the accounts are shown below:

- An assessment of the recoverability of accounts receivable (see Note 10 – *Accounts receivable*), exposure to credit risk and risk profile,
- provisions for risk and for employee benefits (see Note 22 – *Provisions*),
- the income tax expense and an assessment of the amounts of deferred tax assets (see Note 21 – *Current and deferred tax*),
- Possible impairment of goodwill and other intangible assets (see Note 5 – *Goodwill and other intangible assets*),
- appraisal of satellites' useful lives and their impairment (see Note 6 – *Satellites and other property and equipment*).

Eutelsat S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.5 - Periods presented and comparatives

The financial year of EUTELSAT S.A. is twelve months and ends on 30 June.

The functional currency, and the currency used to present financial statements, is the euro.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: SIGNIFICANT ACCOUNTING POLICIES

4.1 – Consolidation method

The companies that are controlled directly or indirectly by EUTELSAT S.A. are fully consolidated using the full consolidation method even if the Company does not directly own any equity in these companies. Control is the power to direct financial and operational policies and is presumed to exist where the Group holds directly or indirectly more than 50% of the voting rights. The determination of control takes into account the existence of potential voting rights provided that these are immediately exercisable or convertible.

Companies over which the Group exercises joint control with a limited number of partners under a contractual agreement are consolidated using the equity method of accounting.

Associated entities over which the Group exerts sizeable/significant influence (generally between 20% and 50% of voting rights), are accounted for using the equity consolidation method. Sizeable/significant influence is defined as the power to take part 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 acquisition and that are not related to operations having an impact on the income statement are recorded in the consolidated reserves for an amount representing the Group's share. Companies are no longer included in the scope of consolidation as of the date when the Group transfers control or significant influence.

Intra-group balances and transactions are eliminated when consolidating.

4.2 – Accounting treatment for business combinations

In accordance with IFRS 3, business combinations are recognised using the purchase accounting method. With this method, the identifiable assets, liabilities and contingent liabilities of the acquired entity which meet the criteria defined under IFRS are recognised at their fair value on the date of acquisition, except for non-current assets classed as assets held for sale, which are booked at fair value less cost on disposal.

Only the acquiree's identifiable liabilities satisfying the recognition criteria specified by IFRS are recognised following a business combination. Restructuring costs are recognised as liabilities of the acquired entity if and only if it has a present obligation to restructure at the date of acquisition.

Provisional fair values assigned at the date of acquisition to identifiable assets and liabilities may require adjustment as additional evidence becomes available to assist with the estimation (expert assessments still in progress at the acquisition date or additional analyses). When such adjustments are made prior to the end of a twelve-month period commencing on the date of acquisition, goodwill or negative goodwill is adjusted to the amount that would have been determined if the adjusted fair values had been available at the date of acquisition. When the carrying amounts are adjusted after the end of the twelve-month period, income or expense is recognised rather than an adjustment to goodwill or negative goodwill, except where adjustments apply to correction of errors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Minority interests are recognised on the basis of the fair value of the net assets acquired.

4.3 – 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 transaction.

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 closing exchange rate. Resulting foreign-exchange gains and losses are recorded in the income statement throughout the course of the period.

On the other hand, 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 in shareholder's equity under the heading "Cumulative translation adjustment".

The main foreign currency used is the U.S. dollar. The closing exchange rate used is 1.41 U.S. dollars for 1 euro and the average exchange rate for the period is 1.36 USD for 1 euro.

Translation of foreign subsidiaries' financial statements

Each subsidiary outside the euro area keeps its accounts 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 adjustment is included on a separate line of shareholders' equity under "Translation adjustments".

4.4 – Intangible assets

Intangible assets purchased separately or acquired in the context of a business combination

Intangible assets purchased separately are recorded at their historical cost and those purchased in a business combination are recorded at fair value on the acquisition date when allocating the acquisition cost of the entity. The fair value is set by referring to the generally accepted methods such as those based on revenues or market value.

Research and development costs - Development costs are recorded in intangible assets if the capitalisation criteria defined by IAS 38, "Intangible Assets" are met. Otherwise, they are booked as an expense in the period in which they are incurred. Research costs are recorded as an item of expenditure.

For the periods ending 30 June 2008 and 2009, no development costs were incurred by the Group.

Research expenses were mainly incurred for multimedia activities. They are recorded in the income statement under "Selling, general and administrative expenses".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.5 – 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 preparing the asset for use, less accumulated depreciation and possible impairment.

Borrowing costs incurred for the financing of tangible assets are capitalised with respect to the portion incurred during the period of construction. If no loan is 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 accounting for the financing structure of the Group.

Satellites – Satellite costs include all expenses incurred for commissioning individual satellites and comprise manufacturing, launch and attributable launch insurance costs, capitalised interest, performance incentives and costs directly attributable to monitoring the satellite programme (studies, staff and consultancy costs).

Satellite performance incentives – The Group has a number of 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 items are part of the cost of the satellite and are recognised as an asset offsetting a liability equal to the net present value of the expected payments. Any subsequent modification to the amount of such an incentive payment with respect to one or more periods is recognised as a satellite cost adjustment. The new value of the satellite is amortised on a prospective basis over the remaining useful life.

Ground equipment – This item comprises the monitoring and control equipment at various European locations and equipment at Group headquarters, including technical installations, office furniture and computer equipment.

Depreciation and amortisation – Amortisation 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 includes, where appropriate, the residual value of each asset or group of assets, starting from the date when the 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 conducts an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. When a significant change occurs, depreciation is charged for the years to come by taking into account the asset’s new remaining useful life.

Assets under construction – Assets under construction primarily consist of percentage completion payments for the construction of future satellites and advances paid in respect of launch vehicles

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

and related launch-insurance costs. Studies, staff and consultancy costs, interest and other costs incurred directly in connection with satellite acquisition are also capitalised.

Assets under finance leases - Agreements whereby the Group uses capacity on all or part of a satellite's transponders are recognised as an asset with its corresponding liability in accordance with IAS 17 "Leases" when the terms and conditions of the contracts are such that they are considered as finance leases in that they transfer substantially all risks and rewards incidental to ownership to the Group. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

4.6 – 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 loss in value.

For tangible and intangible fixed assets with finite useful lives, an impairment test is performed only when there is an external or internal indication that their recoverable values may be lower than their net book values (for example, a technical incident affecting a satellite).

An impairment test consists of appraising the recoverable amount of an asset, which is the higher of its fair value net of disposal costs and its value in use. If it is not possible 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 disposal costs and its value in use. If either of these amounts is greater than the book value of the asset, its value has not been impaired and there is no need to estimate the other amount.

The Group estimates value in use on the basis of the estimated future pre-tax cash flows to be generated by an asset or CGU during its useful life and are based upon the medium-term plan approved by Management. 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 disposal 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 transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment losses and their reversals are recognised respectively on the income statement under the headings "Other operating costs" and "Other operating income". An impairment of goodwill cannot be reversed.

As of 30 June 2008 and 2009, the following CGUs have been identified for the purpose of impairment tests:

- Each satellite, i.e. 27 as of 30 June 2009
- investment in the Hispasat Group

4.7 – 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.

4.8 – Financial instruments

Financial assets in respect of which changes in fair value are recorded in the income statement, including trading financial assets and derivatives, are initially recorded at fair value. Other financial assets and liabilities are recorded at cost, which is 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 purchase. The designation and classification of these instruments are determined at initial recognition.

4.8.1 – 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 derivatives unless they are designated as hedges, and mutual fund investments (UCITS) 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 available for sale

Available-for-sale financial assets are financial assets, other than derivatives, which have been designated as available for sale by Management or which have not been classified in the "Financial assets measured at fair value through the income statement" or "Assets held to maturity" categories. Available-for-sale financial assets include investments other than investments in

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

companies recognised and consolidated as equity investments, 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 fair value, with the gains and losses resulting from the changes in fair value being recognised under shareholders’ equity. When they are sold or in the event of impairment, the cumulative gains and losses previously entered under shareholders’ equity are recorded 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 recorded initially at their nominal value, on account of the insignificant 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 rate method.

4.8.2 – Financial liabilities

Financial liabilities comprise bank loan and other debt instruments. They are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost, using the effective interest rate method. Any differences between initial capital amounts (net of transaction costs) and repayable amounts are recorded as financial expense over the duration of the loans, using the effective interest rate method.

4.8.3 – Derivative instruments

Derivatives that are not designated as hedging instruments are recognised at fair value, and any subsequent changes in fair value are posted to the financial result.

Where a derivative 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*)

4.8.4 – 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 has depreciated. Examples of target impairment indicators include defaulting on contractual payment terms, significant financial

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

hardship of the lender or borrower, a likelihood of bankruptcy or an extended or significant decline in the price of the listed shares.

Impairment losses, other than those related to accounts receivable and other debit operator balances, are recorded as financial expenses.

The Group's customers 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, under the heading "selling, general and administrative expenses". The method of recognising allowances for bad debt is based on experience and is periodically applied to determine a recoverable percentage based on how long the receivables have been on our books.

The impairment of equity investments that do not have a list price on an active market that are valued at cost, and of investments in equity instruments classified as available-for-sale financial assets measured at fair value, cannot be reversed.

4.8.5 – Hedging transactions

Hedging transactions involve the use of derivatives. Changes in the fair value of a derivative are used to offset the exposure of the hedged item to changes in fair value.

Derivatives 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 the income statement; (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 derivatives designated as cash flow hedges.

Cash-flow hedging

Cash flow hedging involves a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable anticipated future transaction that might affect reported income.

Changes in the fair value of a hedging instrument relating to the effective portion of a hedge are recognised in shareholders' equity. Changes in fair value relating to the ineffective portion of a hedge are recognised in the income statement under "Other operating income" or under "Other operating costs" in the case of cash flow hedges of operational exposures and under "Financial result" in the case of cash flow hedges of investment and financing exposures.

The cumulative changes in the fair value of a hedging instrument previously recognised in shareholders' equity are reclassified in the income statement when the hedged transaction affects profit or loss. Reclassified gains and losses are recorded under "Other operating income" or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

“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 that has a non-zero fair value (for example, where a new debt is issued and 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 on the date the hedging relationship is put in place is amortised over the remaining life of the instrument concerned.

When the anticipated transaction leads to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of the hedge previously recognised in shareholders’ equity are added to the initial measurement of the asset or liability in question.

4.8.6 – Fair value of financial instruments

Fair value is the amount for which an extinguished asset or liability could be exchanged 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 listed on an active market is determined by the Group using appropriate valuation methods and assumptions reflecting market conditions at year end closing.

4.9 – Cash and cash equivalents

Cash and cash equivalents mainly consist of cash at hand and at bank, as well as short term deposits or investment certificates with original maturities of three months or less, and also mutual fund investments (UCITS) that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and for which the risk of a change in value is negligible.

4.10 – Shareholders’ equity

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.

Granting of stock options

Rewards granted to employees under stock-option plans are measured on the date the options are granted and constitute additional compensation. This is recognised under personnel expenses over the vesting period of the rights representing the reward granted to the employee and offset by increases in equity (equity settled plans) or by recognition of a debt (for plans deemed to be cash-settled plans).

4.11 – Revenue recognition

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's revenues are mainly attributable to the leasing of space segment capacity on the basis of terms and conditions set out in the lease contracts.

These contracts usually 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 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 recorded in the accounts, it is probable that the receivable will be recovered.

Deferred revenues include unearned balances of amounts for a period of less than one year received in advance from customers. Such amounts are recorded as revenue on a straight-line basis over the corresponding duration of the relevant transponder leases or of the services provided.

4.12 – Deferred taxes

Deferred taxes are the result of timing differences arising between the tax base of an asset or liability and its book value. Deferred taxes are calculated for all fiscal entities and are booked in respect of all timing differences, using the balance sheet liability method unless there are exceptions.

Thus, deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred tax liability arises from a non tax deductible goodwill amortisation or from the initial recognition of an asset or liability other than in a transaction that is not a business combination and which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and
- when the deferred tax liability arises from investments in subsidiaries, associated companies or joint ventures unless the Group is able to control the timing of the reversal of the difference and it is probable that the timing difference will not be reversed 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 income will be available against which the deductible timing differences can be charged. However, a deferred tax asset is not recognised if it arises from a deductible timing difference generated by the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, does not affect the accounting or the taxable income or the tax loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The book value of deferred tax assets is reviewed at each closing date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to avail oneself of part or all of the deferred tax asset.

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 closing date.

Deferred taxes are not discounted and are recorded as non-current assets and liabilities.

4.13 – Earnings per share

EPS is calculated by dividing the net income for the period attributable to ordinary shareholders of the entity by the weighted average number of common shares outstanding during the period.

Diluted earnings per share are calculated using the share repurchase method, based on the assumptions (i) that all potentially dilutive instruments are converted (i.e. assuming the exercise of all outstanding options and the conversion of any financial instruments giving access to the share 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.

4.14 – Post-employment benefits

The Group's retirement schemes and other post-employment benefits consist of defined contribution plans and defined benefit plans.

Defined benefit plans are plans for which the Group, or any of its entities, has contractually agreed to provide a specific amount or level of benefits following retirement. The cost of this defined benefit obligation, including lump sum retirement indemnities and other post-employment benefits is entered as a liability on the basis of an actuarial valuation of the obligations toward employees at year-end, using the projected credit unit 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 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 discounted present value of the benefit 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 closing date;
- the fair value of plan assets at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The pension cost for the period, consisting of service cost, is recognised in 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 in 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 for the period.

4.15 – Financial guarantee granted to a pension fund

The Group is now the guarantor for the pension scheme for which commitments had been outsourced prior to the transfer when EUTELSAT was formed. This defined-benefit pension scheme has been closed and the vested pension rights were frozen prior to the transfer. The risk resulting from this financial guarantee has been analysed, assessed and reported in the same way as defined benefit plan obligations described in Note 3.19 - *Provisions*, despite the fact that the Group has not assumed the legal commitments entered into by the Intergovernmental Organisation (**IGO**) in respect of the pension fund.

4.16 – Provisions

A provision is made when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of a past event, (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.

If the effect of the time value of money is material, the amount of the provision will be equal to the discounted value of anticipated expenditure needed to settle the obligation. The 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 recorded to reflect the passage of time and the effect of discounting are recognised as financial expenses in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: INTANGIBLE ASSETS

The intangible assets item is as follows:

<i>(in thousands of Euros)</i>	Intangible assets	Total
30 June 2007	37 650	37 650
Separate acquisitions	2 106	2 106
Disposals	(618)	(618)
Transfers	1 630	1 630
30 June 2008	40 768	40 768
Separate acquisitions	4 518	4 518
Disposals	-	-
Transfers	1 708	1 708
30 June 2009	46 994	46 994

Changes in accumulated depreciation and impairment

<i>(in thousands of Euros)</i>	Intangible assets	Total
Accumulated depreciation at 30 June 2007	(29 130)	(29 130)
Annual allowance	(3 653)	(3 653)
Reversals	-	-
Impairment	-	-
Accumulated depreciation at 30 June 2008	(32 783)	(32 783)
Annual allowance	(3 614)	(3 614)
Reversals	-	-
Impairment	-	-
Accumulated depreciation at 30 June 2009	(36 397)	(36 397)

Net assets

<i>(in thousands of Euros)</i>	Intangible assets	Total
Net value at 30 June 2007	8 520	8 520
Net value at 30 June 2008	7 985	7 985
Net value at 30 June 2009	10 597	10 597

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: SATELLITES AND OTHER PROPERTY AND EQUIPMENT

“Satellites and other property and equipment” is broken down as follows (including assets acquired under finance leases):

Changes in gross assets

<i>(in thousands of Euros)</i>	Satellites [1]	Other tangibles	Construction in progress	Total
Gross value at 30 June 2007	2 968 671	134 779	471 804	3 575 254
Change in gross value	-	-	-	-
Acquisitions	(956)	19 888	308 587	327 519
Disposals and scrapping of assets	(88 003)	(1 932)	-	(89 935)
Transfers.....	-	1 153	(2 783)	(1 630)
Gross value at 30 June 2008	2 879 712	153 888	777 608	3 811 208
Change in gross value	(10 632)	-	-	(10 632)
Acquisitions	80 027	20 496	384 822	485 345
Disposals and scrapping of assets	(26 010)	(759)	-	(26 769)
Transfers.....	613 477	3 528	(618 713)	(1 708)
Gross value at 30 June 2009	3 536 574	177 153	543 717	4 257 444

Changes in accumulated depreciation and impairment

<i>(in thousands of Euros)</i>	Satellites [1]	Other tangibles	Construction in progress	Total
Accumulated depreciation at 30 June 2007	(1 338 689)	(77 968)	-	(1 416 657)
Annual allowance	(233 796)	(19 339)	-	(253 135)
Reversals	88 003	1 940	-	89 943
Impairment.....	(12 000)	-	-	(12 000)
Accumulated depreciation at 30 June 2008	(1 496 482)	(95 367)	-	(1 591 849)
Annual allowance	(346 563)	(21 117)	-	(367 680)
Reversals	-	199	-	199
Impairment.....	26 010	112	-	26 122
Accumulated depreciation at 30 June 2009	(1 817 035)	(116 173)	-	(1 933 208)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Net assets

<i>(in thousands of Euros)</i>	Satellites [1]	Other tangibles	Constructio n in progress	Total
Net value at 30 June 2007	<u>1 629 982</u>	<u>56 811</u>	<u>471 804</u>	<u>2 158 597</u>
Net value at 30 June 2008	<u>1 383 230</u>	<u>58 521</u>	<u>777 608</u>	<u>2 219 359</u>
Net value at 30 June 2009	<u>1 719 539</u>	<u>60 980</u>	<u>543 717</u>	<u>2 324 236</u>

[1] including satellites subject to finance leases:

(in thousands of Euros)

Gross value	99 847
Net value at 30 June 2009	<u>45 182</u>

In particular, this item refers to four satellites for which capacity is leased, with the relevant agreements being considered as finance leases and thus being recognised as assets.

	Gross value	Net value		
SESAT 2	65 670	36 710	12	Contract dated March 2004 related to the satellite's remaining useful life
Telstar 12	23 446	5 576	4	Agreement dated June 1999 related to the satellite's remaining useful life
Telecom 2C	7 000	1 319	11	Agreement dated April 2007 related to the satellite's remaining useful life
Express A4	2 231	1 577	2	Contracts dated 2008 for a period of one year, renewable for one year

Changes in satellite gross values are the result of cancelling part of the in orbit satellite incentive payments for W5, following the incident in June 2008 (see below).

Satellite-related acquisitions and transfers at 30 June 2009 involve placing the HOT BIRDTM9, W2M, HOT BIRDTM10 and W2A satellites (all launched during the financial year) into geostationary orbit.

W5 satellite

During the night of 16 to 17 June 2008, the W5 satellite suffered an anomaly affecting part of its power supply sub-system, compelling the Group to reduce the number of transponders in service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

by four. Following an inquiry into the anomaly with Thales Alenia Space, the satellite's estimated remaining in-orbit life was reduced by three years.

Following this incident, the Group carried out an impairment test based on the present value of the future cash flows generated by this satellite, using a discount rate of 7.5%. This showed no need to adjust the value recognised on the balance sheet.

Corrective action was undertaken during the year ended 30 June 2009. This resulted in a new assessment of the satellite's remaining in-orbit life, which was now estimated as having been reduced by one year instead of three years.

The adjustment in gross value (see above) and the reduction in lifetime have been stated prospectively by modifying the depreciation expense.

EUROBIRD™3 satellite

At 30 June 2008, the medium-term plan was updated and it became apparent that future revenue flows generated by the EUROBIRD™3 satellite were lower than initially foreseen. This led to the performance of an impairment test. A loss of €12 million was recorded under "Other operating costs", based on revised and discounted future cash flows, using a discount rate of 7.5%.

At 30 June 2009, the updating of the medium-term plan has no impact on the revenue assumptions which led to the impairment of the satellite at the end of the 2007/2008 financial year.

W2M satellite

On 22 January 2009, the W2M satellite suffered a major anomaly which affected its electrical power-supply sub-system. As of the date of this document, this was continuing to make its commercial operation impossible. On 27 February 2009, a claim for the satellite's constructive total loss was sent to the insurers (see. Note 27.2 – *In-orbit insurance and launch insurance*). This event has not affected continuity of service for Group customers, but has resulted in EUTELSAT recognising impairment corresponding to the full value of the satellite under "Other operating costs". EUTELSAT has received the full indemnity as of 30 June 2009.

As of 30 June 2009, five satellites are under construction compared to seven at 30 June 2008. Two of the scheduled launches for these five satellites will be undertaken by Sea Launch Limited Partnership. This company filed for Chapter 11 of the U.S. Bankruptcy Code on 22 June 2009, the purpose of which is to reorganise the financially troubled company so that it can continue to operate. Sea Launch has 120 days, beginning on 22 June 2009, in which to submit a draft reorganisation plan to the Court. Once the draft plan has been filed and registered by the competent court, it will be voted upon by the creditors committee within a further period of 180 days. The relevant launch costs already paid as shown under assets under construction amount to €79.9 million. Based on information available on closing date, the Group considers that Sea Launch will be in a position to continue to fulfil its contractual commitments towards EUTELSAT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: INVESTMENTS IN ASSOCIATES

At 30 June 2008 and 30 June 2009, the “Investments in associates” item is as follows:

<i>(In thousands of Euros)</i>	30 June 2008	30 June 2009
Solaris Mobile	45 007	71 878
Hispasat	132 162	144 625
Total	177 169	216 502

7.1 – Solaris Mobile Ltd

During the 2007/2008 financial year, the Group set up a company in partnership with SES Astra called Solaris Mobile Ltd. (Solaris) in Dublin in Ireland to provide services in the S band.

This frequency band can distribute television, video and radio services, as well as two way 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 spectrum 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 and quantification of the claim, and a request for an insurance indemnity to be paid amounting to the total value of the asset. Owing 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 losses suffered.

However, the Company remains confident in its ability to meet the commitments entered into with the European Commission.

EUTELSAT has a 50% investment in Solaris and has joint control with its partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Change in the carrying amount of the equity investment in the balance sheet

<i>(In thousands of Euros)</i>	<u>30 June 2009</u>
Value of the equity investment at beginning of period	45 007
Participation in capital increases	29 750
Share of income	(2 879)
Impact of Income and expenses recognised directly under equity	-
Value of the equity investment at end of period	<u>71 878</u>

The following table shows the half-year accounts of Solaris:

<i>(in thousands of Euros)</i>	<u>30 June 2009</u>
Non-current assets	3 581
Current assets	142 472
Non-current liabilities	-
Current liabilities	2 295
Total net assets	<u><u>143 756</u></u>
Operating income	-
Net income	(3 954)

No financial summary is presented for the joint venture at 30 June 2008 as this information is not material.

7.2 – Hispasat Group

At 30 June 2008 and 2009, the Group, through its subsidiary EUTELSAT Services und Beteiligungen GmbH, owns 27.69% of the Hispasat Group, the private unlisted Spanish satellite operator. At 30 June 2008, certain rights related to the stability of the shareholder structure were attached to this equity investment.

Change in the carrying amount of the equity investment in the balance sheet

<i>(In thousands of Euros)</i>	<u>30 June 2008</u>	<u>30 June 2009</u>
Value of the equity investment at beginning of period	124 599	132 162
Share of income	11 436	18 833
Impact of Income and expenses recognised directly under equity	(3 873)	(6 370)
Value of the equity investment at end of period	<u>132 162</u>	<u>144 625</u>

The following amounts represent the Group's share of the assets, liabilities and income of the Hispasat Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>(in millions Euros)</i>	30 June 2008	30 June 2009
Intangible rights ⁽¹⁾	27.7	27.7
Service contract ⁽²⁾	1.5	1.4
Investment in Hisdesat	5.0	5.0
Sub-total	34.2	34.1
Hispasat net assets	97.9	110.5
Total	132.1	144.6

⁽¹⁾ These relate to rights to the use of frequencies at the 30°West orbital position, together with long-term contractual relationships with customers. The useful life of this intangible asset is considered indefinite, given the high probability of renewal of the administrative authorisations for the use of frequencies (which are given for a period of 75 years) and the specific nature of existing customer contracts. An impairment test is performed by the Company each year.

⁽²⁾ The depreciation life of the other identified intangible assets has been estimated at 15 years.

The following table presents the annual accounts of the Hispasat Group (in accordance with Spanish GAAP):

<i>(in thousands of Euros)</i>	31 December	31 December
Non-current assets	517 015	514 667
Current assets	104 672	207 930
Non-current liabilities	213 221	254 243
Current liabilities	60 966	77 792
Total net assets	347 500	390 562
Operating income	128 312	137 389
Net income	36 213	47 512

At 30 June 2008 and 2009, "Income from equity investments" in the consolidated income statement corresponds to the Group's share of IFRS income from:

- Hispasat, after amortisation of the intangible assets identified for the two financial years.
- Solaris Mobile Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are mainly made up of:

<i>(in thousands of Euros)</i>	<u>30 June 2008</u>	<u>30 June 2009</u>
Non-consolidated equity investments ⁽¹⁾	436	437
Long-term loans and advances	1 255	1 510
Total	<u>1 691</u>	<u>1 947</u>

⁽¹⁾ Non-listed investments valued at cost less impairment

- **Non-consolidated equity investments**

The non consolidated equity investments mainly comprise Sitcom Spa common stock with an 11.56% investment with a gross value of 6 000 thousand Euros and a investment of 4.63% of TV Files common stock with a gross value of 2 321 thousand Euros. These shares are not listed on an active market and the information currently, available prevents us from providing a reliable fair value. The relevant amounts, therefore, continue to be recognised on a historical-cost basis.

At 30 June 2008 and 2009, depreciations amount to 7 951 thousand Euros, namely a net value of 370 thousand Euros.

- **Long-term loans and advances**

Long term loans and advances mainly represent loans to unions for a total of 0.8 million Euros at 30 June 2008 in addition to guarantee deposits paid for the renting of EUTELSAT S.A. premises in Paris for a total of 0.3 million Euros.

NOTE 9: INVENTORIES

Gross and net inventories amount to €4,250 thousand and €2,013 thousand at 30 June 2008 and €3,867 thousand and €1,771 thousand at 30 June 2009. They mainly comprise receive antennas and modems.

The allowance for stock depletion was €2 237 thousand and €2 096 thousand respectively for the financial periods ended 30 June 2008 and 2009.

NOTE 10: ACCOUNTS RECEIVABLE

Credit risk is the risk that a debtor of the Group will not pay 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 a number of debtors. Depending on the assessment conducted 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2008, the net book value of these accounts receivable amounted to €239,225 thousand and the corresponding impairment charge was €23,798 thousand.

As of 30 June 2009, the net book value of these receivables was €299,500 thousand and the corresponding impairment charge was €24,129 thousand.

Accounts receivable at 30 June 2008 and 2009 are for short-term amounts and bear no interest.

The Group considers that it is not subject to concentration risk, owing to the diversity of its customer portfolio at 30 June 2009 and the fact that no legal entity billed by the Group accounts individually for more than 10% of its revenues. Credit risk is managed primarily through bank guarantees with leading financial institutions, by deposits and credit insurance.

Despite the volatile environment, the Group has not so far observed any significant deterioration in payment times, and the amount of bad debt represents €213 thousand. The temporary and isolated increase observed at 30 June 2009 does not reflect any particular risk with respect to degradation of the balance of payments. The Group considers that recoverable debt represents no particular risk, except for the risk attached to customers in geographical areas deemed to be potentially the most exposed to the effects of the financial crisis. This risk is estimated at approximately 4% of the value of accounts receivable at 30 June 2009.

10.1 - Evolution of the allowance for bad debt

<i>(in thousands of Euros)</i>	Group total
Value at 30 June 2007	24 597
Annual allowance	10 972
Reversals (used)	1 604
Reversals (unused)	10 167
Translation adjustments and other movements	-
Value at 30 June 2008	23 798
Annual allowance	10 861
Reversals (used)	1 146
Reversals (unused)	9 384
Translation adjustments and other movements	-
Value at 30 June 2009	24 129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10.2 - Analysis of accounts receivable (matured and non-matured)

<i>(in thousands of Euros)</i>	30 June 2008	30 June 2009
Non-matured receivables	194 406	218 605
Unimpaired matured receivables	36 440	73 547
<i>Between 0 and 30 days</i>	30 778	40 788
<i>Between 30 and 90 days</i>	1 777	19 870
<i>More than 90 days</i>	3 885	12 889
Matured and impaired receivables	32 177	31 477
<i>Between 0 and 30 days</i>	242	0
<i>Between 30 and 90 days</i>	14 834	9 712
<i>More than 90 days</i>	17 101	21 765
Impairment	(23 798)	(24 129)
Total	239 225	299 500

10.3. Guarantees and commitments received, which mitigate credit risk

(in thousands of Euros)

	30 June 2008		30 June 2009	
	Value of accounts receivable	Value of the guarantee	Value of accounts receivable	Value of the guarantee
Guarantee deposits	50 314	12 426	52 976	18 895
Bank guarantees	23 709	23 709	36 471	36 471
Guarantees from the parent company	22 791	22 791	30 838	30 838
Total	96 814	58 926	120 286	86 205

NOTE 11: OTHER CURRENT ASSETS

Other current assets are as follows:

<i>(in thousands of Euros)</i>	30 June 2008	30 June 2009
Prepaid expenses	7 036	8 736
Tax and employee-related receivable	9 806	7 913
Total	16 842	16 649

At 30 June 2008, prepaid expenses mainly comprised €2.6 million of prepaid satellite insurance and €0.7 million of advances on satellite operating costs.

At 30 June 2009, prepaid expenses mainly comprised €2.6 million of prepaid satellite insurance and €0.8 million of prepaid satellite operating costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12: CURRENT FINANCIAL ASSETS

<i>(in thousands of Euros)</i>	<u>30 June 2008</u>	<u>30 June 2009</u>
Hedging instruments ⁽¹⁾	49 022	382
Other receivables	54 007	4 642
Total	<u>103 029</u>	<u>5 024</u>

⁽¹⁾ see Note 26 – *Financial instruments*

NOTE 13: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

<i>(in thousands of Euros)</i>	<u>30 June 2008</u>	<u>30 June 2009</u>
Cash	11 656	40 976
Accrued interest	-	-
Cash equivalents	1 491	99 415
Total	<u>13 147</u>	<u>140 390</u>

Cash equivalents are mainly composed of deposit certificates, the great majority of which mature less than one month on the date of acquisition, and mutual fund investments (UCITS) meeting the qualification of “cash equivalents” (see Note 4.9 – *Cash and cash equivalents*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14: FINANCIAL ASSETS

The following tables give a breakdown of each balance sheet item representing financial instruments by category, and indicates its fair value whether or not the instrument was recognised at fair value when the balance sheet was prepared.

<i>(in thousands of Euro)</i>	<i>Category of financial instruments</i>	Net carrying amount at 30 June 2008				Instruments measured at fair value through the income statement	Fair value at 30 June 2008
		Total	Instruments measured at amortised cost	Instruments at cost	Fair value through equity		
Assets							
Non-current financial assets							
Unconsolidated investments	<i>Available for sale</i>	436	-	436	-	-	436
Long-term loans and advances	<i>Receivables</i>	1 255	1 255	-	-	-	1 255
Accounts receivable	<i>Receivables</i>	239 225	239 225	-	-	-	239 225
Current financial assets							
Other receivables	<i>Receivables</i>	54 007	54 007	-	-	-	54 007
Financial instruments							
Qualified as cash-flow hedges	<i>N/A</i>	37 568	-	-	37 568	-	37 568
Qualified as trading instruments	<i>Held for trading</i>	11 454	-	-	-	11 454	11 454
Cash and cash equivalents							
Cash	<i>N/A</i>	11 656	11 656	-	-	-	11 656
Cash equivalents	<i>Receivables</i>	1 491	1 491	-	-	-	1 491

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Euros)

(in thousands of Euros)	Category of financial instruments	Net carrying amount at 30 June 2009				Instruments measured at fair value through the income statement	Fair value at 30 June 2009
		Total	Instruments measured at amortised cost	Instruments at cost	Fair value through equity		
Assets							
Non-current financial assets							
Unconsolidated investments	<i>Available for sale</i>	437	-	437	-	-	437
Long-term loans and advances	<i>Receivables</i>	1 510	1 510	-	-	-	1 510
Accounts receivable	<i>Receivables</i>	299 500	299 500	-	-	-	2 99 500
Current financial assets							
Other receivables	<i>Receivables</i>	4 642	4 642	-	-	-	4 642
Financial instruments							
Qualified as cash-flow hedges	<i>N/A</i>	191	-	-	191	-	191
Qualified as trading instruments	<i>Held for trading</i>	191	-	-	-	191	191
Cash and cash equivalents							
Cash	<i>N/A</i>	40 975	40 975	-	-	-	40 975
UCITS	<i>Fair value</i>	95 277	95 277	-	-	-	95 277
Cash equivalents	<i>Receivables</i>	4 138	4 138	-	-	-	4 138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: SHAREHOLDERS' EQUITY

15.1 – Shareholders' equity

As of 30 June 2009, the share capital comprised 1 012 944 284 ordinary shares with a face value of €0.65 per share.

Movements since 30 June 2008 refer to the exercise of options by employees for a total of 27 223 shares under the "Partners" plan, 437 374 shares under the "Managers III" plan and 1 209 051 shares under the "Managers IV" plan.

Shares derived from the "Partners" plan resulted in the payment of €17 150.49 taken from the special reserve.

15.2 – Dividends

On 5 November 2008, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €0.24 per share, i.e. a total of €242,866 thousand, taken from net income for a total of €241 625 thousand and from retained earnings for a total of €1 241 thousand.

The pay-out proposed to the General Meeting on 9 November 2009 for the financial year ended 30 June 2009, is €273 495 thousand, i.e. €0.27 per share.

*15.3 – Share-based compensation***Stock-option plans**

a) Summary of movements in respect of the stock-option plans

	Shares reserved for future grants	Stock options outstanding	Weighted average strike price (in Euros) after distribution
Balance at 1 July 2008.....	-	1 986 056	1,57
Authorised	-	-	-
Granted.....	-	-	-
Exercised.....	-	1 673 648	1,59
Cancelled	-	-	-
Balance at 30 June 2009.....	-	312 409	1,46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Description and changes in the stock-option plans

Further to the decision taken by the Ordinary and Extraordinary Shareholder's Meeting on 22 December 2005 to make an exceptional distribution of the reserves by taking part of the distributable reserves and Additional paid-in capital in accordance with the rules of the "Partners" and "Managers" stock-option plans and in compliance with legal and regulatory provisions, the Board of Directors implemented the measures to protect the rights of those holding stock options granted but not yet exercised as of the date of the General Meeting on 22 December, 2005.

Such protective measures generally involve adjusting the subscription conditions, the conversion bases and the original procedures for exchange or grant, in order to account for the effect of the distribution of reserves.

Pursuant to regulatory provisions, the adjustment involved the following measures:

- a downward adjustment to the strike price for options granted but not exercised, and
- an upward adjustment to the number of underlying shares for each option not yet exercised, so that each holder would be able to invest the amount originally foreseen.

It should also be noted that beneficiaries of "Partners" stock options not yet exercised at the date of the General Meeting have benefited from special protection measures, as the downward adjustment of the subscription price (previously fixed at €1.00 for this plan) cannot have the effect of reducing the subscription price to below the face value of the shares (fixed at €1.00).

In actual fact if the formula contained in Article D. 174-12 had been applied, it would have resulted in reducing the subscription price for the shares on option to a figure below 1 Euro.

The Ordinary and Extraordinary General Meeting therefore carried a resolution to allocate €0.16 per "Partners" plan option not yet exercised (a total amount of €45 559.36) to a special reserve account for those holding such options, with the amount required being taken from "Additional paid-in capital". The reserve so constituted is released as and when these options are exercised by their holders.

Further to the decision taken by the Ordinary and Extraordinary Shareholder's Meeting on 10 December 2004 to make an exceptional distribution of the reserves by taking part of the distributable reserves and Additional paid-in capital in accordance with the rules of the "Partners" and "Managers" stock-option plans and in compliance with legal and regulatory provisions, the Board of Directors implemented the measures to protect the rights of those holding stock options granted but not yet exercised as of the date of the General Meeting on 10 December 2004.

These measures, identical to those described above, led to an adjustment in the strike price and the number of stock options granted but not exercised, and the Ordinary and Extraordinary General Meeting therefore voted a resolution to allocate €0.47 (i.e. 0.57 – €0.10) per "Partners" plan option not yet exercised (a total amount of €734 023.44) to a special reserve account for those holding such options, with the amount required being taken from "Additional paid-in capital". The reserve so constituted is released as and when these options are exercised by their holders.

The Board of Directors also decided on 12 May 2005 to cancel the conditions for a holding period before exercising options for all stock-option plans existing as of that date, so as not to penalise

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the holders of options in the event of dividend payment. All options granted are therefore exercisable.

The following table shows how the stock-option plans have evolved:

Plans	Granted	Exercised	Cancelled	Balance	Strike price (in Euros)
<u>Before the distribution of 10 December 2004</u>					
Partners	4 233 788	(2 515 497)	(156 539)	1 561 752	1,10
Managers	2 010 000	-	-	2 010 000	2,00
Managers II					
- 13/12/02	3 150 180	(58 266)	-	3 091 914	1,79
- 24/02/03	56 000	-	-	56 000	1,79
Managers III					
- 17/12/03	8 011 938	-	-	8 011 938	1,70
- 08/04/04	1 102 000	-	-	1 102 000	1,70
- 28/06/04	325 000	-	-	325 000	2,00
Managers IV	3 000 000	-	-	3 000 000	2,20
Total	21 888 906	(2 573 763)	(156 539)	19 158 604	-

Plans	Granted	Exercised	Cancelled	Balance	Strike price (in Euros)
<u>Position on 30 June 2005</u>					
<u>After the pay-out on 10 December 2004</u>					
Partners	4 389 963	(3 545 738)	(191 878)	652 347	1,00
Managers	2 603 627	(97 151)	-	2 506 476	1,54
Managers II					
- 13/12/02	4 063 336	(154 555)	-	3 908 781	1,38
- 24/02/03	72 539	-	-	72 539	1,38
Managers III					
- 17/12/03	10 378 158	-	-	10 378 158	1,31
- 08/04/04	1 427 461	(64 042)	(64 767)	1 298 652	1,31
- 28/06/04	420 985	-	-	420 985	1,54
Managers IV	3 886 033	(113 628)	-	3 772 405	1,70
Total	27 242 102	(3 975 114)	(256 645)	23 010 343	-

Position on 30 June 2006
After the pay-out on

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22 December 2005

Partners	4 389 963	(3 925 218)	(216 204)	248 541	1,00
Managers	2 665 914	(2 612 083)	-	53 831	1,48
Managers II					
- 13/12/02	4 198 094	(1 075 221)	-	3 122 873	1,33
- 24/02/03	75 175	(4 927)	-	70 248	1,33
Managers III					
- 17/12/03	10 782 178	(438 087)	-	10 344 091	1,26
- 08/04/04	1 476 126	(115 171)	(64 767)	1 296 188	1,26
- 28/06/04	437 374	-	-	437 374	1,48
Managers IV	4 028 215	(247 741)	-	3 780 474	1,64
Total	28 053 039	(8 418 448)	(280 971)	19 353 620	-

Plans	Granted	Exercised	Cancelled	Balance	Strike price (in Euros)
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**Position on
30 June 2007**

Partners	4 389 963	(4 052 493)	(227 526)	109 944	1,00
Managers	2 665 914	(2 612 083)	-	53 831	1,48
Managers II					
- 13/12/02	4 198 094	(4 135 342)	-	62 752	1,33
- 24/02/03	75 175	(75 175)	-	-	1,33
Managers III					
- 17/12/03	10 782 178	(876 174)	-	9 906 004	1,26
- 08/04/04	1 476 126	(137 444)	(64 767)	1 273 915	1,26
- 28/06/04	437 374	-	-	437 374	1,48
Managers IV	4 028 215	(247 741)	(1)	3 780 473	1,64
Total	28 053 039	(12 136 452)	(292 293)	15 624 293	-

Plans	Granted	Exercised	Cancelled	Balance	Strike price (in Euros)
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**Position on
30 June 2008**

Partners	4 389 963	(4 094 465)	(227 526)	67 972	1,00
Managers	2 665 914	(2 612 083)	-	53 831	1,48
Managers II					
- 13/12/02	4 198 094	(4 179 133)	-	18 961	1,33
- 24/02/03	75 175	(75 175)	-	-	1,33
Managers III					
- 17/12/03	10 782 178	(10 782 178)	-	-	1,26
- 08/04/04	1 476 126	(1 370 985)	(64 767)	40 374	1,26
- 28/06/04	437 374	-	-	437 374	1,48
Managers IV	4 028 215	(2 620 296)	(40 374)	1 367 545	1,64
Total	28 053 039	(25 734 315)	(332 667)	1 986 057	-

Plans	Granted	Exercised	Cancelled	Balance	Strike price (in Euros)
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**Position on
30 June 2009**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Partners	4 389 963	(4 121 688)	(227 526)	40 749	1,00
Managers	2 665 914	(2 612 083)	-	53 831	1,48
Managers II					
- 13/12/02	4 198 094	(4 179 133)	-	18 961	1,33
- 24/02/03	75 175	(75 175)	-	-	1,33
Managers III					
- 17/12/03	10 782 178	(10 782 178)	-	-	1,26
- 08/04/04	1 476 126	(1 370 985)	(64 767)	40 374	1,26
- 28/06/04	437 374	(437 374)	-	-	1,48
Managers IV	4 028 215	(3 829 347)	(40 374)	158 494	1,64
Total	28 053 039	(27 407 963)	(332 667)	312 409	-

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On 2 July 2001, the shareholders authorised the “Partners” stock-option plan which provided for the grant of stock options to the employees and the members of the Management Board within a period of one month for a maximum of 0.5% of the Company’s share capital. 4 233 788 options were granted at a strike price of €1.1. Half of the options could be exercised immediately. However, if not exercised within one month of the grant date, vesting was deferred until the end of a two-year period after the grant date. The remaining half vested two years after the grant date. The options expire eight years after the grant date.

On 15 October 2001, the shareholders authorised the “Managers” stock-option plan which provided for the issuing of stock options to certain employees and members of the Management Board of the Company within a period of one month, for a maximum of 1% of the Company’s share capital less the number of options already granted under the earlier authorisation. 2 010 000 options were granted at a strike price of €2.0. The options vested four years after the grant date and expire eight years after the grant date.

On 5 November 2002, an Extraordinary Meeting of Shareholders authorised the “Managers II” stock-option plan, which provides for the issuance of stock options to Directors and Officers of the company, senior managers and key personnel of the Company within a period of 38 months for a maximum of 2.7% of the Company’s share capital. 3 206 180 options were granted at a strike price of €1.79. The options vested in portions of one third on 1 July in the three years following the year of grant and expire eight years after that date. The shareholders also authorised a one-year share buy-back programme from shareholders, up to 0.5 % of the share capital and at a fixed price per share based on the net book position on 2 July 2001, i.e. €1.1 per share.

On 30 June 2003, 38 456 shares had been repurchased and, in the financial year ended 30 June 2004, cancelled by the Management Board according to the authorisations given.

At an Extraordinary General Meeting of Shareholders on 25 November 2003, the delegation of authority given to the Management Board on 5 November 2002 was amended in order to allot Company stock options. The Management Board now has authority to implement a programme over the next 26 months to allot stock options or share buy-backs to company Directors and Officers, company employees and staff employed by the Group, up to a maximum of 2.37% of the Company’s share capital. Under the “Managers III” Plan so authorised, 9 113 938 options were granted at a strike price of €1.7 (the options vested in portions of one third on 8 April in the three years following the year of the grant date and expire eight years later) and 325 000 options were granted at a strike price of €2.0. (The options vested from the Meeting of Shareholders approving the financial statements for the year 2003/2004 and expire eight years later).

On 23 November 2004, the Board of Directors, acting in pursuance of the Company’s stock-option programme authorised by the Extraordinary General Meeting of 25 November 2003, decided to introduce the “Managers IV” plan to grant 3 000 000 stock options to key managers and personnel at a strike price of €2.2. The options vested in portions of one third as at 23 November in the three years following the year of grant and expire eight years later.

On 30 June 2006, the authorisation given by the Extraordinary General Meeting of 25 November 2003 expired. As no new authorisation has been given since that date, there were no more shares reserved for future grants as of 30 June 2006.

c) Assumptions used to determine the fair value of the stock-option plans

The weighted average remaining contractual life of options outstanding is 2.23 years for all of the plans and is 0.01 years for “Partners” plan options, 0.32 years for “Managers” plan options, 1.45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

years for “Managers II” plan options, 2.78 years for “Managers III” plan options and 3.40 years for “Managers IV” plan options.

EUTELSAT S.A. uses the Black & Scholes method for measuring the fair value of options, based on the following data:

- calculated volatility of 26.30%
- a risk-free rate of 2.98%
- a cancellation rate estimated at 37.5% over 3 years
- a weighted average unit cost of €1.68 per option

This valuation was done on the date the options were allotted.

15.4 – Change in the revaluation reserves of financial instruments

All financial instruments that have an impact upon the revaluation reserve are cash-flow hedges.

<i>(in thousands of Euros)</i>	Total
Balance at 30 June 2008	38 291
<i>Changes in fair value within equity</i>	<i>(72 428)</i>
<i>Transfer to the income statement</i>	<i>631</i>
Balance at 30 June 2009	(33 506)

15.5 – Information on equity management

The Group can, in order to maintain or adjust share capital structure, decide to issue new common stock that future issuances of investment securities will give access to when issued by the Company that has either directly or indirectly more than half of the share capital of EUTELSAT S.A. or one of the companies that the Group owns more than half of the share capital either directly or indirectly.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: FINANCIAL DEBT

16.1 – Non-current portion

At 30 June 2008 and 2009, all debt was denominated in Euros.

Since 30 June 2007, the structure of the Group's debt has remained identical.

At 30 June 2009, the Group has access to the following credit facilities:

- a 7-year syndicated credit facility entered into in November 2004 by EUTELSAT S.A. for an amount of €1,300 million comprising:
 - a €650 million term loan repayable at maturity
 - a revolving credit facility for €650 million (€200 million used as of 30 June 2009).

The amounts drawn on this credit line bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a margin ranging from 0.25% to 0.75% depending on EUTELSAT S.A.'s long-term rating given by Standard & Poor's. A fee for non-use representing 30% to 45% of the margin mentioned above is paid.

The selected interest periods for the EUTELSAT S.A. term loan are periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

As from 31 December 2007, EURIBOR 1 month–3 month basis swaps have been in place, the interest periods having been reduced to periods of 1 month beginning 31 December, 31 January, 28 February, 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October and 30 November.

Amounts are drawn on these revolving credit facilities in periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

Under the terms of this credit facility, EUTELSAT S.A. is required to maintain a total net debt to 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.

As of 30 June 2009, the Group is in compliance with these ratios.

- An intra-group cash agreement A cash agreement has been created in order to facilitate and optimise the management of cash surpluses. It was put in place in 2005. The agreement is a permanent one and defines the terms and conditions of cash advances and loans between the entities of the "Group of Companies" including EUTELSAT S.A., EUTELSAT S.A. subsidiaries, EUTELSAT Communications Finance and EUTELSAT Communications.

The conditions governing the interest rates of the intra-group loans are aligned with those for drawing on the revolving credit facility.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- A fixed rate loan amounting to 900,000 signed in 2005 by Wins, a subsidiary
 - A floating rate loan amounting to 500,000 signed in 2006 by Wins, a subsidiary
- Financial information at 30 June 2008 and 2009:

The non-current portion of the Group's financial liabilities at 30 June 2008 and 2009 breaks down as follows:

<i>(in thousands of Euros)</i>	30 June 2008		30 June 2009	
	Fair value	Carrying amount	Fair value	Carrying amount
Intra-group loans	216 000	216 000	300 000	300 000
EUTELSAT S.A. revolving credit facility (Floating rate)	160 000	160 000	200 000	200 000
EUTELSAT S.A. term loan (Floating rate)	650 000	650 000	650 000	650 000
Fixed rate loan (Wins Ltd.)	338	338	191	191
Floating rate loan (Wins Ltd.)	500	500	390	390
Total of debt (non-current portion)	1 026 838	1 026 838	1 150 581	1 150 581

The weighted average interest rate on amounts drawn on these revolving credit facilities and intra-group loans for the period ended 30 June 2009 was 4.13% and 4.15% after accounting for the effects of hedging.

The effective interest rate on the €650 million term loan is 3.24% which subsequently reaches 3.90% after accounting for the effects of hedging.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2009, the Group has access to the following main credit facilities:

<i>(in thousands of Euros)</i>	Amount granted	Amount used	Maturity
Intra-group loans	300 000	300 000	
EUTELSAT S.A. revolving credit facility	650 000	200 000	24 November 2011
EUTELSAT S.A. term loan	650 000	650 000	24 November 2011
Wins Ltd. fixed rate loan	900	318	31 December 2011
Wins Ltd. floating rate loan	500	489	31 December 2011
Total	1 601 400	1 150 807	

At 30 June 2009, the debt maturity analysis is as follows:

<i>(in thousands of Euros)</i>	30 June 2009	Maturity within one year	Maturity between 1 and 5 years
Intra-group loans	300 000	300 000	-
EUTELSAT S.A. term loan	650 000	-	650 000
EUTELSAT S.A. revolving credit facility	200 000	200 000	-
Wins Ltd. fixed rate loan	318	127	191
Wins Ltd. floating rate loan	489	99	390
Total	1 150 807	500 226	650 581

16.2 – Current portion

Current debts include accrued interest not yet due on debts described in Note 16.1 *Current debts* as follows:

<i>(in thousands of Euros)</i>	30 June 2008	30 June 2009
Bank overdrafts	15 177	2 373
Accrued interest not yet due	114	113
Portion of the loans due within one year (excluding revolving credit)	127	226
Total	15 418	2 712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: OTHER FINANCIAL LIABILITIES

Other financial liabilities are as follows:

(in thousands of Euros)

	30 June 2008	30 June 2009
Financial instruments ⁽¹⁾	-	38 050
Performance incentives ⁽²⁾	65 371	39 729
Finance leases ⁽³⁾	2 027	2 093
Other liabilities	27 056	48 036
Total	94 454	127 908
<i>Incl. current portion</i>	<i>34 303</i>	<i>76 133</i>
<i>Incl non-current portion</i>	<i>60 151</i>	<i>51 775</i>

⁽¹⁾ Cf. Note 26 – *Financial instruments*

⁽²⁾ Including interest related to “Performance incentives” amounting to €19,821 thousand at 30 June 2008 and €13,053 thousand at 30 June 2009.

⁽³⁾ Including interest related to finance leases of €44 thousand at 30 June 2009. At 30 June 2008, the interest amounts related to the finance leases for the T2C and Express A3 satellites were not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18: FINANCIAL LIABILITIES

18.1 – Breakdown by category

(in thousands of Euros)	Category of financial instruments	Net carrying amount at 30 June 2008			Fair value at 30 June 2008
		Total	Instruments measured at amortised cost	Fair value through equity	
Liabilities					
Bank debt					
Intra-group loans		216 000	216 000	-	216 000
Credit lines	<i>At amortised cost</i>	650 000	650 000	-	650 000
Revolving credit	<i>At amortised cost</i>	160 000	160 000	-	160 000
Fixed rate loans	<i>At amortised cost</i>	338	338	-	338
Floating rate loans	<i>At amortised cost</i>	500	500	-	500
Bank overdrafts	<i>N/A</i>	15 177	15 177	-	15 177
Other financial liabilities					
Non-current	<i>At amortised cost</i>	60 151	60 151	-	60 151
Current	<i>At amortised cost</i>	34 303	34 303	-	34 303
Accounts payable	<i>At amortised cost</i>	46 268	46 268	-	46 268
Fixed assets payable	<i>At amortised cost</i>	35 668	35 668	-	35 668

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(in thousands of Euros)	Category of financial instruments	Net carrying amount at 30 June 2009			Fair value at 30 June 2009
		Total	Instruments measured at amortised cost	Fair value through equity	
Liabilities					
Short term and long-term debt					
Intra-group loans		300 000	300 000		300 000
Credit lines	<i>At amortised cost</i>	650 000	650 000	-	650 000
Revolving credit	<i>At amortised cost</i>	200 000	200 000	-	200 000
Fixed rate loans	<i>At amortised cost</i>	318	318	-	318
Floating rate loans	<i>At amortised cost</i>	489	489	-	489
Bank overdrafts	<i>N/A</i>	2 373	2 373	-	2 373
Other financial liabilities					
Non-current	<i>At amortised cost</i>	51 775	51 775	-	51 775
Current	<i>At amortised cost</i>	38 083	38 083	-	38 083
Financial instruments					
Qualified as cash-flow hedges		29 985	-	29 985	29 985
Qualified as trading instruments		8 065	-	-	8 065
Accounts payable	<i>At amortised cost</i>	38 813	38 813	-	38 813
Fixed assets payable	<i>At amortised cost</i>	72 036	72 036	-	72 036

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18.2 – Breakdown of net financial liabilities by maturity

30 June 2008	Balance-sheet value	Total contractual cash flows	06/2009	06/2010	06/2011	06/2012	06/2013	More than 5 years
Intra-group loans group	(216 000)	(237 730)	(10 865)	(226 865)	-	-	-	-
Term loan EUTELSAT S.A.	(650 000)	(763 929)	(33 345)	(33 345)	(33 345)	(663 894)	-	-
EUTELSAT S.A. revolver loan	(160 000)	(187 060)	(7 920)	(7 920)	(7 920)	(163 300)	-	-
Wins Ltd. Loan	(838)	(838)	(127)	(127)	(541)	(43)	-	-
Bank overdrafts	(15 177)	(15 177)	(15 177)	-	-	-	-	-
Total bank debt	(1 042 015)	(1 204 734)	(67 434)	(268 257)	(41 806)	(827 237)	-	-
Other financial liabilities	(94 454)	(106 045)	(31 301)	(16 163)	(12 570)	(9 868)	(8 476)	(27 667)
Total financial liabilities	(1 136 469)	(1 310 779)	(98 735)	(284 420)	(54 376)	(837 105)	(8 476)	(27 667)
EUTELSAT S.A. forex derivatives	1 589	1 589	1 589	-	-	-	-	-
Qualifying EUTELSAT S.A. interest rate derivatives	35 978	35 978	21 298	5 518	7 009	2 153	-	-
Non-qualifying EUTELSAT S.A. interest rate derivatives	11 454	11 454	3 080	3 187	3 915	1 272	-	-
Financial assets	55 698	55 698	55 698	-	-	-	-	-
Total financial assets	104 719	104 719	81 665	8 705	10 924	3 425	-	-
Net position	(1 031 750)	(1 206 060)	(17 070)	(275 715)	(43 452)	(833 680)	(8 476)	(27 667)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2009	Balance-sheet value	Total contractual cash flows	06/2010	06/2011	06/2012	06/2013	06/2014	More than 5 years
Intra-group loans	(300 000)	(319 980)	(9 990)	(309 990)	-	-	-	-
Term loan								
EUTELSAT S.A.	(650 000)	(672 794)	(9 432)	(9 432)	(653 930)	-	-	-
EUTELSAT S.A. revolver loan	(200 000)	(210 794)	(3 598)	(3 598)	(203 598)	-	-	-
Wins Ltd. Loan	(807)	(876)	(267)	(389)	(220)	-	-	-
EUTELSAT S.A. forex derivatives	(286)	(286)	(286)	-	-	-	-	-
EUTELSAT S.A. interest rate derivatives	(29 700)	(29 700)	(10 138)	(12 708)	(6 854)	-	-	-
EUTELSAT S.A. interest rate derivatives								
Not qualified	(8 065)	(8 065)	(2 934)	(3 407)	(1 724)	-	-	-
Bank overdrafts	(2 373)	(2 373)	(2 373)	-	-	-	-	-
Total bank debt	(1 191 231)	(1 244 868)	(39 018)	(339 524)	(866 326)	-	-	-
Other financial liabilities	(89 858)	(94 710)	(42 145)	(10 144)	(6 988)	(5 596)	(3 980)	(25 857)
Total financial liabilities	(1 281 089)	(1 339 578)	(81 163)	(349 668)	(873 314)	(5 596)	(3 980)	(25 857)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2009	Balance-sheet value	Total contractual cash flows	06/2010	06/2011	06/2012	06/2013	06/2014	More than 5 years
Qualifying EUTELSAT S.A. interest rate derivatives	191	191	3 636	(2 289)	(1 156)	-	-	-
Non-qualifying EUTELSAT S.A. interest rate derivatives	191	191	3 636	(2 289)	(1 156)	-	-	-
Financial assets	6 589	6 589	6 589	-	-	-	-	-
Cash	40 975	40 975	40 975	-	-	-	-	-
UCITS	95 277	95 277	95 277	-	-	-	-	-
Cash equivalents	4 138	4 138	4 138	-	-	-	-	-
Total financial assets	147 361	147 361	154 251	(4 578)	(2 312)	-	-	-
Net position	(1 133 728)	(1 192 217)	73 088	(354 246)	(875 626)	(5 596)	(3 980)	(25 857)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19: OPERATING AND FINANCE LEASES

19.1 – Operating leases

EUTELSAT S.A. pays rent for its head office in Paris. The lease was renewed on 21 June 2005 for a period of 9 years. Rent expense amounted to €4 002 thousand and €4 205 thousand for the periods ended 30 June 2008 and 2009 respectively. Future lease payments are shown in the following table:

<i>(in thousands of Euros)</i>	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Future payments for operating leases	<u>18 060</u>	<u>3 612</u>	<u>14 448</u>	<u>-</u>

19.2 – Finance leases

The Group operates five satellites under finance leases. None of the finance leases contains a purchase option at the expiry of the lease term.

The last finance lease contract expires in 2016.

At 30 June 2009, three of the five finance leases were pre-paid and the two other leases will be paid during the year to come.

Financial expenses for satellites operated under finance leases amounted to €53 thousand at 30 June 2009.

Due to the low liability under this item and to the shortness of the remaining lease periods, financial expenses at 30 June 2008 were zero.

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NOTE 20: OTHER PAYABLES AND DEFERRED REVENUES

20.1 – Non-current portion

Other non-current debts only include deferred revenue

20.2 – Current portion

Other current payables and deferred revenues were as follows at 30 June 2008 and 2009:

<i>(in thousands of Euros)</i>	<u>30 June 2008</u>	<u>30 June 2009</u>
Deferred revenues	32 715	34 177
Tax liabilities	15 525	19 706
Social security and payroll liabilities	18 842	20 797
Total	<u>67 082</u>	<u>74 680</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: CURRENT AND DEFERRED TAX

From 1 July 2006, EUTELSAT S.A. had opted for a tax consolidation system with SatBirds 2 S.A.S. as head of Group. According to the tax consolidation agreement, the subsidiary companies had to bear company tax, a social contribution and a annual lump-sum tax expense equal to the amount that they would have had to bear if there had been no tax consolidation agreement applying to the Group, and on the understanding that it was the Company at the head of the tax consolidation group that would bear or benefit from any additional tax expense or tax savings resulting from the application of such a system.

The tax consolidation group headed by SatBirds 2 S.A.S. joined the tax consolidation group headed by EUTELSAT Communications S.A. from 1 July 2007 onwards. The tax consolidation arrangements for this group are identical to the one described above.

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.

With a view to ensuring financial comparability, the claim or the debt in respect of the Company head of Group for tax consolidation is recorded on the line "Current tax receivable" or "Taxes payable" on the consolidated balance sheet.

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:

<i>(in thousands of Euros)</i>	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Current tax expense	(124 638)	(158 614)
Deferred tax expense (income)	(11 759)	(10 305)
Total income tax expense	(136 397)	(168 919)

The theoretical income tax expense, based on application to the profit before tax (excluding the share of net income from equity investments) of the standard French corporate tax rate, can be reconciled to the actual expense as follows:

<i>(in thousands of Euros)</i>	30 June 2008	30 June 2009
Income before tax and income from equity investments	399 285	489 815
<i>Standard French corporate tax rate</i>	<i>34,43%</i>	<i>34,43%</i>
Theoretical income-tax expense	(137 474)	(168 643)
Permanent differences and other items	1 077	(276)
Corporate tax expense in the income statement	(136 397)	(168 919)
<i>Actual corporate tax rate</i>	<i>34%</i>	<i>34%</i>

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21.2 – Balance-sheet tax balances

Deferred tax assets and liabilities correspond to the aggregate net financial positions of the consolidated entities. Changes in the deferred tax balances between 30 June 2008 and 30 June 2009 were as follows:

<i>(in thousands of Euros)</i>	30 June 2008	Net income for the period	Recognised in equity	30 June 2009
<i>Basis of deferred tax assets</i>				
Provisions for impairment of assets	16 353	(1 198)	-	15 155
Bad-debt provisions	13 457	3 009	-	16 466
Financial guarantee granted to the pension fund	1 102	286	-	1 388
Capitalised salaries and performance incentives	5 648	(2 236)	-	3 412
Provisions for risks and liabilities	2 399	(572)	-	1 827
Accrued liabilities	3 888	212	-	4 100
Pension provision	2 042	20	-	2 062
<i>Sub-total (a)</i>	<i>44 889</i>	<i>(479)</i>	<i>-</i>	<i>44 410</i>
<i>Basis of deferred tax liabilities</i>				
Exceptional depreciation	(47 872)	(16 474)	-	(64 346)
Financial instruments(*)	(16 605)	6 225	23 349	12 969
Capitalised interest	(4 829)	605	-	(4 224)
Finance leases	(1 507)	283	-	(1 224)
Other	(2 540)	(465)	-	(3 005)
<i>Sub-total (b)</i>	<i>(73 353)</i>	<i>(9 826)</i>	<i>23 349</i>	<i>(59 830)</i>
<i>Total = (a)+(b)</i>	<i>(28 464)</i>	<i>(10 305)</i>	<i>23 349</i>	<i>(15 420)</i>
<i>Reflected as follows in the financial statements:</i>				
Deferred tax assets	2 255			2 753
Deferred tax liabilities	(30 719)			(18 173)
<i>Total</i>	<i>(28 464)</i>			<i>(15 420)</i>

(*) This amount does not include the changes in respect of equity investments amounting to €1 411 thousand for the period

Deferred tax assets and liabilities break down as follows:

<i>(in thousands of Euros)</i>	Deferred tax assets	Deferred tax liabilities
Due within one year	-	310
Due after one year	2 753	(18 483)
Total	2 753	(18 173)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22: PROVISIONS

<i>(in thousands of Euros)</i>	30 June 2008	Allowance	Reversal		30 June 2009
			Used	Unused	
Financial guarantee granted to a pension fund	7 659	834	(4 460)	-	4 033
Retirement indemnities	6 027	762	(690)		6 099
Post-employment benefits ⁽¹⁾	1 106	212	(58)	(34)	1 226
Total post-employment benefits	14 792	1 808	(5 208)	(34)	11 358
Litigation ⁽²⁾	6 266	4 217	(135)	(1 177)	9 171
Other	3 520	680	(2 549)	(195)	1 456
Total provisions	24 578	6 705	(7 892)	(1 406)	21 985
Incl. non-current portion	14 789	1 812	(5 208)	(34)	11 359
-incl. current portion	9 789	4 893	(2 684)	(1 372)	10 626

⁽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 end of period comprises business and employee litigation.

22.1. – Financial guarantee granted to a pension fund

EUTELSAT S.A., as a result of the transfer by the IGO of its operational business as of 2 July 2001, granted its financial guarantee to the Trust managing the pension fund established by the IGO. Before this date, the pension fund was closed and the accrued rights frozen.

This guarantee can be called under certain conditions to compensate for future under-funding of the plan. During the year ended 30 June 2005, as a result of the significant decline in long-term interest rates, the guarantee was called for an amount of €22.3 million. This amount was valued on the basis of the Trust's projections of future market developments. At 30 June 2005, no payments had yet been made.

In November 2005, an agreement was reached with the Trust to spread payment of the amount called as follows: €4.46 million when the agreement is signed, and a further €4.46 million at 30 June 2006, 2007, 2008 and 2009. It was agreed that the Trust would carry out a new valuation at 30 June 2007 and that, depending on the results of that valuation, subsequent contributions could be revised downwards or upwards. A valuation subsequently made in November 2007 confirmed the present level of contributions. At 30 June 2008 and 2009, €4.46 million had been paid.

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The actuarial valuation performed on 30 June 2008 and 2009 used the following assumptions:

	30 June 2008	30 June 2009
Discount rate	5,50%	5,50%
Expected rate of return on assets	4,00%	4,00%
Rate for pension increases	2,50%	2,50%
Inflation rate	2,00%	2,00%
Overall expenses (as a % of assets)	0,58%	0,58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	age 61	age 61

As of 30 June 2008 and 2009, the position was as follows:

Comparative summary:

(in thousands of Euros)

30 June

	2005	2006	2007	2008	2009
Present value of benefit obligations wholly or partly funded	168 714	140 889	152 792	133 436	134 182
Fair value of plan assets	(125 585)	(135 378)	(138 358)	(145 847)	(147 983)
Net financing	43 129	5 511	14 434	(12 411)	(13 801)
Actuarial differences and other gains / (losses) - amortised	(57 136)	8 270	(3 937)	20 070	17 834
Net (asset)/liability recognised on the balance sheet	(14 007)	13 781	10 497	7 659	4 033

Reconciliation between the present value of the obligations at beginning and end of period

(in thousands of Euros)

	30 June 2008	30 June 2009
Present value of the obligations at beginning of period	152 792	133 436
Service cost of the period	-	-
Finance cost	7 182	7 280
Actuarial differences and other (gains)/losses	(24 242)	(3 450)
Benefits paid	(2 296)	(3 084)
Present value of the obligations at end of period	133 436	134 182

The 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation between the fair value of plan assets at beginning and end of period:

<i>(in thousands of Euros)</i>	<u>30 June 2008</u>	<u>30 June 2009</u>
Fair value of plan assets at beginning of period	138 358	145 847
Expected return on plan assets	5 560	5 923
Actuarial differences and other gains/(losses)	(235)	(5 163)
Contributions paid	4 460	4 460
Benefits paid	(2 296)	(3 084)
Fair value of plan assets at end of period	145 847	147 983

The fair value of plan assets includes no amounts relating to any financial instruments issued by EUTELSAT S.A. nor any property occupied by, or other assets used by, EUTELSAT S.A.

The actual return on the plan's assets was €5.3 million and €0.8 million at 30 June 2008 and 2009 respectively.

Net expense (net gains) recognised in the income statement

<i>(in thousands of Euros)</i>	<u>Twelve-month period ended 30 June 2008</u>	<u>Twelve-month period ended 30 June 2009</u>
Service cost for the period	-	-
Finance cost	7 183	7 280
Expected return on plan assets	(5 560)	(5 923)
Actuarial (gains)/losses	-	(523)
Net expense (net gains) recognised in the income statement	1 622	834

Reconciliation of assets and obligations recognised in the balance sheet:

<i>(in thousands of Euros)</i>	<u>30 June 2008</u>	<u>30 June 2009</u>
Provision at beginning of period	10 497	7 659
Net expense (net gains) recognised in the income statement	1 622	834
Contributions paid	(4 460)	(4 460)
Provisions at end of period	7 659	4 033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

History of experience and changes in assumptions:

<i>(in thousands of Euros)</i>	30 June 2009
Gain/loss between expected return and actual return on plan assets	5 163
History of experience regarding the value of the obligations: (gains)/losses	(3 450)
Impact of changes in assumptions	-
	(3 450)

22.2 – Post-employment benefits

a) Retirement indemnities

French law requires payment of a lump sum retirement indemnity, where appropriate. This indemnity is paid to employees based upon years of service and compensation at retirement. Benefits only vest when an employee retires from EUTELSAT. This scheme is not funded.

The French Act entitled “*Loi de Financement de la Sécurité Sociale*” for 2008 introduced a special contribution by the employer of 25% of the retirement indemnity for any compulsory retirement before 31 December 2008 and of 50% after that date. As for the previous *lois de financements*, this new obligation has been treated as a change to the actuarial assumption.

The actuarial valuations performed at 30 June 2008 and 2009 were based on the following assumptions:

	30 June 2008	30 June 2009
Discount rate	5,50%	5,50%
Salary increases	2,50%	2,50%
Inflation rate	2,00%	2,00%
Mortality table	TF/TH00-02	TF/TH00-02
Retirement age	age 65	age 65
Type of retirement	Compulsory retirement:	Voluntary retirement
Rate for employer’s contributions	N/A	52%

Staff turnover per age bracket is based on the history of experience within EUTELSAT S.A.

As of 30 June 2008 and 2009, the position was as follows:

Comparative summary:

(in thousands of Euros)

30 June

	2005	2006	2007	2008	2009
Present value of obligations not financed	3 740	3 425	3 876	6 390	7 125
Past-service cost (amortised)	1 419	1 354	1 290	1 225	1 160
Actuarial differences and other gains/(losses) amortised	(29)	674	610	(1 588)	(2 186)
Liability recognised on the balance sheet	5 130	5 453	5 776	6 027	6 099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation between the present value of the obligations at beginning and end of period

<i>(in thousands of Euros)</i>	30 June 2008	30 June 2009
Present value of the obligations at beginning of period	3 876	6 390
Service cost for the period	268	431
Finance cost	181	348
Actuarial differences and other (gains)/losses	2 188	646
Benefits paid	(123)	(690)
Present value of the obligations at end of period	6 390	7 125

Net expense recognised in the income statement:

<i>(in thousands of Euros)</i>	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Service cost for the period	268	431
Finance cost	181	348
Amortisation of past service cost	(65)	(65)
Actuarial (gains)/losses	(10)	48
Net expense recognised in the income statement	374	762

Reconciliation between the amount recognised on the balance sheet at beginning and end of period:

<i>(in thousands of Euros)</i>	30 June 2008	30 June 2009
Provision, beginning of period	5 776	6 027
Net expense recognised in the income statement	374	762
Benefits paid	(123)	(690)
Provision, end of period	6 027	6 099

History of experience and changes in assumptions:

<i>(in thousands of Euros)</i>	30 June 2009
History of experience regarding the value of the obligations: (gains)/losses	568
Impact of changes in assumptions	78
	646

b) Supplementary schemes

The Group also has a supplementary defined-contribution funded plan for its employees (excluding Directors and Officers who are employees), financed by employees' and employer's contributions of 6% of gross annual salary, limited to eight times the Social Security threshold.

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There are no other commitments in relation to these contributions. The employer's contributions paid for this purpose were €1 311 thousand and €1 467 thousand at 30 June 2008 and 2009 respectively.

The Directors and Officers of EUTELSAT Communications S.A. and EUTELSAT S.A. have a supplementary defined-benefits plan, which is financed by quarterly contributions to the fund managers. The present value of the obligations at 30 June 2008 and 2009 respectively was €633 thousand and €675 thousand, and the fair value of the assets was €710 thousand. and €767 thousand. At 30 June 2009, the Group was recognising a liability of €92 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 during the course of the year were €5,306 thousand and €5,762 thousand at 30 June 2008 and 2009 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 to major international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs. With the exception of the EUTELSAT satellites in orbit, most of the Group's assets are in France.

Group revenues by geographical area, based on invoice addresses, for the periods ended 30 June 2008 and 2009 are as follows:

<i>(In thousands of Euros and as a percentage)</i>	Twelve-month period ended 30 June		Twelve-month period ended 30 June	
	2008		2009	
	Amount	%	Amount	%
Region				
France	119 078	13,5	125 531	13,3
Italy	137 253	15,6	147 121	15,6
United Kingdom	106 875	12,2	105 527	11,2
Europe (other)	322 746	36,8	337 067	35,8
Americas	74 781	8,5	94 328	10,0
Middle East	60 083	6,8	74 053	7,9
Other (*)	58 344	6,6	58 267	6,2
Total	879 158	100,0	941 894	100,0

(*) Including €1.8 million in indemnity payments for late delivery for the period ended 30 June 2009.

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NOTE 24: FINANCIAL RESULT

The financial result breaks down as follows:

<i>(in thousands of Euros)</i>	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Interest expense (banks) ⁽¹⁾	(40 763)	(45 906)
Other interest expense ⁽²⁾	3 359	25 635
Loan set-up fees	(256)	(246)
Commitment fees and other similar charges	(1 718)	(1 335)
Changes in financial instruments ⁽³⁾	(5 103)	(19 202)
Provisions for risks and liabilities	(1 622)	(834)
Foreign-exchange losses ⁽⁴⁾	(10 831)	(20 849)
Financial expenses	(56 934)	(62 737)
Changes in financial instruments ⁽³⁾	1 784	327
Interest income	2 602	3 542
Provision on financial assets	-	208
Reversals	-	-
Foreign-exchange gains ⁽⁴⁾	10 893	22 803
Financial income	15 279	26 880
Financial result	(41 655)	(35 857)

⁽¹⁾ Interest expense (banks) includes the effects of the interest-rate risk hedging instruments. Coupons due and matured on the swaps, caps and tunnels that are qualified as interest-rate risk hedges have affected the interest expense for the years ended 30 June 2008 and 2009 by €7 623 thousand in income and €631 thousand in expense respectively.

⁽²⁾ The amount shown is the interest expense net of loan costs charged to the value of the eligible assets. During the period, the capitalised costs amounted to €8 292 thousand at 30 June 2008 and €26,899 thousand at 30 June 2009. They are highly dependent on the progress and number of satellite construction programmes during the financial year.

The paid portion of the capitalised interest expense is included within financing expenses in the consolidated cash-flow statement under the heading "Interest and other fees paid".

The interest rates used to determine the amount of interest expense eligible for capitalisation were 4.3% and 4.1% for the financial years ended 30 June 2008 and 30 June 2009 respectively. "Other interest expense" also includes interest related to in orbit satellite performance incentives, namely a €4.5 million expense item for the year ended 30 June 2008 and €0.9 million in income for the year ended 30 June 2009.

⁽³⁾ Gains or losses in the fair value of the financial instruments mainly include changes in the time

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value of money for the tunnel and changes in the fair value of the non-qualifying derivative instruments in a hedging relationship. They represent a net expense of €18 875 thousand and are listed in Note 26 – *Financial instruments*.

⁽⁴⁾ Forex option contracts are put in place to hedge future sales in dollars. Changes in the time value of these options (excluded from the hedging relationship) have a direct effect on profit. 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 to the intrinsic value of an option for which the hedged component has not yet had an effect on net income have been posted to equity and have no effect on the income statement.

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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):

	<u>30 June 2008</u>	<u>30 June 2009</u>
Net income	274 081	336 850
Income from subsidiaries attributable to minority interests, before taking into account the dilutive instruments in the subsidiaries	-	638
Net earnings used to compute basic earnings per share	<u>274 081</u>	<u>337 488</u>

	<u>30 June 2008</u>	<u>30 June 2009</u>
Net income	274 081	336 850
Income from subsidiaries attributable to minority interests, after taking into account the dilutive instruments in the subsidiaries	-	638
Net earnings used to compute diluted earnings per share	<u>274 081</u>	<u>337 488</u>

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 30 June 2008 and 2009 respectively:

	<u>30 June 2008</u>	<u>30 June 2009</u>
Restated weighted average number of shares used to compute non-diluted basic earnings per share	1 004 336 636	1 012 314 895
Number of additional shares that would result from the exercise of outstanding stock options ⁽¹⁾	1 440 181	227 093
Restated weighted average number of shares used to compute diluted earnings per share ⁽¹⁾	<u>1 005 776 817</u>	<u>1 012 541 988</u>

(1) At 30 June 2008 and 2009, only 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 EUTELSAT S.A. is not listed, Management estimated the average market price based on the latest valuations and the latest transactions between shareholders.

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NOTE 26: FINANCIAL INSTRUMENTS

The Group has exposure to market risks, particularly with regard to forex and interest rate risk. 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 can be quantified at their outset, i.e. the Group never sells assets it does not possess or does not know it will subsequently possess.

26.1 – Foreign-exchange risk

The Group's functional currency is the euro and the Group is therefore principally exposed to fluctuations in the value of the U.S. dollar. As a means of preserving the value of assets, commitments and forecast transactions, the Group consequently enters into contracts whose value fluctuates in line with changes in the euro/dollar exchange rate. In particular, the Group hedges 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 counterparties.

Purchase commitments relate to construction contracts for satellites and to launch contracts. They generally mature after three years and payments are made according to a pre-determined payment schedule. Commitments to sell relate to contracts denominated in US dollars.

During the financial year ended 30 June 2009, the Group only purchased foreign exchange options (euro calls / US dollar puts) and sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk at 30 June 2009 is as follows:

(in thousands of Euros)

Assets	106 382
Liabilities	30 145
Net position before risk management	76 238
Off-balance-sheet position (forward plus knock-in option (Europe))	14 150
Net position after risk management	62 087

Considering its exposure to foreign-currency risk, the Group estimates that a 1% reduction in the value of the US dollar against the euro would have a non-significant impact on Group profit and equity.

26.2 – Interest rate risk

The Group's exposure to interest-rate risk is managed by hedging its floating rate debt.

To hedge the syndicated credit facility for a notional amount of €1 300 million entered into in November 2004, the following derivatives have been put in place:

- A pay fixed/receive floating interest rate swap entered into in November 2004 covering the long-term €650 million portion of the 7-year term loan until its maturity; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- A pay fixed/receive floating rate swap entered into in February 2007 for a notional amount of €250 million over 4 years until maturity of the €650 million revolving credit facility;
- Purchase of a cap in March 2007 in return for payment of a premium (€2 million) for a notional amount of €200 million over 4 years until maturity of the €650 million revolving credit facility;
- In November 2007, a pay 3-month EURIBOR / receive 1-month EURIBOR basis swap was put in place for a period of 6 months until 30 June 2008,

This “pay 3-month EURIBOR / receive 1-month EURIBOR” swap transaction has been renewed three times:

- 11 June 2008 for a period of 6 months until 31 December 2008
- 21 November 2008 for a period of 6 months until 30 June 2009
- 15 May 2009 for a period of one year until 30 June 2010

These three basis swap transactions are combined with the pay fixed rate swap put in place to hedge the €650 million term loan.

For each of these instruments, with the exception of the basis swaps, the interest periods are periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

Sensitivity to interest rate risk

Given how interest rates have evolved due to the financial crisis, the fair value of the Group’s financial instruments has fallen substantially, and this has been recognised within equity. The efficacy of these hedges, however, is not being called into question.

Considering the full range of financial instruments at the Group’s disposal at 30 June 2009, an increase of ten basis points (+ 0.10%) over EURIBOR would generate:

- 1) No additional interest expense in the income statement on an annual basis.
- 2) A change amounting to €1,702 thousand of shareholders’ equity, related to the change in the effective fair value of hedging instruments qualified as future cash flow hedges.

26.3 – Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer, execution and credit risk by acquiring financial products from first-rate financial institutions and banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

At 30 June 2009, EUTELSAT S.A.’s banking syndicate comprised 26 financial and credit institutions.

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

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If a counterparty defaults on the revolving portion 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 on 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 counterparties to respect their commitments under the agreements it has concluded.

26.4 – Liquidity risk

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

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

99.9% of Group debt will mature in November 2011.

26.5 – Key figures at 30 June 2009

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives by type of contract as of 30 June 2008 and 30 June 2009. The instruments are valued by the Group's bank counterparties, and the valuation is verified/validated by an independent expert.

<i>(in thousands of Euros)</i>	Contractual or notional amounts	Fair value 30 June 2008	Change in fair value during the period	Impact on income	Impact on equity
Forex options (EUTELSAT S.A.)	27 027	1 589	(2 049)	(3 702)	1 653
Total forex derivatives		1 589	(2 049)	(3 702)	1 653
Swap (EUTELSAT S.A.)*	650 000	33 196	1 541	-	1 541
Swap (EUTELSAT S.A.)*	650 000	(217)	(217)	-	(217)
Swap (EUTELSAT S.A.)**	250 000	7 499	2 032	(1 398)	3 430
Cap (EUTELSAT S.A.)	200 000	6 956	1 784	1 784	-
Total interest rate derivatives		47 434	5 140	386	4 754
Total derivatives		49 023	3 091	(3 316)	6 407

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008

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<i>(in thousands of Euros)</i>	Contractual or notional amount	Fair value 30 June 2009	Change in fair value during the period	Impact on income	Impact on equity
Synthetic forward transaction with knock-in option (EUTELSAT S.A.)	14 150	(286)	(286)	(128)	(158)
Forex options (EUTELSAT S.A.)	0	-	(1 589)	64	(1 653)
Total forex derivatives	14 150	(286)	(1 875)	(64)	(1 811)
Swap (EUTELSAT S.A.)*	650 000	(24 548)	(57 743)	-	(57 744)
Swap (EUTELSAT S.A.)*	650 000	-	217	-	217
Swap (EUTELSAT S.A.)*	650 000	225	225	-	225
Swap (EUTELSAT S.A.)**	250 000	(13 442)	(20 940)	(12 237)	(8 702)
Cap (EUTELSAT S.A.)(*)	200 000	382	(6 574)	(6 574)	-
Total interest rate derivatives		(37 383)	(84 815)	(18 812)	(66 004)
Total derivatives		(37 669)	(86 691)	(18 875)	(67 815)
Equity interests					(3 982)
Total					(71 797)

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008

(*) CAP qualifying as a hedge for €100 million since 1 January 2009

At 30 June 2009, the cumulative fair value of financial instruments is negative at €37,669 thousand. This figure includes €382 thousand recognised under “Current financial assets” (see Note 12 – *Current financial assets*) and €38,051 thousand recognised within “Other current financial liabilities” (see Note 17 – *Other financial liabilities*).

At 30 June 2008 and 2009, the changes in fair value recognised within financial result in respect of financial instruments amounted to a net expense of €3,316 thousand and €18,875 thousand respectively.

Breakdown of financial instruments meeting hedge accounting criteria as of 30 June 2008 and 30 June 2009:

<i>(in thousands of Euros)</i>	Contractual or notional amounts	Fair value 30 June 2008	Change in fair value during period	Impact on income (1)	Impact on equity
Forex options (EUTELSAT S.A.)	27 027	1 589	795	(858)	1 653
Total forex derivatives		1 589	795	(858)	1 653
Swap	650 000	33 196	1 541	-	1 541
Swap	650 000	(217)	(217)	-	(217)
Swap	100 000	3 000	3 430	-	3 430
Total interest rate derivatives		35 979	4 754	-	4 754
Total derivatives		37 568	5 549	(858)	6 407

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008

(1) The ineffective portion of the hedges was not significant and has not been isolated.

Eutelsat S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>(in thousands of Euros)</i>	Contractual or notional amounts	Fair value 30 June 2009	Change in fair value during the period	<i>Impact on income (1)</i>	<i>Impact on equity</i>
Synthetic forward transaction with knock-in option	14 150	(286)	(286)	(128)	(158)
Forex options	0	-	(1 589)	64	(1 653)
Total foreign exchange derivatives	14 150	(286)	(1 875)	(64)	(1 811)
Swap	650 000	(24 548)	(57 743)	-	(57 743)
Swap	650 000	-	217	-	217
Swap	650 000	225	225	-	225
Swap	100 000	(5 376)	(8 376)	327	(8 703)
CAP	100 000	191	191	191	-
Total interest rate derivatives		(29 508)	(65 486)	518	(66 004)
Total derivatives		(29 794)	(67 361)	454	(67 815)
Equity interests					(3 982)
Total					(71 797)

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008

.(*) CAP qualifying as a hedge for €100 million since 1 January 2009

(1) The ineffective portion of the hedges was not significant and has not been isolated.

Cash-flow hedges – Fair value recognised in equity and to be reclassified to income

	Fair value recognised in equity and to be reclassified to income						
	Total	One year at most	One to two years	Two to three years	Three to four years	Four to five years	More than 5 years
- Foreign-exchange-risk hedges	(157)	(157)	-	-	-	-	-
- Interest-rate risk hedges	(29 597)	(10 074)	(12 468)	(7 055)	-	-	-
Net total at 30 June 2009	(29 754)	(10 231)	(12 468)	(7 055)	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 27: OTHER COMMITMENTS AND CONTINGENCIES

As of 30 June 2009, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial standing with the exception of the following items:

27.1 - Purchase commitments

At 30 June 2009, future payments under satellite construction contracts amounted to €328 million, and future payments under launch agreements amounted to €80 million including €20 million for Sea Launch. These future payments are spread over three years.

The Group also has commitments with suppliers for the acquisition of assets and provision of services related to monitoring and control of its satellites.

Future payments in respect of such acquisition of assets and provision of services at 30 June 2008 and 30 June 2009 are scheduled as follows:

<i>(in millions Euros)</i>	<u>30 June 2008</u>	<u>30 June 2009</u>
2009	38	-
2010	20	58
2011	15	36
2012	9	15
2013 and thereafter ^(*)	11	7
2014 and thereafter	-	5
Total	<u>93</u>	<u>121</u>

(*) for the period reported in respect of the financial year ended 30 June 2008

The above total includes €3 million for purchase commitments entered into with related parties (see Note 28 "Related parties").

The Group may seek to benefit from penalty payments related to incidents affecting the functioning of its operational satellites.

27.2 – In-orbit insurance and launch insurance

As of 30 June 2009, the Group's existing L+1 insurance (launch + 1 year) and in-orbit insurance policies have been taken out with insurance syndicates of 27 insurers and 18 insurers respectively, generally with ratings of between AA- and A+. Counterparty risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

a) In-orbit insurance

The Group's in-orbit insurance programme expired on 26 November 2008 and was replaced by a new 12-month programme entered into with a group of 18 insurers. The programme was defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and income of losing one or more satellites. Under this programme, 14 of the satellites belonging to the Group (excluding the W1, ATLANTIC BIRD™1, EURO BIRD™4 and W5 satellites) are covered by insurance. The only reservation is a limitation of insurance cover for the W2, W4 and W6 satellites due to incidents caused by already identified technical problems .

The general insurance policy taken out for damages under this programme covers any cumulative partial or total constructive losses of the 14 satellites insured, up to a ceiling of €180 million per satellite, subject to a total maximum claim or claims each year of €390 million. The Group's satellites covered under this policy are insured for their net book value.

This insurance programme provides the same risk retention as before (limited in all circumstances to a cumulative annual amount of €80 million).

New cover against losses of between €50 and €80 million has been put in place on a co-insurance basis with the insurer LIBSAT (50%).

b) Launch insurance

In April 2008, the Group took out L+1 (launch + 1 year) insurance for maximum cover of €200 million per satellite, covering the seven satellites under construction (HOT BIRD™9, HOT BIRD™10, W2M, W2A, W7, Ka-Sat and W3B).

This policy is valid for a period of three years, i.e. until 1 June 2011, and provides the necessary flexibility to assign any type of launcher to any of the seven satellites insured.

The Group subsequently took out additional policies to cover the entire net book value of the satellites (HOT BIRD™9, HOT BIRD™10, W2M, W2A and W7).

On 22 January 2009, the W2M satellite suffered a major anomaly. On 27 February 2009, a submission was sent to the insurers with proof and quantification of the claim.

Constructive total loss was acknowledged by all the insurers. An insurance indemnity of €120.5 million representing the total amount 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 computed annually from 1 July 2009, but the first annual payment of the insurers' portion would not be paid to them until August 2012, under the condition precedent that the satellite could still be operated commercially as of 1 July 2012 (see Note 6 – *Satellites and other property and equipment*).

27.3 – Commitments received

See Note 10 – *Accounts receivable*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27.4 – Litigation

The Group is involved in a number of suits in the normal course of business. Expenses arising from litigation, estimated as probable by the Company and its advisers, have been provisioned sufficiently to cover the expected costs of such litigation.

NOTE 28: RELATED-PARTY TRANSACTIONS

Related parties consist of the direct and indirect shareholders who have control or exercise 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, over the companies in which the Group has an equity interest that it consolidates by using the equity method, and the “principal senior managers”.

The Group considers that the notion of “principal senior managers” in the context of the governance of EUTELSAT covers the members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEO and the other members of the Board of Directors.

28.1 – Related parties that are not principal senior managers

Amounts due by or owed to related parties and included on the balance sheet as of 30 June 2008 and 2009 within current assets and liabilities are as follows:

<i>(in thousands of Euros)</i>	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Gross receivables (including unbilled revenues)	55 007	13 710
Liabilities (including accrued invoices)	6 933	23 967
Liabilities for social contributions ⁽³⁾	214 031	300 012

* including €49,528 thousand and €3,039 thousand for equity interests as of 30 June 2008 and 30 June 2009 respectively.

* including €38 thousand and €40 thousand for equity interests as of 30 June 2008 and 30 June 2009 respectively.

⁽³⁾ (see Note 16 – *Bank debt*)

Transactions with related parties included in the income statements for the periods ended 30 June 2008 and 2009 are as follows:

<i>(in thousands of Euros)</i>	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Revenues	22 214	46 451
Operating costs, selling, general and administrative expenses	3 245	3 405
Financial result	(10 549)	(9 204)

* including €1,813 thousand and €9,510 thousand for equity interests as of 30 June 2008 and 30 June 2009 respectively.

* including €76 thousand and €2 thousand for equity interests as of 30 June 2008 and 30 June 2009 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009, no related party accounts individually for more than 10% of revenues.

In addition, the Group entered into transactions with certain shareholders for services related to the provision of services for the monitoring and control of its satellites.

In addition, as of 30 June 2007, the Group and a related party had signed an agreement whereby, if certain conditions were met, the Group could receive €25 million in return for transferring certain rights within an equity interest.

All the necessary conditions were fulfilled by July 2008, including completion of a transaction triggering effective payment of the €25 million which was recognised within "Other operating income" for the period.

The Group also obtained a put option vis-à-vis the related party, with no limitation on validity, exercisable twice each year in respect of the equity interest concerned.

28.2 – Compensation paid to the principal senior managers

<i>(in thousands of Euros)</i>	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Compensation excluding employer's charges	930	874
Short-term benefits: Employer's charges	337	323
Total short-term benefits	1 267	1 197
Post-employment benefits ⁽¹⁾	10% of annual salary at end of career	10% of annual salary at end of career

⁽¹⁾ see Note 22.2 – *Post-employment benefits, b) Supplementary schemes.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 29: STAFF COSTS

Staff costs (including mandatory employee profit-sharing and employee-related fiscal charges) are as follows:

<i>(in thousands of Euros)</i>	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Operating costs	24 112	28 702
Selling, general and administrative expenses	41 143	43 209
Total	65 255	71 911

The average number of employees is as follows:

	12-month period ended 30 June 2008	12-month period ended 30 June 2009
Operations	195	251
Selling, general and administrative	345	354
Total	540	605

As of 30 June 2009, the Group has 610 employees, compared with 559 as of 30 June 2008.

Compensation paid to the Directors and Officers of EUTELSAT S.A. employed by the Group is €0.9 million for the financial year ended 30 June 2009. The members of the Board do not receive Directors' fees.

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 from the employees.

Via EUTELSAT S.A., the Group has an employee incentive scheme (*accord d'intéressement*), which was set up for a three-year period and is based on objectives renewable each year.

Eutelsat S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 30: SCOPE OF CONSOLIDATION

The list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% voting rights as of 30 June 2009	% interest as of 30 June 2009
- EUTELSAT VAS S.A.S.	France	FC	100,00%	100,00%
- Tooway Management S.A.S	France	FC	100,00%	100,00%
- Tooway S.N.C	France	FC	90,00%	90,00%
- Fransat S.A.S	France	FC	100,00%	100,00%
- EUTELSAT do Brasil S.A. ⁽¹⁾	Brazil	FC	100,00%	100,00%
- EUTELSAT Italia	Italy	FC	100,00%	100,00%
- Skylogic Italia s.p.a.	Italy	FC	100,00%	100,00%
- EUTELSAT Services und Beteiligungen GmbH	Germany	FC	100,00%	100,00%
- VisAvision GmbH	Germany	FC	100,00%	100,00%
- EUTELSAT Inc.	United States	FC	100,00%	100,00%
- EUTELSAT America Corp.	United States	FC	100,00%	100,00%
- EUTELSAT Broadband Corp.	United States	FC	100,00%	100,00%
- EUTELSAT UK Limited	United Kingdom	FC	100,00%	100,00%
- EUTELSAT Polska s.p.z.o.o.	Poland	FC	100,00%	100,00%
- Skylogic Polska s.p.z.o.o.	Poland	FC	100,00%	100,00%
- Skylogic Mediterraneo	Italy	FC	100,00%	100,00%
- Skylogic Eurasia	Turkey	FC	100,00%	100,00%
- Skylogic Spagna	Spain	FC	100,00%	100,00%
- EUTELSAT Madeira Unipessoal lda	Madeira	FC	100,00%	100,00%
- Wins Ltd ⁽¹⁾	Malta	FC	70,00%	70,00%
- Hispasat ⁽¹⁾	Spain	EM	27,69%	27,69%
- Solaris Mobile Limited ⁽¹⁾	Ireland	EM	50,00%	50,00%

FC: Full consolidation

EM: Equity method

Companies with financial years ending on 31 December.

NB: The other companies' financial year ends on 30 June.

These subsidiaries were fully consolidated using financial statements as of 30 June 2009.

NOTE 31: EVENTS AFTER THE BALANCE-SHEET DATE

None

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 32: AUDITORS' FEES

(in thousands of euros)

	ERNST & YOUNG				MAZARS			
	Amount N	%	Amount N-1	%	Amount N	%	Amount N-1	%
Audit								
Auditing, certification, review of individual and consolidated financial statements								
EUTELSAT S.A	210	49%	184	59%	190	100%	181	100%
Other subsidiaries	116	27%	72	23%	-	0%	-	0%
Other diligence and services directly related to auditing								
EUTELSAT S.A	11	3%	19	6%	-	0%	-	0%
Other subsidiaries	25	6%	-	0%	-	0%	-	0%
Sub-total	362	85%	275	88%	190	100%	181	100%
Provision of other services as required								
Legal, tax, labour law	66	15%	38	12%	-	0%	-	0%
Others (to be defined if 10% of audit fee)	-	0%	-	0%	-	0%	-	0%
Sub-total	66	15%	38	12%	-	0%	-	0%
TOTAL	428	100%	313	100%	190	100%	181	100%

2. UNAUDITED INTERIM CONSOLIDATED HALF-YEAR ACCOUNTS AT 31 DECEMBER 2009

CONSOLIDATED BALANCE SHEET

(In thousands of Euros)

ASSETS	Note	30 June 2009	31 December 2009
Non-current assets			
Intangible assets	4	10 597	10 718
Satellites and other property and equipment, net	5	1 780 519	1 654 788
Construction in progress	5	543 717	762 831
Investments in associates		216 502	223 999
Non-current financial assets		1 947	2 128
Deferred tax assets		2 753	2 941
TOTAL NON-CURRENT ASSETS		2 556 035	2 657 405
Current assets			
Inventories		1 771	2 544
Accounts receivable		299 500	295 978
Other current assets		16 649	17 789
Current tax receivable		3 407	3 117
Current financial assets	6	5 024	3 429
Cash and cash equivalents	7	140 391	82 847
TOTAL CURRENT ASSETS		466 742	405 704
TOTAL ASSETS		3 022 777	3 063 109
LIABILITIES AND SHAREHOLDERS' EQUITY			
	Note	30 June 2009	31 December 2009
Shareholders' equity			
	8		
Share capital		658 414	658 481
Additional Paid-in capital		366 100	366 233
Reserves and retained earnings		457 455	368 688
Non-controlling interests		(800)	(1 163)
TOTAL SHAREHOLDERS' EQUITY		1 481 169	1 392 239
Non-current liabilities			
Non-current financial debt	9	1 150 581	1 298 927
Other non-current financial liabilities	10	51 775	45 442
Other non-current debt		3 440	2 315
Non-current provisions		11 359	12 394
Deferred tax liabilities		18 173	29 862
TOTAL NON-CURRENT LIABILITIES		1 235 328	1 388 940
Current liabilities			
Current financial debt	9	2 713	8 651
Other current financial liabilities	10	76 133	70 448
Accounts payable		38 813	42 112
Fixed assets payable		72 036	50 880
Taxes payable		31 280	16 416
Other current payables		74 680	83 721
Current provisions		10 627	9 702
TOTAL CURRENT LIABILITIES		306 280	281 930
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3 022 777	3 063 109

CONSOLIDATED INCOME STATEMENT
(In thousands of Euros, except per share data)

	Note	Six-month period ended 31 December 2008	Twelve-month period ended 30 June 2009	Six-month period ended 31 December 2009
Revenues	12	464 175	941 894	508 831
Revenues from operations		464 175	941 894	508 831
Operating costs		(32 139)	(70 593)	(36 350)
Selling, general and administrative expenses		(51 798)	(120 076)	(55 987)
Depreciation and amortisation		(121 160)	(249 821)	(135 075)
Other operating income		25 112	145 768	112
Other operating charges		-	(121 500)	(437)
Operating income		284 190	525 672	281 095
Financial income		16 549	26 880	8 888
Financial expenses		(35 119)	(62 737)	(20 211)
Financial result	13	(18 570)	(35 857)	(11 323)
Income from associates		6 753	15 954	7 497
Net income before tax		272 372	505 769	277 268
Income tax expense	11	(91 505)	(168 919)	(94 098)
Net income		180 867	336 850	183 170
Group share of net income (loss)		180 961	337 488	183 532
Portion attributable to non-controlling interests		(94)	(638)	(362)
Earnings per share attributable to shareholders	14			
		0.179	0.333	0.181
Basic earnings per share in €		0.179	0.333	0.181
Diluted earnings per share in €				

COMPREHENSIVE INCOME STATEMENT
(In thousand of Euros)

	Note	Six-month period ended 31 December 2008	Twelve-month period ended 30 June 2009	Six-month period ended 31 December 2009
Net income		180 867	336 850	183 170
Other items of gain or loss on comprehensive income				
Translation adjustment		21	(684)	(24)
Changes in fair value of cash-flow hedging instruments	8.3, 14.5	(56 889)	(71 796)	1 933
Tax effect		19 587	24 760	(665)
Total other items of gain or loss on comprehensive income		(37 281)	(47 720)	1 244
Total comprehensive income statement		143 586	289 130	184 414
Group share of net income		143 680	289 768	184 776
Portion attributable to non-controlling interests		(94)	(638)	(362)

CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands of Euros)

	Note	Six-month period ended 31 December 2008	Twelve-month period ended 30 June 2009	Six-month period ended 31 December 2009
Cash flow from operating activities				
Net income		180 867	336 850	183 170
Income from equity investments		(6 753)	(15 954)	(7 497)
Capital (gain) / loss on disposal of assets		(12)	20	12
Other non-operating items		107 796	57 081	113 982
Depreciation, amortisation and provisions		118 528	367 021	134 427
Deferred taxes		(1 868)	10 305	10 835
Changes in accounts receivable		(68 675)	(74 097)	(4 092)
Changes in other assets		12 960	20 937	(2 238)
Changes in accounts payable		(784)	6 807	(2 012)
Changes in other debt		42 976	27 779	(17 210)
Taxes paid		(67 511)	(129 876)	(99 036)
NET CASH INFLOW FROM OPERATING ACTIVITIES		317 524	(606 873)	310 341
Cash flows from investing activities				
Acquisitions of satellites, other property and equipment and intangible assets		(120 705)	(386 802)	(226 141)
Acquisitions of equity investments		(20 000)	(29 750)	-
Proceeds from sale of assets		151	198	-
Insurance indemnities on property and equipment		-	120 545	-
Acquisition of non-controlling interests		-	-	-
Changes in other non-current financial assets		(106)	(257)	13
Dividends received from associates		2 473	2 473	3 169
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(138 187)	(293 593)	(222 959)
Cash flows from financing activities				
Changes in capital		1 315	2 633	107
Distributions		(242 865)	(242 865)	(273 495)
Increase in debt		195 900	123 980	148 500
Repayment of debt		(83)	(138)	(73)
Repayment in respect of performance incentives and long-term leases		(8 045)	(15 994)	(6 924)
Interest and other fees paid	13	(22 227)	(45 907)	(20 582)
Interest received		2 460	5 363	1 104
Other changes		313	313	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(73 232)	(172 615)	(151 363)
Impact of exchange rate fluctuations on cash and cash equivalents		(786)	(618)	577
Increase (decrease) in cash and cash equivalents		105 319	140 047	(63 404)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		(2 030)	(2 030)	138 017
CASH AND CASH EQUIVALENTS, END OF PERIOD		103 289	138 017	74 613
Cash reconciliation				
Cash		103 296	140 390	82 846
Overdraft included under debt (1)	9.2	(7)	(2 373)	(8 233)
Cash and cash equivalents per cash flow statement		103 289	138 017	74 613

- (2) 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 part of "Current bank debt" within "Current liabilities" on the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of Euros, except per share data)

	Note	Common stock		Reserves and retained earnings	Non-controlling interests	Total	
		Number	Amount				Additional paid-in capital
As of 30 June 2008		1 011 270 636	657 326	364 531	410 568	(276)	1 432 149
Net income for the period					180 961	(94)	180 867
Other items of gain or loss on comprehensive income					(37 281)		(37 281)
Total comprehensive income statement					143 680	(94)	143 586
Transactions affecting the capital		1 653 030	1 074	1 562			2 636
Changes in scope of consolidation						115	115
Distributions					(242 865)		(242 865)
Employee benefits for subscription					(4)		(4)
As of 31 December 2008		1 012 923 666	658 400	366 093	311 379	(255)	1 335 617
As of 30 June 2009		1 012 944 284	658 414	366 100	457 455	(800)	1 481 169
Net income for the period					183 532	(362)	183 170
Other items of gain or loss on comprehensive income					1 244		1 244
Total comprehensive income statement					184 776	(362)	184 414
Transactions affecting the capital		103 831	67	133			200
Changes in scope of consolidation							
Distributions					(273 496)		(273 496)
Employee benefits for subscription					(48)		(48)
As of 31 December 2009		1 013 048 115	658 481	366 233	368 687	(1 162)	1 392 239

NOTES TO THE INTERIM CONSOLIDATED ACCOUNTS

NOTE 1: KEY EVENTS DURING THE PERIOD

The W7 satellite was successfully launched on 24 November 2009 by a Proton launch vehicle. It came into full operational service during the first week of January 2010.

On 22 June 2009, Solaris Mobile Ltd, a company founded jointly with SES Astra observed that its S-band payload on the Eutelsat W2A satellite was suffering from an anomaly, sent a submission to the insurers with proof and quantification of the claim requesting an insurance indemnity amounting to the total value of the asset. During the financial year ended 31 December 2009, the S-band was fully refunded for the amount insured.

NOTE 2: ADOPTION OF THE ACCOUNTS

The interim half-year consolidated accounts of Eutelsat S.A. as of 31 December 2009 have been prepared under the responsibility of the Board of Directors, which approved them at its meeting held on 12 March 2010.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 – Compliance with IFRS

The consolidated half-year accounts as of 31 December 2009 have been prepared in accordance with IFRS, as adopted by the European Union and effective as of that date. The relevant texts are available for consultation at the following Web site:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

They have been prepared according to the principle of continued operation and historical cost except for those items for which the standards require fair value valuations. The financial information disclosed in these financial statements is prepared in accordance with the option contained in IAS 34 “Interim Financial Reporting” in a summary format. The accounts as presented do not therefore contain all the information and Notes required under IFRS for the preparation of consolidated full-year financial statements and must be read in conjunction with the consolidated full-year financial statements for the financial year ended 30 June 2009.

3.2 – Published standards and interpretations

The accounting methods and rules used in preparing these summary interim half-year accounts are identical to those used for the consolidated full-year financial statements for the year ended 30 June 2009, with the exception of the new standards and interpretations to be applied after 1 July 2009 described below and adopted by the European Union.

- IAS 1 (revised) “Presentation of financial statements”;
- IFRS 8 “Operating segments “;
- IAS 23 (revised) “Borrowing costs”;
- Amendment to IFRS 2 “Share-based payment “Conditions of acquisition and cancellations;

- Amendment to IAS 32 and IAS 1: Financial instruments reimbursable at the discretion of the Note bearer and obligations following liquidation;
- Improvement of IFRS standards published in May 2008 including the amendment to IFRS 5 on an interpretation of the notion “HFS, held for sale” in the event of partial disposal, applicable as of the financial years beginning on 1 July 2009;
- IAS 27 (revised) “Consolidated and separate financial statements”, applicable on the same date as for IFRS revised;
- IFRS 3 (revised) “Business combinations”, applicable to business combinations whose date of acquisition occurs after the beginning of the first financial year starting from 1 July 2009;
- Amendment to IFRS 7 aiming at improving the information reported in respect of financial instruments (fair value measurement and information on liquidity risk in relation to financial instruments (liabilities));
- Amendments to IFRIC 9 and IAS 39 “Embedded derivatives”;
- Amendments to IAS 39 “Qualifying items”;
- IFRIC 16 “Hedging a net investment in a foreign operation”;

None of these texts has had an impact on previous financial periods nor on the interim consolidated half-year accounts as of 31 December 2009 except for the following points:

- IAS 23 (revised) has not involved any changes in methods as the Group was already capitalising borrowing costs for eligible assets.
- IAS 1 (revised) makes it compulsory to produce a comprehensive income statement that includes net profit and the gains and losses directly recognised to shareholders’ equity in accordance with the application of certain standards and that were previously presented in a detailed manner in the variations of shareholders’ equity statement. According to the revised standard, the comprehensive income statement can be presented either as a single financial statement including the income statement or as two financial statements, namely an income statement and a comprehensive income statement. In the latter case, the comprehensive income statement is presented immediately after the income statement. It is the latter option that the Group has chosen.
- According to IFRS 8 “Operating segments”, an entity must supply financial and qualitative information on the sectors it has to present. According to IFRS 8 an operating sector is a component of an entity:
 - a) Which engages in activities from which it is liable to acquire income from ordinary activities and incur expense (including income from ordinary activity and expenses in respect of transactions with other components of the same entity),
 - b) whose operating profit is regularly examined by the main operational decision maker of the entity with a view to assessing performance and making decisions regarding resources to be allocated to the sector, and
 - c) for which, separate financial information prepared on the basis of internal management data are available.

According to IFRS 8, the management data are reconciled with the consolidated accounts.

(See Note 12 – Segment information).

On the other hand, the Group has not applied the following standards and interpretations that came in to force on 1 July 2009 and which were only adopted by the EU after that date:

- Improvement of IFRS standards published in April 2009 and more specifically the amendments for which the date of application is after 1 July 2009;
- IFRIC 17 “Distributions of non-cash assets to owners” applicable for the financial years starting as of 1 July 2009 with an entry into force in the European Union on 1 November 2009;
- IFRIC 18 “Transfers of assets from customers” applicable for the financial years starting as of 1 July 2009 with an entry into force in the European Union on 1 November 2009;

Additionally, no standard or interpretation has been applied in advance, whether they were endorsed by the European Union or not and the Group is currently carrying out an analysis of the practical consequences of the new texts and of the effects of applying them in the accounts: namely,

- The amendment to IAS 32 “Classification of issuances of subscription rights” applicable as of 1 February 2010 and endorsed by the European Union;
- IFRS 9 “Financial Instruments”, applicable as of 1 January 2013 as yet not endorsed by the European Union;
- IAS 24 (revised) “Related Party Disclosures”, applicable to the financial years beginning on 1 January 2011 as yet not endorsed by the European Union;
- the IFRS 2 Amendment “Cash settled share-based payment of intra-group transactions” applicable to financial years beginning on 1 January 2010 as yet not endorsed by the European Union;
- IFRIC 19 “Extinguishing financial liabilities with equity instruments”, applicable to the financial years beginning on 1 July 2010 as yet not endorsed by the European Union;

3.3 - Periods presented and comparatives

The six-month period ends 31 December 2009.

The functional currency and the currency used in the presentation of the accounts is the euro.

3.4 – Use of estimates

Preparation of the Group’s consolidated accounts requires Management to make estimates and judgements that are liable to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat constantly updates its estimates and assessments using past experience in addition to other relevant factors related to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustment to the amounts that are recognised during a subsequent financial period because of the uncertainty attached to them.

Judgements

When preparing the half-year interim consolidated accounts as per 31 December 2009, Management exercised its judgement regarding the ability of the Sea Launch company, following its decision to place

itself under Chapter 11 protection, to honour its contractual commitments towards the Eutelsat Group with respect to the two Sea Launch launchers. (See Note 5 - *Satellites and other property and equipment*).

Estimates

The key estimates relating to the future and the other main sources of uncertainty at the date of closing the accounts are shown below:

- assessment of the collectability of accounts receivable, exposure to credit risk and risk profile,
- provisions for risks and for employee benefits,
- the income tax expense and an assessment of the amounts of deferred tax assets (see Note 11 – *Income tax expense*),
- possible impairment of intangible assets (See Note 4 – *Intangible assets*),
- appraisal of satellites’ useful lives and their impairment (see Note 5 – *Satellites and other property and equipment*).

3.5 – Taxes

The interim income tax expense is calculated by applying the average effective interest rate estimated for the financial year to earnings before taxes for the period.

NOTE 4: INTANGIBLE ASSETS

The intangible assets post is as follows:

Changes in gross assets

<i>(In thousands of Euros)</i>	Intangible assets	Total
30 June 2009	46 994	46 994
Separate acquisitions	1 586	1 586
Disposals	-	-
Transfers	584	584
31 December 2009	49 164	49 164

Changes in accumulated depreciation and impairment

<i>(In thousands of Euros)</i>	Intangible assets	Total
Accumulated depreciation as of 30 June 2009	(36 397)	(36 397)
Half year allowance	(2 048)	(2 048)
Reversals	-	-
Impairment	-	-
Accumulated depreciation as of 31 December 2009	(38 445)	(38 445)

Net assets

<i>(In thousands of Euros)</i>	Intangible assets	Total
Net value as of 30 June 2009	10 597	10 597
Net value as of 31 December 2009	10 718	10 718

NOTE 5: SATELLITES AND OTHER PROPERTY AND EQUIPMENT

Changes in gross assets

<i>(In thousands of Euros)</i>	Satellites	Other Tangible assets	Construction in progress	Total
30 June 2009	3 536 574	177 153	543 717	4 257 444
Change in gross value	(862)	-	-	(862)
Acquisitions.....	-	8 672	220 758	229 430
Disposals and scrapping of assets.....	(9 231)	(300)	-	(9 531)
Transfers	-	1 060	(1 644)	(584)
31 December 2009	3 526 481	186 584	762 831	4 475 897

Changes in accumulated depreciation and impairment

<i>(In thousands of Euros)</i>	Satellites	Other fixed assets	Construction in progress	Total
Accumulated depreciation as of 30 June 2009	(1 817 035)	(116 173)	-	(1 933 208)
Half year allowance.....	(122 255)	(10 772)	-	(133 027)
Reversals	7 679	278	-	7 957
Impairment	-	-	-	-
Accumulated depreciation as of 31 December 2009	(1 931 164)	(126 667)	-	(2 058 278)

Net assets

<i>(In thousands of Euros)</i>	Satellites	Other fixed assets	Construction in progress	Total
Net value as of 30 June 2009	1 719 539	60 980	543 717	2 324 236
Net value as of 31 December 2009	1 594 870	59 917	762 831	2 417 618

The TELECOM 2C satellite was de-orbited during the period.

On 31 December 2009, the "Construction in progress" item mainly included the W7, W3B, Ka-Sat, W3C and the ATLANTIC BIRD™7 satellites in addition to five launches, two of which were conducted by Sea Launch Limited Partnership, a company that filed for Chapter 11 of the US Bankruptcy Code on 22 June 2009. The relevant launch costs already paid amount to €79.9 million. During the period, the company in question was involved in an initial refinancing plan approved by the Courts that allowed it to continue operating pending a final refinance plan that would enable the company to be released from the provisions of Chapter 11. On the basis of the information available at the time of drawing up the accounts, the Group considers that Sea Launch will be in a position to live up to its contractual obligations with Eutelsat.

NOTE 6: CURRENT FINANCIAL ASSETS

<i>(In thousands of Euros)</i>	30 June 2009	31 December 2009
Hedging instruments ⁽¹⁾	382	182
Other receivables	4 642	3 247
Total	5 024	3 429

⁽²⁾ see Note 15 – *Financial instruments*

NOTE 7: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

<i>(In thousands of Euros)</i>	30 June 2009	31 December 2009
Cash	40 976	45 091
Accrued interest	-	-
Cash equivalents	99 415	37 756
Total	140 391	82 847

Cash equivalents are mainly composed of deposit warrants, the great majority of which matures less than one month after the date of acquisition, and mutual fund investments (OPCVMs) meeting the qualification of “cash equivalents”.

NOTE 8: SHAREHOLDERS' EQUITY

8.1 – Shareholders' equity

As of 31 December 2009, the share capital comprised 1,013,048,115 ordinary shares with a face value of €0.65 per share.

Movements since 30 June 2009 correspond to the exercise by employees of a total of 18,961 shares under the “Managers II” plan, 31,039 shares under the “Managers III” plan and 53,831 shares under the “Managers IV” plan.

The other movements involved since 30 June 2009 are cancellations of options for a total of 40,749 under the “Partners” plan and 53,831 under the “Managers I” plan.

As the “Partners” plan reached maturity during the half year period, the balance of the amounts entered in special reserves, namely €48 thousand has been transferred to the additional paid-in capital account.

8.2 – Dividends

On 9 November 2009, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €0.27 per share, i.e. a total of €273,495 thousand, taken from net income for the period.

8.3 – Share-based compensation

Stock-option plans

b) Summary of movements in respect of the stock-option plans

	Shares reserved for future grants	Stock options outstanding	Weighted average strike price (in Euros) after distribution
Balance as of 1 July 2009	-	312 409	1,46
Authorised	-	-	-
Granted	-	-	-
Exercised.....	-	103 831	1,47
Cancelled	-	94 580	1,27
Balance as of 31 December 2009.....	-	113 998	1,61

The remaining weighted average contractual life of options is 2.85 years, 2.27 years for the “Managers III” plan and 2.90 years for the “Managers IV” plan.

8.4 – Change in the revaluation reserves of financial instruments

All financial instruments that have an impact upon the revaluation reserve are cash-flow hedges.

<i>(in thousands of Euros)</i>	Total
Balance as of 30 June 2009	(33 506)
Changes in fair value within equity	12 365
Transfer into the income statement	(10 433)
Balance as of 31 December 2009	(31 574)

NOTE 9: FINANCIAL DEBT

9.1 – Non-current portion

As of 30 June and 31 December 2009, all bank debt is denominated in Euros. Since 30 June 2009, the structure of the Group’s debt has remained identical.

As of 31 December 2009, the Group has access to the following credit facilities:

- a 7-year syndicated credit facility entered into in November 2004 by Eutelsat S.A. for an amount of €1,300 million comprising:
 - a €650 million term loan repayable at maturity.
 - a revolving credit facility for €650 million (€250 million used as of 31 December 2009).

The amounts drawn on this credit line bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a margin ranging from 0.25% to 0.75% depending on Eutelsat S.A.'s long-term rating given by Standard & Poor's. A commitment fee representing 30% to 45% of the margin mentioned above is payable.

The selected interest periods for the Eutelsat S.A. Term Loan are 3-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.

However, as from 31 December 2007, EURIBOR 1 month–3 month basis swaps have been in place, the interest periods having been reduced to 1-month periods beginning 31 December, 31 January, 28 February, 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October and 30 November.

Amounts are drawn on these revolving credit facilities in 3-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.

Under the terms of this credit facility, Eutelsat S.A. is required to maintain a total net debt to EBITDA* ratio annualised (as these terms are defined contractually) ratio less than or equal to 3.75 to 1 and this ratio is tested as of 30 June and 31 December each year.

As of 31 December 2009, the Group is in compliance with these ratios.

- An intra-group cash agreement. A cash agreement has been created in order to facilitate and optimise the management of cash surpluses. It was set up in 2005. The agreement is a permanent one and defines the terms and conditions of cash advances and loans between the entities of the "Group of Companies" including Eutelsat S.A., Eutelsat S.A.'s subsidiaries, Eutelsat Communications Finance and Eutelsat Communications.

The conditions governing the interest rates of the intra-group loans are aligned with those for drawing on the revolving credit facility.

- A fixed rate loan amounting to €900 000 signed in 2005 by Wins a subsidiary.
 - A floating rate loan amounting to €500,000 signed in 2006 by Wins a subsidiary.
- Financial information as of 30 June 2009 and 31 December 2009

The non-current portion of the Group's bank debt as of 30 June and 31 December 2009 breaks down as follows:

<i>(In thousands of Euros)</i>	30 June 2009		31 December 2009	
	Fair value	Carrying amount	Fair value	Carrying amount
Intra-group loan	300 000	300 000	398 500	398 500
Eutelsat S.A. revolving credit facility (Floating rate)	200 000	200 000	250 000	250 000
Eutelsat S.A. term loan (Floating rate)	650 000	650 000	650 000	650 000
Fixed rate loan (Wins Ltd.)	191	191	127	127
Floating rate loan (Wins Ltd.)	390	390	300	300
Sub-total of debt (non-current portion)	1 150 581	1 150 581	1 298 927	1 298 927

The weighted average interest rate on amounts drawn under the revolving credit facilities for the period ended 31 December 2009 is 1.60% and 5.33% after the effects of hedging activities are included.

* EBITDA is defined as the operating result before depreciation and amortisation excluding impairment of assets, dilution profits (losses) and insurance indemnities.

As of 31 December 2009, the Group has access to the following main credit facilities:

<i>(in thousands of Euros)</i>	Amount granted	Amount used	Maturity
Intra-group loan	398 500	398 500	
Eutelsat S.A. revolving credit facility	650 000	250 000	24 November 2011
Eutelsat S.A. term loan	650 000	650 000	24 November 2011
Wins fixed rate loan	900	255	31 December 2011
Wins floating rate loan	500	480	31 December 2010
Total	1 699 900	1 299 235	

As of 31 December 2009, the debt maturity analysis is as follows:

<i>(In thousands of Euros)</i>	31 December 2009	Maturity within one year	Maturity between 1 and 5 years
Intra-group loans	398 500	398 500	-
Eutelsat S.A. term loan	650 000	-	650 000
Eutelsat S.A. revolving credit facility	250 000	250 000	-
Wins Ltd. fixed rate loan	255	128	127
Wins Ltd. floating rate loan	480	180	300
Total	1 299 235	648 808	650 427

9.2 – Current portion

Current bank debt includes accrued interest not yet due on the debt described in Note 9.1 as of 31 December 2009. Current bank debt is as follows:

<i>(In thousands of Euros)</i>	30 June 2009	31 December 2009
Bank overdrafts	2 373	8 233
Accrued interest not yet due	113	111
Portion of the loans due within one year (excluding revolving credit)	226	307
Total	2 712	8 651

NOTE 10: OTHER FINANCIAL LIABILITIES

<i>(In thousands of Euros)</i>	30 June 2009	31 December 2009
Financial instruments ⁽¹⁾	38 050	35 352
Performance incentives ⁽²⁾	39 729	34 213
Finance leases ⁽³⁾	2 093	90
Other liabilities	48 036	46 235
Total	127 908	115 890
<i>Incl. current portion</i>	76 133	70 448
<i>Incl. non-current portion</i>	51 775	45 442

⁽¹⁾ See Note 15 – *Financial instruments*

⁽²⁾ Including interest related to “Performance incentives” amounting to €13 053 thousand as of 30 June 2009 and €11,057 thousand as of 31 December 2009.

⁽³⁾ As of 30 June 2009 and 31 December 2009, amounts of interest on finance leases are not material.

NOTE 11: INCOME TAX EXPENSE

“Income tax expense” shows current and deferred tax expenses for consolidated entities.

The Group’s income tax expense is as follows:

<i>(In thousands of Euros)</i>	Six-month period ended 31 December	
	2008	2009
Current tax expense	(93 373)	(83 263)
Deferred tax income (expense)	1 868	(10 835)
Total income tax expense	(91 505)	(94 098)

The theoretical income tax expense, based on application to the profit before tax (excluding the share of net income from equity investments) of the standard French corporate tax rate, can be reconciled to the actual expense as follows:

<i>(In thousands of Euros)</i>	31 December 2008	31 December 2009
Income before tax and income from equity investments	265 619	269 771
<i>Standard French corporate tax rate</i>	34,43%	34,43%
Theoretical income-tax expense	(91 453)	(92 882)
Permanent differences and other items	(52)	(1 216)
Corporate tax expense in the income statement	(91 505)	(94 098)
<i>Actual corporate tax rate</i>	34,4%	34,9%

As of 31 December 2008 and 2009, the Group’s effective income tax rate is close to the standard income tax rate in France (34.43%).

NOTE 12: 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 supply of satellite-based video, business and broadband networks, and mobile services to major international telecommunication 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.

The Management data used are prepared in accordance with IFRS principles and 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 organ include turnover, EBITDA (EBITDA is defined as the operating result before amortisation and depreciation, excluding impairment of assets, dilution profit (losses) and insurance indemnities), financial expense, cash flow for investment in tangibles and equity interests and net consolidated Group debt (net debt includes all bank debt and all liabilities from long-term lease agreements, less cash and cash equivalents and marketable securities net of bank credit balances).

Internal reporting is the presentation of the Group's consolidated income statement at the parent company level, i.e. Eutelsat Communications, according to a ventilation of items that is different from the consolidated financial statements in order to highlight the performance indicators but whose main aggregates are identical to those appearing in the consolidated accounts of the Eutelsat Communications Group such as the operating income, net income, share attributable to non-controlling interests and the share attributable to the Group. A reconciliation with the Eutelsat S.A. consolidated accounts is done for the main items.

12.1- Segment reporting

<i>(In thousands of Euros)</i>	Six-month period ended <u>31 December 2008</u>	Six-month period ended <u>31 December 2009</u>
Revenues	463 460	508 040
Total operating costs	(88 438)	(96 481)
EBITDA	375 022	411 559
Depreciation and amortisation	(143 385)	(157 301)
Other operating income (expenses), net	24 675	(370)
Operating income	256 312	253 889
Total interest income (expense)	(52 734)	(41 441)
Income tax expense	(71 196)	(74 470)
Other financial expenses	2 910	826
Net income before revenue from equity investments and non-controlling interests	135 292	138 804
Income from equity investments	6 753	7 497
Net income	142 045	146 300
Non-controlling interests	(6 883)	(6 834)
Group share of net income	135 162	139 466
Tangible investments and equity investments (cash flow)	140 705	226 141
Net debt (including finance leases)	2 408 411	2 440 357
	Six-month period ended <u>31 December 2008</u>	Six-month period ended <u>31 December 2009</u>
<u>Net income reconciliation</u>		
Net result for Eutelsat Communications Group	142 045	146 300
Holding contribution, net	44 104	38 044
Intra-group transactions, net	(5 282)	(1 174)
Net result for Eutelsat S.A. Group	180 867	183 170
<u>Net debt reconciliation</u>		
Net debt for Eutelsat Communications Group	2 408 411	2 440 357
Holding contribution to group net debt	(1 607 258)	(1 614 150)
Intra-group loan	321 900	398 500
Net debt for Eutelsat S.A. Group	1 123 053	1 224 707

12.2 – Information per geographical zone

Group revenues by geographical area, based on invoice addresses, for the periods ended 31 December 2008 and 2009 are as follows:

<i>Region</i>	<i>(In thousands of Euros and as a percentage)</i>		<i>Six-month period ended 31 December 2008</i>		<i>Six-month period ended 31 December 2009</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	France	63 363	13.7	73 483	14.4	
Italy	70 312	15.1	81 661	16.0		
United Kingdom	55 597	12.0	46 212	9.1		
Europe (other)	166 828	35.9	174 611	34.3		
Americas	43 828	9.4	52 941	10.4		
Middle East	34 245	7.4	44 696	8.8		
Other (*)	30 004	6.5	35 227	6.9		
Total	464 177	100.0	508 831	100.0		

(*) Including €3.17 million in indemnity payments for late delivery for the W2A satellite for the period ended 31 December 2009.

Most of the Group's assets are satellites in orbit; the remaining assets are mainly located in France.

NOTE 13: FINANCIAL RESULT

The financial result is made up as follows:

<i>(In thousands of Euros)</i>	<i>Six-month period ended 31 December 2008</i>	<i>Twelve-month period ended 30 June 2009</i>	<i>Six-month period ended 31 December 2009</i>
Interest expense (banks) ⁽¹⁾	(22 880)	(45 906)	(18 689)
Other interest expense ⁽²⁾	16 864	25 635	6 627
Loan set-up fees	(138)	(246)	(144)
Commitment fees and other similar charges	(682)	(1 335)	(650)
Changes in financial instruments ⁽³⁾	(16 681)	(19 202)	(372)
Provisions for risks and liabilities	(695)	(834)	(581)
Foreign-exchange losses ⁽⁴⁾	(10 907)	(20 849)	(6 402)
Financial expenses	(35 119)	(62 737)	(20 211)
Changes in financial instruments ⁽³⁾	625	327	938
Interest income	2 460	3 542	1 103
Provision on financial assets	217	208	-
Reversal of provisions for risks and expenses	-	-	131
Foreign-exchange gains ⁽⁴⁾	13 247	22 803	6 716
Financial income	16 459	26 880	8 888
Financial result	(18 570)	(35 857)	(11 323)

⁽¹⁾ Interest expense (banks) includes the effects of the interest-rate hedging instruments. Coupons due and matured on the swaps and caps that are qualified as interest-rate risk hedges have affected the interest expense for the years ended 31 December 2008, 30 June 2009 and 31 December 2009 respectively by €5.1 million and €0.6 million in income, and €10.4 million in expense.

⁽²⁾ The amount shown is the interest expense net of loan costs charged to the value of the eligible assets. During the period, the capitalised costs amounted to €14.8 million as of 31 December 2008 and €26.9 million as of 30 June 2009 and €9.9 million on 31 December 2009. They are highly dependent on the progress and number of satellite construction programmes recognised during the financial year.

The paid portion of the capitalised interest expense is included within financing expenses in the consolidated cash-flow statement under the heading “Interest and other fees paid”.

The interest rates used to determine the amount of interest expense eligible for capitalisation are 4.2% as of 31 December 2008 and 4.1% as of 30 June 2009 and 3.5% as of 31 December 2009. “Other interest expense” also includes interest related to in orbit satellite performance incentives for a €2.4 million net expense reduction as of 31 December 2008 and a €0.9 million net expense increase as of 30 June 2009 and €1.1 million as of 31 December 2009.

⁽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 periods ended 31 December 2008 and 30 June 2009.

⁽⁴⁾ Foreign exchange option contracts are put in place to hedge future sales in dollars. Changes in the time value of these options (excluded from the hedging relationship) have a direct effect on profit. 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 also been recognised directly under income or expense (no net change in equity due to these options). Changes to the intrinsic value of an option for which the hedged component has not yet had an effect on net income have been recognised in equity and have had no effect on the income statement for the period.

Results on financial instruments per accounting category

<i>(In thousands of Euros)</i>	Six-month period ended 31 December 2008	Twelve-month period ended 30 June 2009	Six-month period ended 31 December 2009
Net result on instruments measured at fair value per result on the option (cash equivalents)	257	(64)	29
Net result on instruments valued at fair value per result (non-qualifying derivatives for hedges and components excluded from hedging relationships)	(15 934)	(17 835)	1 557
Financial income on assets valued at amortised cost (loans and long term advance payments and other receivables)	-	-	-
Interest expense on loans (excluding hedging effect)	(28 027)	(46 537)	(8 256)
Impairment of financial assets (accounts receivable)	113	351	137

NOTE 14: 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):

	<u>31 December 2008</u>	<u>31 December 2009</u>
Net income	180 867	183 170
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	94	362
Net earnings used to compute basic earnings per share	<u>180 961</u>	<u>183 532</u>

	<u>31 December 2008</u>	<u>31 December 2009</u>
Net income	180 867	183 170
Income from subsidiaries attributable to non-controlling interests, after taking into account the dilutive instruments in the subsidiaries	94	362
Net earnings used to compute diluted earnings per share	<u>180 961</u>	<u>183 532</u>

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 31 December 2008 and 2009 respectively:

	<u>31 December 2008</u>	<u>31 December 2009</u>
Restated weighted average number of shares used to compute basic earnings per share	1 011 715 627	1 012 953 625
Incremental number of additional shares that would result from the exercise of outstanding stock options (1)	239 851	85 000
Restated weighted average number of shares used to compute diluted earnings per share (1)	<u>1 011 955 478</u>	<u>1 013 038 625</u>

(1) As of 31 December 2008 and 2009, only Eutelsat S.A. had issued dilutive instruments. 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 Eutelsat S.A. is not listed, Management estimated the average market price based on the latest valuations and the latest transactions between shareholders.

NOTE 15: FINANCIAL INSTRUMENTS

The Group has exposure to market risks, particularly with regard to foreign exchange and interest rate risk. Exposure to such risks is actively managed by Management, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to manage such exposure. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset, i.e. the Group never sells assets it does not possess or without knowing if it will subsequently possess them.

15.1 – Foreign-exchange risk

The Group's functional currency is the euro and the Group is therefore principally exposed to fluctuations in the foreign exchange rate of the U.S. dollar. As a means of preserving the value of assets, commitments and forecast transactions, the Group consequently enters into contracts whose value fluctuates in line with changes in the euro/dollar exchange rate. In particular, the Group hedges 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 counterparties.

Purchase commitments relate to construction contracts for satellites and to launch contracts. They generally mature after three years and payments are made according to a pre-determined payment schedule. Commitments to sell relate to contracts denominated in US dollars.

During the financial year ended 30 June 2009 and the first half (i.e. to 31 December 2009) of the financial year ending 30 June 2010, the Group only purchased foreign exchange options (euro calls / US dollar puts) and sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk as of 31 December 2009 is as follows:

(In thousands of Euros)

Assets	84 198
Liabilities	22 508
Net position before risk management	61 690
Off-balance-sheet position (forward plus knock-in option (Europe))	41 649
Net position after risk management	20 041

Considering its exposure to foreign-currency risk, the Group considers that a 1% reduction in the value of the US dollar against the euro would have a non-significant impact on Group profit and equity.

15.2 – 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 the Term Loan amounting to €650 million arranged in November 2004 by Eutelsat S.A.:

- A pay fixed/receive floating interest rate swap put in place in November 2004 for a notional amount of €650 million over 7 years (until maturity of the facility).

The selected interest periods are periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

- An interest rate swap (pay EURIBOR 3 month/ receive EURIBOR 1 month) “Basis swap” put in place in November 2007 for a period of 6 months up until 30 June 2008. This interest rate swap (pay EURIBOR 3 month/ receive EURIBOR 1 month) has been used 3 times.
 - o 11 June 2008 for a six-month period until 31 December 2008,
 - o 21 November 2008 for a six-month period until 30 June 2009,
 - o 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 intended to hedge the €650 million Term Loan.

In respect of the €650 million revolver arranged in November 2004 by Eutelsat S.A. on which amounts have been drawn for €200 million on 30 June 2009 and €250 million on 31 December 2009:

- A pay fixed/receive floating interest rate swap put in place in February 2007 for a notional amount of €250 million over 4 years until maturity of the revolver (€650 million).
- 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 4 years until maturity of the €650 million revolving credit facility.

For each instrument, the interest periods are 3-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.

Sensitivity to interest rate risk

Given how interest rates have evolved due to the financial crisis, the fair value of the Group’s financial instruments has fallen substantially, which has been recognised within equity. The efficacy of these hedges, however, is not being called into question.

Considering the full range of financial instruments at the Group’s disposal as of 31 December 2009, an increase of ten basis points (+ 0.10 %) above EURIBOR would generate:

1. No additional interest expense for the non hedged portion against the risk of a change in interest charges on bank debt.
2. A change amounting to €1 239 thousand of shareholders’ equity, related to the change in the effective fair value of hedging instruments qualified as hedges of future cash flows.

15.3 – Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer risk, execution risk and its exposure to credit risk by acquiring only financial products with first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

As of 31 December 2009, the Eutelsat S.A banking syndicate comprised 28 financial and credit institutions.

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

If a counterparty defaults on the revolving portion 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 on the other counterparties in order to obtain the extra amounts needed to make up the total required.

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

15.4 – Liquidity risk

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

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

15.5 – Key figures as of 31 December 2009

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 31 December 2008, 30 June and 31 December 2009 by type of contract. The instruments are valued by the Group's bank counterparties, and the valuation is verified/validated by an independent expert.

<i>(In thousands of Euros)</i>	Contractual or notional amounts	Fair value 31 December 2008	Change in fair value during the period	Impact on income (excl. coupons)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	34 013	(1 721)	(1 721)	193	(1 914)
Foreign exchange options (Eutelsat S.A.)	27 027	-	(1 588)	64	(1 652)
Total foreign exchange derivatives		(1 721)	(3 309)	257	(3 566)
Swap (Eutelsat S.A.)*	650 000	(13 045)	(46 241)	-	(46 241)
Swap (Eutelsat S.A.)*	650 000	-	217	-	217
Swap (Eutelsat S.A.)*	650 000	(26)	(26)	-	(26)
Swap (Eutelsat S.A.)**	250 000	(9 763)	(17 262)	(9 989)	(7 273)
Cap (Eutelsat S.A.)	200 000	632	(6 324)	(6 324)	-
Total interest rate derivatives		(22 202)	(69 636)	(16 313)	(53 323)
Total derivatives		(23 923)	(72 945)	(16 056)	(56 889)

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008

<i>(In thousands of Euros)</i>	Contractual or notional amounts	Fair value 30 June 2009	Change in fair value during the period	Impact on income (excl. coupons)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	14 150	(286)	(286)	(128)	(158)
Foreign exchange options (Eutelsat S.A.)	0	-	(1 589)	64	(1 653)
Total foreign exchange derivatives	14 150	(286)	(1 875)	(64)	(1 811)
Swap (Eutelsat S.A.)*	650 000	(24 548)	(57 743)	-	(57 743)
Swap (Eutelsat S.A.)*	650 000	-	217	-	217
Swap (Eutelsat S.A.)*	650 000	225	225	-	225
Swap (Eutelsat S.A.)**	250 000	(13 442)	(20 940)	(12 237)	(8 703)
Cap (Eutelsat S.A.) ^(*)	200 000	382	(6 574)	(6 574)	-
Total interest rate derivatives		(37 383)	(84 815)	(18 811)	(66 003)
Total derivatives		(37 669)	(86 690)	(18 875)	(67 814)
Equity interests					(3 982)
Total		(37 669)	(86 690)	(18 875)	(71 796)

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008

^(*) CAP qualifying as a hedge for €100 million since 1 January 2009

<i>(In thousands of Euros)</i>	Contractual or notional amounts	Fair value 31 December 2009	Change in fair value during the period	Impact on income (excl. coupons)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	41 649	(729)	(443)	29	(473)
Total foreign exchange derivatives	41 649	(729)	(443)	29	(473)
Swap (Eutelsat S.A.)*	650 000	51	(174)	-	(174)
Swap (Eutelsat S.A.)*	650 000	(22 747)	1 801	-	1 801
Swap (Eutelsat S.A.)**	250 000	(11 926)	1 515	737	778
Cap (Eutelsat S.A.) ^(*)	200 000	182	(200)	(199)	-
Total interest rate derivatives		(34 440)	2 942	538	2 405
Total derivatives		(35 169)	2 499	567	1 932

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008

^(*) CAP qualifying as a hedge for €100 million since 1 January 2009

As of 31 December 2009, the cumulative fair value of financial instruments is negative at €35,169 thousand (including €182 thousand recognised under “Current financial assets” (see Note 6 – *Current financial assets*) and €35,352 thousand recognised within “Other current financial liabilities” (see Note 10 – *Other financial liabilities*)).

As of 31 December 2008, 30 June 2009 and 31 December 2009, the changes in fair value recognised within financial result in respect of financial instruments corresponded to a net expense of €16,056 thousand, €18,875 thousand and €566 thousand respectively.

The breakdown of financial instruments complying with hedge accounting criteria as of 31 December 2008, 30 June and 31 December 2009 is as follows:

<i>(In thousands of Euros)</i>	Contractual or notional amounts	Fair value 31 December 2008	Change in fair value during the period	Impact on income (excl. coupons) (1)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	34 013	(1 721)	(1 721)	193	(1 914)
Foreign exchange options (Eutelsat S.A.)	27 027	-	(1 588)	64	(1 652)
Total foreign exchange derivatives		(1 721)	(3 309)	257	(3 566)
Swap (Eutelsat S.A.)*	650 000	(13 045)	(46 241)	-	(46 241)
Swap (Eutelsat S.A.)*	650 000	-	217	-	217
Swap (Eutelsat S.A.)*	650 000	(26)	(26)	-	(26)
Swap (Eutelsat S.A.)**	100 000	(3 905)	(6 905)	368	(7 273)
Total interest rate derivatives		(16 976)	(52 955)	368	(53 323)
Total derivatives		(18 697)	(56 264)	625	(56 889)

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008

(1) The ineffective portion of the hedges was not significant and has not been isolated.

<i>(In thousands of Euros)</i>	Contractual or notional amounts	Fair value 30 June 2009	Change in fair value during the period	Impact on income (excl. coupons) (1)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	14 150	(286)	(286)	(128)	(158)
Foreign exchange options (Eutelsat S.A.)	0	-	(1 589)	64	(1 653)
Total foreign exchange derivatives	14 150	(286)	(1 875)	(64)	(1 811)
Swap (Eutelsat S.A.)*	650 000	(24 548)	(57 743)	-	(57 743)
Swap (Eutelsat S.A.)*	650 000	-	217	-	217
Swap (Eutelsat S.A.)*	650 000	225	225	-	255
Swap (Eutelsat S.A.)**	100 000	(5 376)	(8 376)	327	(8 703)
Cap (Eutelsat S.A.) ^(*)	100 000	191	191	191	-
Total interest rate derivatives		(29 508)	(65 486)	518	(66 004)
Total derivatives		(29 794)	(67 361)	454	(67 815)
Equity interests					(3 982)
Total		(29 794)	(67 361)	454	(71 797)

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008

(*) CAP qualifying as a hedge for €100 million since 1 January 2009

(1) The ineffective portion of the hedges was not significant and has not been isolated.

<i>(In thousands of Euros)</i>	Contractual or notional amounts	Fair value 31 December 2009	Change in fair value during the period	Impact on income (excl. coupons) (1)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	41 649	(729)	(443)	29	(473)
Total foreign exchange derivatives	41 649	(729)	(443)	29	(473)
Swap (Eutelsat S.A.)*	650 000	51	(174)	-	(174)
Swap (Eutelsat S.A.)*	650 000	(22 747)	1 801	-	1 801
Swap (Eutelsat S.A.)**	250 000	(4 771)	606	(172)	778
Cap (Eutelsat S.A.) ^(*)	100 000	91	(100)	(100)	-
Total interest rate derivatives		(27 376)	2 133	(272)	2 405
Total derivatives		(28 105)	1 690	(243)	1 932

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008

^(*) CAP qualifying as a hedge for €100 million since 1 January 2009

⁽¹⁾ The ineffective portion of the hedges was not significant and has not been isolated.

Impact on income statement and equity

The impact on the income statement and equity of changes in fair value of derivatives qualifying as interest rate hedges on future cash flows is as follows:

- The coupons on swaps that qualify as hedges for future cash flows 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 to equity correspond to changes in the intrinsic value not including the accrued coupon of the cap.

NOTE 16: OTHER OFF-BALANCE SHEET LIABILITIES

16.1 – Purchase commitments

As of 31 December 2009, future payments under satellite construction contracts amounted to €225 million, and future payments under launch agreements amounted to €64 million including €19 million for Sea Launch. These future payments are spread over three years.

The Group has commitments with suppliers for the acquisition of assets and provision of services related to monitoring and control of its satellites.

Future minimum payments in respect of such acquisition of assets and provision of services as of 31 December 2009 are scheduled as follows:

<i>(in millions Euros)</i>	<u>As of 31 December 2009</u>
2010	58.4
2011	30.4
2012	13.2
2013	9.5
2014 and thereafter	9.1
Total	<u>120.6</u>

Included in the above total is €2.4 million related to purchase commitments entered into with a related party.

16.2 – In-orbit insurance and launch insurance

As of 31 December 2009, the Group's existing L+1 insurance (launch + 1 year) and in-orbit insurance policies have been taken out with insurance syndicates of 27 and 22 insurers respectively, generally with ratings of between AA- and A+. The counterparty risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

a) In-orbit insurance

The Group's in-orbit insurance programme expired on 26 November 2008 and was replaced by a new 12-month programme defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and its income of losing one or more satellites. This programme comes in two parts (Tranches) : one covers losses in excess of €80 million up to a maximum of €390 million and the other covers losses ranging from €50 million to €80 million. These insurance programmes have been subscribed to by 18 and 4 insurance companies respectively. Under this programme, 16 of the satellites belonging to the Group. (excluding the EUROBIRDTM4A (former W1), ATLANTIC BIRDTM1, W75 (former EUROBIRDTM4) and the W5 satellites) are covered by insurance. The only reservation is a limitation of insurance cover for the W4 and W6 satellites due to incidents caused by already identified technical problems.

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

This insurance programme has reduced the level of risk retention (fixed at a cumulative annual amount of €65 million to €50 million).

Recent satellites: HOTBIRDTM9, ATLANTIC BIRDTM4A (former HOTBIRDTM10) and W2A are included in this policy as of the date of maturity of their previous policy L +1 year.

b) Launch insurance

In April 2008, the Group took out L+1 (launch + 1 year) insurance for maximum cover of €200 million per satellite, covering the seven satellites in course of construction (HOT BIRDTM9, HOT BIRDTM10, W2M, W2A, W7, Ka-Sat and W3B).

This policy is valid for a period of three years, i.e. until 1 June 2011, and provides the necessary flexibility to assign any type of launcher to any of the seven satellites insured.

The Group subsequently took out additional policies to cover the entire net book value of the satellites (HOT BIRD™9, ATLANTIC BIRD™4A (former HOT BIRD™10), W2M, W2A and W7).

NOTE 17: EVENTS AFTER THE BALANCE-SHEET DATE

None

3. AUDITORS' REPORT RELATING TO THE ACCOUNTS

MAZARS

ERNST & YOUNG Audit

This is a free translation into English of the statutory auditors' report issued in French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in such reports. This information is presented after the opinion on the financial statements.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

EUTELSAT S.A.

Years ended June 30, 2008 and June 30, 2009

**Report of the statutory auditors
on the consolidated financial statements for the years ended June
30, 2008 and June 30, 2009**

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Eutelsat S.A.

Years ended June 30, 2008 and June 30, 2009

Report of the statutory auditors on the consolidated financial statements for the years ended June 30, 2008 and June 30, 2009

To the Chief Executive Officer,

In our capacity as statutory auditors of Eutelsat S.A. and in accordance with your request in the context of the issuance of bonds to be listed on the Luxembourg stock exchange, we have performed an audit of the accompanying consolidated financial statements for the years ended June 30, 2008 and June 30, 2009.

The preparation of these consolidated financial statements is the responsibility of the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures, by audit sampling and other means of testing, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as of June 30, 2008 and 2009 and of the results of its operations for the respective years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

This report is governed by French law. French courts shall have exclusive jurisdiction over any claim, dispute or difference resulting from our engagement letter or the present report, or any related matters. Each party irrevocably waives its rights to oppose any action brought before the French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Courbevoie and Paris-La Défense, March 12, 2010

The Statutory Auditors
French original signed by

MAZARS

ERNST & YOUNG Audit

Isabelle Massa

Jean-Yves Jégourel

*This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers.
This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.*

EUTELSAT S.A.

Period from July 1 to December 31, 2009

Statutory auditors' review report on the first half-yearly condensed financial information

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S.A. au capital €8.320.000

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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Eutelsat S.A.

Period from July 1 to December 31, 2009

Statutory auditors' review report on the condensed first half-yearly consolidated financial information

To the Chief Executive Officer,

In our capacity as statutory auditors of Eutelsat S.A. and in accordance with your request in the context of the issuance of bonds to be listed on the Luxembourg stock exchange, we have performed a review of Eutelsat S.A., the accompanying “condensed half-yearly consolidated financial information” for the period from July 1 to December 31, 2009.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these condensed half-yearly consolidated financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information mainly consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the professional standards applicable in France and consequently does not enable us to obtain assurance that the condensed half-yearly financial information, taken as a whole, is free from material misstatement as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

Without modifying the conclusion expressed above, we draw your attention to note 3.2 “Published standards and interpretations” to the condensed half-yearly consolidated financial statements of Eutelsat S.A. for the period from July 1 to December 31, 2009, which sets out the impact of the changes in accounting methods arising from the mandatory application of new standards and interpretations.

This report is governed by French law. French courts shall have exclusive jurisdiction over claim, dispute or difference resulting from our engagement letter or the present report, or any related matters. Each party irrevocably waives its rights to oppose any action brought before the French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Courbevoie and Paris-La Défense, March 12, 2010

The Statutory Auditors
French original signed by

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