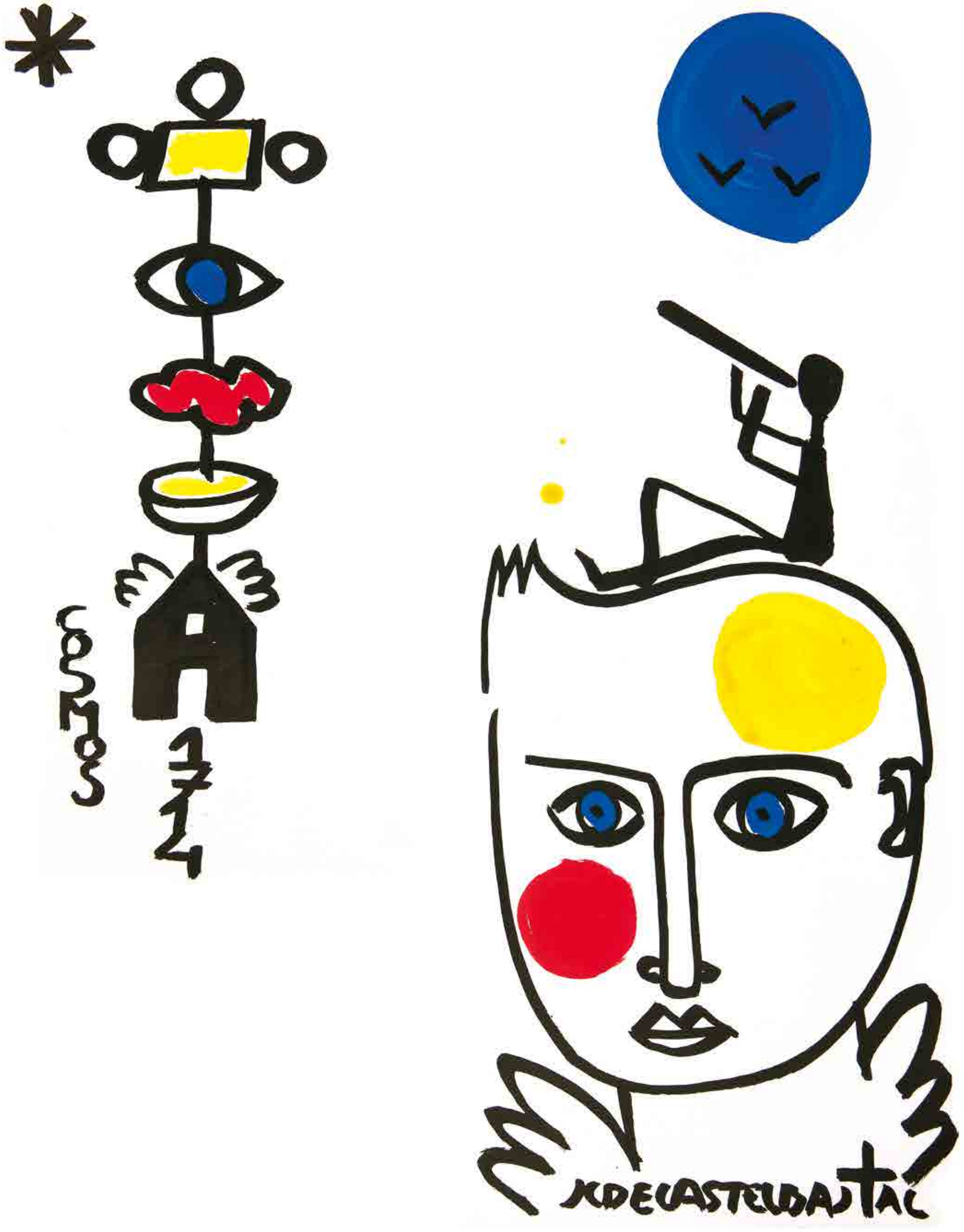
REFERENCE DOCUMENT
2013 – 2014

eutelsat
COMMUNICATIONS



EUTELSAT COMMUNICATIONS: CREATING SPACE FOR YOUR COMMUNICATIONS

Every day, Eutelsat demonstrates its expertise as a satellite company that contributes essential resources supporting the growth of digital communications.

As a player at the heart of video and broadband markets, the greatest advances are yet to come. Ongoing progress brings with it the perspective of an increased role for satellites in order to optimise the use of spectrum that is a valuable and finite resource, and to transform the digital society into an environment of economic and social benefit for all.

With these goals in mind, our Group is pursuing a development strategy based on investment and innovation, operational excellence and the creation of lasting value.

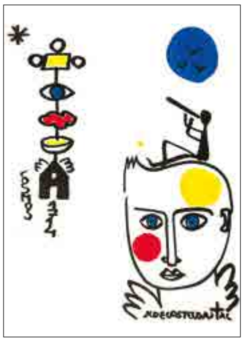


Illustration
Jean-Charles de Castelbajac

“EUTELSAT HAS FURTHER DEMONSTRATED ITS ABILITY TO GROW, BOTH ORGANICALLY AND EXTERNALLY, AND TO CAPTURE DEVELOPMENT OPPORTUNITIES IN MARKETS WITH THE HIGHEST BUSINESS POTENTIAL.”

Michel de Rosen
Chairman and Chief Executive Officer

2013-2014 has been a year of one of transformation for Eutelsat: with the acquisition of Satmex, finalised on 1 January 2014, our Group has upscaled its potential in high growth markets and has become global. The Group attained its financial objectives with revenues posting organic growth of 2.6% and an EBITDA margin at the significantly high level of 76.7%. On the basis of a net result of 303 million euros, the Board of Directors recommends a dividend of 1.03 euros per share, implying a payout ratio of 75%, at the top end of our policy range.

Revenues from Video Applications, which account for two thirds of our business, were stable excluding Satmex as a result of limited available additional capacity. The impact of the suspension of operations on certain frequencies at 28.5° East was offset by growth at video neighbourhoods serving broadcasters in fast-growing markets, notably 36° East and 7°/8° West, as well as the entry into service in May 2014 of Express-AT1, whose transponders have already all been contracted.

The number of channels broadcast by Eutelsat satellites stood at 5,746, up 16.5% year-on-year. Furthermore, the HD penetration rate continued to grow, reaching 10.2% compared to 9% a year earlier.

Data and Value-Added Services recorded organic growth of 0.8% and continue to be driven by the strong progression of Value-Added Services, up 36.3%, on the back of the outstanding performance of broadband services on KA-SAT and the continued dynamic growth of mobility markets. This momentum compensated the decline in Data Services due to the competitive pressure on point-to-point services from the roll-out of terrestrial networks and, in Africa in particular, the significant existing supply of satellite capacity.

The integration of EUTELSAT 172A into the fleet as well as the signature of new contracts were behind the 6.7% organic growth posted by the Multi-usage activity serving government agencies and administrations.

Our backlog stands at an all-time high of 6.4 billion euros, confirming the long-term positive trends in our markets. Having increased by nearly 20%, it is now equivalent to 4.6 times annual revenues for the full year 2013-2014. This backlog provides high visibility.

During the financial year, Eutelsat and SES entered into several agreements, including a settlement concerning the dispute at the 28.5° East orbital position. The EUTELSAT 25B, Express-AT1, Express-AT2 and EUTELSAT 3B were successfully launched, providing additional capacity in strong growth markets.

Seven satellites are due to be launched in the coming three years. This additional capacity coming on stream will allow us to accelerate topline growth, with organic revenue growth expected at around 4% for the current year and above 5% on average for the two following years. This growth will be principally driven by video and selected opportunities in broadband and mobility in fast growing markets, notably in Latin America and in Asia-Pacific. The Group is also committed to maintaining a high level of profitability.

The coming years will mark an important stage in our presence in Latin America, one of the industry's most buoyant markets. Following the successful integration of Satmex, 2015 will see the launch of EUTELSAT 115 West B and EUTELSAT 117 West B covering the region. Moreover, these will represent the first electric propulsion satellites operated by our Group, an innovative technology that will lead to significant capital expenditure savings in the future. With the launch of EUTELSAT 65 West A in 2016, the Group will operate five satellites in Latin America.

The procurement of a new High Throughput multi-mission satellite programme (EUTELSAT 172B) which will be launched in 2017, also using electric propulsion, will fuel growth in the Asia-Pacific region. EUTELSAT 172B has already been selected by Panasonic Avionics Corporation as its prime platform for developing in-flight broadband and entertainment services in the region.

The Board of Directors, which I have had the honour to chair since 16 September 2013, continues to perform its role in the corporate governance with ongoing diligence. Today, the Board is composed of nine directors, of which five independent directors and three women.

Eutelsat has further demonstrated its ability to grow, both organically and externally, and to capture development opportunities in markets with the highest business potential. We are committed to our high level of profitability, and will remain selective on capital expenditure that supports our development. This will allow us to strengthen our balance sheet and maintain an attractive level of dividend. This is the challenge that I am honoured to meet, with the help of the entire Eutelsat team, whom I would like to thank for their dedication and competence.

01

PRESENTATION OF EUTELSAT COMMUNICATIONS

1.1 SIGNIFICANT FACTS OF THE FINANCIAL YEAR, KEY FIGURES AND OUTLOOK

››› Significant facts

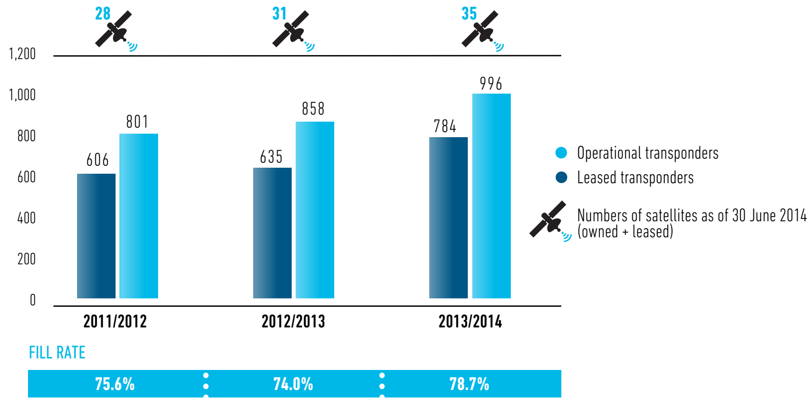
Financial year 2013-2014

- Acquisition of 100% of the share capital of Satélites Mexicanos, S.A. de C.V. ("Satmex") which was closed on 1 January 2014 for an aggregate amount of 831 million U.S. dollars allowing to significantly upscale activities in Latin America's dynamic markets. Satmex operates under the brand Eutelsat Americas since March 2014.
- Issuance in December 2013 of Bonds with a 6-year maturity, for an amount of 930 million euros at very attractive terms.
- Commercial wins addressing the Brazilian market with two multi-year contracts signed for the sale of High Throughput Ka-band payloads on EUTELSAT 65 West A and EUTELSAT 3B.
- Successful launches of satellites EUTELSAT 25B, Express-AT1, Express-AT2 and EUTELSAT 3B.
- Stepping up expansion in Asia-Pacific with new high-capacity triple mission satellite program (EUTELSAT 172B).
- Continued development of broadband Internet access services by satellite confirming the strong potential of these markets.
- Conclusion of a series of agreements between Eutelsat and SES including a comprehensive settlement of legal proceedings concerning notably the right to operate at the 28.5° East orbital position.

Since 30 June 2014

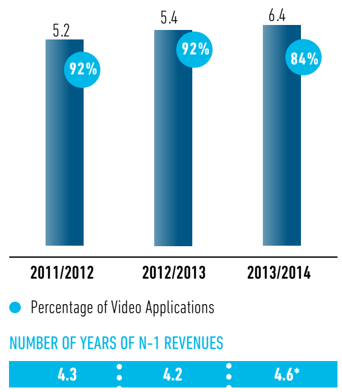
- Order, in July 2014, of the EUTELSAT 172B satellite, which will use electric propulsion for in-orbit raising and is expected for launch in the first half of 2017.

FILL RATE



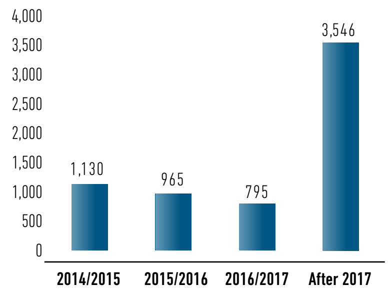
KA-SAT specific fill rate calculation : fill rate considered at 100% when 70% of the capacity is leased.

BACKLOG (BN€)

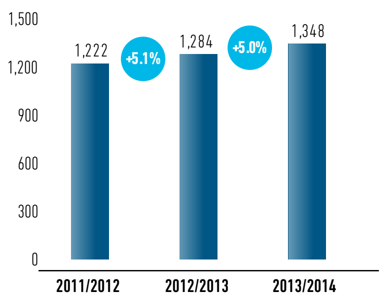


* *Including the revenue of Satmex from July to December 2013 for 69.0 million U.S. dollars.*

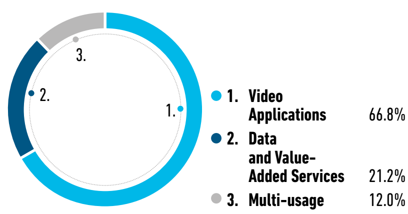
BREAKDOWN OF THE BACKLOG BY YEAR (M€)



REVENUE GROWTH (M€)

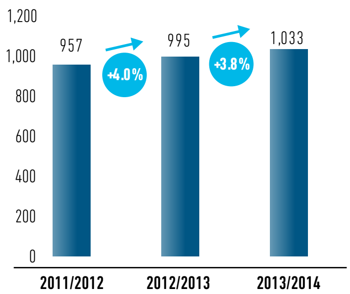


2013-2014 REVENUES BY APPLICATION (%)*



* *Excluding other and non-recurring revenues.*

EBITDA (M€)*

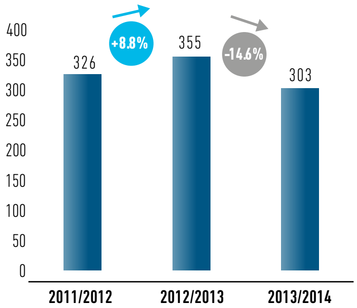


MARGIN

2011/2012	2012/2013	2013/2014
78.3%	77.5%	76.7%

* *EBITDA is defined as the operating result before amortisation and depreciation, impairment of assets and other operating income and expense.*

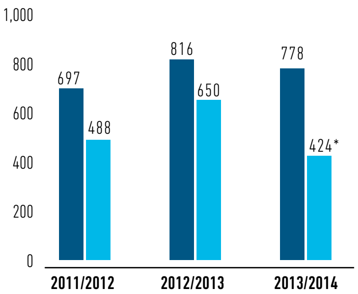
NET INCOME GROUP SHARE (M€)



NET MARGIN

2011/2012	2012/2013	2013/2014
26.7%	27.6%	22.5%

CASH FLOW FROM OPERATIONS (M€)



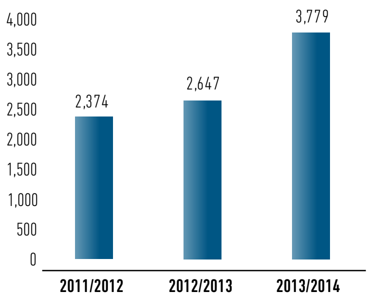
AS A PERCENTAGE OF REVENUES

2011/2012		2012/2013		2013/2014	
57%	40%	64%	51%	58%	31%

● Cash flow from operations ● Capital expenditures

* *Net from Solaris disposal for 15.6 million euros.*

NET DEBT (M€) AND LEVERAGE

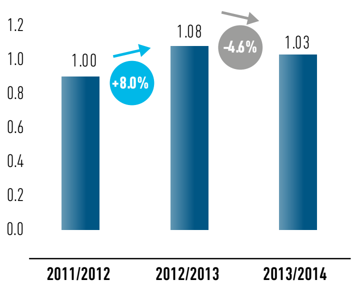


NET DEBT / EBITDA

2011/2012	2012/2013	2013/2014
2.5	2.7	3.5*

* *Proforma, including the EBITDA of Satmex from July to December 2013 for 51.0 million U.S. dollars.*

DIVIDEND PER SHARE (€) AND PAYOUT RATIO



PAYOUT RATIO

2011/2012	2012/2013	2013/2014
67%	67%	75%

››› Outlook

Revenues (at constant currency and excluding non-recurring revenues)

Based on a nominal satellite deployment plan, the Group targets organic revenue growth of around 4.0% for the current year on a proforma basis [(1)].

With the deployment of additional capacity, average revenue growth should be above 5% for the two subsequent years to 30 June 2017.

EBITDA

The EBITDA margin is targeted at above 76.5% for each fiscal year until 30 June 2017.

Active and targeted investment policy

The Group will continue to focus its investment policy on high growth markets in Latin America, Russia, the Middle East, Africa and Asia-Pacific. Average investments will stand at around 500 million euros a year over the three fiscal years to 30 June 2017. This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

Sound financial structure

The Group will maintain a sound financial structure to support its investment grade rating. Over the long term, it aims at a net debt/EBITDA ratio below 3.3x.

Attractive shareholder remuneration

The Group remains committed to sharing its profits with its shareholders over the fiscal years until 30 June 2017, with a payout ratio of 65% to 75% of Group share of net income.

(1) Adding to FY 2013-2014 reported revenues 69.0 million U.S. dollars revenues for Satmex from July to December 2013 and adjusting for the net revenue impact of the KabelKiosk disposal, FY 2013-2014 revenues would amount to circa 1,377 million euros on a proforma basis.

1.2 GROUP ACTIVITIES, MAIN MARKETS AND COMPETITION

1.2.1 GROUP ACTIVITIES

Eutelsat operates a fleet of 35 satellites, located between 117° West and 172° East (as of 30 June 2014), providing coverage of Extended Europe [(1)], a large part of the Asian continent and a portion of the American continent. The Group delivers its services to broadcasters and network operators either directly or *via* distributors.

For the financial year ended 30 June 2014, Eutelsat recorded revenues of 1,347.9 million euros, of which nearly 67% were generated by Video Applications. At 30 June 2014, the backlog stood at 6.4 billion euros, including 84% for Video Applications.

In over 30 years of experience as a pioneer in technological innovation and geographical reach, Eutelsat occupies a key role among major international telecommunications operators in an industry recognised for a high level of resilience and driven by multiple growth engines.

››› Video Applications

Revenues for Video Applications were 877.2 million euros 2013-2014, up 1.3% on 2012-2013, accounting for nearly 67% [(2)] of Eutelsat's revenues.

The Group occupies a key position in the audiovisual chain which extends from the reporting site to the viewer's screen.

Video Distribution ("Direct To Home")

Eutelsat provides its customers with a broadcasting capacity and associated services to enable them to transmit TV programmes to households that are either equipped to receive them direct *via* satellite, or connected to cable or IP networks. The Group thus occupies a key position in the audiovisual chain, which extends from the reporting site to the TV viewer's screen.

Eutelsat provides satellite capacity to major broadcasters. At 30 June 2014, 5,746 TV channels (including 584 in High Definition) and 1,253 radio stations were broadcast *via* the Group's in-orbit resources reaching an audience of almost 250 million households in Europe, the Middle East and Africa.

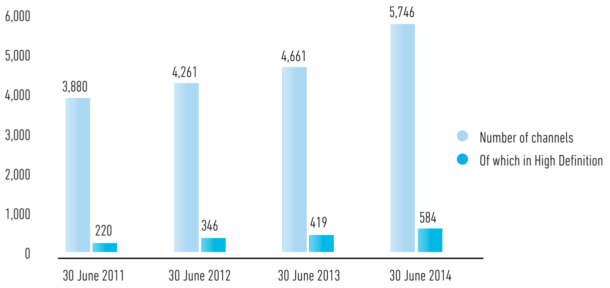
Eutelsat enjoys a solid market position in Europe as well as in high growth markets, such as Russia, the Middle East, North Africa and Sub-Saharan Africa thanks to its leading broadcasting orbital positions, all of which are benefiting from the rise in the number of new television channels as well as the surge in popularity of the new broadcasting formats (High Definition, 3D, Ultra High Definition). In addition, Eutelsat is developing its Video Distribution activities in Latin America, particularly at the 117° West orbital position, with the EUTELSAT 117 West A satellite, which will be complemented by EUTELSAT 117 West B satellite, to be launched in 2015.

Eutelsat's business model rests on the establishment of long-term relations between the Group and its broadcasting customers based on the opening of new in-orbit resources, an increase in programme offerings and farms of antennae directed at the Group's satellites.

Of the Group's customers for satellite capacity for Video Distribution, Sky Italia, Mediaset in Italy, Orange and Bis in France, M7 in Germany, Polsat, NC+ in Poland, TricolorTV and NTV+ in Russia, TAG in Croatia, Nova in Greece, DigitAlb in Albania, Al Jazeera Sport in the Middle East, Multichoice and Zap in Africa, or DigiTurk in Turkey all have either launched or expanded their commercial HD TV programmes during the course of the past year. In addition, Eutelsat was selected by Millicom to launch DTH TV in Latin America.

Eutelsat is also developing innovative commercial solutions to serve certain markets where it is not a leader. For example in France with the Fransat service, which transmits TNT channels free *via* EUTELSAT 5 West A satellite. This package is received by more than 2 million households.

TV CHANNELS BROADCAST ON THE GROUP'S SATELLITES



Source: Eutelsat Communications.

Professional video services

The Group provides television channels or broadcasting platforms with point-to-point links, enabling the routing of programmes to dedicated teleports so they can be picked up on satellites offering broadcasting services for television channels. These professional video links also make it possible to establish meshed networks, which are used for the exchange of TV station programmes.

The Group also provides links for the transmission by broadcasters of current affairs programmes ("Satellites News Gathering" or SNG) in standard digital or in High Definition. In particular, the NewSpotter service, available on the EUTELSAT KA-SAT 9A satellite, extends the scope of the Group's offers with a low-cost solution based on cheap and easy-to-use terminals.

The Group's customers for this type of service include the European Broadcasting Union, France Television Group, television channels (BBC, CBS, Mediaset, NBC, NHK, RAI, TF1), and video reporting professionals, such as APTN and Enex.

Digital cinema

Satellite is also an economical solution for distributing content to cinemas, regardless of their location, with guaranteed reliability. This is a key asset in the digital cinema market. During the 2012-2013 financial year, Eutelsat and the Belgian company DCINEX, the leading digital cinema service company in Europe, created a joint company named DSAT Cinema to offer specialist services to cinema operators in Europe.

››› Data and Telecoms Services

Data and Telecoms services together form Eutelsat's second large business, with revenues of 436.3 million euros for the 2013-2014 financial year, thereby just over 33% of the Group's total, driven notably by the development of high-speed Internet access solutions.

(1) Extended Europe consists of Western Europe, Central Europe, Russia and Central Asia, North Africa, the Middle East and Sub-Saharan Africa.

(2) The share of each application as a percentage of total revenues is calculated excluding "other revenues" and "one-off revenues".

Eutelsat develops applications aimed at making high-speed connectivity available to everyone: businesses, public administrations and private customers.

Data and Telecoms services cover capacity leased by private sector customers, administrations and Value-Added Services that bundle capacity with the supply of terminals and ground services.

Data and Telecoms Services together form Eutelsat's second main business, with revenues of 436 million euros for the 2013-2014 financial year, just over 33% of the Group's total, driven notably by the development of high-speed Internet access solutions.

OVERVIEW OF THE GROUP'S DATA AND TELECOMS SERVICES

Applications	Customers
SERVICES OF LEASE OF SPACE SEGMENT TO PRIVATE SECTOR CUSTOMERS	**14.4% OF REVENUES AT 30 JUNE 2014**
Professional VSAT data communication networks	System integrators and communication network operators, mass distribution, oil industry
Telecom Services: mobile network connection (Backhaul) in the most remote areas and Internet backbone connection (Trunking)	Telecom operators and Internet service providers (ISPs)
VALUE-ADDED SERVICES	**6.8% OF REVENUES AT 30 JUNE 2014**
Broadband Internet for corporates	Companies or local authorities served rarely or not at all by high-speed terrestrial networks
High-speed Internet access for the general public	Internet access providers, terrestrial broadcast network operators, local authorities
Mobility Services	Air, marine, rail transport companies
SERVICES OF LEASE OF SPACE SEGMENT TO GOVERNMENTS	**12.0% OF REVENUES AT 30 JUNE 2014**
Provision of capacity services to government agencies	Local government, civil security services, Departments of National Defence

VSAT professional business networks

- The majority of demand for VSAT professional business networks came from three key verticals: the oil and gas industry to connect drilling platforms on land and at sea; the banking sector; and mass distribution for the secure transmission of financial and logistical data between remote sites.
- The demand for satellite capacity is especially strong in the oil, gas and mining sector, due to increased take-up and the proliferation of exploration and production sites.

Telecom Services

The Group serves the needs of telecoms operators and Internet Service Providers (ISPs) seeking to connect their local platforms *via* its satellites to international networks (Internet, voice) or extend their mobile networks in areas which are difficult to reach. The emerging markets of Africa, the Middle East, Latin America and Asia-Pacific, where the Group has a historical presence, are driving growth, but are experiencing mobile network and Internet backbone connection problems.

Despite strong demand, competition is robust in the VSAT and Telecom Services markets in certain areas (Africa and to a lesser extent the Middle East), with point-to-point services remaining under pressure from the roll-out of terrestrial networks and, specifically in Africa, from the existing supply of satellite capacity.

High speed Internet and mobility

- The Group offers high-speed connectivity solutions for corporates on many of its satellites, notably with IP Easy, IP Access and IP Connect. Demand for these services is particularly strong in emerging markets, notably in Africa.
- In addition, EUTELSAT KA-SAT 9A has made it possible to obtain increased resources in the Ka-band, thus enabling an increase in both throughput and service quality at a lower cost and for all customer segments.

  The range of services for private individuals (Tooway) offers download speeds of 22 Mbps and upload speeds of 6 Mbps, as well as the benefit of highly significant download volumes.

These offers are marketed by retailers who supplement the Internet access offer with additional services, such as voice on IP or access to a television package *via* satellite.

The range of services *via* satellite on EUTELSAT KA-SAT 9A available to professionals offers download speeds of up to 40 Mbps and upload speeds of 10 Mbps. The main markets targeted are Internet access markets for businesses and local authorities, interconnection of private virtual networks, the security of terrestrial networks by means of back-up satellite links, and the deployment of remote surveillance solutions (SCADA).

Eutelsat has built three offers specifically for businesses on EUTELSAT KA-SAT 9A: "Access", providing top-quality high-speed Internet access; "Connect", a guaranteed dedicated throughput enabling interconnectivity to any type or size of network configured around a central hub and remote stations; and "M-BEAT" ("Multi-beam Best Effort Aggregated Throughput"), enabling flexible bandwidth allocation on several beams on the EUTELSAT KA-SAT 9A satellite.

- Finally, there have been many developments built around high-speed Internet access services, especially for mobility, with a growing need in the maritime, rail and air transport industries.

Eutelsat's new on-board solutions for aircraft, Internet Air Access, offer passengers top-quality Internet access, a video streaming service, and mobile telephony services accessible on tablets, smartphones and laptop computers throughout European air space. In 2013 and 2014, Eutelsat signed agreements with Aer Lingus and Vueling to equip their average carrier's fleet with an in-flight Internet connection offering throughput speeds of up to 100 Mbps.

In June 2014, Group announced the launch of the EUTELSAT 172B satellite which will be used by Panasonic Avionics Corporation as a platform for in-flight connectivity and entertainment for airlines serving the Asia-Pacific area.

Government services (Multi-usage)

- Government missions require reliable global communications that can be rapidly deployed throughout the world. The Group's satellites provide direct links between Europe, the Middle East, Africa, Western Asia and America.
- Eutelsat provides, either directly or through partners, services to public administrations in the framework of programmes to reduce the digital divide in the field of education or health (e-Education, e-Santé…). The Group also addresses the needs in terms of satellite capacity of intelligence, surveillance and reconnaissance systems, particularly for the US administration.

1.2.2 MAIN MARKETS AND COMPETITION

››› The Fixed Satellite Services (FSS) industry

Fixed Satellite Services' operators operate geostationary satellites, positioned in-orbit in space approximately 36,000 kilometres from the earth in the equatorial plane. This allows the transmission of signals towards an unlimited number of fixed terrestrial antennae permanently turned towards the satellite. These satellites are one of the most effective and economical means of communication to ensure transmission from one fixed point to an unlimited number of fixed points, as required for television broadcasting, for example. GEO satellites are also suitable for linking together a group of sites spread over vast geographical areas (private business networks or providing communications support at retail outlets), as well as rolling out the coverage of mobile telephone networks and Internet access to geographical areas where terrestrial networks provide little or no coverage, and establishing or restoring communications networks in emergency situations.

The fast growing global broadcast market, expanding volumes of communication, particularly on the Internet, and the role of the satellites as a complement to terrestrial networks enabling access to digital services in all territories, are three major engines for growth in the FSS industry.

According to Euroconsult, the FSS sector generated global revenues of 12.2 billion U.S. dollars as of 31 December 2013, including 10.5 billion U.S. dollars in infrastructure revenues. Total infrastructure revenue in Extended Europe and in Latin America amounted to 6.4 billion U.S. dollars.

A business with strong visibility

Eutelsat is a core player with strong resilience

Visibility in the FSS sector is lent by several factors:

- Satellites represent the most efficient and cost-effective broadcasting technology providing coverage of large geographical areas.
- Barriers to entry are high due to an intricate international regulatory framework and high requirements in terms of capital expenditure and technical expertise.
- Availability of satellite capacity must be secured on a long term basis for customers, especially those in the broadcasting business.
- Long-term partnerships are encouraged due to the heavy costs incurred by the transfer of services in the event of a change in the satellite operator, particularly in Video Applications.

Video Applications, Eutelsat's prime business, enjoys a particularly high level of resilience, thereby providing strong visibility on future revenues, as reflected in the significant order backlog.

A business set for steady growth

Eutelsat is a pioneer in geographical areas with the highest potential for growth

The market is driven by the development of TV-based offers, the expansion of the digital economy and significant demand for these services in emerging markets. Satellites represent the best solution for universal access to images and data covering areas beyond reach of terrestrial networks.

In response to these trends, satellite capacity should rise by 4.3% per year on average between 2013 and 2018 (Source: Euroconsult) in the most dynamic areas, which include Latin America, Sub-Saharan Africa, the Middle East and North Africa, Russia and Central Asia.

> Eutelsat has developed an historical presence in faster growing businesses.

Demand is supported by the digital revolution

Eutelsat plays a key role in the media and Internet convergence

The use of TV services evolves over time. Larger TV screens call for improvements in image quality, as well as the development of the High Definition format, and soon Ultra High Definition (UHD). While linear television remains the main technology for operating video content, there is an increasing trend towards the combined use of traditional television and Internet, paving the way for the take-off of connected television and multi-screen TV services. The rising number of television channels requires increased bandwidth capacity at reduced costs.

New-generation solutions are being developed in order to meet the large spectrum of end-user needs. With the launch of the EUTELSAT KA-SAT 9A satellite in 2010, Eutelsat has taken a pioneering role, providing the general public with a combination of TV-based solutions and broadband Internet access at speeds comparable to ADSL offers and at affordable prices for consumers.

In addition, for homes unserved by fibre optic networks, hybrid solutions combining satellite and broadband terrestrial networks enable end-users to receive television and video signals with the best image quality *via* satellite and use the bandwidth available on the broadband infrastructure for an enhanced service and content offer. These hybrid solutions, which are already available, will become the preferred alternatives, especially in parts of developed countries where fibre optic will not be available.

With top-ranking customers in both the media and the telecommunications industries, and its pioneering role as a provider of satellite Internet access and connectivity solutions, especially for users on the move, Eutelsat sits at the heart of the transformation, leveraging on all opportunities in developed countries as well as in emerging markets.

Satellites play a key role in propelling the digital revolution around the globe, particularly in areas under-served or unserved by terrestrial networks.

A sustained capacity offer

Eutelsat supports the development of regional operators

Global satellite capacity offer is growing. Regional operators have launched large-scale investment programmes in order to expand in their own markets and compete with global operators. New regional operators are entering the market.

However, their development can face various obstacles such as the heavy cost of capital expenditure, the level of expertise and the commercial efforts required, intricate regulations at an international level, etc.

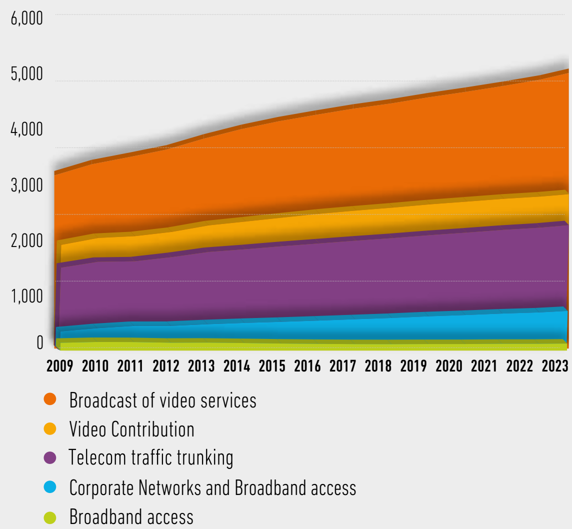
Eutelsat has entered into several long-term partnerships with regional operators. Examples include the Group's long-standing relationship with Nilesat, which contributed to the consolidation of its 7°/8° West flagship video neighbourhood. This is the most established orbital position with coverage of the Middle East and North Africa, with more than 1,500 TV channels broadcast by satellite and an audience of more than 50 million homes. In Russia, Eutelsat continues its partnership at 36° East with RSCC, the country's leading operator, covering more than 10.7 million homes in Russia. This partnership has been consolidated with the signature of long-term agreements with RSCC for capacity leased on the EUTELSAT 36C (36° East), Express-AT1 (56° East) and Express-AT2 (140° East) satellites: the last two satellites enable Eutelsat to extend its footprint to the whole of Russia. Last but not least, the partnership between Eutelsat and Eshail'Sat, the Qatari operator, materialized with the successful launch of the EUTELSAT 25B satellite at 25.5° East in August 2013, to further develop satellite services in the Middle East and North Africa.

Eutelsat has established long-term partnerships with key regional players.

››› Competitive environment

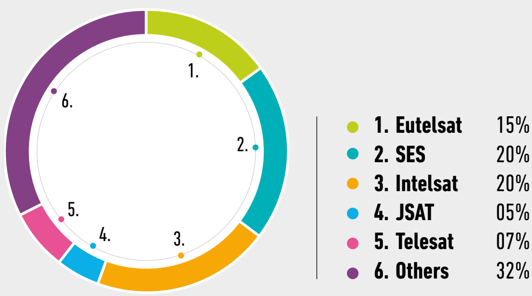
Eutelsat, one of the world's leading satellite operators, is the market leader in the Europe and MENA area, based on infrastructure revenues. With the acquisition of Satmex, announced on 31 July 2013 and closed on 1 January 2014, Eutelsat now has a strong footprint in the Americas, particularly in Latin America.

BREAKDOWN BY APPLICATION OF TRANSPONDER DEMAND IN EXTENDED EUROPE AND LATIN AMERICA



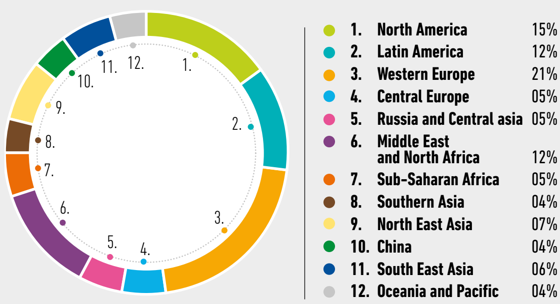
Source: Euroconsult, 2014 edition.

OPERATORS GLOBAL MARKET SHARE (BASED ON INFRASTRUCTURE REVENUES)



Source: Euroconsult, 2014 edition.

BREAKDOWN BY REGION OF INFRASTRUCTURE REVENUE FOR THE FSS SECTOR



Source: Euroconsult, 2014 edition.

Video Applications–Prospects

Video Applications experience particularly sustained growth:

- The number of homes equipped with a satellite terminal should increase globally by 135 million between 2013 and 2018, with the market penetration rate for satellite-based TV services rising from 28 to 31% of the global population (source: IHS).
- The number of channels broadcast by satellite throughout the world has increased from more than 30,000 to more than 35,000 over the last five years and should be over 47,000 by 2023 (source: Euroconsult 2014).
- The development of High Definition (HD) and Ultra High Definition (UHD) broadcasting will contribute to the sector's growth. According to Euroconsult, 45% of channels should be broadcast in High Definition by 2023 (against 19% now) and 2% should be broadcast in Ultra High Definition (0% now).

In Extended Europe and Latin America, demand for satellite capacity for Video Applications should remain well-oriented, with 3.5% compound annual growth rate between 2013 and 2018 (source: Euroconsult 2014).

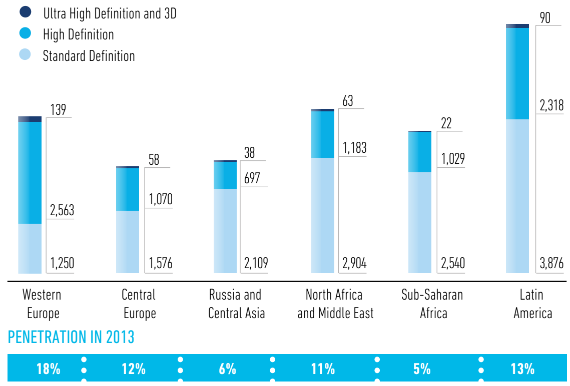
Growth is expected to be stronger in the most dynamic emerging markets. Transponder demand should rise by more than 5% per year between 2013 and 2018 in Latin America, Sub-Saharan Africa, North Africa, the Middle East, Russia and Central Asia (source: Euroconsult 2014).

Eutelsat is a major player in these emerging markets, with customers including dynamic TV platforms such as Multichoice in Sub-Saharan Africa, NTV+ and Tricolor TV in Russia and Millicom in Latin America.

Global demand for capacity for the transmission of Video Applications should be underpinned by the following trends:

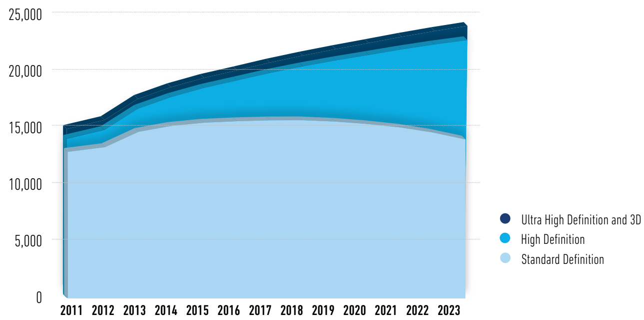
- **The increase in the number of television channels, driven mainly by emerging markets.** The number of channels should rise from more than 17,000 in 2013 to nearly 23,000 in 2023 in Extended Europe and in Latin America.
- **The widespread adoption of High Definition.** Requiring almost two times more satellite capacity than standard television (A 36 MHz transponder allowing to broadcast *circa* 12 Standard Definition channels with MPEG-2 compression format or 6 to 8 HD channels with MPEG-4 compression format), penetration rate on Eutelsat satellites has risen in one year from 9.0% to 10.2%. According to Euroconsult, the number of HD channels should progress at a weighted average annual rate of 16% in Extended Europe and in Latin America for the 2013-2023 period to stand at some 9,000 channels in 2023.
- **Ultra High Definition technology is emerging** and the appropriate equipment should begin to appear in a few years' time. The technology is currently four times more resource-hungry than HD, but should benefit from the new DVB-S3 and HEVC compression standards, which will halve the bandwidth size required for video streaming.
- **The rise in popularity of Digital Terrestrial Television (DTT)** offers satellite operators an opportunity to supply the capacity to feed terrestrial retransmitters and provide additional coverage for homes located in shadow areas.
- **The optimisation of compression rates for TV signals.** Deployment of the DVB-S2 standard and the adoption of the MPEG-4 compression standard will make it possible to transmit up to twice as many channels per transponder, thus optimising use of the bandwidth between TV channels, which reduces the cost of access to satellite capacity for new entrants.
- **The development of interactive platforms** on the back of the emergence of new, non-linear TV consumption modes, is prompting operators to invent a new generation of "hybrid" terminals, combining access to TV and the Internet. It creates a dynamic for the Eutelsat teams who are constantly working to enrich the pay TV offerings and the supply of connected TV services.

HD PENETRATION BY SUBREGION IN 2023



Source: Euroconsult, 2014 edition.

EVOLUTION OF THE NUMBER OF SD, HD AND UHD CHANNELS IN EXTENDED EUROPE AND LATIN AMERICA

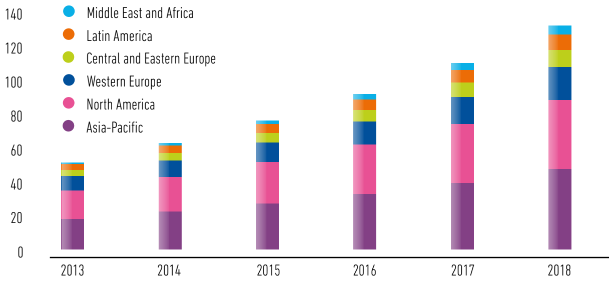


Source: Euroconsult, 2014 edition.

Data and Telecoms services–Prospects

The development of the digital economy is another growth driver for emerging markets as it requires implementation of infrastructures capable of supporting the significant surge in data and video services. According to the *VNI Index* published by Cisco in 2014, the volume of data exchanges worldwide should increase by 21% on average per year between 2013 and 2018.

GLOBAL INTERNET TRAFFIC EVOLUTION (IN PB PER MONTH)



Source: Cisco, VNI 2014.

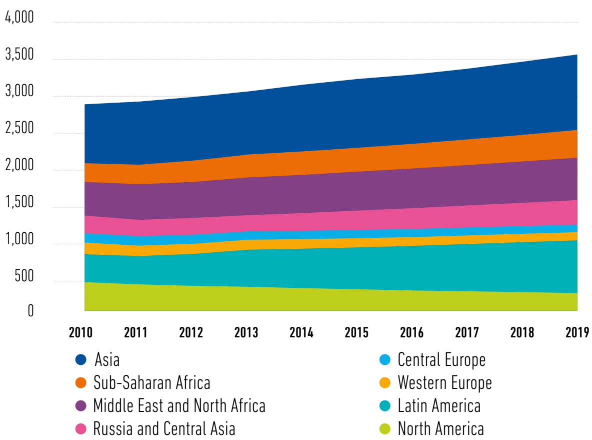
According to Euroconsult, demand for capacity for Data and Telecom services should remain well oriented growing at a 4.2% CAGR from 2013 to 2018 in Extended Europe and in Latin America. Growth in demand for capacity for Data and Telecom services will be stronger in emerging markets. For the same period, transponder demand is expected to grow at above 5% CAGR in Sub-Saharan Africa, Latin America, Russia and Central Asia. These applications, however, have an abundance of capacity and experience competition from the terrestrial networks.

Eutelsat has a strong presence in emerging markets today for Data and Telecoms services. Customers for these services notably include:

- operators such as America Movil or Telefonica in Latin America or Orange in Sub-Saharan Africa;
- service providers such as Harris Caprock or Schlumberger in Latin America, Skyvision, Astrium Services or Liquid Telecom in Sub-Saharan Africa.

Demand for capacity for Corporate networks should remain well oriented and grow at a 8.6% CAGR from 2013 to 2018 in Extended Europe and in Latin America.

GLOBAL DEMAND FOR TELECOM SERVICES, INCLUDING SERVICES TO ADMINISTRATIONS (IN NUMBER OF TRANSPONDERS)

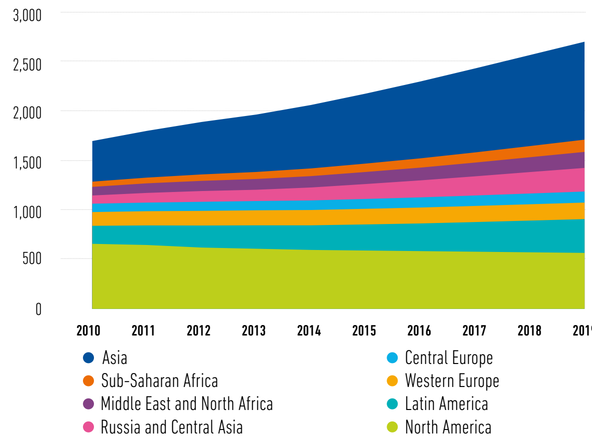


Source: Euroconsult, 2014 edition.

The trends impacting the market are as follows:

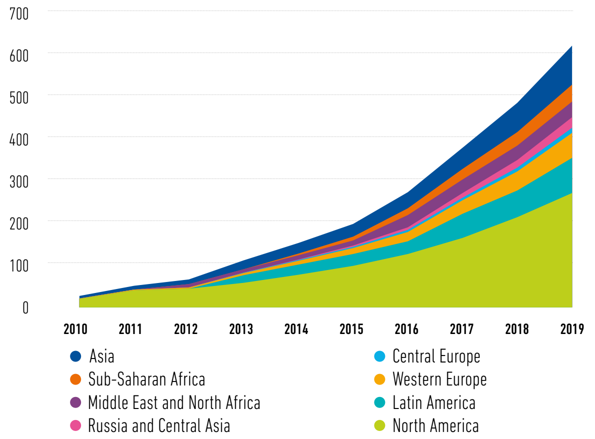
- in a digital economy characterised by an environment that requires increased connectivity, the need for capacity is constantly growing. This growth is mainly driven by the increase in video use. In 2013, according to Cisco *(VNI Index 2014)*, Video Applications on the Internet generated 65% of world IP traffic;
- while optic fibre networks have penetrated the heart of large conurbations, many rural areas on the outskirts of towns are overlooked, due to their failure to offer terrestrial operators a return on their investments. The alternative offered by the satellite is an optimum solution in many areas of developed countries and even more in emerging countries. Between 2008 and 2013, the number of VSAT terminals for corporate networks around the world has increased 35%, to over 2 million sites (source: Euroconsult);
- the increase in High Throughput Satellites exploiting new frequency bands now makes it possible to significantly improve the cost of access to the satellite resource for Data Services. Today's growing recourse to HTS technology-based solutions will be intensified in future years and will account for a major share of capacity dedicated to Data Services. In 2013, the number of homes equipped with a satellite terminal connected to the Internet rose by over 40% to more than 2.1 million around the world (source: Euroconsult). According to the European Commission ("EU Scoreboard"), high-speed access is increasing all over Europe, since satellite has made it possible to complete the coverage for the population which was out of reach for terrestrial networks. The European Commission is working to strengthen access to the Internet *via* satellite in areas where it could continue to narrow the digital divide.

DEVELOPMENT IN NUMBER OF V-SAT PER REGION (IN THOUSANDS)



Source: Euroconsult, 2014 edition.

GLOBAL DEMAND EVOLUTION FOR HTS TELECOM SERVICES (IN GBPS)



Source: Euroconsult, 2014 edition.

1.2.3 THE GROUP'S STRATEGY

1.2.3.1 Main objectives

Leveraging on its business portfolio at the crossroads between media and the Internet, and committed to developing digital economy, Eutelsat's ambition is to strengthen its positions in favour of technologies and markets that are key to tomorrow's growth.

To confirm its position as one of the world's leading FSS operators, Eutelsat conducts a policy of targeted investments with a view to delivering profitable growth. Its strategy is primarily focused on organic growth and partnerships, without relinquishing opportunities for external growth, especially in emerging markets. The Group has set the following main objectives:

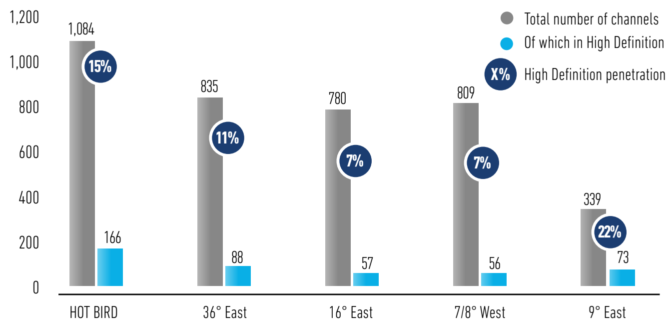
- consolidating its flagship positions in the Video Applications business, and developing new ones;
- strengthening its presence in fast-growing markets while keeping a strong base in Europe;
- developing its leadership on the growing Internet Broadband market;
- capturing opportunities for long-term growth in the area of mobility services and services to administrations;
- confirming its role as a complement to terrestrial networks, both technologically and geographically;
- maintaining a high level of flexibility and innovation in order to serve clients in the long term.

Consolidating its flagship positions in the video business, and developing new ones

Eutelsat intends to leverage on its current positions and its past investments. The prime target is organic growth based on a long-term investment policy. For Video Applications in particular, the active strategy applied by Eutelsat for managing its privileged portfolio of orbital positions provides it with high quality resources in coverage of a number of strategic geographical areas:

- At 13° East, the three HOT BIRD satellites make up the world's largest satellite broadcasting systems in coverage of Europe, the Middle East and parts of Africa and Asia, with 1,084 channels broadcast as of 30 June 2014 (of which 166 in HD). This flagship position was reinforced with the redeployment in the third quarter of 2013 of EUTELSAT 3C at 13° East under the name EUTELSAT HOT BIRD 13D in replacement of EUTELSAT HOT BIRD 13A. HOT BIRD is Europe's leading neighbourhood, serving over 120 million homes as of 30 June 2014.
- The partnership developed with Nilesat boosts resources at the 7°/8° West orbital position to address the fast-growing digital television market covering territories from North Africa to the Middle East. The growth of this market benefits from improved HD penetration and from an increase in the number of Free-To-Air channels. This orbital position offers an unequalled potential for growth for Video Applications, with a growing audience that has now reached over 50 million viewers up from 27 million in 2010. The buoyant Video market was further anchored by the signature of commercial contracts with the Group's key customers, related to the launch of the EUTELSAT 8 West B in 2015, which will significantly boost Eutelsat's resources at this position.
- The 36° East position is another major growth engine for Eutelsat. Under partnership agreements signed with the Russian operator RCSS, satellites deployed by Eutelsat at this position address a rapidly expanding market: Russia and Africa. The launch of the EUTELSAT 36C satellite by end-2015 will boost this flagship position. With the Express-AT1 and Express-AT2 satellites, launched in early 2014, with coverage of Siberia and Eastern Russia, the Group now has coverage of almost all of the Russian territory.
- Eutelsat is further developing the other orbital positions occupied by its fleet, in particular the 7° East, 16° East and 9° East positions and plans to open new ones, particularly to accelerate growth in Latin America (see Section 1.2.3.2).

NUMBER OF TV CHANNELS BROADCAST FROM THE MAJOR BROADCAST ORBITAL POSITIONS AS OF 30 JUNE 2014



Source: Eutelsat Communications.

Increasing Eutelsat's coverage of rapidly expanding markets while maintaining a strong customer base in Europe

Eutelsat's strategy consists in leveraging on its existing positions in Europe, while developing its business in dynamic emerging markets.

To this end, the Group is pursuing its policy of organic growth and development of partnerships with foreign operators at flagship positions including 7°/8° West and 36° East in particular. The acquisition of the GE-23 satellite (renamed EUTELSAT 172A) in September 2012 opens up new business opportunities for Eutelsat in the Asia-Pacific region, where demand is rapidly expanding. A new high-capacity multi-mission satellite (EUTELSAT 172B) at the same orbital position at 172° East, expected for launch in 2017, will accelerate development in the Asia-Pacific region. The acquisition of the Mexican satellite operator Satmex, closed on 1 January 2014 (see Section 1.2.3.2), enabled Eutelsat to scale up in Latin America, one of the most dynamic markets for the Fixed Satellite Services industry. These initiatives are consistent with the Group's strategy to strengthen its presence in regions with the highest growth.

Investments in new satellite capacity which Eutelsat plans to launch by 2017 will therefore be primarily focused on the fastest growing markets.

The recent opening of subsidiaries or offices in Europe, the United States, Mexico, Brazil, Dubai in United Arab Emirates, Singapore and South Africa demonstrates the Group's move to be located as close as possible to its clients.

Developing leadership on the growing Internet Broadband market

Satellite Internet Broadband access is a new market with strong growth potential which Eutelsat has fully anticipated thanks to the entry into operational service of the EUTELSAT KA-SAT 9A satellite in May 2011 and payloads in Ka-band on EUTELSAT 3B, EUTELSAT 36C and EUTELSAT 65 West A (see Section 1.2.3.2).

EUTELSAT KA-SAT 9A is Europe's most powerful satellite to date. Eutelsat seeks to draw on the breakthrough and technological strengths of this High Throughput Satellite (HTS) to the benefit of other markets. Operating in the Ka-band, the satellite's footprint is equipped with 82 spot beams of fairly limited size, offering the possibility to reuse frequencies between non-adjacent spots, which results in the cost of access to satellite capacity being reduced by six to eight times. The comparatively modest cost of the equipment means that this satellite can provide a high speed Internet access solution at competitive prices for households located in areas not covered by broadband terrestrial networks. The satellite's potential footprint can cover 30 million homes across Extended Europe. The satellite enables the Group to develop professional services and mobile applications designed for the maritime and aeronautical sectors, in particular the Eutelsat Air Access service for in-flight broadband access.

Capturing opportunities for long-lasting growth in mobility services and services to administrations

The development of mobile broadband communications solutions is a new market with significant growth potential, in maritime mobility and particularly in aeronautical mobility. The in-flight connectivity market is set for strong growth thanks to the combination of the following factors: significant progress in satellite technology in terms of performance, quality and cost with HTS ("High Throughput Satellites"), growing passenger demand for in-flight connectivity, airlines' desire to invest in this new service and the continued growth of air traffic (average annual growth of 4.7% by 2032 for commercial aviation – source: Airbus Global Market Forecast 2013-2032).

Eutelsat has signed contracts with Aer Lingus and Vueling to provide in-flight connectivity services on their European flights, using the EUTELSAT KA-SAT 9A satellite. The Group also announced in June 2014 the launch of the EUTELSAT 172 B satellite programme, which will be equipped in particular with the first multi-beam payload for the Pacific Ocean region, in Ku-band. This payload has already been selected by Panasonic Avionics Corporation to be used as a key platform for in-flight broadband and live TV services, provided to airlines serving the Asia-Pacific region.

Elsewhere, governmental services in the defence and security areas are expected to represent a source of growth in the medium term, due to the development of IT systems and the increasing use of commercial resources by governments whose long-term policies include a more efficient use of public resources.

A geographical and technological complement to terrestrial infrastructures

Eutelsat aims to draw on the opportunities offered by the geographical location of its facilities, which represent a complement to terrestrial networks in both developed and emerging countries.

- In developed countries, the Group's strategy is to complete existing networks in areas where the cost and time required to set up new terrestrial infrastructures for providing broadcasting services and Internet access increase dramatically as the population density diminishes. Satellites serve rural areas immediately and with the same quality of service as urban zones. They are therefore particularly well adapted to provide universal digital coverage of all territories.
- In emerging countries, Eutelsat offers an alternative solution in areas unserved or underserved by terrestrial infrastructures. Satellites play a key role across different links in the supply chain for connecting terrestrial infrastructures (interconnecting mobile networks, professional broadcasting services), or for directly serving a large number of areas out of reach of terrestrial networks (DTH, broadband access, VSAT networks).

The other avenue of growth focuses on the satellite's role as a technological complement to terrestrial systems. A hybrid system combining both satellite and terrestrial networks enables optimal use of each system, with satellites dedicated to video and particularly TV streams, and terrestrial networks covering Internet access and interactive solutions, with a view to lasting and consistent delivery of connected television services across all territories.

Finally, Eutelsat's telecom services also make it possible to ensure service continuity and restoration. Terrestrial networks are increasingly prone to physical deterioration, and satellites are therefore an effective solution to maintain connectivity between remote sites.

Maintaining a high level of flexibility and innovation in order to serve customers in the long term

In order to respond to changing market conditions and customers' needs over time, Eutelsat is focused on two major drivers: flexibility and innovation.

Flexibility concerns:

- the fleet, which uses several frequency bands and covers different areas. It developed in such a way that a satellite is capable of replacing another one in a cascaded manner thanks to the similarity in design of all satellites;
- the satellites as such, which are designed to adjust to market conditions: broad coverage, adjustable spot beams, in-orbit reconfiguration.

Innovation has been another key driver for Eutelsat for over 30 years. In this area, the Group's objective is three-fold: (i) ensuring that the largest number of territories enjoy the benefits of digital revolution; (ii) ensuring that the end-users are provided with high quality services, (iii) improving long-term competitiveness. Eutelsat teams are known for their expertise throughout the world, providing innovative solutions for both the space and the ground segments. Recent and current initiatives include:

- improvements in image quality: the Group launched the first UHD TV channels broadcast *via* satellite;
- connected television: with for example the "Smart LNB", designed mainly for emerging markets: Eutelsat's "Smart LNB" for Direct-to-Home antenna will allow broadcasters to operate linear television and connected TV services directly by satellite. The first phase of development was carried out in July 2013 and the "Smart LNB" is now entering into the industrialization phase;
- mobility, in particular with the development of solutions such as Internet Air Access which offers passengers top-quality Internet access on tablets, smartphones and laptop computers throughout European air space;
- Internet broadband access with notably the launch in 2010 of EUTELSAT KA-SAT 9A, the first European Ka-band multibeam satellite, which offers improved speed;
- solutions against jamming and interference.

Flexibility and innovation involves working in close collaboration with the Group's customers to support their own development, and where appropriate, to assist them in dealing with the evolutions they may face.

The acquisition of Satmex allows Eutelsat to benefit from the evolution in propulsion techniques, with the development of electrical propulsion which enables a reduction in the weight of satellites compared to chemical propulsion. With the launches of EUTELSAT 115 West B (previously Satmex 7) and EUTELSAT 117 West B (previously Satmex 9), expected in 2015, Eutelsat is one of the pioneers in this field.

1.2.3.2 Acquisition of Satmex: accelerating growth in Latin America

Terrestrial networks are under-developed in Latin America for economic reasons and because of the size of the subcontinent. Satellite represents an appropriate response to interconnect areas both for Video Applications and for Data Services in a broader sense.

Latin America is one of the most interesting markets given its needs for satellite connectivity and the dynamism of its emerging economies. According to Euroconsult, demand for satellite capacity in Latin America is expected to grow 4.2% per year on average over the 2013-2018 period.

Video markets are witnessing an exceptional growth in broadcasting services, notably thanks to the increased needs of Telecom operators with the launch of new bouquets. Recently, operators such as Telefonica have been developing triple-play packages which combine connectivity *via* terrestrial networks and satellite television. Major sporting events in Brazil in 2014 and 2016 favour the development of HD channels, and, at a later stage, UHD channels. Regarding Data Services, several countries (Peru, Colombia, Argentina) are facing increasing needs to connect administrations and local communities.

Satellite broadband in Latin America represents a potential market of 40 million homes unserved and underserved by terrestrial networks.

With the acquisition of Satmex, the Group is enlarging its footprint in very dynamic economies. After the Asia-Pacific area, the Group is now addressing Latin America, a high added value market which is benefitting from strong growth. A top-five satellite operator in Latin America, Satmex has a strong growth potential, notably thanks to the future doubling of its in-orbit resources.

This acquisition, together with the order of EUTELSAT 65 West A in June 2013, makes Eutelsat a leading operator on fast-growing digital markets in Latin America. Satmex represents, for Eutelsat, an excellent platform to grasp the opportunities in this area with:

- strategic orbital positions covering 90% of the population of the Americas;
- a fleet of three state-of-the-art satellites (of which one in inclined orbit);
- a well-established position in corporate networks and mobile backhauling;
- high customer loyalty, as evidenced by strong customer retention rates;
- the launch of two electric propulsion satellites (EUTELSAT 115 West B and EUTELSAT 117 West B) in 2015 which will almost double the total in-orbit capacity.

In 2016, Eutelsat will therefore have a total of five satellites in stable orbit covering this region, thanks to the launch of EUTELSAT 65 West A and of the two new satellites launched by Satmex. Thanks to the HTS payloads on EUTELSAT 3B (launched in May 2014) and EUTELSAT 65 West A (expected for a launch in 2016), the Group is also one of the first operators to offer Ka-band capacity addressing Broadband markets in Latin America.

Thanks to these two complementary strategic operations, the Group significantly increases its presence in Latin America, completes its coverage of the fastest-growing markets in the satellite industry and acquires new growth drivers that are sustainable and that create value.

1.3 IN-ORBIT OPERATIONS

OPERATIONAL REVIEW

Since 1 July 2013, the Group has successfully launched the EUTELSAT 25B and EUTELSAT 3B satellites:

- **EUTELSAT 25B:** built by Space Systems/Loral Inc. and launched in August 2013, this satellite has replaced the EUTELSAT 25C satellite at the orbital position 25.5° East. On this satellite, operated in partnership with Es'hailSat (former Qatar Satellite Company), Eutelsat owns eight Ku-band transponders and seven Ka-transponders. It ensures the continuity of services provided by the previous satellite with enlarged coverage of the Middle East, North Africa and Central Asia. It also provides this orbital position with its first resources in Ka-band, allowing Eutelsat to offer new services to its clients in these regions.
- **EUTELSAT 3B,** so as to reinforce capacity at 3° East. Ordered from Airbus DS and launched in May 2014, this satellite embarks 51 transponders in the Ku-, C- and Ka-bands for coverage of Europe, Africa, the Middle East, Central Asia and some parts of Latin America, notably Brazil. EUTELSAT 3B will provide Video, Data, Internet and Telecom services.

In addition, within the framework of a long-term partnership with the Russian operator RSCC, Express-AT1 and Express-AT2, two satellites for which the Group signed long-term leases for capacity were launched in March 2014. These two satellites were built by ISS Reshetnew and embark a payload developed by Thales Alenia Space. They allowed to significantly increase broadcasting resources in Ku-band at 56° East and 140° East respectively, covering Central and Eastern Russia.

In January 2014, in the framework of the settlement of the dispute with SES concerning the 28.5° East orbital position, the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. As of 30 June 2014, resources are contracted on Astra 2E (4 transponders) and Astra 2F (4 transponders) satellites.

Furthermore, the Group has carried out the following operations during the financial year:

- in July 2013, EUTELSAT 3C was redeployed to the HOT BIRD position at 13° East following the entry into service of EUTELSAT 3D at 3° East. Renamed HOT BIRD 13D, it is now collocated with the identical HOT BIRD 13B and C satellites;
- in September 2013, The reconfiguration of the 13° East orbital position enabled the HOT BIRD 13A satellite to be deployed to 7°/8° West under the name EUTELSAT 8 West C;
- in October 2013, EUTELSAT 4B was de-orbited after reaching the end of its operational life;
- in November 2013, EUTELSAT 25C was redeployed to 33° East under the name EUTELSAT 33B;
- in February 2014, following a multi-year agreement signed with the Afghanistan Ministry of Communications & Information Technology (MCIT), EUTELSAT 28B has been relocated to 48° East and renamed EUTELSAT 48D;
- in May 2014, following an agreement with Türksat, the Turkish satellite operator, EUTELSAT 33A was redeployed from 33° East to 31° East, where it is operated and was renamed EUTELSAT 31A.

MAIN INVESTMENTS

During the financial year, the Group has continued its investment programme aimed at expanding and replacing its in-orbit resources.

The Group will continue to focus its investment policy on high growth markets in Latin America, Russia, the Middle East, Africa and Asia-Pacific. Average investments will stand at around 500 million euros a year over the three fiscal years to 30 June 2017. This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

The sources of the financing awaited for the Group's future investments are specified in Section 6.1.3.5 of this Reference Document.

››› New satellite orders

The Group did not order any new satellites during the financial year 2013-2014.

However, **EUTELSAT 172B** satellite was ordered in July 2014 and will be launched by an Ariane 5 rocket in the first half of 2017 to 172° East. It will be manufactured by Airbus Defence and Space and will use electric propulsion for in-orbit raising, a procedure expected to take approximately four months.

EUTELSAT 172B will allow an early follow-on programme to EUTELSAT 172A and will provide continuity and expansion capacity at a position that is already a prime gateway for services in the Asia-Pacific region. EUTELSAT 172B will pioneer High Throughput payload customised for in-flight broadband over trans-Pacific and Asian flight paths and was selected by Panasonic Avionics Corporation as a prime platform for growth for in-flight connectivity and entertainment; EUTELSAT 172B will host three distinct payloads:

- a C-band payload delivering increased power and broader coverage that will enhance service provided today to existing customers *via* EUTELSAT 172A and tap into new growth markets in South East Asia;
- a regular Ku-band payload doubling capacity at 172° East and connected to five improved service areas: North Pacific, North East Asia, South East Pacific, South West Pacific and South Pacific;
- an innovative High Throughput Ku-band payload specifically designed for in-flight broadband, featuring multiple user spots optimised to serve densely-used Asian and trans-Pacific flight paths. This new payload will be the first customised for in-flight connectivity over the Pacific Ocean Region, delivering an overall throughput of 1.8 Gbps.

››› Other satellite programmes under procurement

The Group has proceeded with the procurement of satellites ordered during the last financial year or during previous years.

- **EUTELSAT 115 West B** (previously **Satmex 7**), ordered from Boeing, is an electric propulsion satellite to be launched in the first quarter of 2015. It will be positioned at 114.9° West and will provide the Americas with new capacity, to attend strategic markets serving high-growth applications in video, data, mobility and government. It will also offer unique coverage over the Galapagos and Easter Islands.
- **EUTELSAT 9B,** ordered from EADS Astrium and planned for launch in the second quarter of 2015. Its task will be to extend and diversify resources at the 9° East orbital position. This position serves the vibrant broadcasting market in Europe. Being adjacent to the flagship HOT BIRD video neighbourhood at 13° East, the satellite enables combined reception on a single dual-feed antenna.
- **EUTELSAT 8 West B:** scheduled for launch in the third quarter of 2015; this satellite will replace EUTELSAT 8 West A at the 8° West orbital position. It will reinforce in-orbit resources to meet the strong video market demand at 7°/8° West. This satellite was ordered by Thales Alenia Space.
- **EUTELSAT 117 West B** (previously **Satmex 9**), ordered from Boeing, is an electric propulsion satellite to be launched in the fourth quarter of 2015 and co-located with SATMEX 8 at 116.8° West. The satellite will serve Latin American customers in the video, telecommunications and government sectors.
- **EUTELSAT 65 West B:** scheduled for launch in the second quarter of 2016, this satellite will inaugurate Eutelsat's new orbital position at 65° West. The satellite will mainly cover Brazil's coastal area in Ka-band, and the main capitals and cities in South America in Ku- and C-band, as well as the French Antilles and Guyana.

Furthermore, within the framework of a long-term partnership with the Russian operator RSCC, the procurement of the satellite **EUTELSAT 36C** (for which the Group signed long-term leases for capacity) continued. EUTELSAT 36C will ensure continuity of the EUTELSAT 36A broadcasting satellite with increased resources. This powerful satellite will embark up to 70 transponders, including 18 Ka-band spot beams. Combining resources in Ku- and Ka-bands, covering the European part of the Russian Federation, it was built in order to support the development of Russian digital technology at the 36° East premium video neighbourhood. EUTELSAT 36C will also ensure continuity and expansion of broadcasting resources in Sub-Saharan Africa. Its launch is planned in the fourth quarter of 2015.

››› Launch services of satellites

Generally speaking, under its security policy and resource deployment plan, the Group aims to diversify its launch service providers as much as possible to ensure a degree of operational flexibility in the event of a failed launch. For example, its satellites are technically adaptable so as to be launched by several different types of launch vehicles. Similarly, the Company may choose to re-allocate satellite launches to another of its launch service providers under its firm or optional launch service agreements.

01

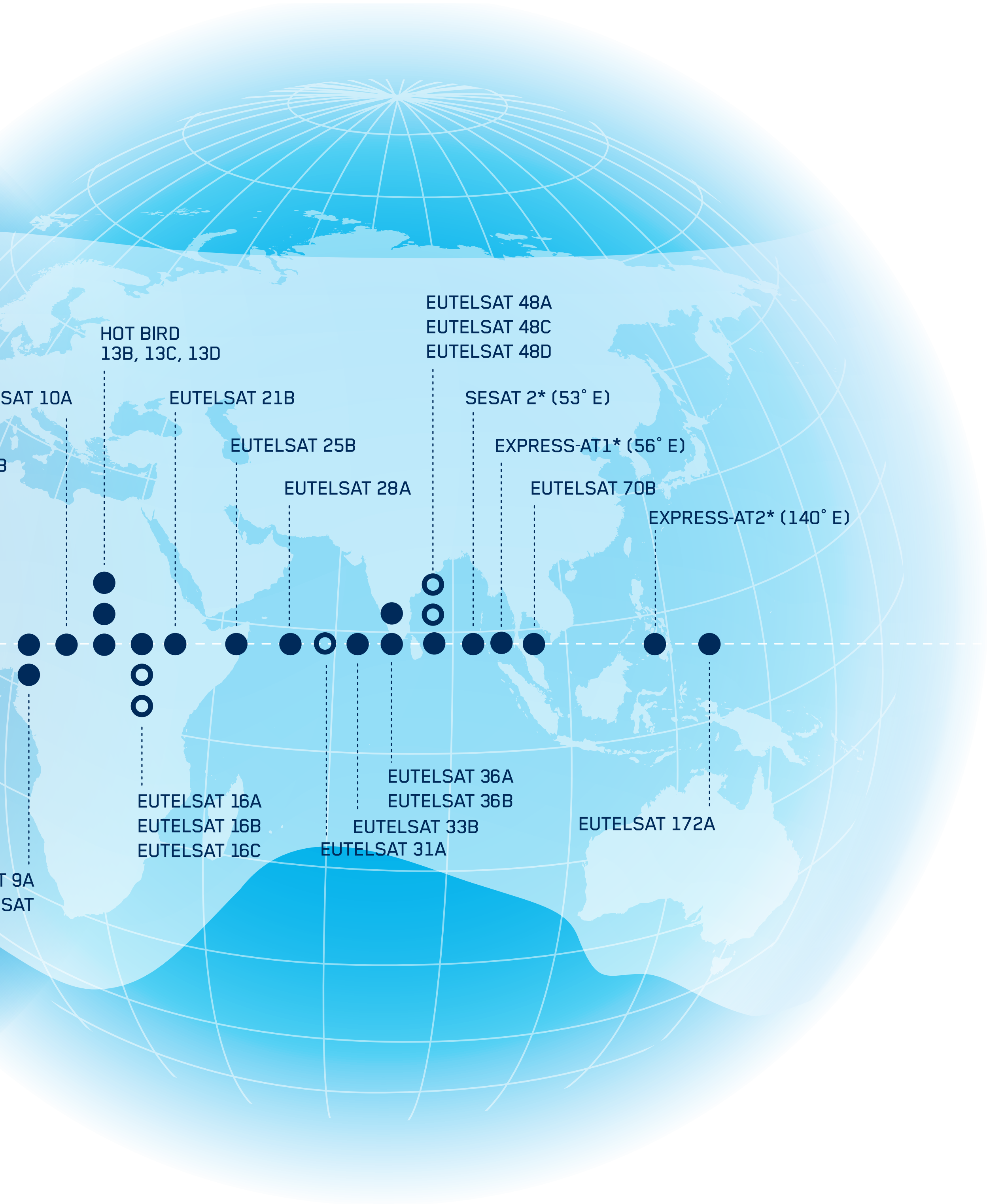
SATELLITES AND COVERAGE AREAS

EUTELSAT FLEET

SEPTEMBER 2014

- ● stable orbit
- ○ inclined orbit
- * capacity on third-party satellites

FUTURE SATELLITES:



EUTELSAT 9B
EUTELSAT 8 West B
EUTELSAT 36C*
EUTELSAT 115 West B
EUTELSAT 117 West B
EUTELSAT 65 West A
EUTELSAT 172B

SATELLITE FLEET

As of 30 June 2014, the Group operated 35 [1] satellites, of which four were leased from third parties and six were in inclined orbit.

››› Fully owned capacity as of 30 June 2014

New name of the satellite	Orbital position	Geographic coverage	Nominal capacity (number of transponders)	Launch date	Estimated end of operational use in stable orbit as of 30 June 2014 [1] (calendar year)
EUTELSAT HOT BIRD 13B	13° East	Europe, North Africa, Middle East	64 Ku	August 2006	Q4 2024
EUTELSAT HOT BIRD 13C	13° East	Europe, North Africa, Middle East	64 Ku	December 2008	Q3 2024
EUTELSAT HOT BIRD 13D	13° East	Europe, North Africa, Middle East	64 Ku	February 2009	Q4 2023
EUTELSAT 12 West A	12.5° West	Europe, Middle East, Americas	19 Ku	August 2002	Q3 2018
EUTELSAT 117 West A	116.8° West	Americas	40 Ku / 24 C	March 2013	Q2 2035
EUTELSAT 113 West A	113° West	Americas	24 Ku / 36 C	May 2006	Q2 2023
EUTELSAT 8 West A	8° West	Europe, Middle East, Americas	26 Ku	September 2001	Q2 2019
EUTELSAT 8 West C [2]	8° West	Middle East, North Africa	10 Ku / 1 Ka	August 2002	Q4 2017
EUTELSAT 7 West A	7° West	Middle East, North Africa	50 Ku	September 2011	Q2 2033
EUTELSAT 5 West A	5° West	Europe, Americas, Africa	35 Ku / 10 C	July 2002	Q3 2019
EUTELSAT 3D [3]	3° East	Europe, Middle East, Africa	53 Ku / 3 Ka	May 2013	Q1 2039
EUTELSAT 7A	7° East	Europe, Middle East, Africa	42 Ku / 2Ka	March 2004	Q2 2021
EUTELSAT 9A	9° East	Europe, North Africa, Middle East	38 Ku	March 2006	Q4 2024
EUTELSAT KA-SAT 9A	9° East	Europe, Mediterranean Basin	82 Ka	December 2010	Q4 2028
EUTELSAT 10A	10° East	Europe, Middle East, Africa	42 Ku / 10 C	April 2009	Q1 2023
EUTELSAT 16A	16° East	Europe, Middle East, Africa, Indian Ocean	53 Ku / 3 Ka	October 2011	Q2 2027
EUTELSAT 21B	21.5° East	Europe, Middle East, Africa	40 Ku	November 2012	Q3 2033
EUTELSAT 25B	25,5° East	Europe, North Africa, Middle East	8 Ku / 7 Ka	August 2013	Q1 2034
ASTRA 2E [4]	28.2° East	Europe	4 Ku	September 2013	Q1 2029
ASTRA 2F [4]	28.2° East	Europe	4 Ku	September 2012	Lifetime in excess of 15 years
EUTELSAT 28A	28.5° East	Europe	24 Ku	March 2001	Q3 2018
EUTELSAT 33B [5]	33° East	Europe, North Africa, Middle East, Central Asia	20 Ku	November 2002	Q2 2016
EUTELSAT 36A	36° East	Africa, Russia	31 Ku	May 2000	Q3 2017
EUTELSAT 36B	36° East	Europe, Middle East, Africa	70 Ku	November 2009	Q4 2026
EUTELSAT 48D	48° East	Afghanistan and Central Asia	8 Ku	December 2008	Q4 2020
EUTELSAT 70B	70.5° East	Europe, Middle East, Asia	48 Ku	December 2012	Q4 2031
EUTELSAT 172A	172° East	Asia-Pacific, Australia, New Zealand	20 Ku / 18 C	December 2005	Q1 2022
EUTELSAT 115 West A	114.9° East	Americas	24 Ku / 24 C	December 1998	Inclined orbit
EUTELSAT 16B	16° East	Europe, Middle East, Indian Ocean	5 Ku	February 1998	Inclined orbit
EUTELSAT 16C	16° East	Europe, Middle East, Africa, Asia	5 Ku	April 2000	Inclined orbit
EUTELSAT 31A	31° East	Europe	20 Ku	September 2003	Inclined orbit
EUTELSAT 48A	48° East	Central Europe, Middle East, Central Asia	20 Ku	November 1996	Inclined orbit
EUTELSAT 48C	48° East	Europe, Middle East, Africa, Asia	21 Ku	April 1999	Inclined orbit

(1) Every year, the Group reviews the estimated operational life of the satellites in orbit (for further information, see Notes 4.7 and 6 to the consolidated financial statements for the financial year ended 30 June 2014 in Section 6.2 "Financial information for the year ended 30 June 2013" of this Reference Document).

(2) In January 2014, the satellite experienced an anomaly to an onboard power transmission assembly. As the electrical power produced by the other onboard assembly remains well above the level required by the overall satellite platform for its current mission, it is fully expected that the satellite will continue to deliver nominal service to clients.

(3) For regulatory reasons, EUTELSAT 3D will be operated with 32 Ku-Band and 1 Ka-Band transponders at the 3° East orbital position.

(4) In January 2014, in the framework of the settlement of the dispute with SES concerning the 28.5° East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. The number of transponders indicated is the number of transponders contracted by Eutelsat on the two SES satellites.

(5) Following the incident on 16 June 2008, the power of this satellite (previously EUTELSAT 25C) and its estimated remaining life has been reduced. See Note 6 of the consolidated accounts for the year ending 30 June 2011.

(1) Does not include the capacity owned on ASTRA 2E and ASTRA 2F as of 30 June 2014.

»» Capacity leased from third parties as of 30 June 2014

Satellite name	Orbital position	Geographic coverage	Nominal capacity (number of transponders)	Launch date	Estimated end of operational use in stable orbit as of 30 June 2014 (calendar year)
Telstar 12 [(1)]	15° West	Europe, Americas	4 Ku	October 1999	Q2 2016
EUTELSAT 3A [(2)]	3° East	Europe, Middle East, Central Asia, Africa	7 C	May 2007	Q4 2014
SESAT 2 [(3)]	53° East	Europe, North Africa, Middle East, Asia	12 Ku	December 2003	Q1 2016
Express-AT1 [(4)]	56° East	Siberia	21 Ku	March 2014	Q2 2029

(1) Owned by Loral Skynet. This capacity corresponds to the one operated by Eutelsat.

(2) Previously known as Sinosat3 or ChinaSat5C and owned by China Satcom. This capacity corresponds to the one operated by Eutelsat. Since 30 June 2014, EUTELSAT 3A was relocated at 8° West, where it operates in inclined orbit under the name EUTELSAT 8 West D.

(3) Owned by Russian Satellite Communications Company (RSCC). This capacity corresponds to the one operated by Eutelsat.

(4) Satellite in partnership with RSCC. The indicated number of transponders relate to Eutelsat only.

»» Main changes since 30 June 2014

The eight Ku-band transponders leased on Express-AT2, which was launched in March 2014 in the framework of the partnership with RSCC, entered into operation in early July 2014.

EUTELSAT 3B, which was launched on 26 May 2014, entered into operational service on 6 July 2014 and replaced EUTELSAT 3A and EUTELSAT 3D satellites.

In mid-July 2014, EUTELSAT 3D was relocated to 7° East where it is now copositioned with EUTELSAT 7A and was renamed EUTELSAT 7B. EUTELSAT 3A was redeployed at 8° West, where it operates in inclined orbit under the name EUTELSAT 8 West D. It will be de-orbited in the coming months.

»» Satellite programmes under procurement

Satellite name	Manufacturer	Geographical coverage	Estimated launch period [(1)]	Capacity	Operating orbital position
EUTELSAT 115 West B	Boeing	Americas	Q1 2015	34 Ku / 12 C	114.9° West
EUTELSAT 9B	Airbus DS	Europe, North Africa, Middle East	Q2 2015	60 Ku	9° East
EUTELSAT 8 West B	Thales Alenia Space	Middle East, Africa, South America	Q3 2015	40 Ku / 10 C	7°/8° West
EUTELSAT 36C [(2)]	Airbus DS	Russia, Sub-Saharan Africa	Q4 2015	Up to 52 Ku / 18 Ka	36° East
EUTELSAT 117 West B	Boeing	Latin America	Q4 2015	40 Ku	116.8° West
EUTELSAT 65 West A	Space Systems/ Loral Inc.	Latin America	Q2 2016	24 Ku / 10 C / up to 24 Ka	65° West
EUTELSAT 172B	Airbus DS	Asia-Pacific	H1 2017	14 C, 36 Ku (regular), 11 Ku HTS spotbeams	172° East

(1) Satellites generally enter into service one to two months after launch for chemical propulsion satellites and six to eight months after launch for electric propulsion satellites. EUTELSAT 115 WestB and EUTELSAT 117 WestB will need six to eight months after launch to enter into service and EUTELSAT 172B circa four months.

(2) Satellite in partnership with RSCC. The indicated number of transponders relate to Eutelsat only.

1.4 MANAGEMENT

EXECUTIVE COMMITTEE

The nine members of the Executive Committee of Eutelsat Communications implement the Group's strategy whose major directions are reviewed by the Board of Directors.

1/ MICHEL DE ROSEN

Chairman and Chief Executive Officer

2/ MICHEL AZIBERT

Deputy CEO
and Chief Commercial and Development Officer

Committee Deputy Chairman

3/ ANTOINE CASTARÈDE

Chief Financial Officer

4/ JACQUES DUTRONC

Chief Development and Innovation Officer

5/ ANDREW JORDAN

Executive Vice-President Strategic Projects

6/ YOHANN LEROY

Chief Technical Officer

7/ PATRICIO NORTHLAND

Chief Executive Officer of Eutelsat Americas

8/ JEAN-LOUIS ROBIN

Director of Human Resources and Information Systems

9/ EDOUARD SILVERIO

Group General Counsel and Company Secretary

MANAGEMENT COMMITTEE

The Management Committee manages Eutelsat's operating activities. In addition to the members of the Executive Committee, the Management Committee comprises Olivier Anstett, Director of Multimedia & Value-Added Services, Antonio Arcidiacono, Director of Innovation, Jean-François Bureau, Director of Institutional and International Affairs, Manuel Calvo Serrano, Director of Operations, Francesco Cataldo, Deputy Chief Commercial Officer, Markus Fritz, Director of Commercial Development & Marketing, Bernard Kasstan, Satellite Fleet Manager, Jean-Hubert Lenotte, Director of Strategy, Jean-François Leprince-Ringuet, Special Advisor, Raphaël Mussalian, Special Advisor on Technology Strategy, Vanessa O'Connor, Director of Corporate Communications, Arduino Patacchini, Special Advisor, Ariane Rossi, Deputy Chief Financial Officer and Interim Chief Risk Officer.

1.5 SOCIAL AND SOCIETAL RESPONSIBILITY

Eutelsat's people reflect a broad range of expertise and cultures and sit at the heart of the Group's success. They carry out their work across a large international footprint to meet customer needs and to build lasting relationships with partners and stakeholders. Technological excellence as well as ethical and responsible attitudes underpin Group culture. The main objectives of Eutelsat's human resources policy are to pursue a long tradition of success and innovation, to increase market knowledge in order to improve reaction to new business opportunities, to constantly improve skill sets in anticipation of changing markets and to recruit and build employee loyalty through a stimulating work environment.

Eutelsat grounds its human resources management policy on a long-term vision designed to reinforce a sense of belonging and employee loyalty as well as to attract highly-qualified talent. A number of principles underline this objective: on-going training for almost two out of three employees during the year, a priority towards internal mobility during recruitment processes, fair remuneration packages through annual evaluation procedures, a high level of social security cover and an employee company savings scheme with a match funding policy.

Sharing the fruits of the Company's growth is also provided for through long-term incentive plans and, as a consequence, by employees' shareholding in the Company.

As of 31 December 2013, women represented 31% of Eutelsat S.A.'s workforce. The Group is keen to attract a larger proportion of women to scientific and technical careers, and as such works closely with educational establishments to achieve a better gender balance with the recruitment of engineers and executives. Internal training and promotion also contributes to this objective.

Another key principle of the human resources policy is prevention of all forms of discrimination, along with diversity in terms of age, ethnic origin and professional experience. Eutelsat is a signatory of the Charter of Workplace Diversity and was the first company in the telecommunications sector to sign a Senior Agreement on work-time flexibility. It was also the first French firm to offer employees Solidarity Rounding, an initiative in favour of local employment and small-loan matching by the Company.

Section 3 of this Reference Document describes the Group's environmental, social and societal policy.

02 CORPORATE GOVERNANCE

2.1 COMPOSITION OF THE BOARD OF DIRECTORS

The Company was incorporated on 15 February 2005, as a *société par actions simplifiée* (joint-stock company) and was transformed into a *société anonyme* (limited company) with a Board of Directors on 31 August 2005.

As of the filing date of this Reference Document, the Company is managed by a Board of Directors comprising nine Board Members (five of whom are independent). Each Board Member has a four-year renewable term of office.

During the financial year ended 30 June 2014, the composition of the Board of Directors changed as follows:

- At its meeting of 16 September 2013, the Board was informed by its Chairman, Mr Jean-Martin Folz that, due to the new Afep-Medef recommendations on multiple directorships, he would not seek the renewal of his corporate office due to expire at the General Assembly of Shareholders of 7 November 2013. In order to enable the Board to immediately appoint his successor as Chairman of the Board, and to avoid any uncertainty due to a period of transition, Mr Jean-Martin Folz resigned as Chairman of the Board as of the meeting held on 16 September 2013. Noting that the separation of the roles of Chairman and CEO was no longer justified, due to the recent developments of Eutelsat and the reorganization of shareholders, the Board decided to merge the two functions, reverting to practice in place from 2004 to 2009. The Board then decided unanimously to appoint Mr Michel de Rosen, who has been CEO since 2009, as Chairman and CEO of the Company.
- At the Ordinary and Extraordinary General Meeting of the Shareholders the Company held on 7 November 2013:
  - The corporate office of Mr Bertrand Mabille as Director was renewed for a term of four (4) years;
  - The cooptation of Mr Ross McInnes as Director during the financial year was ratified: the Board of Directors of 7 February 2013 had acknowledged the resignation of Mr Olivier Rozenfeld, and co-opted Mr Ross McInnes to cover his corporate office as Director for the remaining period.
- Since February 2014, Mr Jean d'Arthuys is the permanent representative of Bpifrance Participations at the Board of the Company, replacing Mr Thomas Devedjian.

The composition of the Board of Directors as of the filing date of this Reference Document is shown in the table below:

Full name, business address	Office	Date of first appointment/ co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
MICHEL DE ROSEN Eutelsat Communications 70, rue Balard 75015 Paris	Board Member, Chairman of the Board of Directors (since 16 September 2013) and Chief Executive Officer	**First appointment/ Co-opting:** 10 November 2009 (as Board Member and Chief Executive Officer)	**CURRENT OFFICES AND FUNCTIONS:** **In France:** ■ Board Member (Chairman of the Board of Directors since 16 September 2013) and Chief Executive Officer of Eutelsat S.A. ■ Representative of Eutelsat S.A., Chairman of Eutelsat VAS S.A.S. **Outside France:** ■ Board Member and Chairman of Eutelsat Inc. (USA) ■ Board Member of Eutelsat International Ltd (Cyprus) ■ Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) since 1 January 2014	**CURRENT OFFICES AND FUNCTIONS:** **Outside France:** ■ Board Member of Hispasat S.A. (Spain) ■ Board Member of ABB Ltd (Switzerland)
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2016	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **In France:** ■ Deputy CEO of the Company and of Eutelsat S.A. **Outside of France:** ■ Board Member of Skylogic S.p.A. (Italy) ■ Board Member of Holdsat Mexico SAPI de C.V. (Mexico) absorbed by Satélites Mexicanos S.A. de C.V. (Mexico) as of 31 July 2014	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **Outside France:** ■ Board Member of Solaris Mobile Ltd (Ireland)
LORD JOHN BIRT Eutelsat Communications 70, rue Balard 75015 Paris	Vice President, Board of directors	**First appointment/ Co-opting:** 10 November 2006 (as Board Member)	**CURRENT OFFICES AND FUNCTIONS:** None	**CURRENT OFFICES AND FUNCTIONS:** **Outside France:** ■ Non-executive Director of Shopvolution (United Kingdom) ■ Chairman of Paypal Europe (Luxemburg) ■ Chairman of Terra Firma Investor Advisory Board (United Kingdom) ■ Chairman of Host Europe (United Kingdom) ■ Member of the House of Lords
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2015	**OFFICES AND FUNCTIONS HAVING EXPIRED:** None	**OFFICE AND FUNCTIONS HAVING EXPIRED:** **In France:** ■ Adviser to Capgemini **Outside France:** ■ Chairman of Maltby Capital Ltd (United Kingdom) ■ Non-executive Director of Infinis Ltd (United Kingdom)
JEAN-PAUL BRILLAUD Eutelsat Communications 70, rue Balard 75015 Paris	Board Member	**First appointment/ Co-opting:** 8 November 2011	**CURRENT OFFICES AND FUNCTIONS:** **In France:** ■ Board Member of Eutelsat S.A.	**CURRENT OFFICES AND FUNCTIONS:** None
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2015	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **In France:** ■ Deputy CEO of the Company and Eutelsat S.A. **Outside France:** ■ Member of the Supervisory Board of Eutelsat Services & Beteiligungen GmbH (Germany) ■ Board Member of Eutelsat Inc. (USA)	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **Outside France:** ■ Board Member of Hispasat S.A. (Spain) ■ Board Member of Solaris Mobile Ltd (Ireland)

Full name, business address	Office	Date of first appointment/ co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
BPIFRANCE PARTICIPATIONS (since 12 July 2013, previously Fonds Stratégique d'Investissement) **REPRESENTED BY:** Jean d'Arthuys (since 25 February 2014) 6/8, Boulevard Haussmann 75009 Paris	Board Member	**First appointment/ Co-opting:** 17 February 2011 (Fonds Stratégique d'Investissement)	**CURRENT OFFICES AND FUNCTIONS OF THE PERMANENT REPRESENTATIVE, MR JEAN D'ARTHUYS:** **In France:** ■ Permanent representative of Bpifrance Participations (since 12 July 2013, previously Fonds Stratégique d'Investissement), Board Member of Eutelsat S.A.	**CURRENT OFFICES AND FUNCTIONS OF THE PERMANENT REPRESENTATIVE, MR JEAN D'ARTHUYS:** ■ Permanent representative of Bpifrance Participations (since 12 July 2013, previously Fonds Stratégique d'Investissement) ■ Member of the Supervisory Board of ST Microelectronics ■ Board Member of Talend ■ Board Member of Viadeo ■ Board Member of Soprol ■ Board Member and Member of the Executive Committee of Bpifrance Participations (since 12 July 2013, previously Fonds Stratégique d'Investissement)
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2014	**OFFICES AND FUNCTIONS OF THE PERMANENT REPRESENTATIVE, MR JEAN D'ARTHUYS, HAVING EXPIRED:** None	**OFFICES AND FUNCTIONS OF THE PERMANENT REPRESENTATIVE, MR JEAN D'ARTHUYS, HAVING EXPIRED:** **In France:** ■ President of HEC Alumni ■ Board Member of Indefilms (Sofica)
BERTRAND MABILLE Eutelsat Communications 70, rue Balard 75015 Paris	Board Member	**First appointment/ Co-opting:** 10 May 2007	**CURRENT OFFICES AND FUNCTIONS:** **In France:** ■ Board Member of Eutelsat S.A.	**CURRENT OFFICES AND FUNCTIONS:** **In France:** ■ Executive Vice President of CWT France-Mediterranean ■ Representative of Carlson Wagonlit Travel France, Chairman of Carlson Wagonlit Distribution ■ Chairman of Carlson Wagonlit Meetings & Events ■ Chairman of SETA (Forum Voyages) ■ Board Member of Videodesk **Outside France:** ■ Chairman of the Board of Carlson Wagonlit Italia S.r.l. (Italy) ■ Chairman of the Board of Acentro Turismo S.p.A. (Italy) ■ Managing Director of Carlson Wagonlit España S.L.U (Spain) ■ Managing partner of Viajes Lepanto, S.L.U. (Spain) ■ Permanent Representative of Carlson Wagonlit Spain Holdings II BV (Spain) ■ Director of Carlson Wagonlit Maroc S.A. (Morocco) ■ Permanent Representative of CWT Beheermaatschappij B.V. of the Board of Carlson Wagonlit Maroc S.A. (Morocco)
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2017	**OFFICES AND FUNCTIONS HAVING EXPIRED:** None	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **In France:** ■ Member of the Supervisory Board of Cofitel ■ CEO of CWT France ■ Chairman of the Supervisory Board of Adeuza ■ Board Member of So Ouat

Full name, business address	Office	Date of first appointment/ co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
CAROLE PIWNICA Eutelsat Communications 70, rue Balard 75015 Paris	Board Member	**First appointment/ Co-opting:** 9 November 2010	**CURRENT OFFICES AND FUNCTIONS:** None	**CURRENT OFFICES AND FUNCTIONS:** **In France:** ■ Board Member of Sanofi **Outside France:** ■ Board Member of Naxos UK (United Kingdom) ■ Board Member of Amyris (USA) ■ Board Member of Big Red (USA) ■ Board Member of Elevance (USA) ■ Board Member of Recycoal (United Kingdom)
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2016	**OFFICES AND FUNCTIONS HAVING EXPIRED:** None	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **In France:** ■ Chairman of the Board of Amylum group **Outside France:** ■ Board Member of S.A. Spaldel N.V. (The Netherlands) ■ Board Member and Vice-Chairman of Tate & Lyle Plc (United Kingdom) ■ Board Member of Toepfer International GmbH (Germany) ■ Board Member of Dairy Crest Group Plc (United Kingdom) ■ Board Member, Member of the Compensation Committee, and Chairman of the Social Responsibility Committee of the Board of Aviva Plc (United Kingdom) ■ Board Member of Louis Delhaize (Belgium)
MIRIEM BENSALAH CHAQROUN Eutelsat Communications 70, rue Balard 75015 Paris	Board Member	**First appointment/ Co-opting:** 8 November 2012	**CURRENT OFFICES AND FUNCTIONS:** None	**CURRENT OFFICES AND FUNCTIONS:** **Outside France:** ■ Director of the Holmarcom Group (Morocco) ■ CEO of Eaux minérales d'Oulmès (Holmarcom Group) (Morocco) ■ Director and Chairwoman of the Audit Committee of the Morocco Central Bank (Bank Al Maghrib) (Morocco) ■ Director of the Mohammed VI Foundation for Environmental Protection (Morocco) ■ Chairwoman of the Euro-Mediterranean Board for Mediation and Arbitration (Morocco) ■ Member of the Arab Business Council (ABC) ■ Member of the Management Board of the Moroccan British Business Leader Forum (MBBLF) ■ Member of the Al Akhawayn University Board ■ Member of the Young Presidents' Organization (YPO) ■ President of the *Confédération Générale des Entreprises du Maroc* (CGEM) ■ Member of Planet Finance Association Board in Morocco
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2016	**OFFICES AND FUNCTIONS HAVING EXPIRED:** None	**OFFICES AND FUNCTIONS HAVING EXPIRED:** ■ Member of the Board of the Social Development Agency (ADS)
ELISABETTA OLIVERI Eutelsat Communications 70, rue Balard 75015 Paris	Board Member	**First appointment/ Co-opting:** 8 November 2012	**CURRENT OFFICES AND FUNCTIONS:** None	**CURRENT OFFICES AND FUNCTIONS:** **Outside France:** ■ CEO of Gruppo Fabbri Vignola (Italy) ■ Board Member of Gruppo Editoriale L'Espresso (Italy) ■ Board Member of SNAM (Italy) ■ Board Member of Gruppo Monzino 1750 (Italy) ■ Founder and Board Member of the Furio Solinas Onlus Foundation (Italy)
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2016	**OFFICES AND FUNCTIONS HAVING EXPIRED:** None	**CURRENT OFFICES AND FUNCTIONS:** **Outside France:** ■ CEO and Board Member of Sirti S.p.A. (Italy) ■ CEO and Board Member of SEIRT S.A. (Italy) ■ Board Member of Azienda Trasporti Milanesi (Italy)

Full name, business address	Office	Date of first appointment/ co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
ROSS MCINNES Eutelsat Communications 70, rue Balard 75015 Paris	Board Member	**First appointment/ Co-opting:** 7 February 2013	**CURRENT OFFICES AND FUNCTIONS:** None	**CURRENT OFFICES AND FUNCTIONS:** **In France:** ■ Deputy CEO of Safran ■ Board Member of Aircelle ■ Board Member of Turbomeca ■ Board Member of Messier-Bugatti-Dowty ■ Board Member of Morpho ■ Board Member of Snecma ■ Board Member and Chairman of the Audit Committee of Faurecia ■ Board Member of Financière du Planier **Outside France:** ■ Board Member of Safran USA, Inc. (USA) ■ Permanent Representative of Établissements Vallaroche at the Board of Directors of Soreval (Luxemburg) ■ Permanent Representative of Santé Europe Investissements S.A.R.L. at the Board of Directors of Santé S.A. (Luxemburg) ■ Board Member of IMI, Plc
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2014	**OFFICES AND FUNCTIONS HAVING EXPIRED:** None	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **In France:** ■ Board Member of Sagem Défense Sécurité ■ Board Member of Vallaroche Conseil ■ Permanent Representative of Safran at the Board of Directors of Établissements Vallaroche ■ Member of the Advisory Board of Safran ■ Permanent Representative of Safran at the Board of Directors of Messier-Dowty S.A. ■ Board Member of Messier-Dowty S.A. ■ Board Member of SME ■ Chairman of Chartreuse & Mont-Blanc S.A.S. ■ Board Member of Macquarie Autoroutes de France S.A.S. ■ Board Member of Eiffarie S.A.S. ■ Board Member of Société des Autoroutes Paris-Rhin-Rhône ■ Board Member of AREA–Société des Autoroutes Rhône-Alpes ■ Board Member of Adelac S.A.S. ■ Board Member of Bienfaisance Holding ■ Member of the Supervisory Board of Générale de Santé ■ Member of the Supervisory Board of Pisto S.A.S. ■ Permanent Representative of Établissements Vallaroche at the Board of Directors of La Financière de Brienne ■ Observer of Générale de Santé ■ Permanent Representative of Santé Europe Investissements S.A.R.L. at the Board and Member of the Audit Committee of Générale de Santé **Outside France:** ■ Vice-President de Macquarie Capital Europe Ltd (United Kingdom) ■ Board Member of Limoni S.p.A. (Italy) ■ Board Member of Santé S.A. (Luxemburg) ■ Board Member of Chartreuse & Mont-Blanc Global Holdings S.C.A. (Luxemburg) ■ Board Member of Chartreuse & Mont-Blanc GP S.a.r.l. (Luxemburg) ■ Board Member of Chartreuse & Mont-Blanc Holdings S.a.r.l. (Luxemburg)

BOARD MEMBERS AT 30 JUNE 2014

MICHEL DE ROSEN (DoB: 18 February 1951–63 years old), a French national, joined Eutelsat Communications on 1 July 2009 as Deputy Chief Executive Officer, before being appointed as Chief Executive Officer and Board Member of the Company on 9 November 2009. In parallel, M. de Rosen was appointed CEO and Board member of Eutelsat S.A. on 10 November 2009. On 16 September 2013, he was appointed Chairman and Chief Executive Officer of the Company and of Eutelsat S.A. M. de Rosen graduated from the French *Hautes Études Commerciales* (HEC) Business School and the *École Nationale d'Administration* (ENA). He began his career in the French *Inspection générale des finances*. He was a member of the Minister of Defence's office from 1980 to 1981 and then Chief of Staff for the Minister for Industry and Telecommunications from 1986 to 1988. In the Rhône-Poulenc Group, M. de Rosen was CEO of Pharmuka (1983-1986), CEO of Rhône-Poulenc Fibres and Polymères (1988-1993), then Chairman and CEO of Rhône Poulenc Rorer (United States, 1993-1999). From 2000 to 2008, M. de Rosen was CEO of the American company Viro-Pharma before returning to France in 2008 as Chairman and CEO of the company SGD.

LORD JOHN BIRT (DoB: 10 December 1944–69 years old), a British national, is a member of the House of Lords. He served as Director General of the BBC (1992-2000) then as a Strategy Adviser to the British Prime Minister, Tony Blair (2000-2005). He was also Chairman of Waste Recycling Group (2006), Infinis Ltd (2006-2007) and Maltby Capital Ltd (2007-2010). He worked as an adviser to McKinsey (2000-2005) and Capgemini (2005-2010). He is currently Chairman of Terra Firma's Investor Advisory Board and Chairman of Paypal Europe. Lord Birt is a graduate of Oxford University. He was a Director of Infinis.

JEAN-PAUL BRILLAUD (DoB: 29 October 1950–63 years old), a French national. Before being appointed a Board Member, J.-M. Brillaud joined the Group in 1999 as Director of Strategic Affairs and Institutional Relationships. J.-M. Brillaud was appointed to the Eutelsat S.A. Management Board in 2001 and served as Deputy Chief Executive Officer of the Company and of Eutelsat S.A. between 2005 and 2011. During his career with the Company, he oversaw the transformation of Eutelsat from an international organisation to a limited company *("société anonyme")*, led its strategic development and steered it through the IPO process. Before joining the Group, Jean-Paul Brillaud was Deputy Director of Space Telecommunications at France Télécom where he was notably responsible for managing France Télécom's space segment investments and for the operations of the satellite communications centre. He began his career with the CNET (*Centre national d'études des télécommunications*–Centre for Telecommunications Research). Jean-Paul Brillaud is a graduate of the *École nationale supérieure des télécommunications*.

BPIFRANCE PARTICIPATIONS (SINCE 12 JULY 2013, PREVIOUSLY FONDS STRATÉGIQUE D'INVESTISSEMENT) is currently represented at the Company's Board of Directors by Mr **JEAN D'ARTHUYS** (DoB: 20 November 1966–47 years old), a French national. A graduate of the HEC School of management, he built up his career in the media and digital industries, mainly within the M6 Group, and later in the investment sector. Jean was in charge of business development and strategy between 1996 and 1999 at Groupe M6, where he was appointed as an Executive Board Member in 1999. He served as Executive Director of business development and Head of digital TV operations of the Group before serving as CEO of Paris Première and W9 TV channels. A valued expert in the media and digital sectors, he served as Director of TPS, Sportfive and Newsweb. An experienced manager, he headed the *Girondins de Bordeaux* football club. Between 2007 and 2010, he was a partner at PAI Partners private equity firm, focusing on the media, Internet and telecom sectors. In 2010, he joined the Executive Committee of the Fonds Stratégique d'Investissement (renamed Bpifrance Participations, in the context of the formation of the group Bpifrance further to a series of contributions leading to an equal shareholding of Caisse des Dépôts et Consignations and the French State in BPI-Groupe, which is itself the sole shareholder of Bpifrance Participations) in charge of investment. He also serves as Board Member of STMicroelectronics, Talend and Viadeo.

BERTRAND MABILLE (DoB: 18 March 1964–50 years old), a French national, has been Chief Executive Officer of Carlson Wagonlit France since October 2008 and, since March 2012, Executive Vice President France and Mediterranean for CWT. He was briefly Chairman of the Supervisory Board of Jet Multimedia in late 2008, after having been successively Chief Executive Officer of SFR Entreprises in 2005 and Director of Strategy and Regulatory Affairs for the SFR Cegetel Group since 2003. From 2000 to 2003, he worked for Thomson as the Group Director for Strategic Partnerships, then Chairman and Chief Executive Officer of Nextream, a joint subsidiary of Thomson and Alcatel. From 1995 to 2000, B. Mabille worked for the French Prime Minister's office. B. Mabille is a graduate of the *École normale supérieure* and the *École nationale supérieure des télécommunications*.

CAROLE PIWNICA (DoB: 12 February 1958–56 years old), a Belgian national and a graduate in law from the *Université libre de Bruxelles* (Belgium), holds a Masters degree in Law from New York University and is a member of the New York Bar. After a career with several international law firms, C. Piwnica is currently a Board Member of Naxos UK (private equity firm) and a member of the Boards of the listed companies: Sanofi (healthcare) and Amyris Inc (industrial biotechnology). Prior to that, C. Piwnica was notably Chairman of the Board of Directors of Amylum Group, Board Member and Vice Chairman (regulatory affairs) of Tate & Lyle Plc (food ingredients) and Board Member of Dairy Crest Group Plc (food). She also served as a member of the Compensation Committee and Chairperson of the "Social Responsibility" Committee of the Aviva Plc Board of Directors.

MIRIEM BENSALAH CHAQROUN (DoB: 14 November 1962–51 years old), a Moroccan national, graduated from ESC Paris and is the holder of an MBA in International Trade and Finance from the University of Dallas (USA). She began her career at Société Marocaine de Dépôt et Crédit (SMDC) in the Securities Department. In 1990, she joined Holmarcom Group, where she currently sits at the Board, and she is the CEO of the subsidiary Eaux minérales d'Oulmès. She is also Director and Chairwoman of the Audit Committee of Bank Al Maghrib and Director of the Morocco Central Bank. M. Bensalah Chaqroun is also Director of the Mohammed VI Foundation, Chairwoman of the Euro-Mediterranean Board for Mediation and Arbitration, member of the Arab Business Council (ABC), member of the Management Board of the Moroccan British Business Leader Forum (MBBLF), member of the Young Presidents' Organization (YPO). She has been, since May 2012, the President of the *Confédération Générale des Entreprises du Maroc* (CGEM), the Moroccan employers' federation, and she is the first woman ever performing this function.

ELISABETTA OLIVERI (DoB: 25 October 1963–50 years old), an Italian national, holds a Master degree in Electronics Engineering from the University of Genova (Italy). She started her career as Project Manager successively at Digital Equipment and Automa. From 1991 to 2002, she worked for Marconi S.p.A., the Italian company of Marconi Group Plc, specialized in telecommunications for military and civil markets in Italy and abroad, as Project and Test Manager, and then as Business Development Manager. She then moved to the SIRTI group, which is the Italian leader in network engineering, of which she became the General Manager in 2003 and the CEO in 2008. Since September 2011, E. Oliveri has been working with the Italian Group Fabbri Vignola, leader in the food stretch packaging sector; she was appointed as CEO in September 2012. E. Oliveri also holds Directorships in Gruppo Editoriale L'Espresso (2012) and SNAM 2010).

ROSS MCINNES (DoB: 8 March 1954–60 years old) holds both French and Australian citizenship. After graduating from Oxford, Ross started his career with Kleinwort Benson Bank in London, then in Rio de Janeiro. In 1980, he joined the corporate finance arm of Continental Bank (which became part of Bank of America), where he held several positions as Vice-President, working in Chicago and Paris. In 1989, Ross McInnes moved to the industrial sector by joining large international groups such as Ferruzzi Corporation of America as Chief Financial Officer. The group included Eridania Beghin-Say, where he became Chief Financial Officer in 1991 and later a member of the Board of Directors in 1999. The following year, he moved to Thomson-CSF (now Thales) as Senior Vice President and CFO, playing a major role in the Company's transformation. In 2005, he was appointed Executive Vice President of Finance for the PPR Group (Pinault-

Printemps-La Redoute) before joining the Supervisory Board of Générale de Santé in 2006. On request from the Supervisory Board, he served as interim Chairman of the Management Board from March to June 2007. He then served as Vice Chairman of Macquarie Capital Europe, a company specialised in infrastructure investments. In March 2009, Ross McInnes joined the Safran Group as Adviser to the Chairman of the Management Board, before becoming Executive Vice President of Economics and Finance in June 2009. He served as a member of the Management Board between July 2009 and April 2011. On 21 April 2011, he was appointed Deputy Chief Executive Officer in charge of Finance at Safran. On 1 October 2014, he was appointed as member of the Board and as Chairman of the Audit Committee of IMI, Plc with an effective date on 1 January 2015.

BOARD MEMBERS AT 30 JUNE 2014 WHOSE TERMS OF OFFICE EXPIRE AT THE GENERAL MEETING OF SHAREHOLDERS APPROVING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The terms of office of Mr Ross McInnes and Bpifrance Participations (represented by Mr Jean d'Arthuys) have expired at the General Meeting held to approve the accounts for the financial year ending 30 June 2014. The draft resolutions adopted by the Board of Directors of the Company on 30 July 2014, and to be submitted for approval on 7 November 2014, provide to renew these terms of offices for a further four years.

BOARD MEMBERS RESIGNING DURING THE FINANCIAL YEAR ENDED 30 JUNE 2014

No director has resigned during the financial year ended 30 June 2014.

"CENSEUR" AND OBSERVER WITHIN THE BOARD OF DIRECTORS

Pursuant to the Letter-Agreement between the Company and Eutelsat IGO and the Company's By-laws, Mr Christian Roisse, Executive Secretary of Eutelsat IGO, sits on the Board of Directors as an observer *(censeur).*

Finally, pursuant to its policy aimed at improving labour relations within the Group, the Company entered into an agreement with the Work council of its operating subsidiary, Eutelsat S.A., in a previous financial year under which the two representatives of the Eutelsat S.A. Work council on the Board of Directors of Eutelsat S.A. are invited to attend the meetings of the Board of Directors of the Company and are provided with the same information as the Board Members of the Company.

2.2 KEY MANAGEMENT PERSONNEL

As of the filing date of this Reference Document, the Company's key management personnel were as follows:

Full name, business address	Office	Date of first appointment and expiry date of office	Other offices and positions held within the Eutelsat Group over the past 5 years	Offices and positions held outside the Eutelsat Group over the past 5 years
MICHEL DE ROSEN Eutelsat Communications 70, rue Balard 75015 Paris	Board Member, Chief Executive Officer and Chairman of the Board of Directors (since 16 September 2013)	**First appointment/Co-opting:** 10 November 2009	**CURRENT OFFICES AND FUNCTIONS:** **In France:** ■ Board Member (Chairman of the Board of Directors since 16 September 2013) and CEO of Eutelsat S.A. ■ Representative of Eutelsat S.A., Chairman of Eutelsat VAS S.A.S. **Outside France:** ■ Chairman of the Board and Board Member of Eutelsat Inc. (USA) ■ Board Member of Eutelsat International Ltd (Cyprus) ■ Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) since 1 January 2014	**CURRENT OFFICES AND FUNCTIONS:** **Outside France:** ■ Board Member of Hispasat S.A. (Spain) ■ Board Member of ABB Ltd (Switzerland)
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2016	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **In France:** ■ Deputy CEO of the Company and of Eutelsat S.A. **Outside of France:** ■ Board Member of Skylogic S.p.A. (Italy) ■ Board Member of Holdsat Mexico SAPI de C.V. (Mexico) absorbed by Satélites Mexicanos S.A. de C.V. (Mexico) as of 31 July 2014	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **Outside France:** ■ Board Member of Solaris Mobile Ltd (Ireland)
MICHEL AZIBERT Eutelsat Communications 70, rue Balard 75015 Paris	Deputy CEO	**First appointment:** 28 July 2011 (effective 1 September 2011)	**CURRENT OFFICES AND FUNCTIONS:** **In France:** ■ Deputy CEO of Eutelsat S.A. **Outside France:** ■ Member of the Advisory Board of Eutelsat Services & Beteiligungen GmbH (Germany) ■ Board Member of Eutelsat Inc. (USA) ■ Board Member of Eutelsat International Ltd (Cyprus) ■ Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) since 1 January 2014	**CURRENT OFFICES AND FUNCTIONS:** **Outside France:** ■ Board Member of Hispasat (Spain)
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2015	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **Outside of France:** ■ Board Member of Holdsat Mexico SAPI de C.V. (Mexico) absorbed by Satélites Mexicanos S.A. de C.V. (Mexico) as of 31 July 2014	**OFFICES AND FUNCTIONS HAVING EXPIRED:** **In France:** ■ Deputy CEO of TDF (2007-August 2011) ■ Board Member of Mediamobile, subsidiary of TDF **Outside France:** ■ Board Member of Digita (Finland) ■ Board Member of Media Broadcast (Germany) ■ Board Member of Levira (Estonia) ■ Board Member of Antenna Hungária (Hungary) ■ Board Member of Axión (Spain) ■ Board Member of Solaris Mobile Ltd (Ireland)

2.3 COMPENSATION AND BENEFITS

2.3.1 COMPENSATION AND OTHER BENEFITS PAID TO THE COMPANY'S CORPORATE OFFICERS *(MANDATAIRES SOCIAUX)* AND SENIOR MANAGEMENT

All standardised information as laid down in the Afep-Medef recommendations of June 2013 is presented in Chapters 2 and 3 of this Reference Document.

Pursuant to the Afep-Medef Code, the compensation package awarded to Corporate Officers as described below shall be submitted to an advisory opinion by shareholders at the Annual General Meeting of Shareholders to be held on 7 November 2014.

››› Compensation policy

The Board, supported by the Company's GSRC, has defined the global philosophy of Eutelsat's executive compensation policy, including the compensation of Michel de Rosen and Michel Azibert as Executive Directors and Corporate Officers.

The objectives of the compensation policy are to attract, retain, motivate and high quality executives and to align their interests with value creation for the Group, taking into account the capital intensiveness of the Company, its high-technology environment, the long-term investment horizon and growth challenges in a very competitive environment and the international dimension of our industry and vision.

Given these objectives, Eutelsat has implemented a global compensation policy structured under three key elements presented in the table below:

	Purpose	Key Features
BASE SALARY	Recognise level of responsibility in a competitive talent market.	
ANNUAL BONUS	Incentivise managers to maximise the performance to beat the business objectives (qualitative and quantitative) of the year.	Two sets of objectives: ■ Quantitative objectives: Revenues; EBITDA [(1)]; Net income; ■ Qualitative objectives: specific objectives linked to the strategic roadmap.
LONG TERM INCENTIVE PLAN	■ Incentivise managers and staff to maximise mid-term value creation; ■ Align with shareholders, including fostering share-ownership; ■ Retain key executives.	■ Award of phantom shares linked to three-year value creation objectives: EBITDA; ROCE [(2)]; EPS [(3)]; TSR [(4)]; ■ Requirement to own Eutelsat Communications shares for a euro amount, in a proportion depending on each executive's base salary.

(1) EBITDA is defined as the operating result before depreciation and amortisation, asset impairments, and other operating income and charges.
(2) ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill).
(3) EPS is defined as the Group's net earnings per share.
(4) TSR is Total Shareholder Return. Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).

››› Market positioning policy

The competitiveness of the compensation policy is measured primarily against comparable French companies. However, given the global footprint of Eutelsat, its executives' compensation is also benchmarked against key European companies in the Technology, Media and Telecom businesses.

Pay comparator selection

A set of specific criteria has been defined to select companies consistent with Eutelsat key company features: size (market capitalisation and revenues) and capital intensity.

Market positioning policy

A set of guidelines to assess the competitiveness of the global compensation policy against the market is proposed, consistent with Eutelsat specific features:

- long-term component of the compensation is strengthened compared to peers, in order to emphasise long-term objectives and to improve alignment to shareholders;
- relative positioning targeted for cash compensation: base salary between first quartile and median, total cash compensation around median.

Evaluation criteria for the variable portion of compensation

In accordance with the Afep-Medef recommendation, the variable part of the corporate officers remuneration is based on predetermined qualitative and quantitative targets.

The annual variable portion for corporate officers for the financial year 2013-2014 may vary from 0 to 105% of the fixed portion for M. de Rosen and from 0 to 70% of the fixed portion for M. Azibert. It is based on performance criteria that include both quantitative objectives (accounting for 52% for M. de Rosen and for 50% for M. Azibert) based on revenues (accounting for 30%), EBITDA (accounting for 40%) and net profit to the Group (accounting for 30%) and qualitative objectives (accounting for 48% for M. de Rosen and for 50% for M. Azibert). Furthermore, at its meeting of 29 July 2014, the GSRC recommended that variable compensation of M. Azibert for financial year 2014-2015 may now vary between 0 to 105% of the fixed portion.

Regarding quantitative objectives, the amount granted for the financial year ending 30 June 2013 and the financial year ending 30 June 2014 was calculated on a straight-line basis and determined by direct reference to the level reached against the budget, between 50% of the target bonus in case of a 2.5% under-performance as compared to budget and 100% of target bonus in case of a 2.5% over-performance as compared to budget (no bonus is granted if performance level is below the budget by more than 2.5%). Moreover, at its meeting on 10 December 2008, the Board of Directors decided to adopt and apply the Afep-Medef guidelines regarding the compensation of Corporate Officers.

Qualitative objectives are related to priority projects at strategic or operational level for the fiscal year. The criteria set to determine compensation that will be owed in respect of the financial year ending 30 June 2015 are not publicly disclosed for reasons of confidentiality.

Qualitative objectives that were set to determine variable compensation due to M. de Rosen in respect of the financial year ended 30 June 2014 included notably:

- modernisation of the organisation of commercial teams in order to maximise revenues, with a special focus on Data services and on EUTELSAT KA-SAT 9A;
- improvement in financial communication;
- achievement of a significant acquisition, and integration of this acquisition within the Group;
- progress in a number of strategic projects key for the medium-term growth of the Group;
- innovation, notably concerning connected television and mobility;
- risk management: for example the settlement of the litigation with SES at the 28.5° East orbital position;
- development of the Group's human capital, notably the improvement of training policies.

Qualitative objectives that were set to determine variable compensation due to M. Azibert in respect of the financial year ended 30 June 2014 included notably:

- strategic analysis, notably on key issues (High Throughput Satellites or mobility for example);
- selective orientation of growth (optimisation of the fleet deployment plan, construction of a five-year plan based on market prospects, contribution to the emergence of new Video orbital positions for the Group);
- strengthening the presence of the Group in emerging markets;
- stimulation of the Company's performance, notably in the commercial field;
- innovation notably concerning connected television;
- adaptation of the organisation.

The required level of achievement has been determined precisely but is not publicly disclosed for reasons of confidentiality.

The following table presents a summary of compensation and stock/purchase options or free shares granted to Executive Directors and Corporate Officers during the financial years ended 30 June 2013 and 2014:

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

(in euros)	Financial year 2012-2013	Financial year 2013-2014
M. de Rosen Chief Executive Officer (since 10 November 2009), Chairman of the Board of Directors (since 16 September 2013)		
Compensation (see table 2 for details)	712,932	747,596
Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	446,125	N/A
Valuation of phantom shares granted during the financial year	N/A	481,254
TOTAL	**1,159,057**	**1,228,850**
M. Azibert Deputy CEO (since 5 September 2011)		
Compensation (see table 2 for details)	497,874	520,956
Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	275,174	N/A
Valuation of phantom shares granted during the financial year	N/A	305,045
TOTAL	**773,048**	**826,001**

The following table summarises the compensation paid to Executive Directors and Corporate Officers during the financial years ended 30 June 2013 and 2014:

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

	Financial year 2012-2013		Financial year 2013-2014	
(in euros)	**Amounts payable**	**Amounts paid**	**Amounts payable**	**Amounts paid**
M. de Rosen CEO (since 10 November 2009), Chairman of the Board of Directors (since 16 September 2013)				
Fixed salary	400,000	400,000	400,000	400,000
Variable portion of compensation	312,932	170,624	347,596	312,932
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
TOTAL	**712,932**	**570,624**	**747,596**	**712,932**
M. Azibert Deputy CEO (since 5 September 2011)				
Fixed salary	320,000	320,000	329,600	329,600
Variable portion of compensation	172,456	95,844	185,937	172,456
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	5,418	5,418	5,418	5,418
Exceptional compensation	N/A	N/A	N/A	N/A
TOTAL	**497,874**	**421,262**	**520,956**	**507,474**

M. de Rosen's compensation

Fixed salary

The amount of M. de Rosen's fixed salary as determined for the financial year ended 30 June 2014 corresponds to the total compensation paid by Eutelsat Communications in respect of his duties as Chairman and Chief Executive Officer of Eutelsat Communications. The fixed salary due to M. de Rosen for the financial year 2013-2014 amounted to 400,000 euros.

M. de Rosen has waived the attendance fees which would have been paid to him in his capacity as a Board Member.

Variable portion of compensation

Variable compensation of M. de Rosen amounted to 312,932 euros in respect of the financial year ended 30 June 2013 and was paid during the first half of the financial year ended 30 June 2014. This amounted to 347,596 euros in respect of the financial year ended 30 June 2014 and will be paid during the first half of the financial year ended 30 June 2015.

For financial year ended 30 June 2014, variable compensation represented 86.9% of fixed compensation. Qualitative objectives were reached at 90.0% and quantitative objectives at 76.2%.

M. Azibert's compensation

Fixed salary

The total fixed compensation disclosed for M. Azibert during the financial year 2013-2014 was paid by Eutelsat Communications in respect of his corporate office as Deputy Chief Executive Officer of Eutelsat Communications. The fixed compensation due to M. Azibert for the financial year 2013-2014 was increased by 3% compared to the fixed compensation due for financial year 2012-2013, from 320,000 euros to 329,600 euros. Furthermore, at its meeting of 29 July 2014, the GSRC recommended to increase fixed compensation due to M. Azibert by 5% for financial year ending 30 June 2015 (from 329,600 euros to 346,080 euros) given the enlargement of M. Azibert's role as he has been taking commercial and development activities under his direct responsibility from 23 June 2014.

Variable portion of compensation

Variable compensation of M. Azibert amounted to 172,456 euros in respect of the financial year ended 30 June 2013 and was paid during the first half of the financial year ended 30 June 2014. This amounted to 185,937 euros in respect of the financial year ended 30 June 2014 and will be paid during the first half of the financial year ended 30 June 2015.

For financial year ended 30 June 2014, variable compensation represented 56.4% of fixed compensation. Qualitative objectives were reached at 85.0% and quantitative objectives at 76.2%.

Benefits in kind

The amount of the benefits in kind for M. Azibert in respect to the financial year ended 30 June 2014 corresponds to a company car.

Attendance fees and other forms of compensation received by non-Executive Directors and Corporate Officers (Table 3–AMF Recommendation)

The following table lists the gross amount of the attendance fees and other forms of compensation corresponding to the amounts payable to non-Executive Directors and Corporate Officers during the financial years ended 30 June 2013 and 30 June 2014 by the Company and by the companies it controls. Attendance fees payable in respect to the financial year 2013-2014 and paid 1 July 2014 have been indicated in the column named "Financial Year 2013-2014".

Members of the Board of Directors (non-Executive Directors) (in euros)	**Financial year 2012-2013**	**Financial year 2013-2014**
J.-M. Folz **Chairman (until 16 September 2013)** **Board Member (until 7 November 2013)**	**74,000**	**22,314**
Attendance fees	74,000	22,314
Other forms of compensation	0	0
J.-P. Brillaud **Board Member**	**44,000**	**45,000**
Attendance fees	44,000	45,000
Other forms of compensation	0	0
Lord J. Birt **Board Member**	**82,617**	**91,000**
Attendance fees	82,617	91,000
Other forms of compensation	0	0
Bpifrance Participations **Board Member, represented by T. Devedjian until 25 February 2014, then by J. d'Arthuys**	**50,000**	**53,000**
Attendance fees	50,000	53,000
Other forms of compensation	0	0
B. Mabille **Board Member**	**59,000**	**58,000**
Attendance fees	59,000	58,000
Other forms of compensation	0	0
C. Piwnica **Board Member**	**76,000**	**68,926**
Attendance fees	76,000	68,926
Other forms of compensation	0	0
E. Oliveri **Board Member (since 8 November 2012)**	**31,661**	**67,074**
Attendance fees	31,661	67,074
Other forms of compensation	0	0
M. Bensalah Chaqroun **Board Member (since 8 November 2012)**	**31,661**	**49,000**
Attendance fees	31,661	49,000
Other forms of compensation	0	0
R. McInnes **Board Member (since 7 February 2013)**	**22,590**	**68,000**
Attendance fees	22,590	68,000
Other forms of compensation	0	0
TOTAL	**471,529 (1)**	**522,314**

(1) *The total amount is 552,504 euros for the fiscal year 2012-2013 including Board Members who are no longer part of the Board of Directors during the current fiscal year: O. Rozenfeld, Board Member until 7 February 2013, Abertis Telecom represented by M. Casas Caba until 25 June 2012, and Abertis Infraestructuras represented by F. Reynes until 25 June 2012.*

Regarding the total annual amount of attendance fees

The General Meeting of Shareholders of 8 November 2011, 8 November 2012 and 7 November 2013 maintained at 855,000 euros the amount of attendance fees to be paid to Directors.

In the same way, the draft resolutions adopted by the Company's Board of Directors on 30 July 2014 to be submitted for approval by shareholders during the General Meeting of Shareholders on 7 November 2014 does not plan to modify this amount.

Regarding the method of allocation of attendance fees to Directors

By a decision of 7 November 2013, the Board of Directors approved a new version of the Board's Internal Rules, updated in accordance with the new recommendations of the Afep-Medef code of June 2013 (the "Afep-Medef code"), which is the reference code for the Company, in accordance with the provisions of Article L. 225-37 of the French *Code de commerce*.

The method of allocation of attendance fees was therefore modified so that the variable part represents "a major part" of fees in order to take into account the Board Members' effective participation at meetings and committees, in accordance with the Article 21.1 of the Afep-Medef code:

- Board:
  - annual fixed part of 15,000 euros per Board Member (increased to 30,000 euros for the Vice Chairman and 45,000 euros for the Chairman),
  - annual additional 10,000 euros per Board Member with foreign nationality and living outside of France,
  - variable part of 4,000 euros per Board Member for each Board Meeting attended, with a maximum of 30,000 euros per year;
- Audit Committee:
  - annual fixed part of 4,000 euros per Committee member (increased to 14,000 euros for the Committee Chairman),
  - variable part of 3,000 euros per Committee member for each Audit Committee attended, with a maximum of 9,000 euros per year;
- Governance, Selection and Remuneration Committee (GSRC):
  - annual fixed part of 3,000 euros per Committee member (increased to 8,000 euros for the Committee Chairman),
  - variable part of 2,000 euros per member for each GSRC Committee attended, with a maximum of 5,000 euros per year.

The Chairman and Chief Executive Officer has waived his rights to perceive attendance fees.

Attendance fees due for a given fiscal year are paid once a year at the beginning of the following fiscal year.

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

The Company did not put in place any stock options or stock purchase plans during the financial years ended 30 June 2012, 2013 and 2014.

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

As of the filing date of this Reference Document, none of the Corporate Officers or their related parties held any Eutelsat S.A. stock options or stock purchase plans.

››› Free Share Allocation

Free Share Allocation Plan of 28 July 2011

On 28 July 2011, the Company's Board of Directors approved a free share allocation plan for all employees of the Group, including Corporate Officers *(mandataires sociaux)*, representing a maximum of 700,000 shares and decided that this allocation plan should be implemented through the distribution of previously-repurchased shares. The definitive granting of these shares is subject to presence and performance conditions: beneficiaries in the French companies must remain in their employment for three years as of the allocation date; for beneficiaries in the non-French subsidiaries, this period is four years as of the afore-mentioned allocation date. Furthermore, beneficiaries in the French companies must hold the shares for a further two-year period dating from the vesting date of the shares.

The characteristics of this plan are as follows:

- firstly, the grant of 600 shares per beneficiary is conditional upon the attainment of performance objectives over three financial years ending 30 June 2014, with 50% linked to a target cumulative EBITDA and the remaining 50% linked to an average ROCE target;
- secondly, the grant of 327,140 shares to managers and Corporate Officers is conditional upon the achievement, over the same three financial periods, of one 25% objective based on cumulative EBITDA, one 25% objective based on average ROCE, one 25% objective linked to cumulative EPS, and one 25% TSR-linked objective.

The performance objectives are based on the Group's consolidated financial statements.

As of 30 June 2014, 564 beneficiaries of the Group fulfilling the conditions for eligibility could receive a minimum of 600 free shares in the Company.

Under this plan and subject to the achievement of the performance objectives set by the Board of Directors, M. de Rosen, CEO, could have been entitled to a maximum of 52,000 free shares and M. Azibert could have been entitled to a maximum of 32,000 free shares.

On 30 July 2014, at the end of the three-year acquisition period, the Board of Directors subsequently decided to definitively grant 133,484 shares to 559 employees and key managers (including Corporate Officers) of the Eutelsat Group. Under this plan, M. de Rosen was definitively allocated 5,341 free shares and M. Azibert 3,287 free shares.

In application of the Afep-Medef recommendation with respect to the disposal of shares by Directors and Corporate Officers, the latter will have to keep 50% of the vested shares until the end of their term of office.

Free Share Allocation Plan of 8 November 2012

On 8 November 2012, the Board of Directors approved a new plan for the allocation of free shares to all employees of the Group, including Corporate Officers, representing a maximum of 347,530 shares and decided that the allocation plan should be implemented through the distribution of previously repurchased shares. The definitive allocation of free shares is subject to the condition that the beneficiaries are still employed within the Group three years as from the above-mentioned date for the beneficiaries from French subsidiaries and four years as from the above-mentioned date for the beneficiaries of foreign subsidiaries, and that (for the French subsidiaries) they hold the shares for a further two-year period starting on the shares' vesting date.

The characteristics of this plan are as follows:

- firstly, the grant of 200 shares per employed beneficiary, conditional upon the attainment of performance objectives over three financial years ending 30 June 2015, with 50% linked to a target cumulative EBITDA and the another 50% objective linked to a target average ROCE;
- secondly, the grant of 205,530 shares to managers and Corporate Officers, conditional upon the achievement, over the same three financial periods, of one 25% objective based on cumulative EBITDA, one 25% objective based on average ROCE, one 25% objective linked to cumulative EPS and one 25% TSR-linked objective.

The performance objectives are defined on the basis of the Group's consolidated accounts. The definitive granting of these shares will take place as of 9 November 2015 subject to achievement of the performance objectives.

As of 30 June 2014, 669 employees of the Group who fulfilled the conditions for eligibility received a letter notifying them that they had been granted a minimum of 200 free shares in the Company.

Under this plan and subject to the achievement of the performance objectives set by the Board of Directors, M. de Rosen, CEO, may be entitled to a maximum of 20,900 free shares and M. Azibert may be entitled to a maximum of 12,900 free shares. In application of the Afep-Medef recommendation with respect to the disposal of shares by Directors and Corporate Officers, the latter will have to keep 50% of the vested shares until the end of their term of office.

At the date of this Reference Document, no other allocation plan was carried out by the Board. The table below (table No. 9) shows the records of free shares allocation plans.

Phantom share allocation plan of 13 February 2014

On 13 February 2014, the Board of Directors approved a plan for the allocation of phantom shares to Corporate Officers, executives and to certain employees of the Group.

Cash bonus payment is based on the number of phantom shares definitively granted which is subject to both a performance conditions and a condition of presence in the Company–over three relevant fiscal years (fiscal year 2013-2014, 2014-2015 and 2015-2016).

Under this plan and subject to the achievement of the performance objectives (one 25% objective based on EBITDA, one 25% objective based on ROCE, one 25% objective linked to EPS and one 25% TSR-linked objective) set by the Board of Directors, M. de Rosen, CEO, may be entitled to a maximum of 22,999 phantom shares and M. Azibert may be entitled to a maximum of 14,578 phantom shares.

The performances are defined on the basis of the Group's consolidated accounts. The definitive granting of these phantom shares will take place as of 1 September 2016 subject to achievement of the performance objectives mentioned above.

Within three years from the date of the definitive granting of the phantom shares and provided that the performances after the three years following the grant of the shares allow the vesting of at least 50% of the phantom shares granted, members of the Executive Committee have to own Eutelsat shares for a euro amount equivalent to a certain percentage of their salary.

››› Performance shares granted to Executive Directors and Corporate Officers (Table 6–AMF Recommendation)

Performance shares granted during the financial year 2013-2014

Not applicable to the financial year 2013-2014.

››› Phantom shares granted to Executive Directors and Corporate Officers (Table 6 Bis)

Performance shares granted during the financial year 2013-2014

Performance shares definitively granted by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group	Date of plan and vesting	Number of shares granted during the financial year ended 30 June 2014	Valuation of shares based on method used for the consolidated financial statements (in euros)	Date of vesting	Performance plan conditions
M. de Rosen Chairman and Chief Executive Officer	13 February 2014 for 3 fiscal years (2013-2014, 2014-2015, 2015-2016)	22,999	481,254	2016	25% of grant based on EBITDA performance per financial year 25% of grant based on the return on capital employed 25% of grant based on EPS Group and 25% of grant based on a TSR objective
M. Azibert Deputy CEO	13 February 2014 for 3 fiscal years (2013-2014, 2014-2015, 2015-2016)	14,578	305,045	2016	
TOTAL		**37,577**	**786,299**		

››› Performance shares available to Corporate Officers (Table 7–AMF Recommendation)

Performance shares granted during the financial year 2013-2014

Not applicable to the financial year 2013-2014.

History of grants of performance shares to Corporate Officers (Table 9–Afep/Medef Recommendation)

	Plan No. 1	Plan No. 2	Plan No. 3
Date of the Board of Directors meeting	1 February 2010	28 July 2011	8 November 2012
Total number of shares granted	700,000 (1)	700,000 (2)	347,530
■ to Corporate Officers	66,952 (1)	84,000 (2)	33,800
to Michel de Rosen	66,952 (1)	52,000 (2)	20,900
to Michel Azibert	None	32,000 (2)	12,900
Date of vesting	2 February 2013	29 July 2014	9 November 2015
Date available	2 February 2015	29 July 2016	9 November 2017
Performance plan conditions (for Corporate Officers)	25% of grant based on EBITDA performance per financial year 25% of grant based on the return on capital employed 25% of grant based on net Group earnings per share and 25% of grant based on TSR objective	25% of grant based on EBITDA performance per financial year 25% of grant based on the return on capital employed 25% of grant based on net Group earnings per share and 25% of grant based on a TSR objective	25% of grant based on EBITDA performance per financial year 25% of grant based on the return on capital employed 25% of grant based on net Group earnings per share and 25% of grant based on a TSR objective
Vested shares at 30 June 2014	536,091	-	-
Cumulated number of cancelled or outdated shares	163,909	-	-
Performance shares remaining at financial year end	-	700,000	347,530

(1) On 30 July 2012, at the end of the three-year acquisition period, the Board of Directors subsequently decided to definitively grant 536,091 shares to 486 employees and key managers (including Corporate Officers) of the Eutelsat Group. Under this plan, M. de Rosen was definitively allocated 55,617 free shares on 2 February 2013.

(2) On 30 July 2014, at the end of the three-year acquisition period, the Board of Directors subsequently decided to definitively grant 133,484 shares to 559 employees and key managers (including Corporate Officers) of the Eutelsat Group. Under this plan, M. de Rosen was definitively allocated 5,341 free shares and M. Azibert 3,287 free shares.

2.3.2 COMPENSATION AND OTHER BENEFITS PAYABLE OR LIKELY TO BE PAYABLE AS A RESULT OF OR FOLLOWING THE TERMINATION OF OFFICE OF THE GROUP'S SENIOR EXECUTIVES

Corporate officers did not receive any supplementary pension or termination benefit.

Employment contract and pensions (Table 10–AMF Recommendation)

	Employment contract		Supplementary pension scheme		Payments of benefits due or likely to be payable as a result of termination or change in office		Payments pursuant to a non-competition clause	
Corporate Officers and Executive Directors	Yes	No	Yes	No	Yes	No	Yes	No
J-M. Folz (1) **Board Member, Chairman of the Board (until 16 September 2013)** Appointed 8 November 2011 End of office: General Meeting approving the financial statements for the financial year ended 30 June 2013 (7 November 2013)		X (1)		X		X		X
M. de Rosen **Chief Executive Officer, Chairman of the Board of Directors (since 16 September 2013)** Appointed 10 November 2009 End of office: General Meeting approving the financial statements for the financial year ending 30 June 2016		X (2)		X		X		X
M. Azibert **Deputy Chief Executive Officer** Appointed 5 September 2011		X (3)		X		X		X

(1) Mr Folz was appointed Chairman of the Board of Directors of the Company at Eutelsat Communications' Annual General Meeting held on 8 November 2011. He has no employment contract with any affiliate of the Eutelsat Group.

(2) Mr de Rosen has no employment contract with any affiliate of the Eutelsat Group.

(3) Mr Azibert has no employment contract with any affiliate of the Eutelsat Group.

2.3.3 SHAREHOLDING IN THE COMPANY CAPITAL BY ADMINISTRATIVE AND MANAGEMENT MEMBERS

Number of Eutelsat Communications S.A. shares held	30 June 2013	30 June 2014
Michel de Rosen Chief Executive Officer, Chairman of the Board of Directors (since 16 September 2013)	68,759	102,259
Bertrand Mabille Board Member	1,000	2,000
Jean d'Arhuys Permanent representative of Bpifrance Participations	0	0
Jean-Paul Brillaud Director	303,987	271,236
Ross McInnes Board Member	0	2,000
Lord John Birt Board Member	2,101	2,101
Carole Piwnica Board Member	2,000	2,000
Miriem Bensalah Chaqroun Board Member	2,000	2,000
Elisabetta Oliveri Board Member	0	2,000
Michel Azibert Deputy Chief Executive Officer	0	0

Since 30 June 2013:

- Ross McInnes has acquired 2,000 shares of Eutelsat Communications on 1 August 2013;
- Elisabetta Oliveri has acquired 2,000 shares of Eutelsat Communications on 1 August 2013;
- Michel de Rosen has acquired on 12 and 13 August 2013 respectively 16,043 and 17,457 shares of Eutelsat Communications, *i.e.* a total of 33,500 shares;
- Bertrand Mabille has acquired 1,000 shares of Eutelsat Communications on 9 October 2013;
- Jean-Paul Brillaud sold, on 10 January 2014 shares of Eutelsat Communications for amounts of 43,740 euros, 43,800 euros and 44,000 euros;
- Jean-Paul Brillaud sold, on 13 January 2014 shares of Eutelsat Communications for amounts of 44,043.8 euros, and 26,400 euros;
- On 30 July 2014, in the framework of the Free Share allocation plan on 28 July 2011, Michel de Rosen was definitively allocated 5,341 free shares and Michel Azibert was definitively allocated 3,287 free shares. As of the date of this Reference Document, Michel de Rosen holds 107,600 shares of Eutelsat Communications;
- Michel Azibert has acquired 19,000 shares of Eutelsat Communications on 16 September 2014. As of the date of this Reference Document, Michel Azibert holds 22,287 shares of Eutelsat Communications.

2.4 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF EUTELSAT COMMUNICATIONS IN APPLICATION OF ARTICLE L. 225-37 OF THE FRENCH *CODE DE COMMERCE*

Preliminary remark: This report has been approved by the Board of Directors of 30 July 2014. Consequently, it does not include any events which have occurred since that date.

In accordance with Article L. 225-37 of the French *Code de commerce*, this report provides information on the preparation and organisation of the work carried out by the Board of Directors of Eutelsat Communications during the fiscal year ended 30 June 2014, and on the internal control and risk management procedures implemented by the Eutelsat Group.

For the purposes of this report, "Company" refers to Eutelsat Communications and "Group" or "Eutelsat Group" refers to Eutelsat Communications and all companies controlled by it within the meaning of Article L. 233-3 of the French *Code de commerce*.

2.4.1 GOVERNANCE OF THE COMPANY

››› 2.4.1.1 Code of Reference

The Company complies with the guidelines of the Afep-Medef Code of Corporate Governance of June 2013 (hereinafter the "Code of Reference"). Where there are points of divergence between the Company's practices and the recommendations of the Code of Reference, they are mentioned in the relevant paragraphs of this report.

2.4.1.2 No control or concerted action

To the Company's knowledge, as of 30 June 2014, no shareholder of Eutelsat Communications, whether directly or indirectly, by itself or with others, exercises control within the meaning of Articles L. 233.3 *et seq.* of the French *Code de commerce*.

2.4.1.3 Mission of the Board of Directors

Pursuant to the provisions of Article L. 225.35 of the French *Code de commerce* in particular, the Board of Directors is responsible for orienting the Company's business activities and ensuring that this framework is properly implemented. Subject to the powers expressly reserved for General Meetings of Shareholders, the Board of Directors can address any matter that affects the sound operation of the Company or the Eutelsat Group.

Pursuant to the Board's Internal Rules, a number of actions of the Chief Executive Officer require the prior approval of the Board of Directors. These decisions can be broken down as follows:

- **Strategic operations:** the Strategic Plan aims to establish the Group's strategic objectives and define the resources required to achieve those objectives, together with the Group's financial and business activity forecasts.

  The Group's Five-Year Strategic Plan, as well as any operation or merger that has a significant impact on the Company's structure or strategy, is subject to prior approval by the Board of Directors.
- **Investments and financial commitments:** the Group's consolidated Annual Budget, which establishes the financial and budgetary objectives for the coming year and which is included in the Strategic Plan, is subject to prior approval by the Board of Directors at the beginning of each financial year.

  This Annual Budget for the financial year 2014-2015 was approved by the Board of Directors on 19 June 2014.

  Similarly, any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount in excess of 50 million euros, if the relevant operation is included in the Group's Annual Budget or in its Strategic Plan, or in excess of 25 million euros if not included in the Annual Budget, is subject to prior approval by the Board of Directors. Accordingly, the Board of Directors was required to take action in relation to the acquisition of the Satmex group.

  Prior approval by the Board is also required for any loan, credit facility or financing or refinancing agreement that is not expressly included in the Group's Annual Budget. This authorisation is not required in relation to any transaction or group of transactions for an amount that does not exceed 100 million euros in any given fiscal year, up to two transactions and/or groups of transactions in any given fiscal year. Prior Board approval is also required for any loan or disposal of company assets, or for any other form of transfer of assets in excess of 50 million euros that is not expressly included in the Group's Annual Budget. Accordingly, the Board of Directors and the Audit Committee were required to take action in relation to the financing of the acquisition of the group Satmex.
- **Half Year and Full Year financial statements:** the Half Year and Full Year financial statements as well as the consolidated financial statements are settled by the Board of Directors.
- **Group General Management:** Prior approval of the Board of Directors is required before an executive manager whose remuneration is amongst the six highest compensation packages in the Group can be recruited or dismissed.
- **Monitoring the Group's business activities:** Management submits to the Board a monthly report on the Group's operations, which includes, among other items, its results and financial indicators (revenues by application, summary income statement, situation regarding indebtedness, cash flow and costs, etc.) to give the Board a clear understanding of how the business has evolved, particularly at a technical or commercial level, and enable it to monitor the budget.

2.4.1.4 Composition of the Board of Directors

The composition of the Board of Directors as of 30 June 2014 is shown in the table below:

Name	Date of first appointment/ cooptation	Term of office expires at the close of the General Shareholders' Meeting called to examine the financial statements for the fiscal year ended on
Miriem Bensalah Chaqroun	08/11/2012	30/06/2016
Lord Birt	10/11/2006	30/06/2015
Jean Paul Brillaud	08/11/2011	30/06/2015
Michel de Rosen	10/11/2009	30/06/2016
Bpifrance Participations, represented by Thomas Devedjian until 25/02/2014 and then, by Jean d'Arthuys	17/02/2011	30/06/2014
Bertrand Mabille	10/05/2007	30/06/2017
Ross McInnes	06/02/2013	30/06/2014
Elisabetta Oliveri	08/11/2012	30/06/2016
Carole Piwnica	09/11/2010	30/06/2016

Jean-Martin Folz resigned from the office of Chairman of the Board on 16 September 2013 while remaining a Director until 7 November 2013.

2.4.1.5 Independent Directors

As of 30 June 2014, five of the Board's nine members are independent Directors, namely Miriem Bensalah Chaqroun, Lord Birt, Elisabetta Oliveri, Carole Piwnica and Ross McInnes. The criteria defining independence adopted by the Board are those recommended in the Code of Reference.

2.4.1.6 Gender representation

The Board of Directors includes three women, representing 33% of the Directors.

››› 2.4.1.7 Directors' term of office

The Directors' term of office is four years, as provided by the By-laws. However, in order to allow for the staggered reappointment of Directors, some of the terms of office that were renewed at the General Shareholders' Meeting of 8 November 2012, were for less than four years.

››› 2.4.1.8 Employee representation on the Board of Directors

As part of a policy aimed at improving communication between the Group's Management and employees, the Company entered into an agreement with its operating subsidiary Eutelsat S.A. and the Eutelsat S.A. Work council on 8 November 2007. This agreement is designed to give the Work council of Eutelsat S.A. greater visibility over the Company's operations and decisions.

Accordingly – in addition to implementation of a procedure to inform the Eutelsat S.A. Work council when the Company undertakes operations that are likely to affect the operations or the scope of activity of Eutelsat S.A. – the two Eutelsat S.A. Work council representatives on the Eutelsat S.A. Board of Directors attend meetings of the Eutelsat Communications Board of Directors, with access to the same information as the Directors.

››› 2.4.1.9 Board meetings and information communicated to the Board of Directors

The Board of Directors met eleven times during the fiscal year.

The average annual attendance rate of Board members at meetings held during the fiscal year was 90.9%.

››› 2.4.1.10 Conflicts of interest and related party agreements

The Board of Directors' Internal rules require each Director to declare conflict of interest situations and, where such situations cannot be avoided, they must be dealt with in a fully transparent manner. A Director who has a conflict of interest may not participate in the discussions or vote regarding the matter at hand.

In the event of a permanent conflict of interest, the Board's Internal Rules require that the Director involved therein resign from office.

As of 30 June 2014, there is no employment or service contract between the Directors of the Company and the Company or any of its subsidiaries that grants benefits of any kind.

In accordance with the provisions of Article L. 225-38 of the French *Code de commerce*, the Statutory Auditors are informed of regulated agreements.

››› 2.4.1.11 Evaluation of the Board of Directors

In accordance with the Code of Reference, the Board of Directors was duly evaluated. This evaluation, which was conducted by an outside firm, resulted in the drafting of a report that was presented by the Chairman of the Governance, Selection and Remuneration Committee to the Board of Directors on 19 June 2014. This report mainly shows that the meetings of the Board are correctly conducted and that the Board is in a position to carry out its responsibilities. Areas of improvement include the number of female Directors, the format of the information provided, the succession plan and work regarding Company strategy -- matters on which the Board of Directors will focus its reflection.

››› 2.4.1.12 Committees of the Board of Directors

During the 2013-2014 fiscal year, the Board of Directors was assisted in its work by two committees: the Governance, Selection and Remuneration Committee and the Audit Committee.

Governance, Selection and Remuneration Committee

This Committee is mainly responsible for studying and providing recommendations to the Board as appropriate on (i) the selection or, in the event of vacancies, the co-opting, of new Directors; (ii) the remuneration of the CEO and the Deputy CEO; (iii) the introduction of stock-option plans, or plans for performance-based allocations of shares, within the Group; (iv) the allocation of attendance fees to members of the Board, and (v) the recruitment or dismissal of any employee whose remuneration is amongst the six highest compensation packages in the Group.

As of 30 June 2014, the Governance, Selection and Remuneration Committee consisted of three members, namely Lord Birt, Jean d'Arthuys (BpiFrance Participations) and Carole Piwnica, who has chaired the Committee since 17 January 2011. As of 30 June 2014, a majority of the members (two out of three) were independent Directors as mandated by the Code of Reference, the independent Directors being Lord Birt and Carole Piwnica.

The Committee met eight times during the fiscal year, with an attendance rate for Committee members of 96.9%.

The Governance, Selection and Remuneration Committee was called upon to make recommendations to the Board of Directors on the following topics in particular:

- the introduction of a new long-term incentive plan;
- the evaluation of the Directors' independence pursuant to the independence criteria set forth in the Code of Reference;
- assessment of the balance between the number of male and female members of the Board of Directors;
- the updating of the Board's Internal rules;
- evaluation of the operations of the Board of Directors; and
- proposal of a new policy regarding attendance fees.

Audit Committee

The task of the Audit Committee is (i) to assist the Board of Directors by reviewing the Company's draft Half Year and Full Year financial statements (statutory and consolidated accounts), (ii) making recommendations on the draft consolidated Annual Budget proposed by the Management, prior to its examination by the Board, (iii) making recommendations to the Management of the Company and to the Board of Directors on the principles and methods for ensuring the production of accounting and financial information that is reliable and sincere, (iv) making sure that the internal controls applied within the Group are properly implemented, and (v) presenting recommendations to the Board and to Company Management on the appropriate method for handling any risk likely to affect the Group's operations.

As of 30 June 2014, the Audit Committee consisted of Bertrand Mabille and three independent Directors: Elisabetta Oliveri, Lord Birt and Ross McInnes, with the latter chairing the Committee and also meeting the financial competence criteria established by the French *Code de commerce*.

The Group's Chief Financial Officer attended all Audit Committee meetings.

The Committee met four times during the fiscal year. The annual attendance rate was 100%.

Because certain members of the Board of Directors travel abroad, the meetings of the Committee take place the day before the meeting of the Board of Directors; however, the documents and files are provided to the members within a period that allows them to acquaint themselves with said documents.

As part of its tasks, the Audit Committee conducted a regular dialogue with the Company's Statutory Auditors. The Statutory Auditors attend Audit Committee meetings when Half Year and Full Year financial statements are being prepared, prior to their settlement by the Board of Directors.

The Audit Committee pursued its regular dialogue with the Director of Risk Management as part of the latter's mission.

Exposure to risks and off-balance sheet commitments have been presented by the Group's Chief Financial Officer.

Lastly, the Audit Committee also reviewed the audit plan for the Internal Audit during the fiscal year, as well as the objectives being pursued.

During the fiscal year, the Audit Committee was called upon to examine the terms of a new Group bond issue completed at the beginning of the second quarter of the fiscal year.

2.4.1.13 Observer (*censeur*)

Pursuant to the provisions of (i) the Letter of Agreement signed on 2 September 2005 between the Company and Eutelsat IGO and (ii) the Company's By-laws, the Executive Secretary of Eutelsat IGO sits as an Observer (*censeur*) on the Company's Board of Directors.

2.4.1.14 Separation of the functions of Chairman and CEO

Jean-Martin Folz, having resigned from the chairmanship of the Board of Directors on 16 September 2013 in order to comply with the new rules governing the total number of directorships dictated by the Code of Reference, the Board of Directors decided to combine the functions of Chairman of the Board and Chief Executive Officer. The Board of Directors thus appointed, for the duration of his office as Director, Michel de Rosen as Chairman and Chief Executive Officer. When making this appointment, the Board of Directors noted that the separation of functions had been decided in 2009 in order to ease the transition following the departure of the preceding Chairman. In addition, the Board of Directors considers that the presence of a majority of independent Directors ensures a balance of powers and thus avoids the risk of conflicts of interest.

2.4.2 MANAGEMENT OF THE EUTELSAT GROUP

Michel de Rosen, Director and Chief Executive Officer, and Michel Azibert, Deputy Chief Executive Officer, comprise the executive management.

At Eutelsat S.A., the Group's principal operating company, Executive management is assisted by (i) an Executive Committee consisting of the CEO, the Deputy CEO, the Chief Financial Officer, the General Counsel, the Human Resources Manager, the Technical Manager, the Sales Manager and the Deployment and Innovation Manager, and ii) a Management Committee consisting of the members of the Executive Committee and the managers of the following departments: Multimedia and Value-Added Services, Operations, Engineering, Strategy, Risk Management, Institutional and International Affairs, Technology Innovation, Institutional Communications and Resource Management.

2.4.2.1 Principles and rules for determining compensation and benefits granted to corporate officers (*mandataires sociaux*)

The fixed and variable components of compensation, as well as the allocation of performance-based shares and benefits in kind received by the Company's CEO and Deputy CEO, are determined by the Board of Directors on the basis of recommendations made by the Governance, Selection and Remuneration Committee.

The variable component of the Chief Executive Officer's compensation and of the Deputy Chief Executive Officer's compensation is determined on the basis of objectives linked to the Company's performance by reference to predetermined financial indicators (namely revenues, EBITDA and consolidated net results) and qualitative objectives. This variable component is awarded at the beginning of a year with reference to the previous fiscal year. Details in relation to compensation are set forth in the Reference Document, in the section on "Compensation and benefits of the Executive Corporate Officers and Directors of the Company".

2.4.2.2 Grant of stock options or performance-based shares to corporate officers (mandataires sociaux)

No stock-option or share purchase plans were put in place by the Board during the financial year ended 30 June 2014.

Pursuant to the delegations granted by the General Shareholders' Meetings held in November 2010 and November 2011, the Company's Board of Directors authorised the establishment of several Long Term Incentive Programmes (LTIP) for staff and management, including the Group's Corporate Officers (*mandataires sociaux*), involving the allocation of a maximum number of shares that varies from one programme to another. The vesting period has been set at three years. The final vesting of the shares is conditional on the performance conditions being met during the 3-year period and on the beneficiaries' presence in the Group. The beneficiaries must continue to hold these shares for a period of two years, commencing to run as of the effective date of acquisition.

Under the February 2010 plan, Michel de Rosen received 55,617 shares and may, subject to reaching the defined objectives, receive a cumulative maximum of 72,900 performance-based shares. Michel Azibert is the beneficiary of a cumulative maximum of 44,900 shares under the various plans. In accordance with the recommendations of the Code of Reference, Michel de Rosen and Michel Azibert agreed to keep 50% of their definitively allocated performance-based shares until the end of their term of office.

The Board of Directors of the Company has also authorized, pursuant to the authorization granted by the General Shareholders' Meeting of November 2013, the establishment of a new Long Term Incentive Programme in the form of deferred bonuses. The underlying instruments enabling the determination of the amount of the bonus to be paid, subject to attendance and performance conditions being met, are made of shares of the Company fictitiously allocated.

2.4.3 OTHER INFORMATION

2.4.3.1 Conditions for admittance to and participation in General Meetings of Shareholders

As at 30 June 2014, there are no preferred shares or shares with double voting rights in the Group. The resolutions for General Meetings of Shareholders are approved on the basis of the majority and quorum conditions specified in the applicable legislation.

Conditions for taking part in General Meetings of Shareholders are set out in Article 21 of the Company's By-laws.

In accordance with the recommendations set forth in the Code of Reference, Board Members participate in General Meetings of Shareholders.

2.4.3.2 Factors likely to have an impact in the event of a public offering

To the Company's knowledge, there are no provisions aimed at delaying, deferring or preventing a change of control.

There are no clauses or agreements providing for preferential conditions for the sale or acquisition of shares.

To the Company's knowledge, no shareholder agreement exist.

2.4.4 INTERNAL CONTROL PROCEDURES

Internal control is a Company process defined and implemented under the responsibility of the Internal Control and Audit Department to ensure, at both the Company and the Group level:

- compliance with laws and regulations;
- implementation of the instructions and guidelines defined by Management;
- the proper functioning of the Company's internal procedures, particularly those that help protect its assets;
- the reliability of the Company's financial information,

while contributing to the Company's command of its business activities, the efficacy of its operations and the efficient use of its resources.

The Company ensures that its internal control mechanism complies with the AMF's Code of Reference. This report on the internal control and risk management procedures implemented by the Company is based on the implementation guidelines of the Code of Reference, supplemented by the application guidelines established by the *Autorité des marchés financiers* (AMF – French market regulator) as published in its recommendation dated 22 July 2010.

The importance given to internal control was concretely put into practice in July 2011 with the creation of a new position: Director of Audits and Internal Control. This person also oversees the activities of the department of "Financial information systems management" and attends all Executive Committee meetings. The subsidiaries' self-evaluation exercise initiated during the 2011-2012 fiscal year is now integrated therein as an internal control. This exercise was repeated in May 2014 with an enlarged scope. A number of targeted internal audit actions and internal control review processes within the various subsidiaries are initiated based on the answers provided by each subsidiary in its questionnaire.

The risks identified in the internal audit plan approved by the Audit Committee are monitored on a permanent basis by the Audit and Internal Control Department, and the extent to which the objectives have been reached is the subject of an evaluation that is sent to the Audit Committee at the end of the fiscal year. The main actions undertaken during the fiscal year include optimizing the internal control mechanism in relation to the main Group-wide processes, increasing the reliability of the sales cycle and the contracting process, and standardising a strengthened purchasing process within the Group. The envisioned implementation of a new integrated management software package during the next fiscal year led to an in-depth review of the main operational processes in order to optimise the Group's internal control mechanism.

In the description below, it is important to make a distinction between internal control procedures designed to ensure the security of the Group's operating activities–*i.e.* procedures related to the management of satellite risks and other Group risks–on the one hand, and internal control procedures related to the handling of accounting and financial information (in compliance with the applicable regulations) concerning the business activity of the Company and its subsidiaries, on the other hand.

The Company's role is to provide financial and strategic steering for the Eutelsat Group. In this respect, it should be noted that the operating activities of the Group, and especially its satellite-related activities, are carried out by Eutelsat S.A. The operating procedures described below are the procedures implemented at Eutelsat S.A. and its subsidiaries.

››› 2.4.4.1 Procedures related to the satellite fleet and its operation

The purpose of these procedures is to ensure the continuity of the communications service provided to our customers and end-users.

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

These activities are carried out from Eutelsat S.A.'s two control centres. These have backup facilities to overcome any operational unavailability or interruption affecting the centres. Exercises for evacuation of the main control centre and recovery by the backup facilities are regularly carried out.

These control centres are responsible for ensuring, in line with the recommendations and technical procedures applicable to the various satellites, that the satellites are protected and that the signal's operational continuity is maintained to meet the requirements of the Group's customers.

Written operational procedures for the control centres, and especially the control centre responsible for the satellite fleet, cover the various manoeuvres and configuration changes required in a nominal situation as well as in a crisis situation, or when a technical incident occurs. These procedures are periodically reviewed, tested and activated for the controllers' continuously updated training.

Any incident affecting a satellite or one of the transmitted signals (*e.g.* a technical failure or signal interruption) is dealt with internally by the Operations Department according to escalation procedures. These procedures enable immediate intervention of internal expertise, and the expertise of the satellite manufacturers where necessary. Any incidents that affect a satellite or the control system are logged and monitored under the authority of the person responsible for satellite operations, so as to identify the causes of the incident and to propose and implement the necessary corrective measures.

In addition, any material incident likely to affect the quality or continuity of the telecommunications service is:

- communicated to the Group's General Management;
- reviewed internally by Eutelsat S.A.'s Technical Department;
- where appropriate, reviewed by a panel of independent experts, depending on the nature of the relevant incidents; and
- where appropriate, reported in a press release.

››› 2.4.4.2 IT security and certification of the satellite control system

The introduction of measures designed to strengthen IT security for the information systems used for satellite control continued during the year. The work is supervised and coordinated by the person with specific responsibility for IT security in the Operations Department.

In 2011, the satellite control team obtained a security certification (ISO 27001) for a period of three years, which was renewed in June 2014.

In June 2013, the teleport teams in Rambouillet obtained a security (ISO 27001) certification for a period of three years. A monitoring audit was carried out in June 2014, and no item of non-compliance with the standard was identified. This certification is also valid for a period of three years.

Certification of satellite control activities under ISO 9001 was obtained in 2005 and renewed thrice: in June 2008, April 2011 and May 2014. The certification covers control and operation of the satellites, satellite launch and orbit operations, and the satellite ground control system (definition, development, procurement, deployment, operation and maintenance).

In order to implement an ISO 9001-based quality control system for the activities at the Rambouillet teleport, certification for these activities was achieved in 2011 and was renewed in May 2014. The certification covers the activities relating to:

- the communications control centre;
- the commercial services (television signal and data management through the teleport's ground equipment); and
- the radio frequency systems and the Rambouillet teleport's technical infrastructures.

In June 2014, this certification was extended to the teleport located in Sardinia.

In May 2014, the technical activities of the teleport of the Skylogic S.p.A subsidiary. (Turin, Italy) obtained the ISO 9001 certification. The certification covers the design, installation, supply and technical assistance activities of the Eutelsat Group for the video and data connectivity services.

In addition, the Satmex subsidiary is certified ISO 9001 for all of its satellite control operations.

2.4.4.3 Managing and preventing the Group's other operating risks

The Company's business continuity plan (PCA)

The continuity plan defines the following elements:

- the mapping of critical processes and the targets for their recovery. This mapping is derived from an analysis of impacts on job/task performance in various crisis scenarios;
- the crisis management procedures (logistics, external and internal communications, decision-making process);
- the job/task procedures describing the necessary tasks to be performed at the backup site;
- the backup information system (applications, systems and network infrastructure, telephony);
- the procedures describing emergency actions to be conducted in a crisis scenario; and
- the necessary logistics for activating the plan (backup positions for users, rooms with technical facilities to accommodate the backup infrastructure).

At the beginning of 2006, Eutelsat S.A. launched a continuity plan for its activities (PCA) aimed at reducing the strategic, economic and financial risks in the event of prolonged unavailability of its registered office located at 70, rue Balard, 75015 Paris. Under the responsibility of the Information Systems Department, this project seeks to define the conditions for the continuity of the commercial, financial and administrative, legal, corporate communications, information systems and human resources management activities.

Activities directly linked to managing the satellite fleet (notably satellite and communications control centre activities) are not currently included as they are already covered by specific security procedures, as described in the paragraph describing the satellite fleet procedures.

The latest full-scale test of the continuity plan was carried out in March 2012. As the Corporate job/task processes is currently being modified as part of the setting up of a new integrated management software package, the next business continuity plan test will be performed during the next fiscal year. The continuity plan will soon be updated and will be tested during the second half of 2014 on the new perimeter. In addition, the latest test of the IT back-up plan (PSI) was performed during the month of December 2013 and did not reveal any particular dysfunction. At this stage, all procedures contained in the continuity plan are operational on the current perimeter, that is, before the implementation of the new software package.

Information systems security

In carrying out its activities, the Group is exposed to a certain number of operational risks and, more specifically, to risks that are likely to affect its business process.

In view of the operating risks related to the security of the Eutelsat S.A.'s information systems (operation of the terrestrial networks, satellite control and control of the management information networks needed for corporate activities), a new position was created in 2007 – Information Systems Security Manager.

The objectives of this function at Eutelsat S.A. are as follows:

- map the risks related to information systems' security and assess their impacts on the Company's operation;
- introduce a policy and a set of standards adapted to the Group's security requirements;
- draw up an action plan and lead an interdepartmental security committee in charge of monitoring its implementation; and
- evaluate the protective measures that are in place in the organisational and technical areas.

An annual security audit process, along with spot checks, enable assessment of the effectiveness of the security measures in place and to correct the vulnerabilities that have been identified. The 2013-2014 fiscal year was dedicated to the establishment of a security management system capable of adjusting to the re-design of the financial, commercial and legal information systems, as well as to the improvement of the procedure for dealing with IT security incidents.

Safety measures

With respect to safety, the following measures were finalized in the course of the fiscal year:

- strengthening of the boundary protections of the head office building;
- strengthening of the access control protections at the Head Quarters building and the Rambouillet teleport.

2.4.4.4 Treatment of accounting and financial information

In addition to establishing internal control procedures inherent to its main business activity, the Group has developed significant control procedures for the treatment of accounting and financial information, at the level of both its operating subsidiaries and those that manage its equity interests.

Monthly reports are prepared under the supervision of the Deputy CEO. This reporting takes into account information on the Group's various activities as provided by the operational departments of Eutelsat S.A. (Commercial Department, Technical Department, etc.) after due reconciliation with the relevant bookkeeping and legal documentation.

Closing, consolidation and reporting procedures have not been specifically amended during this fiscal year. The financial departments of Eutelsat S.A. and that of its subsidiaries have duly complied with these procedures.

2.4.4.5 Eutelsat Communications Finance

The Company holds, directly or indirectly (*via* Eutelsat Communications Finance S.A.S., a wholly-owned subsidiary of Eutelsat Communications), over 96% of the share capital of Eutelsat S.A., the Group's principal operating company.

Control of the commitments and actions of Eutelsat Communications Finance is essentially based on the legal provisions applicable to it as well as on the provisions of the By-laws. Its legal form is that of a simplified stock corporation (*société par actions simplifiée*) incorporated under French law. The sole President of this subsidiary is the Group's Legal Counsel and General Secretary.

The By-laws do not limit the powers of the sole President, with the exception of those matters reserved by law to the sole shareholder, namely *in fine* the Executive Management of Eutelsat Communications. Any decision or proposal related to a modification of the By-laws, a capital increase, a merger and/or transformation is a matter that must be dealt with by the Executive Management of Eutelsat Communications.

2.4.4.6 Operating subsidiaries

To optimise management of Eutelsat S.A.'s subsidiaries, the Company's Management has created a "Subsidiaries Committee". The task of this Committee is to ensure the implementation of synergies in the activities of the subsidiaries and the Group's parent company. It makes recommendations on the appropriateness of creating or winding-up subsidiaries, intra-Group agreements and risk control at the subsidiary level. It oversees the determination of performance indicators by the subsidiaries, the proper management of human resources at the Group level, the proper coordination between Group entities, the tax policy options, the achievement of purchasing synergies and the harmonisation of IT systems.

The Subsidiaries Committee is chaired by the Chief Financial Officer. The Director of Audits and Internal Control is a permanent member of the Subsidiaries Committee. The Subsidiaries Committee meets quarterly.

2.4.4.7 Preparing the consolidated financial statements

At the end of each month, the financial data of each subsidiary are reviewed by the consolidation manager to verify, among other things, that the accounting policy and methods currently in force within the Group are being correctly applied. In addition, the methods for communicating the Group's accounting and financial principles include the Head of consolidation's preparation and communication of precise instructions to the subsidiaries before each account closing date, including a detailed timetable as well as a to-do list. In addition, the increased formalisation of the process for drawing up consolidated accounts on the basis of information provided by the subsidiaries ensures that the entire corporate perimeter is covered.

In addition, each time the books are closed (annually and biannually), the Audit Committee meets to examine and approve the financial statements in the presence of the Company's Statutory Auditors.

As part of their audit at each closing, the Statutory Auditors ensure that the accounting principles and procedures embedded in the consolidation tool manual and applied by the Company are appropriate, and that the accounts approved by the Board of Directors give a true and reliable picture of the financial position and business activity of the Company and the Group.

In furtherance of Management responsibility and the control of financial data for all companies in the Group, the Company uses a consolidation and reporting system guaranteeing:

- that there is a single point of origin, managed in a communal database, for the information used for the legal consolidation and for the reporting process;
- that the legal data is entered by the responsible personnel in the companies comprising the Group and stored in the systems.

2.4.4.8 Delegations of signing authority

Theoretically, all contracts and documents embodying a commitment by the Company are submitted for the signature of the CEO or the Deputy CEO. In a number of specific cases, however, such as contracts with suppliers involving small amounts, delegations of signature have been authorised by the CEO to certain persons in the Group. The delegations of signature are prepared by the office of the General Counsel, which ensures that they are properly monitored. The CEO and the Deputy CEO are authorised to sign all expenditure commitments, with no limit as to the amount or the nature of the expense, subject to legal requirements and the provisions of the Internal Regulations of the Board of Directors of the Company.

2.4.4.9 Management and follow-up of the Group's contracts with suppliers

As with the Group's other contracts, the preparation, negotiation and follow-up of the Company's supplier contracts and financing contracts is the task of Eutelsat S.A. under the service agreement between the Company and Eutelsat S.A. Accordingly, before they are signed, contracts with suppliers are examined through a procedure that requires endorsement by the relevant Managers, followed by formal approval by the CEO, the Deputy CEO or the Managers to whom the CEO has delegated his signing authority.

Financing contracts are approved by the Board in accordance with the Board's Internal Regulations.

2.4.4.10 Management and follow-up of contracts with customers

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

Any change in the standard form is examined in advance by the office of the General Counsel before the contracts are signed by those with authority to do so.

The execution of sales agreements is subject to a number of approval stages, which vary depending on the annual value of each commitment.

The process for drafting capacity allotment agreements, which is complex, is designed to ensure that the agreements are duly executed and that the clients are properly invoiced. During each fiscal year, the sales cycle, which the Management of the Group deems to be one of the key elements, is thoroughly audited. The purpose of these recurrent annual audits is to assess the relevance of the existing internal procedures. Depending on the findings of these audits, appropriate modifications are made to the internal procedures to enhance the reliability of the process that contributes to recognition of revenues.

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

2.4.4.11 Delegations of powers

Following an audit of the existing delegations of powers and signing authority in the Company, Eutelsat's Management has drawn up new delegations of powers as part of a global and coherent organisation of power and decision-making centres in the Company, which takes into account the skills, authority and means of each of the delegatees in their area of competence.

2.4.4.12 Management of customer risks

All new customers are now systematically evaluated by the "Customer Credit Management" team in the Finance Department, which determines the amount of financial guarantee required. Any delayed payment is thoroughly analysed with the appropriate customer-relations personnel in the Sales Department and the office of the General Counsel and, if the situation so requires, is followed by appropriate measures.

The Group has also taken out a new credit-insurance policy to provide better protection against the risks of customer default.

2.4.4.13 Purchasing procedures

Procedures have been established to guarantee that any commitment to order goods or services is preceded by a duly authorised purchase request.

The following authorisation procedure that must precede all purchases:

- approval by Executive management of a budget for the purchases per project/activity as part of the Annual Budget approved by the Board of Directors; and
- approval of the head of the department issuing the purchase request.

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

Payment of the invoices is subject to the agreement of the various services involved in the purchasing process, in compliance with the internal control principles relating to the rules for the separation of functions.

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

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

2.4.4.14 Addressing the Group's principal financial risks

The Group has introduced a centralised system of cash management in its operating subsidiary Eutelsat S.A. Under service agreements between Eutelsat S.A. and the various entities within the Group (including the Company), the accounts department at Eutelsat S.A. manages foreign exchange, interest rate, counterparty and liquidity risks on behalf of all the entities in the Group.

To manage interest rate and counterparty risk, the Group uses a number of derivative instruments, the objective of which is to limit, where it deems appropriate, the fluctuation of revenues and cashflows caused by variations in interest rates and foreign exchange values. The Group does not engage in financial transactions whose associated risk cannot be quantified at the time the transaction is entered into -- *i.e.* the Group never sells assets it does not possess, or about which it is uncertain as to whether it will subsequently possess them.

Foreign exchange risk: the Group's operational currency is the euro. The Group is therefore principally exposed to fluctuations in the value of the U.S. dollar. For the fiscal year ended 30 June 2014, the Group hedged certain future U.S. dollar revenues by means of financial instruments such as knock-in foreign exchange options and foreign currency deposits. These instruments are traded over-the-counter with A-rated banking counterparties. Some contracts with suppliers (for satellites or launch services) are denominated in U.S. dollars.

Interest rate risk: the Group manages its exposure to interest rate variations by keeping part of its debt at fixed rates (Eutelsat S.A. bonded debt), and by applying a policy of fully hedging its variable rate revolving credit facilities. To hedge its debt, the Group uses interest rate hedges both for the Company and for Eutelsat S.A.

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

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

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

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

2.4.5 RISK MANAGEMENT POLICY

Due to the very complex nature of the activities involved in operating and developing its satellite fleet, the Management has always been particularly attentive to risk management within the Group. Nevertheless, the notion of corporate risk management has broadened considerably in scope in recent years, largely as a result of emerging financial and commercial regulations. Hence, to mark the increased importance being given to the concept of risk management, and based on the Audit Committee's recommendation to the Board of Directors, the Group created in 2008 a new position: Director of Risk Management.

Reporting directly to the Group's Management, the Risk Management Department's principal responsibilities are as follows:

- identify the major risks likely to affect the Group's operations and activities and define an associated risk management policy and process in conjunction with the other functions involved;
- assist the Group's Executive Management and Audit Committee in applying a risk management policy consisting of all the envisaged measures to prevent and reduce risks, improve their control and organise contingency plans;
- ensure employee adherence to the risk management policy and disseminate the appropriate communications with respect thereto;
- protect the Group's interests by making sure that risks likely to affect the Group are defined in a suitable manner and that the operations, activities and internal control procedures of the Company are carried out in such a way as to minimise the risks to the Group as much as possible;
- ensure that risk management policies are implemented in an appropriate manner and that they are taken into account in the conduct of the Company's activities.

During the 2013-2014 fiscal year, the Risk Management Department continued to apply its methodological and interdisciplinary approach to the Group's various business activities.

During the 2013-2014 fiscal year, the work on risk management continued to focus on the risk of in-orbit failure, most notably with a systematic evaluation of the consequences of these events, which was carried out with the support of all Company departments. One of the consequences of this work was the drawing up of recommendations designed to mitigate the potential impact of these incidents on the Company's usual course of business.

During the fiscal year, new commercial projects and plans to invest in new satellites, the updated strategic plan, and the budget for the 2014-2015 fiscal year were also the object of in-depth risk analysis.

The importance assigned to the subject of risks within the Group, as seen, for example, in the development of this function, reflects the level of attention being given by Management and the Board of Directors to a proactive policy of risk management to protect the Company's assets, business and interests in the best possible way.

03 SUSTAINABLE DEVELOPMENT

During the financial year 2013-2014, Eutelsat's Management continued its efforts to promote awareness of social, environmental and societal issues among its staff. A Carbon footprint assessment was notably performed for the first time on the activities of the Group in France. In compliance with the French *Code de commerce* law n°2012-557 of 24 April 2012 relative to transparency obligations for companies relating to social, environmental and societal information associated with the application of Article 225 of the law n° 2010-788 dated 12 July 2010 and for Article 12 of the law n°2012-387 dated 22 March 2012 that modified the Article L. 225-102-1 of the French *Code de commerce*, the Group gathered information to complete the 42 sections relating to certain aspects of its activity, including:

- social;
- environmental;
- societal.

The effort is spearheaded by a transversal committee, to which the Deputy CEO and Director of Human Resources lend their sponsorship. The committee is composed of representatives from a cross-section of the Group: Human resources, Legal Affairs, Technology, Operations, Purchasing, General Services, Internal Audit, Risk Management, Communications and Institutional Relations. The Investor Relations department coordinates the Sustainability Committee.

The sustainability report incorporates a response to all 42 sections defined by the French "Grenelle II" law, which are addressed in three sections: social, environmental and societal thereby providing a balanced look at the critical sustainability issues facing the Group.

As the acquisition of Satmex (operating under the name Eutelsat Americas) was finalised in early January 2014, it was not included in the perimeter of reporting of this year's sustainability report and will be included in next year's report. Given the schedule of closing of the acquisition, data for Satmex has not been taken into account in this report for fiscal year ending 30 June 2014.

Satmex is however highly committed to working on a social responsibility basis. For the fourth year in a row, it has received the ESR distinctive in Mexico, which recognises the efforts undertaken in the various fields of social responsibility.

Its main objectives in terms of social responsibility are the following:

- for clients and partners: to provide the best possible service and support, as well as driving innovation to improve results, with a view to build long term relationships with clients, suppliers and subcontractors;
- for employees and society: to attract, develop and motivate the best talents and to foster an open and honest working place. A collaboration is undertaken with universities and social institutions to support them on various aspects such as basic supplies, training and reforesting. In particular, actions were taken to assist people affected by hurricanes in the West coast of Mexico;
- for the environment: to maintain a proactive policy to protect the environment, giving high importance to this principle in the context of satellite communications. Satmex is committed to a responsible use of space and works closely with agencies, associations and industry partners to protect outer space by using state of the art technologies. Satmex is fully compliant with international regulations regarding orbital debris mitigation plans. On land, Satmex actively takes the necessary actions to optimize the use of resources, such as electricity consumption and paper recycling, among others.

A committee including employees based in Mexico City and the Hermosillo facilities has been set up and is in charge of coordinating actions to reach these goals, it is expected to be fully integrated within the organisation in the near future.

Eutelsat has identified three specific areas where the application of sustainability indicators will have the most positive impact on both the Company's performance, and more generally for responsible long-term development. These three areas of greatest impact include:

- maintaining the space around the earth uncongested and clean;
- engaging in efforts to bridge the "digital divide";
- building a multinational corporate environment that reflects a diversity of cultures and ideas.

MAINTAIN THE SPACE AROUND THE EARTH UNCONGESTED AND CLEAN

With the proliferation of telecommunications satellites populating the space around the earth, the issues surrounding the management of satellites when they have come to the end of their useful lives has become increasingly important, especially as it relates to the substantially growing amount of space debris. This issue is particularly crucial in low orbits.

Maintaining the space around earth uncongested and clean is one of the Group's priorities. The Group policy in this regards is based on:

- a responsible fleet management policy;
- compliance with the French Space Act;
- a willingness to share Eutelsat's policies and best practices industry wide.

Each one of these items is detailed in the section 3.2.1.1 "Impact of satellites and launch services on the environment" of the present document.

ENGAGING IN EFFORTS TO BRIDGE THE "DIGITAL DIVIDE"

One of the main focuses of the Group's socially responsible development policy is the commitment to reducing the digital divide. The digital divide refers to the discrepancies between access to information and communication technologies (ICTs), more specifically to the Internet and television. In this respect, the Group is faced with three major challenges:

››› Delivering Internet services to consumers, professionals and governmental agencies in areas with limited or no access to terrestrial networks

Today, satellites offer easy and secure broadband access to homes located beyond reach of terrestrial telecommunication networks.

Operated by Eutelsat Broadband on the EUTELSAT KA-SAT 9A satellite with coverage of 55 countries in Europe, North Africa and the Middle East, the Tooway system is an accessible and cost-effective solution for users who want to access the benefits of broadband without additional delay and irrespective of their location. As of 30 June 2014, 154,000 Tooway terminals were activated, which represents 63,000 more terminals year-over-year. Tooway bit-rates are rising steadily: from speeds of 10 Mbps download and 4 Mbps upload when the EUTELSAT KA-SAT 9A first came into operational service in 2011 to download speeds of 22 Mbps and upload speeds of 6 Mbps in 2014. In this respect, satellites offer an efficient solution in helping public authorities reach their objective of bridging the digital divide.

IP Easy is another public service-oriented solution delivering Internet speeds of up to 8 Mbps with the help of a 1-metre diameter antenna and a modem. Using Ku-band capacity on the EUTELSAT 16A, EUTELSAT 10A and EUTELSAT 8 West A satellites, the IP Easy service sweeps across several countries in Africa and Latin America. Several thousands of terminals are already in operational service.

Future satellites of the Group will extend satellite broadband coverage to new countries, especially Russia with EUTELSAT 36C which is planned to be launched in the third quarter of 2015, and Brazil with EUTELSAT 3B launched in May 2014 and operational since July 2014 and EUTELSAT 65 West A to be launched in early 2016.

››› Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion

By enabling some public interest sites priority access to Internet, satellites meet the objectives of digital inclusion, an over-arching theme in several fields of public policy. Satellite technology is a particularly well-adapted response to their requirements as it is capable of delivering extremely cost-effective and reliable Internet connection within unequalled deployment time frames.

A particular effort has been made to provide schools with equipment for accessing digital services in France as well as in other parts of the world.

Under its *Connect Écoles* demonstration programme (2012-2014), Eutelsat has worked closely with Orange, its subsidiary Nordnet and the *Association des Maires Ruraux de France* to promote satellite broadband access in French schools without access to sufficient speeds *via* ADSL networks. In April 2014, the French government launched a multi-technological call for projects dubbed *Écoles connectées* aimed at connecting some 9,000 schools by December 2014. Internet service providers partnering with Eutelsat are in the process of sending their proposals.

Elsewere, Eutelsat has recently completed the satellite Internet coverage of over 4,000 schools in Turkey within a few months, as part of a partnership with the Turkish authorities with the objective of serving 15,000 sites by 2015.

Furthermore, Eutelsat participates in programmes on communications recovery solutions in emergency situations. In particular, since 2007, the Group has been working hand in hand with *Télécoms Sans Frontières*, providing the non-governmental organisation with terminals that can connect a community or an emergency site for broadband transmission of data, images and voice communications.

››› Promoting access to free-to-air television channels for all homes

In Video Applications, Eutelsat's core business, Eutelsat promotes access to free-to-air television for all homes in France and abroad.

As of 30 June 2014, the Group was broadcasting more than 2,200 free-to-air channels available without subscription on its fleet of satellites (for an aggregate of 5,746 channels) to more than 200 millions homes mainly in Europe, Africa and the Middle East.

In France, the Fransat platform broadcasts free DTT channels on the EUTELSAT 5 West A satellite (together with a selection of local and thematic TV channels and radio stations) on a subscription-free and unlimited-time basis. Fransat is especially suited for homes with little or no coverage by the terrestrial networks. More than 2 million homes are equipped to receive Fransat. As of today, Fransat is the only free satellite DTT service.

Against the backdrop of a Worldwide switchover to digital television, the Group is developing free-to-air satellite TV offerings in several countries. It also contributes to paving the way for the end of analogue TV on the African continent, where already half the channels broadcast are transmitted *via* Eutelsat satellites.

BUILDING A MULTINATIONAL CORPORATE ENVIRONMENT THAT REFLECTS A DIVERSITY OF CULTURES AND IDEAS

The third axis identified by Eutelsat consists in building a multinational corporate environment which reflects a diversity of cultures and ideas.

The activity of Eutelsat S.A. (the main operating subsidiary of Eutelsat Communications) was 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. Given this history as a former IGO, Eutelsat's corporate culture is characterised by a vibrant international dimension.

As of the end of 2013, Eutelsat S.A. included employees of 25 nationalities from five continents. In total 30% of Eutelsat S.A.'s employees held a nationality other than French (unchanged compared to the end of 2012). In addition, as of 31 December 2013, the Group employed 255 people (31% of total staff) outside France.

The same diversity exists:

- for executive management: eight nationalities are represented at the Group Management Committee;
- for governance bodies: five nationalities are represented at the Board of Directors;
- for recruitment:
  - 26% of the employees recruited in 2013 by Eutelsat S.A. held a nationality other than French (17% in 2012),
  - 31% of the interns hired in 2013 by Eutelsat S.A. held a nationality other than French (27% in 2012),
  - In subsidiaries outside France, local recruitment is the standard practice.

The Group is committed to maintain and encourage this multinational character. Main actions led include:

- common training courses for several countries: in 2014, a "Eutelsat Sales Skills training" was run for all the entities;
- organisation of trade seminars abroad;
- mobility of French employees in the Group's international subsidiaries, in Dubai, in Singapore, in Poland, in Mexico or in the United States;
- the frequent usage of English as a working language and for internal documents to facilitate the sharing of information.

3.1 SOCIAL INFORMATION

3.1.1 EMPLOYMENT

3.1.1.1 Information and distribution of employees by gender, age and geographic area

During the financial year 2013-2014, the Group employed an average of 910 people, including Satmex.

The following table illustrates the breakdown of the average number of Group employees in operations and in commercial and administrative activities:

	Average number of employees for the financial years ended 30 June		
	2012	2013	2014
Operations	338	359	399
Commercial and administrative activities	409	431	511
TOTAL	**747**	**790**	**910[1]**

(1) This figure includes Satmex for a duration of six months.

Each year, Eutelsat S.A., the Group's main operating subsidiary in Paris, France, prepares a social audit report summarising key data in a single document, thereby making it possible to carry out an assessment of the Company's labour profile. This social audit report is prepared with reference to the calendar year. Each year, the Company's Work council issues an opinion on this social audit report. The social report and the opinion of the Work council are made available to the Company's employees and to shareholders upon request, in accordance with Articles L. 225-108 and L. 225-115 of the French *Code de commerce*.

During the calendar year 2013, Eutelsat S.A. employed an average of approximately ten temporary staff per month (eight in 2012), for an average period of 12 days (14 in 2012). Eutelsat S.A. employees had an average length of service of 11 years for the 2013 calendar year (almost unchanged compared to the 2012 calendar year). Furthermore, managers and other staff, whose work time is determined by a given number of days per year, represented approximately 85% of the Eutelsat S.A.'s total headcount.

The Group's permanent[1] employees are mainly located in two geographic areas: Europe and the Americas.

BREAKDOWN OF EMPLOYEES BY GEOGRAPHY (GROUP)

	31 December 2012	%	31 December 2013	%
Europe	771	98	787	96
Americas and others	14	2	32	4
TOTAL	**785**	**100**	**819**	**100**

Since 31 December 2012, the Group opened operational offices in Singapore, Dubai (UAE) and Johannesburg (South Africa).

BREAKDOWN OF EMPLOYEES BY GENDER (GROUP)

	31 December 2012	%	31 December 2013	%
Men	538	69	576	70
Women	247	31	243	30
TOTAL	**785**	**100**	**819**	**100**

(1) Note: A permanent employee is an employee having a permanent or short term contract with the Company in the country where such a distinction exists, like France, or simply an employee of the Company in other jurisdictions.

Breakdown of managers *vs* other employees by gender at Eutelsat S.A. (France)

Eutelsat S.A.	31 December 2012		31 December 2013	
MEN:				
Managers	337	91%	354	91%
Other employees	35	9%	35	9%
TOTAL MEN	**372**	**100%**	**389**	**100%**
WOMEN:				
Managers	127	71%	127	73%
Other employees	51	29%	48	27%
TOTAL WOMEN	**178**	**100%**	**175**	**100%**
TOTAL EMPLOYEES	**550**		**564**	

Breakdown of employees by age (Group)

The breakdown of employees by age is the following for the Group:

	31 December 2012	31 December 2013
<25	2%	2%
25-40	49%	46%
41-60	47%	49%
>60	2%	3%
TOTAL	**100%**	**100%**

››› 3.1.1.2 Hirings and departures (Group)

In 2013, at the Group level, 78 people were hired (77 in 2012) and there were 49 departures (46 in 2012).

As of 31 December 2013, at Group level:

12 months ended	31 December 2012	31 December 2013
Hirings	77	78
Departures(1)	46	49
TOTAL	**31**	**29**

(1) Of which nine dismissals in 2013, eight dismissals in 2012.

Most of the hiring and departures occurred at Eutelsat S.A.

For the calendar year 2013, Eutelsat S.A. hired 42 people (54 for the calendar year 2012), of this:

- 29% were women (39% in 2012);
- 71% were men (61% in 2012).

The detail of hirings by nature of contracts can be found in the table below:

Number of contracts for short-term and long-term assignments for Eutelsat S.A. for calendar year 2013		Women	Men	Total
Other employees	Short-term	1	4	5
	Long-term	0	0	0
Managers	Short-term	5	1	6
	Long-term	6	25	31
TOTAL		**12**	**30**	**42**
		29%	*71%*	

Number of contracts for short-term and long-term assignments for Eutelsat S.A. for calendar year 2012		Women	Men	Total
Other employees	Short-term	4	3	7
	Long-term	5	3	8
Managers	Short-term	4	1	5
	Long-term	8	26	34
TOTAL		**21**	**33**	**54**
		39%	*61%*	

3.1.1.3 Compensation

Long-term Incentive Programme

Eutelsat Communications seeks to enable all employees to benefit from the Group's overall success and develops this activity by awarding bonuses and shares to employees based on the Group's performance.

Following a recommendation of the Selection and Remuneration Committee, the Eutelsat Board of Directors decided to establish a Long Term Incentive Program (called "LTIP") for employees and managers (including Corporate Officers) of the Group.

In the future, the Group intends to continue to allow employees to benefit from its success by attributing free shares to employees on an annual basis.

During the financial year 2013-2014, in the framework of its LTIP, Eutelsat opted to move from the allocation of free shares towards a profit-sharing plan in the form of a cash bonus (*phantom shares*) for employees outside France, and of an additional incentive payment for employees in France. This new scheme remains based on a 3-year period and will cover financial years 2013-2014, 2014-2015 and 2015-2016. It is described in the section 2.3.1 of this document.

Incentives and employee profit sharing (Eutelsat S.A.)

A corporate savings plan was set up at Eutelsat S.A. in July 2000:

- the savings plan is a collective savings system that provides member employees with an opportunity to build up a portfolio of securities with the help of their employer. The money invested in a savings plan is blocked for five years, except in the cases of early release specified in the plan's rules;
- the corporate savings plan offers a number of different investment vehicles (corporate mutual funds governed by Article L. 214-39 of the French Monetary and Financial Code) allowing its members to choose the investment vehicle best suited to their savings strategy;
- a company investment fund (FCPE, corporate mutual fund), which allows investments in the securities of a Group company (FCPE governed by Article L. 214-40 of the French Monetary and Financial Code), is also offered within the savings plan. Through this FCPE, savings plan members can acquire securities of a Company within the Group under Article L. 3332-18 *et seq.* of the French Labour Code;
- the corporate savings plan also allows beneficiaries of stock subscription or purchase options to exercise, as the case may be, these options through their unavailable assets in the savings plan and to keep the shares they obtain by exercising their options in the savings plan. The shares are locked-up for five years in the savings plan with no possibility of taking advantage of an early release provision.

A new employee incentive agreement governed by Articles L. 3311-1 *et seq.* of the French Labour Code was entered into by Eutelsat S.A. on 23 December 2011 to allow Eutelsat S.A. employees to share in the performance of the Company. The size of the incentive payments to employees is determined using the performance criteria set out in the agreement, which take into account the improvement in the Company's financial performance (financial ratio and operating costs).

- Employees can pay all or part of their incentive payment into their corporate savings plan; the amounts paid in are locked-up for five years and may then qualify for the preferential tax treatment applicable to savings plans.

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

(in euros)	2011-2012	2012-2013	2013-2014
Average amount of the incentive payment	2,046	1,155	1,570

An employee profit-sharing agreement, governed by Articles L. 3322-1 *et seq.* of the French Labour Code, was entered into on 13 November 2002, and amended on 16 July 2009 and 18 September 2012, within Eutelsat S.A. The statutory employee profit-sharing plan gives employees access to a portion of the profits generated by the Company. The Eutelsat S.A. profit-sharing agreement uses the legally prescribed method of calculating the profit-share reserve set out in Article L. 3324-1 of the French Labour Code.

- The Eutelsat S.A. profit-sharing agreement provided that the amounts allocated to employees should be invested in corporate mutual funds. Amounts paid into the savings plan under the profit-sharing agreement previously remained locked-up for five years unless early release of such sums became possible in accordance with the rules. The French law of 3 December 2008 on income from labour amended the legislative framework and Eutelsat S.A.'s labour partners signed an amendment to the profit-sharing agreement enabling employees who so desired to gain access immediately to all or part of their profit-sharing reserve. Furthermore, there are no plans to grant shares in the business in connection with the allocation of the profit-sharing reserve.

The following table shows the total amount of the special profit-sharing reserve determined in accordance with the profit-sharing agreement in force:

(in euros)	2011-2012	2012-2013	2013-2014
Amount of the special profit-sharing reserve	6,339,998	6,570,192	6,312,431

Wages

Average annual salary for Eutelsat's S.A. employees (69% of the Group's employees) was 87,000 euros in 2013 (82,000 euros in 2012). It is calculated on the basis of gross salary and of the monthly average number of employees.

Total gross wages were 47 million euros in 2013 (43 million euros in 2013) for Eutelsat S.A.

3.1.2 WORK ORGANISATION

3.1.2.1 Work time organisation

Eutelsat Management ensures that all of its subsidiaries, both inside and outside of France, are in compliance with local labour laws including those relating to work time.

In France, which accounts for 69% of the total number of Group employees, Management adheres to the 35 hour statutory working week for other employees.

For other employees with a higher status, working time is based on the overall number of days worked, rather than hours, thus allowing a more flexible organisation of their schedules, based on the individual employees' responsibilities. Appropriate measures are taken to ensure that all employees have adequate time off.

A total of 85% of employees at Eutelsat S.A. are other employees and executives whose work time is determined by a number of days per year while the remaining 15% are hourly workers who adhere to the French 35-hour work week.

The remaining 31% of Group staff in other subsidiaries (outside of France) all adhere to a 40-hour work week, in keeping with labour laws and regulations in the jurisdictions where Eutelsat operates.

3.1.2.2 Absenteeism

For staff in France (Eutelsat S.A.), 83 employees took leave of absence during the 12 months of the calendar year 2013 (53 during the 12 months of the calendar year 2012). The detail is reported in the chart below:

Type of absenteeism	Calendar year 2012	Calendar year 2013
Long-term disability	19	40
Maternity	9	7
Paternity	18	20
Work-related accidents	7	16
TOTAL	**53**	**83**

3.1.3 LABOUR RELATIONS

3.1.3.1 Organisation of social dialogue — in particular rules and procedures pertaining to staff communication on these topics

Eutelsat attach great importance to social dialogue and to maintaining a good social climate, which promote an ongoing dialogue between management and staff representatives.

Through its principal subsidiary Eutelsat S.A., the Group fully respects freedom of association and promotes social dialogue through collective bargaining. Moreover, since 2001, Eutelsat S.A. has engaged with labour organisations supporting relations between the social partners.

Of the remaining subsidiaries, two (in Italy) have formalised collective bargaining labour relations activities, as required by local laws. Those subsidiaries in other countries (Brazil, Germany, Madeira, Poland, Spain Turkey, UK and US) not adhering to organised labour either have small numbers of employees or are in jurisdictions where organised labour practices do not apply to the category of workers employed by Eutelsat (in the US, for example). US employees of Eutelsat benefit from regular communication with management in a formalised manner *via* staff meetings and through the distribution of an "Employee Handbook" which outlines the Company's leave and benefits policies and responsibility to maintain a work environment that is free of discrimination and harassment, and sets forth the professional code of conduct that is expected of staff.

Eutelsat Asia employees benefit from regular communication with management in a formalized manner *via* staff meetings and through the distribution of an "Employee Handbook" and the latest "Code of Ethics" which outlines the Company's leave and benefits policies and responsibility to maintain a work environment that is free of discrimination and harassment, and sets forth the professional code of conduct that is expected of staff. Bi-annual work appraisals were practiced in Singapore in first and second half of the year. Weekly staff meetings were held.

Skylogic respects the ILO conventions' measures of freedom of association and effective recognition of the right of collective bargaining, of freedom and protection of trade unions. Specifically, Skylogic needs to apply also the "Statuto dei lavoratori" and the rules that the National Collective Bargaining Agreement "Commercio and Terziario" expresses.

As of 31 December 2013, 18 Skylogic employees were registered with Filcams CGIL, the national trade unions for Commercial sector employees. There are two trade union representatives, who are in charge of maintaining the negotiations and of creating a line among the trade unions, the employees and the employer. The Collective Bargaining Agreement "Commercio and Terziario" establishes that each employee is entitled to 10 hours annual leave per year to participate in the Trade Union's assemblies and that the representative is entitled to 12 hours per month and 1.5 hours per employee per year in order to fulfill all relevant obligations and to manage employees' questions or difficulties, if they arise.

3.1.3.2 Assessment of collective agreements

The social partners of Eutelsat have focused on a corporate responsibility discourse. Thus in 2013 three agreements were signed on a variety of themes including compensation, incentive plans for employees and application of the *Contrat de Génération* for Eutelsat S.A.'s employees. The *Contrat de Génération* is a French regulation which mixes sustainable integration of youth into the labour market and measures in favour of the employment of seniors and the transmission of knowledge and skills. This agreement was signed in September 2013.

The vast majority of Group employees live and work in Europe where labour union discussions are common. As a result, human resource practices for the Group are held to high standards on a global scale.

Objective of continuous improvement

Management seeks to continue a productive dialogue for the well-being of its employees in any country, and especially to always be in compliance with local practices of the countries where there are concentrations of employees. Furthermore, the Group's human resources management makes every effort to harmonise the practices from one country to another in order to ensure proper treatment of all its employees, regardless of the country in which they work.

3.1.4 HEALTH AND SAFETY

3.1.4.1 Health and safety conditions

Health, safety and security of Eutelsat employees are high priorities throughout the organisation. Employees in all subsidiaries benefit from health insurance and in the largest subsidiaries, covering over 80% of the employee base, regular medical examinations are offered by the employer. As the majority of Eutelsat's activities are conducted in office settings in city-centres, workplace safety and security is assured by regulations related to building management.

Eutelsat S.A. guarantees health care and benefits for all employees, particularly through health insurance, retirement and a supplementary pension.

In addition, employees of Eutelsat S.A. take a medical examination every two years maximum. Special monitoring is offered to satellite controllers who undergo a medical examination every six months.

All employees over the age of 50 are offered a complete check-up paid by Eutelsat every three years.

Eutelsat's company headquarters, and its teleport in Rambouillet (France) meet the provisions concerning protection of persons and property issued by the French Labour Code. In addition, these two sites have uniform physical security equipment that contributes to the maintenance of security and safety, while allowing the work of all staff and services in the Company to continue. From a security standpoint, access management, video protection and security systems are an integral part of the protection policy and are managed by a dedicated security manager. Access to sites is regulated and all related procedures are described in various documents available to the staff.

A risk assessment is conducted by the security services in Paris and at the teleport outside of Paris annually.

Employee safety at Eutelsat teleports

To protect Eutelsat employees from potential unwanted exposure to electromagnetic waves, the Company takes certain precautions:

- periodic tests for radiation are conducted at the teleport in Rambouillet;
- all antennae at the Rambouillet teleport are tested in accordance with ESVA (Earth Station Verification and Assistance) to ensure the quality of the installation and to detect possible radiation outside of acceptable norms. As a standard part of every ESVA activity, the antennae radiation patterns are measured. This allows for corrective action to be taken in the case of shortcomings (such as an excess in mechanical tolerance of required surface accuracy, etc.), which may occur during the installation process. A radiation diagram is the base for the determination of the maximum permissible spectral EIRP (Equivalent Isotropically Radiated Power) density, which must not be exceeded by any transmission originating from the station under test. Norms are established by Eutelsat to be in-line with national and international (*i.e.* ITU) radio frequency regulations;
- all staff working with antennae are informed about potential exposure risks;
- access to potential high-risk exposure installations (limited number of dishes close to the ground) is strictly controlled by fences or marked with signs on the ground.

3.1.4.2 Health and safety agreements signed with unions or workplace representatives, and how they are implemented

Eutelsat has always maintained a responsible approach to working conditions for its employees.

Eutelsat regularly discusses "hardships" related to certain positions with staff representatives. In addition, as part of its agreement signed in October 2009 (relating to protection of senior employees), Eutelsat S.A. agreed to undertake a study relating to hardships for older employees. This study was conducted with the HSC (Health and Safety Committee) and occupational health services.

Since 2012, new procedures intended to reduce exposure to occupational risk factors have replaced the previous document and have been developed further by the Company.

Moreover, during the past few years, Eutelsat has implemented special monitoring for employees over 50 years of age. This medical monitoring is fully supported by the Company and is done in partnership with an approved medical centre.

3.1.4.3 Frequency and seriousness of accidents at work and occupational diseases

Some employees are expected to install antennae as part of their jobs. In order to fully cover potential risks to employees conducting this activity, Eutelsat S.A. contributes higher premiums to URSAFF (*Unions de Recouvrement des Cotisations de Sécurité Sociale et d'Allocations Familiales*), an organisation for the payment and contribution of social security and family benefits.

With the exception of the activities at teleports, the Group's business is carried out in office buildings located mainly in city centres. As a result, the vast majority of employees are not exposed to extraordinary security or health risks; therefore, potential work-related accidents are limited.

During the calendar years 2012 and 2013, there were very few accidents reported.

Workplace accidents in days lost	2012	2013
Number of accidents without work stoppage authorisation	5	13
Number of accidents with work stoppage authorisation	2	3
Total number of employees concerned	7	16
NUMBER OF DAYS LOST	**11**	**33**

3.1.5 TRAINING

3.1.5.1 Implementation of training policies

To remain competitive, the Group actively encourages its employees to take formal training programs that allow employees to be more effective and productive in their daily work. To this end, the Group's employees have been trained in various disciplines over the past year.

Several types of training were provided at Eutelsat S.A. French offices during the year:

- to face major IT deployment programs, the IT department has been trained in technical skills such as SAP or Windows 7;
- IT training has also been provided to technical departments such as the Direction of Exploitation to adapt to new security requirements linked to ground segment activities;

- training in public speaking for anyone whose job includes addressing audiences on behalf of the Company was renewed.

Furthermore, employees had access to a variety of courses intended to allow them to improve their knowledge, either under the guise of professional training, or as part of the individual right to training (*DIF* under French law).

For Skylogic, the following actions were undertaken:

- a "Time for a Change" training has been organised for all the employees to assess the most recent changes in the organisation in terms of processes, procedures, Company vision and Management;
- sales force training has been organised to focus on the main topics to be faced internally and externally;
- training aimed at improving the professional skills and capabilities of identified employees with specific needs in their daily activities.

Employees in other subsidiaries in Germany, Madeira, Poland, UK and US also undertook a variety of short-term courses to further build their competencies.

3.1.5.2 Total number of training hours

For the calendar year 2013, employees from five Eutelsat subsidiaries in France, Asia, Italy and in the United States, representing more than 90% of the Group staff, benefited from 11,712 hours of training.

Details of training in the two largest subsidiaries (86% of total Group employees)

	2012			2013		
	Men	Women	Total	Men	Women	Total
Eutelsat S.A.	6,816	2,361	9,177	7,630	2,112	9,742
Skylogic S.P.A.	1,130	213	1,343	856	244	1,100
TOTAL (86% OF GROUP EMPLOYEES)	**7,946**	**2,574**	**10,520**	**8,486**	**2,356**	**10,842**

For Eutelsat S.A., the amount dedicated to training, as a percent of total wages is 3.2% in 2013 (almost unchanged compared to 2012).

3.1.6 EQUAL OPPORTUNITY AND NON-DISCRIMINATION

Eutelsat encourages internal mobility *via* the following actions:

- a job fair has been created on the Company's intranet so that any position is open to internal candidates;
- the annual performance evaluation process provides an opportunity for each employee to discuss career aspirations with his management. Evaluations are then sent to human resources to review motivations and feasibility;
- interviews for the second stage of careers (age 45+ years) are conducted annually to assist employees in their desire for mobility;
- as part of the GPEC (Future Management of Jobs and Skills) business mapping, each employee can discover the different business areas within the Company as well as the skills needed to perform in each area *via* the Company Intranet.

3.1.6.1 Measures taken for gender equality

An agreement addressing professional equality was signed in December 2011 between the social partners. As a socially responsible Company, Eutelsat seeks to uphold the principles of equal opportunity.

The main components of this agreement include:

- seeking a balance, depending on areas, in the recruitment of people with equivalent skills, education, experience and profiles;
- seeking to promote men and women in a balanced fashion;
- establishing specific measures concerning the principles of wage policy that apply equally to men and women. In this context, the Company once again undertook a review of compensation, which was previously carried out in 2010-2011. Its aim is to analyse the situations within the entire Company in order to help correct any unexplained gaps in work situations of equal value. The procedures of the study were agreed upon in 2012, with the social partners and involving the commission on professional equality. The study began in 2013 in cooperation with the commission on professional equality;
- encouraging a healthy balance between work and family life.

3.1.6.2 Employment and integration of disabled people

When possible, Eutelsat endeavours to outsource a number of jobs to service companies that employ disabled workers.

Eutelsat also seeks to reclassify Company employees who are deemed unfit for their existing positions. In addition, the Company works with recruitment agencies that are sensitive to the issues relating to disabilities and, when possible, these agencies nominate candidates with disabilities for Eutelsat positions.

Eutelsat S.A. deals with ESAT for specific services (French organisations that help disabled people back into work) such as floral displays or support to Management for expense claim forms.

3.1.6.3 Fighting discrimination and encouraging diversity

When recruiting, the Company looks for skills first and foremost.

The diversity of nationalities is an asset for the Company that it seeks to maintain. In 2013 there were 29 different nationalities among the Group's employees.

Eutelsat S.A. signed the French Diversity Charter in May 2008.

The Diversity Charter is a written commitment that can be signed by any company, regardless of its size, that wishes to ban discrimination in the workplace and makes a decision to work towards creating diversity. It expresses a company's willingness to improve the degree to which its workforce reflects the diversity of French society.

The Diversity Charter's six articles guide companies through the process of instituting new practices by involving all of their employees and partners in these actions. It prompts them to implement a human resources policy focused on the recognition and validation of the personal skills of individuals. Companies thereby favour cohesion and social equality while improving how it is executed.

The Diversity Charter's Secretariat General focuses on raising awareness of the charter among SMEs and micro-enterprises.

Source:
http://www.diversity-charter.com/diversity-charter-french-charter-overview.php

3.1.7 PROMOTION AND ENFORCEMENT OF THE FUNDAMENTAL CONVENTIONS OF THE INTERNATIONAL LABOUR ORGANISATION (ILO)

As of 31 December 2013, all Eutelsat subsidiaries were in compliance with ILO (*International Labour Organisation*) in countries where this norm is applicable.

3.1.7.1 The respect of freedom of association and the right to collective bargaining

All Eutelsat subsidiaries reported as being in compliance with all local labour laws with regard to the right to collective bargaining.

Regarding the observation of strict political, religious and philosophical neutrality, the Group makes no financial contribution to political candidates, elected political representatives or political parties. Staff may participate in political activities in their own right, off company premises, and without using the Group's corporate image to support their personal convictions. These principles respect the individual freedom of expression of employees and their representatives.

3.1.7.2 The elimination of discrimination in the employment policy and within the profession

The Group respects the principles outlined in the ILO Conventions.

The Group further complies with the principles of professional equality between women and men. Furthermore, Eutelsat S.A. applies a fairness policy relating to recruitment, access to training, pay and promotion. The Company signed an agreement on professional equality in December 2011, which it continues to uphold.

Moreover, in an agreement upholding equal opportunities, compliant with the equal opportunities commission, Eutelsat S.A. participated in a study on the compensation of women and men for the purpose of identifying potential gaps that would allow actions to be taken to make adjustments if these differences remain unexplained.

In addition, the profit-sharing agreement signed in December 2011 for a period of three years with the Company's labour partners, specifically addressed part-time employees in the context of parental leave by not taking into account the reduced work time linked to parental leave.

In addition, an agreement was signed in 2011 with employee representatives to support gender equality in the Company.

3.1.7.3 The elimination of obligatory or forced labour

Given the Group's profile, this indicator has been deemed not applicable. This also holds for all of Eutelsat's major suppliers (see section 3.2.1.1).

3.1.7.4 The effective abolition of child labour

Given the Group's profile, this indicator has been deemed not applicable. This also holds for all of Eutelsat's major suppliers (see section 3.2.1.1).

3.2 ENVIRONMENTAL INFORMATION

The Company's services consist of the transmission of radio signals from its fleet to earth for reception by antennae (dishes) for television, exchange of data services and inter-active services for access to broadband in areas unserved or under-served by terrestrial networks.

As an operator of telecommunications satellites in geostationary orbit (approximately 36,000 kilometres from the earth), the Company has no factories or warehouses and its terrestrial or sea transport footprint is limited, these means of transportation being rarely used to deliver Eutelsat services.

3.2.1 GLOBAL ENVIRONMENTAL POLICY

3.2.1.1 Impact of satellites and launch services on the environment

Eutelsat actively manages its fleet and augments it by contracting both for the satellites and subsequently for the launch services.

Satellite Manufacturers

Eutelsat currently has contracts with three of the world's major satellite manufacturers: Airbus Defence and Space (Airbus DS); Space Systems Loral (SSL) and Thales Alenia Space (TAS). In addition to providing satellites to Eutelsat which comply with the French Government's Space Law, each of these manufacturers has policies on minimizing their environmental impact and ensuring sustainability.

Airbus DS is working on incorporating sustainable development principles and practices at all levels of its company operations. It is committed to minimising its effect on the environment and increasing the company's overall energy performance as well as ensuring compliance with all legal requirements. Airbus DS has commenced a project for all new products to be "eco-designed" by 2020 in order to minimise their environmental and health impacts.

SSL meet or exceeds the stringent U.S. Government and State of California environmental requirements and has on-going initiatives to reduce waste, conserve water and energy and implement recycling amongst other sustainability practices. In particular it has reduced hazardous wastes by ~25% over the last five years. As well as its stated commitment to protecting the environment on earth, it also ensures that its satellites comply with international regulations on space debris.

TAS is part of the Thales Group which has already put in place reporting for the French Government's "Grenelle II" environment laws. Thales has had a corporate environmental policy since 2007 and is working to include an environmental aspect at all levels of its business. Its Environmental Management System has achieved reductions in consumption of natural resources as well as generation of CO_2 and hazardous waste amongst others and has targeted further reductions by the end 2015.

Launch Services

As an operator of satellites, Eutelsat does not launch satellites, but uses launch service providers such as Arianespace, International Launch Services (ILS) and Sea Launch. In recent years Eutelsat has launched on average two satellites per year.

Arianespace, which has been the main supplier of Eutelsat launches, published its first Sustainable Development Report in 2013. In this report, amongst other topics, it describes its efforts to protect the environment of the earth and outer space by reducing the impact of their launch services, starting at launcher design up to space debris management. The main combustion products from an Ariane 5 ECA launch are hydrochloric acid and aluminium oxide from the launcher's solid rockets and water vapour from the cryogenic (liquid oxygen and hydrogen) 1st and 2nd stages. The total CO/CO_2 emissions from an Ariane 5 ECA launch are estimated to be 200 tonnes. Environmental checks carried out after each launch show that the impact on the local environment is very low. Arianespace continue to work with CNES and ESA space agencies to closely estimate impact of their launches. In addition the ISO 14001 certification (environmental management systems) of the launch facility in Kourou, French Guyana, is ongoing with the target of achieving this in 2014.

ILS utilises the Russian heavy lift Proton M/Breeze M rocket from the Baikonur Cosmodrome in Kazakhstan. The Russian Federal Meteorology and Environment Service, the Bauman Moscow Technical University and the Russian Academy of Science have performed a study of the contamination of the environment by the Proton M/Breeze M launcher both by the pre-lift off propellant emission and by the combustion product exhaust during the Proton M and Breeze M flights. The amount of CO_2 generated by the pre-lift off exhaust is approximately 0.5 tonnes whilst that during the Proton M flight could be up to 350 tonnes. For the Breeze M (upper stage) flight which occurs at altitudes from 160 km up to 35,000 km the CO_2 emission from the propulsion system could be up to 7 tonnes.

Sea Launch uses the Ukrainian/Russian Zenith-3SL rocket and launches from a mobile floating platform in the Pacific Ocean. Before commencing its operations, Sea Launch submitted an environmental impact study to the US Government on the effects of its pre-launch, launch & flight and post-launch operations. The report showed that the total amount of CO/CO_2 emissions from the kerosene/liquid oxygen fuelled Zenith-3SL launch vehicle was 295 tonnes.

To put the above emissions into perspective, a round trip transatlantic flight generates approximately 400 tonnes of CO_2, more than a launch on any of the above rockets.

Space debris

Today's telecommunications satellites have a useful life of approximately 15 years. Telecommunications satellites have applications in a number of areas.

With the proliferation of telecommunications satellites populating space around the earth, the issues surrounding the management of satellites when they have come to the end of their useful lives has become increasingly important, especially as it relates to the substantially growing amount of space debris. This issue is particularly crucial in low orbits.

Therefore, respecting a policy of responsible fleet management, one that, from the outset, addresses how to correctly manage the end of life of satellites constitutes an important aspect of the Group's environmental and societal obligations.

A responsible fleet management policy

Since the early 2000s, Eutelsat has addressed this issue by implementing a policy of responsible management of space debris, which combines both Eutelsat's extensive operational experience with recognised recommendations from the international community in this field.

Since 8 July 2005, Eutelsat has been an operator certified in satellite control and operations (ISO 9001).

Furthermore, Eutelsat set up the "Space Debris Mitigation Plan" in 2005 to cover station-keeping manoeuvres, the repositioning of satellites placed in geostationary orbit, colocation strategies, anomaly remedial measures, strategies for operations in inclined orbit and end-of-life operations.

Eutelsat's Space Debris Mitigation Plan draws on international and European guidelines (IADC Space Debris Mitigation Guidelines, European Code of Conduct for Space Debris Mitigation) and on the criteria defined by the French Space Operations Act. The requirements laid down by the plan for improving end-of-life operations and passivation and minimising collision risks during operations are more challenging that those contained in the rules governing the Company's activities.

The Plan is regularly updated to include new standards. More particularly, it was reviewed in 2010 to ensure that the Company's internal organisation aligns with the processes imposed by the French law on space operations.

Thus far, Eutelsat's internal policies enabled reorbiting and passivation of 13 satellites that have reached their end of useful life. All 13 satellites were reorbited in compliance with international guidelines and the French Space Operations Act in order to prevent them from re-entering the protected zone (+/- 200 km from the geostationary orbit) in the long term (over 100 years). In the sector, the overall success rate for GEO satellite reorbiting has stood at 51% since the implementation of the IADC guidelines in 1997, reaching 75% in 2013.

Furthermore, 80 GEO satellite repositioning manoeuvres were performed by Eutelsat. All of them were successfully conducted in compliance with regulations governing collision risks and space debris generation. To mitigate collision risk to the maximum extent possible, Eutelsat moves its satellites out of the geostationary corridor (+/- 40 km from the geostationary orbit) during the repositioning stage and assesses collision risks with the help of USSTRATCOM data and information contained in the Space Data Association database.

Compliance with the French Space Act

The French Space Operations Act, in force since 10 December 2010, underscored the need for a responsible approach to fleet management.

The law establishes a regulatory framework within which Eutelsat works with the French Ministry of Research and CNES ("*Centre national d'études spatiales*") to meet its obligations for controlling objects in space orbit.

Technical authorisations and licenses delivered by the Ministry of Research under this law are managed by CNES. Eutelsat cooperates with CNES during all stages of the life of a satellite. Prior to receiving authorisation for a satellite, CNES reviews all technical documentation along with Eutelsat. Subsequent to obtaining authorisation, Eutelsat invites CNES to its technical reviews, in order to ensure correct application of technical regulations. Finally, Eutelsat informs CNES of any incidents occurring on the satellite and/or any change of orbital position.

In the context of exchanges with CNES for obtaining authorisations, Eutelsat details its strategies to deplete the resources of the satellite in a way that limits the increase in space debris, or allows for permanent deactivation of any means of producing energy on board the satellite. Eutelsat also justifies the resources needed to conduct de-orbiting operations and the probability calculation to successfully carry out these procedures. Finally, Eutelsat obtains from CNES a study which encompasses potential risks or dangers to people, the environment, public health, and, in particular the dangers of space debris generation (in the case of a collision with another space object, for example), as well as a plan to address the potential risk of accidental collisions.

Best practices adopted by Eutelsat have allowed the Company to be compliant with French space law since its implementation and the Group continues to be a responsible operator and involved player in the fight against space debris.

Sharing Eutelsat's policy and practices

In 2011, Eutelsat became an Executive Member of the Space Data Association (SDA). Bringing together satellite fleet operators, the SDA is tasked with assessing the risks of potential close approaches on the geostationary orbit and the LEO, and sharing information with a view to mitigating RF interference.

In addition, Eutelsat is actively involved in many events and workshops organised throughout Europe on space debris management. More specifically, the Company plays an active part in two key events organised by the CNES on a regular basis: the Workshop on End of Life Operations (biannual) and the annual Working Panel on outer space debris. It also keeps up on the work of the ESA and other relevant international institutions.

In 2013, Eutelsat introduced its internal policy and provided feedback on the French Space Operations Act during a workshop organised by the Long-term Sustainability of Outer Space Activities Working Group which is an initiative under the UNCOPUOS Scientific and Technical Sub-committee.

››› 3.2.1.2 Employee information and training in regards to environmental protection

A formalised Group-wide Code of Business Practice and Ethics was finalised and issued during the financial year 2013-2014 and a copy was made available to each Eutelsat employee. It is available externally as necessary, for example to customers, suppliers and shareholders.

It includes a definition of the Group's values and addresses notably its commitment to the environment in orbit and on the earth.

››› 3.2.1.3 Means used for preventing environmental risks and pollutions

Reception *via* satellite dishes

The World Health Organization (WHO) commentary on exposure to electromagnetic radio waves:

"WHO, through the International EMF Project, has established a programme to monitor the EMF scientific literature, to evaluate the health effects from exposure to EMF in the range from 0 to 300 GHz, to provide advice about possible EMF hazards and to identify suitable mitigation measures. Following extensive international reviews, the International EMF Project has promoted research to fill gaps in knowledge. In response national governments and research institutes have funded over 250 million U.S. dollars on EMF research over the past 10 years.

While no health effects are expected from exposure to RF fields from base stations and wireless networks, research is still being promoted by WHO to determine whether there are any health consequences from the higher RF exposures from mobile phones."

There are no specific references to risks associated with satellite use. (source: WHO website http://www.who.int/mediacentre/factsheets/fs322/en/index.html).

››› 3.2.1.4 Provisions and/or guarantees for environmental risks provided that such information would not cause serious harm to the Company in an ongoing litigation

There are no provisions or guarantees for environmental risks, nor is there any ongoing litigation or potential risks concerning environmental issues within the Eutelsat Group.

3.2.2 POLLUTION AND WASTE MANAGEMENT

››› 3.2.2.1 Measures taken to prevent, reduce or repair waste-releases into the atmosphere, water and soils that badly affect the environment

Eutelsat's fleet of telecommunications satellites operate in in the geostationary orbit 35,786 kilometers (22,236 miles) above the earth along the equator, far beyond the earth's atmosphere. The satellites remain at this distance for their entire operational life. When they reach end of life, approximately 15 years after their entry into service, they are re-orbited using their remaining on-board propellant into a graveyard orbit, approximately 300 kilometers beyond the geostationary orbit. As a consequence, the satellites never return to earth, nor do they ever re-enter into the earth's atmosphere and so Eutelsat's satellites have no direct impact or cause any pollution to the earth or its atmosphere.

See previous section 3.2.1.1 for information from satellite manufacturers and launch service suppliers regarding their environmental policies.

››› 3.2.2.2 Measures taken to prevent, recycle and eliminate waste

Waste management at the Company's main offices in Paris

The Group has committed to observe "best practices" in terms of managing waste generated in its offices. Eutelsat continued to pursue a rigorous program of recycling at its Paris offices in 2013, including paper products and office equipment. In addition, the IT equipment which is still usable is either sold or donated to schools or associations.

A sustainable office equipment purchasing policy was established in 2007. This policy respects the principle that 70%-95% of all office equipment must be recyclable. The Company received a certification of "commitment of compliance" sustainable development from its office furniture supplier CLEN in February 2013.

Paper consumption

Consumption	2012	2013
Tons of paper	19,850	17,397

Waste production and recycling

Waste	2012	% recycled	2013	% recycled
Waste in tons	47,225	91	44,187	89

The Company seeks to pursue this trend of producing less waste and is willing to at least maintain the amount recycled at a high level.

››› 3.2.2.3 Management of noise pollution and of any other kind of pollution specific to an activity

Eutelsat's teleport in Rambouillet (France) is equipped with noise preventing systems in order to reduce noise produced by antennae and air-conditioning systems. Periodical checks are done to verify noise status and to implement solutions to reduce it.

The Turin (Italy) teleport is located in a semi-industrial area in close proximity to residential buildings. In order to reduce the impact of the teleport installation on the neighbourhood, some solutions and measures are implemented on an on-going basis, and include:

- noise preventing systems in order to reduce noise produced by antennae and air-conditioning systems. Periodical checks are done to verify noise status and to implement solutions to reduce it;
- planting trees along the teleport perimeter to reduce the visual impact of antennae on the neighbourhood;
- special barriers are maintained to reduce potential electromagnetic impact;
- periodical checks of electromagnetic pollution are done by ARPA (Regional Agency for Environment Protection) and *Politecnico di Torino* university.

3.2.3 SUSTAINABLE USE OF RESOURCES

››› 3.2.3.1 Water consumption and supply in relation to local constraints

For the calendar year 2013, the Company published its water consumption at its headquarters in Paris, its teleport in Rambouillet (France) and in Turin (Italy). There are no local constraints in terms of water supply.

Water consumption (in cubic meters)	Calendar year 2012	Calendar year 2013
Headquarters Paris (France)	7,925 m^3	8,978 m^3
Teleport Rambouillet (France)	539 m^3	577 m^3
Teleport Turin (Italy)	1,130 m^3	1,184 m^3

The headquarters in Paris use water for the air conditioning systems, which results in higher levels of water consumption during the summer months.

Between October and December 2013, some work on the air conditioning systems was performed: it was necessary to completely empty it and refill it with water, which is reflected by the increased consumption of the Paris headquarters in 2013.

››› 3.2.3.2 Raw material consumption and measures adopted to improve their use efficiency

The Group operates no factories and therefore does not consume raw materials for conducting its business. This indicator is deemed not applicable.

››› 3.2.3.3 Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies

Much of the Group's energy consumption is the result of cooling and heating needs for the teleports used for establishing two-way connectivity between the earth and the fleet of satellites. During the summer months, electronic equipment must remain at constant temperatures, so, an air conditioning system is used. Furthermore, during the winter months when exterior temperatures can go below freezing, the antennae used to uplink signals to the satellites must be heated in order to ensure their proper functioning.

Efforts to reduce electrical consumption at the Group's teleports

Rambouillet, France: The teleport underwent an energy audit in 2012. Based on the recommendations of the audit, Management implemented the following actions:

- concerning current energy consumption:
  - focus on de-icing including anticipation of weather conditions and current implementation of systems for free cooling, based on fresh air from outside the building,
  - anticipating power consumption and use of inverters;
- considerations for future improvements to optimise energy consumption:
  - study to use windmill power generation. Studies have continued in 2013 and the phase of neighbourhood consultation is currently under way to assess the potential impact of windmills,
  - a prototype of a passive deicing system for antennae up to 3.8 metres has been installed and the system will be progressively deployed. This avoids the use of energy (electricity or other) for heating the antennae in winter.

Turin, Italy: steps taken in 2013 to reduce electrical consumption included Retro-fitting UPS (Uninterruptible Power Supply) using a modular approach.

Considerations for future improvements to optimise energy consumption included:

- evaluation of alternative energy sources, namely, the installation of solar panels;
- possible future use of energetic monitoring and diagnostic systems.

Electrical and fuel consumption at some of Eutelsat's installations

Electricity Consumption (in kilowatts)	**12 months to 31 December 2012**	**12 months to 31 December 2012**
Headquarters (Paris, France)	3,786,950 kW	3,660,284 kW
Teleport Rambouillet (France)	7,127,054 kW	7,748,557 kW
Turin offices (Italy)	86,920 kW	55,300 kW
Teleport Turin (Italy)	3,803,164 kW	3,619,221 kW
Turin back-up (Cebrosa, Italy)	389,083 kW	364,056 kW

Purchases of diesel fuel (in litres)	**12 months to 31 December 2012**	**12 months to 31 December 2013**
Teleport (Rambouillet, France)	26 m^3	26 m^3

3.2.3.4 Land use

Given the Group's profile, this indicator has been deemed not applicable.

3.2.4 CLIMATE CHANGE

3.2.4.1 Greenhouse gas emissions

For the first time, the Group has undertaken and published its greenhouse gas assessment this year. It was performed by a company named SGS.

The emissions taken into account are the direct emissions generated by stationary and mobile sources required for the Group's activities and the indirect emissions related to electricity, heat or steam consumption required for the Group's activities. The greenhouse gas assessment was performed for the three sites of the Group that are located in France (the headquarters, the "Cristal" tower and the teleport in Rambouillet).

Greehouse gas emissions were in total 1,144 teqCO_2 (and 6 tCO_2biomass) for direct and energy-related indirect emissions. More than 60% of the Group's emissions in France were generated by electricity consumption, the teleport being the main contributor.

Actions taken to reduce electricity consumption for the teleport are described in section 3.2.3.3 "Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies" of this document.

3.2.4.2 Adaptation to the consequences of climate change

During 2012, the Group's Information Systems Department began a significant project to rationalise, on a Group-wide basis, its IT systems and processes. The main actions conducted and pursued in 2013 include:

- a product catalogue is being put in place that addresses the installation of office equipment (servers and individual workstations) that are eco-friendly and consume less energy (a "green-IT" philosophy);
- personal computers are set to enter into standby after 20 minutes of inactivity;
- copiers and printers have been replaced with a view to reduce electrical consumption.

In addition, at the Headquarters in Paris, actions were taken to improve the consumption of energy related to lighting: several hundred light bulbs were replaced by lower energy-consumption led bulbs and lighting control devices were installed in offices.

Actions taken to reduce electricity consumption for the teleport in Rambouillet are described in section 3.2.3.3 "Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies" of this document. In addition, a fire extinguishing system that uses Argon and Nitrogen, instead of CO_2 and other gases used that have a more significant environmental footprint has been installed. Argon and Nitrogen are gases that are present in the atmosphere and not toxic either to humans or to the environment.

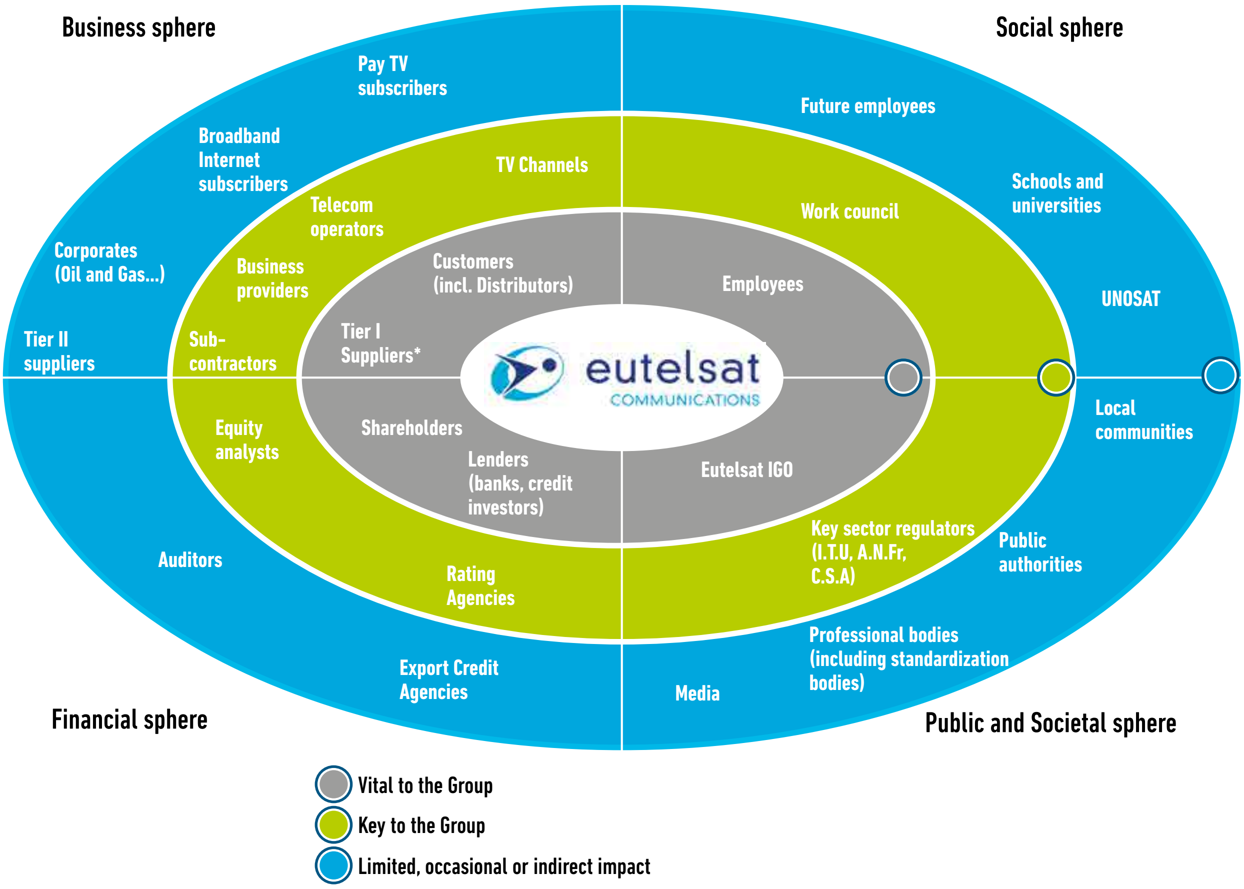
3.2.5 PROTECTION OF BIODIVERSITY

3.2.5.1 Measures taken to preserve or develop biodiversity

To avoid potential interference of the operations of the teleport in Rambouillet by bird populations, the teleport uses falconers to prohibit migratory bird populations from passing through the teleport space at certain times during the year.

3.3 INFORMATION RELATIVE TO SOCIETAL COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT

The main stakeholders of the Group are identified in the Matrix below:



* *Tier I suppliers mainly include satellite manufacturers, launchers, insurers, technology providers, suppliers of ground equipment.*

3.3.1 TERRITORIAL IMPACT OF THE GROUP'S ACTIVITIES ON EMPLOYMENT AND REGIONAL DEVELOPMENT

3.3.1.1 Impact on employment and regional development

The teleport in Rambouillet, France, offers some positive benefits to the local community in terms of employment and regional development, as the Company uses local service providers for some of the teleport's activity and upkeep:

- a local firm is used for the upkeep and maintenance of the grounds surrounding the teleport;
- the Company uses the services of a regional company for installation of antennae;
- most technical products required for proper functioning of the teleport are purchased from a local company in Rambouillet.

3.3.1.2 Impact on neighbouring populations

To reduce the impact of any increased traffic in the area due to the teleport's activity, the Company runs a shuttle bus between the teleport and Rambouillet town centre. Car pooling is also encouraged.

In addition, Eutelsat supports the digital development of rural areas (See section 3.3.2.1).

3.3.2 RELATIONS WITH STAKEHOLDERS, IN PARTICULAR SOCIAL INTEGRATION ASSOCIATIONS, EDUCATIONAL INSTITUTIONS, ENVIRONMENTAL DEFENCE GROUPS, CONSUMER ASSOCIATIONS AND LOCAL POPULATIONS

3.3.2.1 Dialogue conditions with these stakeholders

Our satellites' broad worldwide coverage gives our Group many opportunities to promote solidarity through development initiatives. Our community involvement focuses on three main areas: participation in research and development programmes using satellite technology for the protection of citizens, support for humanitarian emergency relief efforts or digital development in vulnerable areas and the promotion of science and technology in schools.

Eutelsat IGO, in constant dialogue with its stakeholders

Actions taken by the operating company, Eutelsat S.A., encourage regular dialogue between the Intergovernmental Organization Eutelsat (Eutelsat IGO) and a range of stakeholders on environmental and social responsibility issues.

Eutelsat IGO maintains the status of permanent observer on the United Nations Committee on the Peaceful Uses of Outer Space (UNCOPUOS). In this capacity, the Executive Secretary participates in the Working Group on the Long-term Sustainability of Space Activities, following a work plan that was approved, *via* resolution 64/86, at the Committee's Annual Meeting in 2009. The problems of space debris and generally protecting the space environment are issues of importance to all players in the space industry. Eutelsat IGO regularly informs its Member States and the operating company, Eutelsat, of progress made in this area. The Executive Secretary participated in the fifty-first meeting of the Scientific and Technical Subcommittee in February and in the fifty-third Legal Subcommittee in March - April 2014. He also participated in meetings of the Working Group on Long-term Sustainability of Space Activities, which is in the process of abridging the current 33 draft guidelines for the consideration of UNCOPUOS in June 2014.

The Executive Secretary of Eutelsat IGO is also one of the founding members of the Broadband Commission for Digital Development. Created in 2010 by the Secretary General of the ITU (International Telecommunications Union) and the Director General of the UNESCO, this Commission aims to accelerate the achievement of the United Nations Millennium Development Goals (MDGs) and to identify broadband as potentially one of the most effective ways to achieve universal access to information and safeguard everyone's right to communicate.

The Executive Secretary attended the eigth meeting of the Broadband Commission in September 2013 in New York, during which the report to the UN Secretary General entitled "The State of Broadband 2013: Universalizing Broadband"[(1)], containing a unique summary of broadband network access, with country-by country data measuring broadband access against the key targets of universality, affordability, level of penetration and accessibility, which the Commissioners had agreed in October 2011 was issued.

The Heads of Eutelsat IGO, IMSO (International Mobile Satellite Organization) and ITSO (International Telecommunications Satellite Organization) also jointly contribute to the preparation of the annual reports[(2)] of the Commission by providing updated analyses of the importance of satellite broadband for internet access and their consultations with the satellite operators they each oversee.

At the ninth meeting of the Broadband Commission in March 2014 in Dublin (Ireland), it was stated that "Broadband must be recognised as the vital development enabler in post-2015 UN Sustainable Development framework". In the press release[(3)] issued after the meeting, additional and background information was provided on the past and current work of the Broadband Commission, its targets and the increasing importance of the UN sustainable development goals. In addition to reiterating the importance of the ongoing work of the Broadband Commission, two sessions were organised, one concerning the changing role of telecom operators and content providers and the other about innovative solutions for rolling out rural broadband. In this latter session, questions concerning challenges driving broadband deployment in a rural context were addressed, during which the Executive Secretary publically stressed the importance of satellite as a cost effective technology through the presentation of significant satellite success stories for rural broadband development presenting the significant achievements of Eutelsat in this field.

Working in the field of humanitarian emergency relief efforts

Working alongside *Télécoms Sans Frontières* since 2007, Eutelsat provides the NGO with terminals to equip a community or relief unit with a broadband link for the sending of data, images or voice communications in the space of a few hours. Burkina Faso, Libya, Syria, Tunisia and Niger have been the main areas of action this year with the Philippines, where in October 2013 TSF deployed its teams as soon as the earthquake alert was received.

Space technology for the protection of citizens

Eutelsat is working on a series of ongoing research and development programmes aimed at providing innovative satellite resources to civil defence organisations.

These two- to four-year programmes are concluded with a presentation to the competent authorities of new technical solutions that can be used to improve the responsiveness and effectiveness of disaster relief efforts. The Alert4All programme, co-funded by the European Union and launched in 2010 by twelve partner companies including Eutelsat, ended in October 2013 with a presentation given at the German Aerospace Centre in Munich of an alert system incorporating the live satellite broadcasting of messages to the televisions and mobile telephones of populations scattered over a large area.

Also partly funded by the European Union and boasting the involvement of seventeen research centres and companies in the telecom sector including Eutelsat, the ABSOLUTE programme launched in 2012 has reached its half-way mark. This programme aims to test the ability to deploy a hybrid system that combines a satellite in geostationary orbit with a constellation of balloons flying at low altitude. The balloons act as transmitters in the sky and relay communications to LTE mobile phones for fast communication network recovery in disaster areas. In this configuration, the EUTELSAT KA-SAT 9A satellite is used to connect each balloon to the Internet backbone. Studies on the scenarios and various modules of the system have continued over the year, and 2014-2015 is set to become the year in which the modules are integrated prior to the official presentation of the technical solution for a set of scenarios.

(1) http://www.broadbandcommission.org/Documents/Broadband_Targets.pdf

(2) http://www.broadbandcommission.org/Documents/bb-annualreport2013.pdf

(3) http://www.itu.int/net/pressoffice/press_releases/2014/09.aspx#.Uzk_EnegV4x

A third European programme was launched in December 2013, bringing together eight partner companies including Eutelsat to pool satellite-based observation, geolocation and communications technologies for risk prevention, focusing in particular on the forest fire scenario. Christened PHAROS, this programme involves interconnecting camera and sensor networks in orbit and on the ground in order to ensure constant monitoring of high-risk areas. It can be used, for example, to identify the start of fires at an early stage. The data collected by the ground cameras and sensors are transmitted by satellite to control centres through new-generation "Smart LNB" transmitter/receiver heads. Developed by Eutelsat and technological partners for connected TV and home automation markets, these two-way feeds can be potentially used in other applications within the PHAROS project.

Supporting digital development in rural areas

In addition to emergency situations, Eutelsat also supports *Télécoms Sans Frontières* in long-term cooperation initiatives such as the rural development programme in Niger that collects and disseminates data on crop and cattle market prices. Another example is the continuation of a programme to end digital isolation in Madagascar, by equipping a fifth centre for weekly IT classes. This Internet connection also enables schoolchildren to access multimedia content on health, the environment, citizenship and teaching modules.

In the same vein, the availability of the EUTELSAT KA-SAT 9A satellite enables Eutelsat to support broadband access programmes in rural areas throughout Europe and in large parts of the Mediterranean Basin. Eutelsat works closely with France Télécom Orange, its subsidiary Nordnet and the Association of Rural Mayors in France to promote broadband access in French schools located beyond range of terrestrial networks as part of the *Connect'Écoles* (Connected Schools) programme.

Support for teaching science, a major challenge for development

Eutelsat also actively supports the teaching of science at school. Our Group has been maintaining relationships between schools and companies for many years, forging close ties with students in the telecom or spatial sectors. Eutelsat implements educational partnerships for younger students aimed at promoting pupils' interest in science and technology.

In 2013, Eutelsat partnered with *Planète Sciences* to develop five school activity modules aimed at explaining to French schoolchildren how satellites work. With a focus on experiments and the involvement of young people, these modules will travel across France in 2014 and 2015, visiting as a priority schools in vulnerable areas.

In Africa, Eutelsat has been holding a competition since 2011 with broadcaster MultiChoice Africa, inviting young people aged between 14 and 19 years of age and from 42 countries to demonstrate the connection between the science subjects taught at school and their applications for the development of their continent. Each year this competition revolves around a new theme and contestants are asked to write an essay or design a poster. The competition is accompanied by a set of resources made available to schools (educational booklets, films and websites) and is supported by 1,000 MultiChoice resource centres equipped for recording distance learning programmes broadcast by satellite. The third DStv Eutelsat Star Awards received more than 1,000 essay and poster entries. Chaired by astronaut Paolo Nespoli from the European Space Agency, the international jury met in Accra (Ghana) to select this year's winners. Francine Mazala (Zambia), Best Essay, won a trip to Paris and to French Guiana where she will watch a live satellite launch. Lloyd Ossei Baffour (Ghana), Best Poster, will also travel to France to visit Eutelsat's teleports in addition to a satellite construction plant.

L'Arrondi Solidaire – A gesture of solidarity for local employment and micro-credit

All these operations serve as powerful motivators for our employees. They show a caring and responsible entrepreneurship that is a source of pride and loyalty for our teams. They are accompanied by other personal initiatives such as *l'Arrondi Solidaire*, where Eutelsat S.A. was the first French company to offer this programme to its employees in 2010. It allows employees to donate the Euro cents from their salaries each month to charitable causes. The amount is matched by the Company and paid to charities working for local employment and microcredit such as "ADIE" and "Planet Finance".

Teleport visits

In a spirit of openness and with the goal of increasing understanding of the satellite world, the teleport in Rambouillet regularly receives visitors of all types for tours of the site (schools, local elected representatives...).

3.3.3 OUTSOURCING AND RELATIONSHIPS WITH SUPPLIERS

››› 3.3.3.1 How the Company's purchasing policy takes into account social and environmental issues

Given the highly technically nature of Eutelsat's business, it works with a limited number of major suppliers that manufacture and launch the Group's satellites. These main suppliers are principally located in Europe and the US and therefore are held to high standards for social responsibility. Section 3.2.1.1 of this report addresses Eutelsat's relationships with these main suppliers specifically as it relates to environmental implications.

As for the purchasing of goods and services for use in its offices, the purchasing department in the headquarters, located in Paris, France, established a sustainable office equipment purchasing policy as early as 2007. For example the office furniture purchased is made of recyclable material.

››› 3.3.3.2 The importance of outsourcing and the Company's social and environmental responsibility in its relationship with suppliers and subcontractors

Eutelsat currently has contracts with four of the world's major satellite manufacturers, and four leading satellite launchers. In addition to providing satellites to Eutelsat which are compliant to the French Government's Space Law, each of these manufacturers has policies on minimising their environmental impact and ensuring sustainability.

See section 3.2.1.1 "Impact of satellites and launch services on the environment".

3.3.4 FAIRNESS IN PRACTICES

3.3.4.1 Actions taken to prevent corruption

Fight against corruption is part of the Group's commitments to clients and business partners. The Group's Code of business practice and ethics states that "*in conducting its business, Eutelsat does not allow any corruption practices*".

In the financial year 2013-2014, the Group made some progress in formalizing anti-corruption procedures in the framework of a continuous improvement process. Main steps taken under the leadership of the Corporate Secretary and of the Director of Internal Audit and Control include:

- Group's "Ethics Code" was published during financial year 2013-2014, affirming the Group's commitments against corruption. It was distributed to all employees and made available on the Group's corporate website www.eutelsat.com;
- an audit has been performed by an external body to assess risk;
- a Handbook of Procedures describing notably the procedures to avoid corruption has been put in place;
- guidelines have been established for selection and monitoring of sales agents and consultants, in particular in countries that are considered higher-risk;
- a committee to ensure the respect of existing anti-corruption rules, composed of the Group's General Counsel, the Chief Commercial Officer, the Director of Commercial Development and Marketing and the Director of Human Resources, has been put in place.

During the last financial year, the progress achieved in the field of anti-corruption procedures as well as potential improvements were presented to the Executive Committee, Audit Committee and the presentation was sent to the Board of Directors.

In order to achieve further improvements, the Group will implement employee training in order to increase employees' awareness, particularly for those who are most directly exposed to potential corruption.

3.3.5 OTHER MEASURES TAKEN IN FAVOUR OF HUMAN RIGHTS

Since 2009, Eutelsat has seen a substantial increase in the number and duration of instances of acts of intentional interference with satellite signals. Jamming is defined as interference to the satellite networks which is obvious and deliberate and with the intention of disrupting or even preventing the clear reception of certain TV channels.

Intentional interference – an attack on the free flow of information

By definition, deliberate interference is a violation of freedom of information cited in Article 19 of the Universal Declaration of Human Rights (1948) and by the International Covenant on Civil and Political Rights of the United Nations (1966). The latter is binding on signatory states, and declares in Article 19.1 that "everyone has the right to freedom of expression; this right includes freedom to seek, receive and impart information and ideas of all kinds, regardless of boarders, *via* either verbal, written, printed or artistic means, or through any other media of his choice." The European Convention to safeguard Human Rights (Article 10) and the Charter of Fundamental Rights of the European Union, covered by a European Treaty, adds that freedom of information should not be restricted by the interference of public authorities. Hence, the Charter of Fundamental Rights of the European Union provides in Article 11 that "everyone has the right to freedom of expression. This right includes freedom to hold opinions and freedom to receive and impart information and ideas without interference by public authority and regardless of boarders."

Furthermore, we have found that the channels suffering the most interference are international news channels (such as BBC, Voice of America, Deutsche Welle, Al Jazeera, etc.). A number of incidents of intentional interference have also occurred during major sporting events and on sports channels.

Eutelsat activities to combat intentional interference

To combat this situation, Eutelsat has taken the lead with several activities. The technical teams have developed devices to make future satellites more resilient to interference and ensure better protection for channel broadcasting, in accordance with the principle of continuity of service based business relationships with its customers.

In addition, Eutelsat conducts ongoing monitoring of intentional interference; especially tracking the origin of interference, when channel broadcast disruption can be identified.

These initiatives enable Eutelsat to contribute to the analysis of these activities that penalise its business. In a series of seminars in which the Company participated: notably, a BBC-sponsored conference in London in November 2012; "Naming and shaming the jammers", a seminar hosted by Eutelsat in January 2013; a seminar on Satellite Interference Reduction organized by the GVF Group for Cabsat in Dubai in March 2013, Eutelsat has stressed that the fight against deliberate interference should focus on better geo-localisation of the originating signal and the establishment of a framework for collecting all relevant data on this issue. Eutelsat also supported the IFRI (*Institut Français des Relations Internationales*) research program on the issue of harmful interferences which resulted in a report published in January 2014 (see www.ifri.org/?page=detail-contribution&id=7980&id_provenance=97).

Changes in the regulatory framework under the auspices of the International Telecommunications Union (ITU) and the ANFr (National Frequencies Agency)

Intentional interference is also considered illegal under Article 45 of the Constitution of the International Telecommunications Union (ITU) and Article 15 of the Radio Regulations. This is why the ANFr systematically files complaints with ITU authorities against territories from which intentional interference activities are pinpointed.

Moreover, following the initiatives that Eutelsat has actively contributed to, the Radio-communication Bureau of the ITU recommends implementing a series of measures to strengthen the regulations on the issue of interference. Key features include:

- the establishment of a network of independent stations to better monitor the phenomenon (ITU signature of a Memorandum of Cooperation), to increase and/or confirm efficiency in the geo-localisation of deliberate interference;
- a review of how the ITU can pursue independent observations and measures;
- the creation of an independent database.

On these three axes, France also made a significant contribution in March 2014 to the consensus-seeking work of the CEPT (European Conference of Postal and Telecommunications Administrations) to prepare ITU's plenipotentiary conference scheduled for October/November 2014.

Eutelsat has contributed and will continue to contribute to the development of regulations by assisting relevant international bodies including: ITU and COPUOS (United Nations Committee on the Peaceful Uses of Outer Space) and their national authority partners such as ANFR as well as international organizations like Eutelsat IGO.

Furthermore, Eutelsat follows up on issues regarding the protection of intellectual property rights, in particular the broadcasting of content by "pirate" channels. Since March 2014, the Group has joined an Anti-Piracy Coalition that brings together key players in the industry (satellite operators, content providers, distributors, advertisers, etc.) in the Middle East and North African Region to monitor satellite TV piracy, ensure sharing of all data and information on pirate channels and raise awareness of the consequences of piracy.

3.4 METHODOLOGY AND SCOPE

In compliance with the French *Code de commerce* law n°2012-557 of 24 April 2012 relative to transparency obligations for companies relating to social, environmental and societal information associated with the application of article 225 of the law n°2010-788 dated 12 July 2010 and for article 12 of the law n°2012-387 dated 22 March 2012 that modified the article L. 225-102-1 of the French *Code de commerce*, the Group gathered information for the 42 sections relating to certain aspects of its activity.

The Group convenes a Sustainability Committee at least twice per year, which serves as the conduit for feeding information used to prepare the present report. This committee is made up of 15 members from several departments throughout the Group and was expanded this year to include two members from subsidiaries outside of France. Two senior sponsors, the Group Deputy CEO and the Head of Human Resources ensure that information on sustainability issues is communicated to the Group's Board of Directors.

3.4.1 METHODOLOGY

Each of the Eutelsat Communications Group operating subsidiaries provided certain information used for the writing of the present report. The section about "social aspects" has been consolidated by the Human Resources Department in the Group's largest subsidiary, Eutelsat S.A., located at the Group's headquarters in Paris, France. Information regarding "environmental impacts" primarily reflects input from Eutelsat's suppliers (satellite manufacturers and satellite launch services). We have also included certain information from the Group's teleports located in Rambouillet (France) and Turin (Italy) as they reflect some limited environmental impact. "Societal information" was gathered mainly from the operating Company, Eutelsat S.A. but reflect a Group-wide picture. As the acquisition of Satmex (operating under the name Eutelsat Americas) was finalized in early January 2014, it was not included in the perimeter of reporting of this year's sustainability report and will be included in next year's report.

3.4.2 SCOPE

As the Group's operating subsidiary, Eutelsat S.A. constitutes the vast majority of employees (circa 70%). Information from this subsidiary serves as an "internal benchmark" for the Group. Regarding the other subsidiaries taken into account in the perimeter, please refer to the section 7.4.1 " the Group's simplified organisational chart" of this document, excepting Satmex, which has not been included in the perimeter for this fiscal year (see introductory paragraph of this section). When information reported comes exclusively from a specific subsidiary, we have attempted to clarify. The timeframe of quantitative information in this report reflects the calendar year 2013 (1 January 2013 to 31 December 2013), unless otherwise stated.

04 RISK FACTORS

Before making an investment decision, investors and shareholders are advised to read all the information contained in this Reference Document, including the risks described below.

At the filing date of this Reference Document, the risks described are those whose occurrence is likely to have a significant adverse impact on the Group, its business, financial situation and/or results, and which are important when making an investment decision.

Group risks may be divided into five categories:

- operational risks;
- risk relating to changes in the satellite communications market;
- regulatory risks;
- liquidity risks;
- market risks.

This section briefly outlines the main risks that the Group might face in the course of its business. They are mentioned purely for illustrative purposes and are not exhaustive in nature. These risks, or any other non-identified risks at the date this Reference Document was filed, or those considered as without significance by the Group at the filing date of this Reference Document, might have an adverse effect on the Group's business, financial situation, results or future development. Furthermore, it should be borne in mind that some risks, irrespective of whether or not they are mentioned in this Reference Document, may result or arise from external factors, such risks being beyond the Group's control.

The main legal proceedings and associated risks are described in Section 7.5 of the Reference Document as well as in Note 27.4 of the Notes to the Consolidated Financial Statements in Section 6.2.

4.1 OPERATIONAL RISKS

4.1.1 THE GROUP MIGHT NOT BE ABLE TO MEET ITS LAUNCH OR ACTIVATION TIMEFRAMES FOR NEW SATELLITES

The Group plans to launch six new satellites (EUTELSAT 115 West B, EUTELSAT 9B, EUTELSAT 8 West B EUTELSAT 117 West B, EUTELSAT 65 West A and EUTELSAT 172B) before the end of fiscal year 2017. Furthermore, the Group has signed long-term lease agreement for capacity on EUTELSAT 36C, a RSCC satellite scheduled for launch by the end of the calendar year 2015.

These satellites are aimed at ensuring continuity of service provided by some existing satellites, increasing resources in certain orbital positions, consolidating the Group's service offering and stepping up the level of security at certain orbital positions.

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

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

"Non-recurring revenues" included indemnities for the late delivery of satellites amounting to 0.5 million euros as of 30 June 2014 and 9.8 million euros as of 30 June 2013.

4.1.2 ACCESS TO SPACE ACCORDING TO THE GROUP'S TIMETABLE IS A CRUCIAL PART OF ITS SATELLITE DEPLOYMENT PLAN AND GROWTH STRATEGY

Given the small number of launch service providers with the technical ability to launch the satellites already ordered, as well as future satellites that have not yet been ordered, the Group considers that this small number constrains its operating flexibility and could increase the cost of its launch programme within the projected timeframe.

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

In order to keep as close as possible to the original timetable for its deployment plan and thereby reduce costs, the Group has diversified its launch service providers. The Group currently intends to use different launch service providers: Arianespace, International Launch Services, Sea Launch A.G., Space Exploration Technologies Corp, etc.

4.1.3 THE GROUP'S SATELLITE DEPLOYMENT PLAN IS DEPENDENT ON A FEW MAJOR SUPPLIERS

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

As of 30 June 2014, future payments on satellite construction, launch and financing contracts amounted to 1,137 million euros. These future payments are spread over 17 years. The Group has also made commitments with other suppliers for the provision of services and acquisitions of fixed assets relating to the monitoring and control of satellites.

The following table lists the payments for these services and acquisitions as of 30 June 2013 and 30 June 2014:

	As of 30 June	
(in millions of euros)	2013	2014
2014	53	-
2015	24	51
2016	17	25
2017	16	22
2018 and beyond (1)	62	19
2019 and beyond	-	75
TOTAL	**172**	**192**

(1) For the period presented as of the financial year closed on 30 June 2013.

Satellite and launch service procurement involve satellite manufacturers (Airbus DS, Thales Alenia Space, Boeing and Space Systems Loral) and launch operators (Arianespace, International Launch Services and Sea Launch A.G., Space Exploration Technologies Corp.).

As of 30 June 2014, payments to suppliers pursuant to the Law on Modernising the Economy were as follows:

(in thousands of euros)	Under 30 days	Between 30 and 60 days	Over 60 days	Total
Payables due	-	-	630	630
Payables to come	-	-	-	-

Comparable information using a constant method as of 30 June 2013 was not available.

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

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

4.1.4 THE GROUP IS ALSO EXPOSED TO THE RISK THAT ITS SUPPLIERS MAY EXPERIENCE OPERATIONAL OR FINANCIAL DIFFICULTIES

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

4.1.5 THE SATELLITES OPERATED BY THE GROUP MAY EXPERIENCE FAILURES OR MALFUNCTIONS IN-ORBIT

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

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

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

The Group currently has an In-Orbit Life Insurance programme covering 17 of its satellites on the basis of their net book value. The policies cover the partial losses and/or deemed total losses of the insured satellites under certain conditions. In spite of total or partial insurance coverage, a failure or loss of one or more of the Group's satellites could have a significant negative impact on its business, financial situation and results.

Furthermore, this insurance programme does not protect the Group against losses such as opportunity cost, interruption of business, delayed activations or loss of revenues.

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

4.1.6 IN THE FUTURE, INSURANCE POLICY PREMIUMS FOR SATELLITES IN-ORBIT AND SATELLITE LAUNCHES COULD INCREASE AND INSURANCE COVER COULD BE MORE DIFFICULT TO OBTAIN OR RENEW

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

The Group might not be able to renew its In-Orbit Life Insurance plan on comparable terms. A deterioration in the In-Orbit Life Insurance market or an increase in insurance premiums could prompt the Group to reduce its coverage of partial losses or losses deemed total, which itself could lead to an increase in the Group's exposure to the consequences of a failure or malfunction in-orbit.

In addition, the Group has taken out a Launch-plus-one-year insurance covering the launch of the EUTELSAT 25B and EUTELSAT 3B satellites.

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

4.1.7 THE GROUP IS EXPOSED TO SPECIFIC RISKS ARISING FROM THE CAPACITY IT USES ON SATELLITES IN STABLE ORBIT BELONGING TO THIRD PARTIES

As of the date of this Reference Document, the Group uses capacity on five satellites (Telstar 12, SESAT 2, EUTELSAT 3A, Express-AT1 and Express-AT2) belonging to third parties, and which are or will be recognised as assets in its consolidated balance sheet (Express-AT2 started operations in July 2014). Telstar 12 is owned by Telesat, SESAT 2, Express-AT1 and Express-AT2 by RSCC and EUTELSAT 3A by China Satcom.

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

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

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

4.1.8 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 for exclusions in the event of damage 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.

4.1.9 RISK MANAGEMENT PROCEDURES REGARDING THE SATELLITE FLEET AND ITS OPERATION

››› Protecting and ensuring the integrity of the satellite fleet

The Group has set up procedures aimed at ensuring continuity of telecommunications services provided to customers and end-users.

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

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

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

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

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

Any significant incident likely to affect the quality or continuity of telecoms services is:

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

››› Back-up capacity and redundancy

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

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

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

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

››› IT security and certification of satellite control systems

The introduction of measures designed to strengthen IT security for the information systems used for satellite control continued during the year. The work is supervised and coordinated by the person with specific responsibility for IT security in the Operations Department.

In 2011, the satellite control team obtained a certification of systems of information security management (ISO 27001) for a period of three years, which was renewed in June 2014.

In June 2013, the teleport teams in Rambouillet obtained a certification of their systems of information security management (ISO 27001) for a three-year period. A surveillance audit was carried out in June 2014, and no item of non-compliance with the standard was identified. This certification is also valid for a period of three years.

Certification of satellite control activities under ISO 9001 was obtained in 2005 and was renewed three times: in June 2008, April 2011 and in May 2014. The certification covers control and operation of the satellites, satellite launch and orbit operations, and the satellite ground control system (definition, development, procurement, deployment, operation and maintenance).

Further to the implementation of a quality control system based on ISO 9001 for the activities at the Rambouillet teleport, certification for these activities was achieved in 2011 and renewed in May 2014. The certification covers activities relating to:

- the communications control centre;
- the commercial services (television signal and data management through the teleport's ground equipment); and
- the radiofrequency systems and the Rambouillet teleport's technical infrastructures.

In June 2014 this certification was extended to the teleport located in Sardinia.

In May 2014, the technical activities of the teleport of Skylogic S.p.A. (Turin, Italy) obtained the ISO 9001 certification which covers the design, implementation, provision and technical assistance on behalf of Eutelsat Group for Video and Data connectivity services.

In addition, the Satmex subsidiary is certified ISO 9001 for all of its satellite control operations.

››› Insurance

"Launch-plus-one-year" and In-Orbit Life Insurance

The Group has an insurance programme covering all the phases of a satellite's lifespan, *i.e.* launch (the launch insurance policy also covers in-orbit acceptance testing and In-Orbit Life of the satellite until the anniversary date of the launch) and in-orbit (In-Orbit Life Insurance policy).

The Group's Launch-plus-one-year and In-Orbit Life Insurance policies include provisions and exclusions that are customary in space insurance.

During the financial year ended 30 June 2014, the Group's premiums for launch and In-Orbit Life Insurance totalled *circa* 32 million euros.

During the financial year ended 30 June 2014, insurance premiums represented approximately 3.1% of total operating costs.

As indicated in Section 4.1.6 of this Reference Document, insurance policy premiums for launches and for satellites in-orbit may increase in the future and it could become more difficult to obtain or renew insurance policies.

4.1.10 PREVENTION AND MANAGEMENT OF OTHER GROUP OPERATING RISKS

Due to the highly complex nature of activities involved in operating its satellite fleet and developing its business, and in response to developments in financial and commercial regulations, the Group created the new position of Risk Management Officer in 2008, reflecting the emphasis placed on risk management and following a recommendation made by the Audit Committee to the Board of Directors. The Risk Management Officer reports directly to the Group's Deputy CEO.

The Risk Management Department's major responsibilities are as follows:

- identify major risks likely to affect the Group's operations and activities and work with the departments concerned to define policies and processes to reduce these risks;
- assist Group Management and the Audit Committee in implementing a risk management policy that includes measures aimed at preventing and reducing risks, improving their control and organising contingency plans;
- monitor staff compliance with the risk management policy and carry out the appropriate communication initiatives in this area;
- promote the Group's interests by ensuring that risks which have a potential impact on the Group are properly defined and that the operations and activities, along with the Company's internal control procedures, are performed in such a way as to minimise risks to the Group; and
- ensure that risk management policies are effectively implemented and taken into account in the Company's activities.

Since its creation, the Risk Management Department has developed a methodological approach which is cross-disciplinary and is applied to the Group's various business activities.

During the financial year 2013-2014, the risk mapping for the Group was updated, the purpose being to identify and measure the magnitude of risks likely to affect the performance of the Group's operations and activities. More specifically, during the 2013-2014 financial year, the Risk Management Department continued to focus on a systematic evaluation of the risks of in-orbit failure or delay when launching satellites, in conjunction with the technical, commercial and finance departments, as well as on investment projects. One of the results of this work was a series of recommendations aimed at mitigating the impact such incidents could have on the Company's ordinary business.

The importance ascribed to risk management within the Group as reflected, for example, in the development of this new position, points out the emphasis by Management and the Board of Directors on a pro-active risk management policy aimed at protecting the Company's assets, activities and interests to the maximum extent possible. To manage the risks arising from its business and operating environment to the maximum extent possible, the Group has set up internal control procedures. During the financial year, new commercial projects and investments in new satellites, the proposed acquisition of Satmex, together with the updated Strategic Plan and budget for the year 2014-2015 were thoroughly analysed in respect of the risks implied.

Supervised and conducted independently of the concept of risk management, an internal control procedure was implemented under the responsibility of the Internal Audit Department, with the purpose of ensuring:

- compliance with statutory and regulatory provisions;
- application of the Executive Management's instructions and guidelines;
- proper functioning of internal corporate processes, particularly those contributing to the protection of corporate assets;
- reliable financial information; and
- more generally, ensuring that business activities are effectively controlled, that operations are efficient, and that resources are used effectively.

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

It should be noted that internal controls and procedures relating to the security of Group operations (*i.e.* procedures regarding the management of satellite risks and other Group risks) are to be distinguished from internal control procedures relating to the treatment of accounting and financial information on the business of the Company and its subsidiaries, in compliance with applicable regulations.

It should also be reminded that, as Eutelsat Communications is charged with the financial and strategic management of the Eutelsat Group, the Group's operational activities, in particular its satellite-related activities are performed by Eutelsat S.A.

»» The business continuity plan for the Company's operations

The business continuity plan includes:

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

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

Placed under the responsibility of the IT Systems management, the project aims at determining the conditions for continuing commercial, financial, administrative and legal activities, corporate communications, and IT and HR Systems management.

Activities directly linked to management of the satellite fleet (and, specifically, satellite and communications control centre activities) currently lie outside the scope of the BCP since they are already covered by specific security procedures described above in the Section "Protecting and Ensuring the Integrity of the Satellite Fleet".

The latest full-scale test of the continuity plan was carried out in March 2012. The corporate job/task processes are currently being modified as part of the setting up of a new ERP. The next business continuity plan test will thus be performed during the next financial year. The business continuity plan will be updated shortly and will be tested during the second half of 2014 on the new perimeter. Furthermore, the latest test of the IT backup plan was performed in December 2013 and did not reveal any serious malfunctioning. At this stage, all business continuity plan procedures remain operational on the current perimeter, before the implementation of the new software package.

Security of IT (Information Technology) Systems

Within the framework of its activities, the Group is exposed to a certain number of operational risks and, more specifically, risks likely to affect its activity.

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

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

- mapping of risk arising from IT Systems security and assessment of the impact on corporate operations;
- establishing a policy and standards meeting Eutelsat's security requirements;
- drawing up an action plan and setting up a cross-sectional security committee to oversee its implementation;
- assessing the protective measures in place in the organisational and technical domains.

An annual audit completed by spot checks allows to assess the efficiency of security measures in place and to correct any identified weakness. During the financial year 2013-2014, an information security management system was implemented to adapt to the evolution of financial, commercial and legal information systems and to the improved procedure of response to IT security incidents.

Insurance

In-orbit third-party liability insurance — Spacecraft third-party liability policy

The Group has taken out a spacecraft third-party liability insurance policy for a period of one year, renewed in February 2014, which covers damage caused to third parties by the Group as a satellite system operator.

Credit insurance

The Group has taken out an insurance policy covering the risk of non-payment by most of its customers. This policy came into effect on 1 May 2012 for a period of 26 months. It was tacitly renewed from 1 July 2014.

Other insurance policies

The Group has taken out third-party liability insurance covering its Corporate Officers *(mandataires sociaux)*, Directors and senior managers, as well as the senior managers of its subsidiaries, in the performance of their duties.

The Group has also taken out standard third-party liability insurance covering its ground operations.

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

Management and monitoring of the Group's supplier contracts

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

As with other contracts signed by the Group, supplier contracts and those financing the Company are prepared, negotiated and monitored by Eutelsat S.A. pursuant to the service agreements between the Company and Eutelsat S.A. Thus, prior to their signature, supplier contracts receive endorsement from the Directors concerned and formal approval by the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer or the Directors to whom the Chairman and Chief Executive Officer has delegated a proxy signature.

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

Purchasing procedures

Procedures have been established to guarantee that all commitments to order goods or services are preceded by a duly authorised purchase request.

The authorisation procedure that should precede all purchases is as follows:

- validation by Management of a budget per project/activity as part of the annual budget approved by the Board of Directors; and
- validation by the Director of the department from which the purchase request originates.

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

Settlement of invoices is subject to the agreement of the departments involved in the purchasing process, in compliance with the internal control policy regarding the rules governing the separation of the positions involved.

All payments require two signatures. If certain pre-determined amounts are exceeded, the signature of the Chairman and Chief Executive Officer or of the Deputy Chief Executive Officer is also required.

As for procurement contracts for satellites and launchers, these are subject to prior approval by the Board of Directors as part of its review of the Group's activities and investment decisions. Contracts for such programmes are governed by a specific procedure (technical, legal and financial) before being signed by the Chairman and Chief Executive Officer or the Deputy Chief Executive Officer of Eutelsat S.A.

4.2 RISKS REGARDING CHANGES IN THE SATELLITE TELECOMMUNICATIONS MARKET

4.2.1 THE GROUP MIGHT NOT BE ABLE TO MEET DEMAND FOR SATELLITE CAPACITY AT CERTAIN ORBITAL POSITIONS

Available satellite capacity on Eutelsat's fleet is currently lower than demand in some frequency bands (Ku-, C- and Ka-bands) and/or in Extended Europe and Latin America. This situation, which could continue, results from a mismatch between long-term investment and operation cycles of satellites and cyclical variations in demand.

The Group might not be able to meet additional demand for satellite capacity from existing customers at certain orbital positions. These customers could then lease additional satellite capacity from other operators and/or decide to terminate their allotment agreements with the Group and to transfer a part or all of the capacity they lease from the Group to other satellite operators that do have capacity available, which could have a significant negative impact on the Group's business, financial position and results.

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

4.2.2 THE GROUP'S DEVELOPMENT IS CLOSELY TIED TO FUTURE DEMAND FOR SATELLITE SERVICES WHICH MIGHT NOT MATERIALISE OR WHICH THE GROUP MIGHT NOT BE ABLE TO MEET

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

The audiovisual industry is sensitive to variations in advertising budgets and consumer spending, which are in turn affected by the economic environment as a whole. In recent years, many television channels, broadcasting platform operators and cable TV operators have experienced financial difficulties as a result of declining advertising revenue and global economic slowdown. The Group cannot guarantee that the audiovisual industry, which is an important part of its end-user base, will not be similarly affected by a sluggish world economy, resulting in weaker demand or additional pressure on prices. Such a downturn could have a significant negative impact on the Group's business, financial position and results.

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

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

Another key component of the Group's strategy is developing Value-Added Services (especially IP access solutions). This will depend, in part, on continued growth in demand for broadband Internet services which is not guaranteed and is not easily predictable. Demand for broadband Internet services could decrease or experience slower growth than in the past few years. Even if this demand does continue to grow, the Group cannot guarantee that such growth will generate increased demand for satellite services due to the cost of access to satellite capacity. Furthermore, the Group might not be able to provide broadband Internet services that correspond to market demand or offer competitive prices, especially in the event of any delay or failure involving its EUTELSAT KA-SAT 9A programme.

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

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

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

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

Furthermore, in the normal course of its business, the Group occasionally encounters difficulty in recovering payment for clients' use of satellite capacity. In this case of non-payment, the standard contracts agreed with the clients contain a clause providing for the suspension or interruption of services.

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

Moreover, the Group considers that healthy receivables are not a particular risk, apart from the possible risk represented by customers located in geographical areas deemed to be potentially the most exposed to the impact of the financial crisis.

4.2.4 A SUBSTANTIAL PERCENTAGE OF THE GROUP'S REVENUE IS GENERATED BY MULTI-USAGE SERVICES, WHICH DEPEND HEAVILY ON THE GLOBAL POLITICAL AND ECONOMIC CONTEXT

Over the last few years, the Group has generated an increasing share of its revenues (12.0% of the Group's revenues for the financial year ended 30 June 2014) in the Multi-usage Services market segment. This segment includes the direct or indirect supply of services to governments, especially in the United States, on the basis of one-year capacity allotment agreements. Obtaining and/or renewing capacity allotment agreements for this segment depends to a great extent on the international political and economic context. As a result, the Group cannot be certain that it will be able to continue to earn revenue from the Multi-usage Services segment.

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

4.2.5 THE GROUP IS DEPENDENT ON SEVERAL MAJOR CUSTOMERS

The Group generates a significant portion of its business from a limited number of customers including distributors, most of which are telecommunications operators. As of 30 June 2014, the Group's 10 largest customers represented 47% of its revenues (the breakdown for the Group's top 10 customers as of 30 June 2013 and 2014 is shown in Section 6.1.2.2 "Revenues"). Some of the Group's major customers could decide to terminate their contracts, not to renew them, or to renew them on terms, particularly price terms, that are less favourable to the Group. This could have a significant negative impact on its business, financial position and results.

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

4.2.6 A GROWING PORTION OF THE GROUP'S CUSTOMERS ARE END-USERS AND DEMAND FOR CAPACITY IS BECOMING INCREASINGLY FRAGMENTED

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

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

In addition, the Group's new consumer broadband activity includes building a base of individual subscribers to Internet services *via* a network of distributors and re-sellers, thus using a business-to-business-to-consumer model. This business model is new to Eutelsat and its success has yet to be established. As of 30 June 2014, around 154,000 terminals were activated on EUTELSAT KA-SAT 9A, including terminals for small and medium-size companies.

4.2.7 THE GROUP IS FACED WITH CONSIDERABLE COMPETITION FROM SATELLITE AND TERRESTRIAL NETWORK OPERATORS

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

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

4.2.8 TECHNOLOGICAL CHANGES COULD MAKE THE GROUP'S SATELLITE TELECOMMUNICATIONS SYSTEM OBSOLETE

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

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

4.2.9 THE GROUP'S 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.

The acquisition of Satmex and the integration of its employees allowed the Group to strengthen its competencies, notably in terms of experience and knowledge of American markets. These skills will be relevant for the future development projects of the Group in the area, particularly for the sale of capacity on the future satellites that will cover the Americas (EUTELSAT 115 West B, EUTELSAT 8 West B, EUTELSAT 117 West B, EUTELSAT 65 West A).

Furthermore, in order to facilitate distribution and marketing of its services in those areas, the Group could seek to enter into agreements with other companies, such as joint ventures or partnerships. However, it might not be able to identify or enter into agreements with appropriate partners. Furthermore, these agreements could involve a number of risks arising, for example, from a lack of control over projects, conflicts of interest between the partners, the possibility that any one of them might not meet one of its obligations (particularly those regarding 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 adverse impact on its business, financial situation, results and growth objectives.

4.2.10 THE GROUP HAS UNDERTAKEN NEW AND INNOVATIVE PROJECTS, THE PROFITABILITY OF WHICH IS NOT GUARANTEED

The Group has made major investments in new infrastructure including a new satellite (EUTELSAT KA-SAT 9A, launched in December 2010) and a complex network of terrestrial stations used for marketing different types of services and, particularly, satellite broadband Internet access solutions to consumers across Europe.

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

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

Moreover, the deterioration in the technical quality of the S-band payload services owned by Solaris Mobile Ltd prompted the Company to review its development prospects.

In October 2011, Eutelsat announced the order of a new satellite, EUTELSAT 9B, to host the first data relay payload for the European Data Relay Satellite System (EDRS), under construction *via* a Public/Private Partnership (PPP) between Astrium and the ESA.

4.2.11 THE GROUP MAY BE AFFECTED BY THE DEPARTURE OF KEY EMPLOYEES OR BE UNABLE TO HIRE THE STAFF NEEDED FOR ITS OPERATIONS

For management and operational purposes, the Group relies on a number of key employees who have very specialised skills and extensive experience in their respective fields. If these employees were to leave, particularly those occupying commercial, technical and regulatory positions, the Group might have difficulty in replacing them. Moreover, the Group's business, characterised by continuously-evolving technology, requires the ability to constantly attract new, highly qualified employees. In the future, if the Group is unable to retain or replace these employees, or is unable to attract new, highly-qualified employees, this could have a significant negative impact on its business, financial situation and results.

4.2.12 PREVENTION AND MANAGEMENT OF THE GROUP'S COMMERCIAL RISKS

Management and follow-up of contracts with customers

The Group's contracts with customers are entered into by Eutelsat S.A. or its subsidiaries on the basis of standard models prepared by the Legal and Commercial Departments of Eutelsat S.A.

Any change to the standard format is examined by Eutelsat S.A.'s Legal Department before the contracts are signed by those with the appropriate level of authority.

The signature of sales contracts is subject to a number of approvals which vary according to the annual value of each commitment. Depending on the amounts and the nature of services involved, the signature of Eutelsat S.A.'s Commercial Director, Multimedia Department Director, General Counsel or Chief Executive Officer (or Deputy CEO) may be required.

The drawing up of capacity allotment agreements is based on complex procedures aimed at ensuring that contracts have been duly signed and customers are billed in accordance with the terms of contracts. During each financial year, the sales cycle, which the Management of the Group deems to be one of the key processes, is the subject of an in-depth audit. The aim of these recurring annual audits is to evaluate the suitability of the internal procedures in place and, on the basis of the findings, ensure that appropriate modifications are made to increase the reliability of these internal procedures contributing to the recognition of revenue.

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

Customer contract risk

All new customers are systematically assessed by the Finance Department's Credit Management team to determine the level of financial guarantees required. All late payments are the subject of in-depth analysis with the relevant client-managers within the Sales and Legal Departments followed, as required, by appropriate measures.

The Group has also taken out a credit insurance policy to improve coverage of customer default risks (see Section 4.1.10, "Insurance").

4.3 LIQUIDITY RISK

4.3.1 THE GROUP HAS A HIGH LEVEL OF DEBT

At 30 June 2014, the Group's total net debt amounted to 3,779 million euros (see also Section 6.1.1.3 "Changes in net debt and Group financing structure" of this Reference Document), and comprised mainly (i) 800 million euros of borrowings drawn down within the framework of the Eutelsat Communications term loan, (ii) 2,880 million euros of bonds issued by Eutelsat S.A., (iii) 395 million euros of debt related to satellite financing agreement and (iv) 293 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group's high leverage could:

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

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

Since 30 June 2013, the Group has entered into two bank loan agreements on 13 September 2013: a 850 million U.S. dollars bridge term loan (cancelled following the bond issue mentioned below) and a 450 million euro revolving credit facility. In addition the Group continued to diversify its sources of funding, with the issuance, on 13 December 2013, of a 930 million euro bond maturing in January 2020, aimed notably at refinancing the term loan put in place on 13 September 2013 for the acquisition of Satmex that was closed in January 2014. On 15 May 2014, all the notes issued on 5 May 2011 and 30 March 2012 by Satmex, initially maturing on 15 May 2017, were redeemed at 104.75% of their principal amount, plus accrued and unpaid interest to the redemption date. The notes represented an aggregate principal amount of approximately 360 million U.S. dollars, bearing a coupon of 9.5%.

As of 30 June 2014, the Group's financing sources were 25% bank-based and 75% bond debt.

The following table sets out the financial liability repayments:

Total flows (in millions of euros)	30 June 2014 Balance Sheet value	30 June 2014 Contractual flows	June 2015 Principal	June 2015 Interest	June 2016 Principal	June 2016 Interest	June 2017 Principal	June 2017 Interest	June 2018 Principal	June 2018 Interest	June 2019 Principal	June 2019 Interest	Beyond 5 years Principal	Beyond 5 years Interest	Total Principal	Total Interest
Bank loan Eutelsat Communications S.A.	(794.1)	(855.2)	-	(22.1)	-	(22.1)	(800.0)	(11.0)	-	-	-	-	-	-	(800.0)	(55.2)
Eutelsat S.A. bonds	(2,854.6)	(3,418.2)	-	(108.9)	-	(108.9)	(850.0)	(108.9)	-	(73.8)	(800.0)	(73.8)	(1,230.0)	(64.0)	(2,880.0)	(538.2)
US Ex-Im export credit financing	(41.3)	(46.0)	(5.7)	(0.7)	(5.7)	(0.6)	(5.7)	(0.5)	(5.7)	(0.4)	(5.7)	(0.3)	(14.4)	(0.4)	(43.0)	(2.9)
ONDD export credit financings	(123.5)	(147.6)	-	(2.5)	(4.6)	(2.6)	(15.5)	(2.4)	(15.5)	(2.1)	(15.5)	(1.8)	(80.6)	(4.5)	(131.7)	(15.8)
Finance leases	(221.2)	(281.5)	(11.6)	(6.6)	(8.0)	(6.3)	(9.8)	(6.1)	(10.4)	(5.8)	(12.3)	(5.4)	(169.2)	(30.2)	(221.2)	(60.3)
Interest-rate derivatives	(9.8)	(9.8)	-	-	(9.8)	-	-	-	-	-	-	-	-	-	(9.8)	-
TOTAL FINANCIAL DEBT	**(4,044.5)**	**(4,758.2)**	**(17.3)**	**(140.8)**	**(28,1)**	**(140.4)**	**(1,681.0)**	**(128.8)**	**(31.6)**	**(82.1)**	**(833.5)**	**(81.4)**	**(1,494.2)**	**(99.1)**	**(4,085.7)**	**(672.5)**
Other financial liabilities	(107.4)	(108.6)	(67.6)	-	(9.4)	-	(8.4)	-	(22.4)	-	(0.3)	-	(0.6)	-	(108.6)	-
TOTAL FINANCIAL LIABILITIES	**(4,151.9)**	**(4,866.8)**	**(84.9)**	**(140.8)**	**(37.5)**	**(140.4)**	**(1,689.4)**	**(128.8)**	**(54.0)**	**(82.1)**	**(833.8)**	**(81.4)**	**(1,494.8)**	**(99.1)**	**(4,194.3)**	**(672.5)**

The following table presents credit line maturities:

(in millions of euros)	30 June 2014	June 2015	June 2016	June 2017	June 2018	June 2019
Maturity of available unused credit facilities	(650.0)	-	-	(200.0)	-	(450.0)

The following table presents the maturity schedule for financial assets:

(in millions of euros)	Total flows 30 June 2014	June 2015 Principal	June 2016 Principal	June 2017 Principal	June 2018 Principal	June 2019 Principal	Beyond 5 years Principal
Interest-rate derivatives	9.3	-	-	-	-	-	9.3
Financial assets	38.3	32.7	-	-	-	-	5.6
Cash	225.5	225.5	-	-	-	-	-
Cash equivalents	67.5	67.5	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**340.6**	**325.7**	**-**	**-**	**-**	**-**	**14.9**

4.3.2 IN ORDER TO SERVICE ITS DEBT, THE GROUP WILL REQUIRE SUBSTANTIAL CAPITAL RESOURCES WHICH IT MIGHT NOT BE IN A POSITION TO RAISE. THE GROUP'S ABILITY TO ACCESS THE CAPITAL REQUIRED DEPENDS ON MANY FACTORS, SOME OF WHICH ARE BEYOND ITS CONTROL

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

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

- postpone or reduce investments;
- sell assets;

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

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

4.3.3 A CHANGE IN THE GROUP'S DEBT RATING COULD AFFECT THE COST AND TERMS OF ITS DEBT AS WELL AS ITS ABILITY TO RAISE FINANCING

The Group's debt instruments are rated by independent rating agencies, namely (i) Moody's Investor Service (with the Eutelsat Communications S.A.'s debt rated Ba1/Stable Outlook and Eutelsat S.A.'s debt rated Baa3/Stable Outlook) and (ii) Standard & Poor's (with Eutelsat Communications S.A.'s debt rated BBB-/ Negative Outlook and Eutelsat S.A.'s debt rated BBB/ Negative Outlook). These ratings affect the cost and terms of the Group's credit facilities. Any future rating downgrades, should they occur, could affect the Group's ability to obtain financing and the terms associated with that financing. On 1 August 2013, following the announcement by the Group of the acquisition of Satmex, Standard & Poor's and Moody's Investors Service put the Group's credit ratings under watch with negative implications. They indicated that this could result in a downgrade of the Group's credit ratings by a maximum of one notch, depending on the final structure of the acquisition financing. In October 2013, Standard & Poor's removed the watch and confirmed the BBB- rating of Eutelsat Communications S.A.'s debt and the BBB rating of Eutelsat S.A.'s debt, albeit with a Negative Outlook (Stable Outlook previously). On 28 November 2013, Moody's lowered the rating of Eutelsat S.A.'s debt from Baa2 to Baa3 (with Stable Outlook) and the rating of Eutelsat Communications S.A.'s debt from Baa3 to Ba1 (with Stable Outlook).

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

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

4.3.4 THE COMPANY IS A HOLDING COMPANY THAT DEPENDS ON ITS SUBSIDIARIES FOR THE RESOURCES REQUIRED TO PAY DIVIDENDS. THE ABILITY OF ITS SUBSIDIARIES TO MAKE DISTRIBUTIONS MAY BE SUBJECT TO CERTAIN CONSTRAINTS

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

As of 30 June 2014, the Company had a high level of debt with 800 million euros in bank borrowings drawn (see Section 6.1.3.3 "Changes in debt and the Group's financing structure"). These borrowings do not carry guarantees from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders.

The distributable funds of its main operating subsidiary, Eutelsat S.A., could be seriously affected by its costs, whether or not they result in any disbursement and, in particular, by any impairment of assets recorded in Eutelsat S.A.'s financial statements. In the past, Eutelsat S.A. recorded substantial asset write-downs and may record such write-downs in the future, thereby reducing its distributable net income. Any decline in its subsidiaries' distribution capacity could have a significant negative impact on the Company's financial situation and results.

4.3.5 EUTELSAT S.A., THE GROUP'S MAIN OPERATING SUBSIDIARY, COULD BE SUBJECT TO NEW FINANCING REQUESTS REGARDING THE FINANCIAL GUARANTEE IT PROVIDES TO THE IGO'S CLOSED PENSION FUND

Before Eutelsat S.A. was set up and prior to the transfer by IGO of its operating activities (See Section 7.1.1.5 "Key Events"), the IGO managed a pension fund (the "Closed Pension Fund") for its staff members. The rights of the Closed Pension Fund's beneficiaries were fixed, and management of the fund and the corresponding assets were assigned to a Trust, which was also charged with managing the associated pension liabilities.

As of 30 June 2014, the discounted value of the Trust's pension liabilities amounted to 217.4 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets was 154.1 million euros (see Note 22.1 to the consolidated financial statements for the financial year ended 30 June 2014). The calculation of total pension liabilities is based on actuarial assumptions including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund's beneficiaries. Estimated total pension liabilities may be higher or lower depending on the scenario applied. Pursuant to the transfer agreement dated 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee given by the IGO to cover any financing shortfall in the Closed Pension Fund. Any shortfall in the amount needed to finance the Closed Pension Fund could involve the Group in new obligations as regards the financial guarantee, which could have a significant negative impact on the Group's business, financial position and results. The unlimited financial guarantee taken over by Eutelsat S.A. may be activated under certain conditions so as to make up for any such future funding shortfall. During the year ended 30 June 2014, the amount of guarantee being called upon was 2.5 million euros. This amount was measured on the basis of the Trust's projections, taking into account future market developments and will be paid in three settlements during the financial year ending 30 June 2014, 2015 and 2016.

Furthermore, in accordance with the agreements governing the Closed Pension Fund, the Trust's administrators have the power to liquidate the Closed Pension Fund if certain events should occur, including if they deem that the Closed Pension Fund cannot continue to be managed effectively. 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 compared to its liabilities, and the Group would be compelled to pay the difference, which could be substantial.

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

4.3.6 THE GROUP MANAGES LIQUIDITY RISK

As of 30 June 2014, available cash assets amounted to 293 million euros, in addition to 650 million euros of bank credit facilities which had not been drawn as of that date. The Group believes that it is not exposed to any significant liquidity risk.

As of 30 June 2014, the Group complied with all of the covenants on its various credit facilities as described in Section 6.1.3.3 "Changes in debt and the Group's financing structure" of this Reference Document. In particular, the net debt to EBITDA ratio has changed in recent financial years from 2.7 as of 30 June 2013 to 3.5 as of 30 June 2014 (calculation based on proforma EBITDA including July to December 2013 Satmex EBITDA).

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

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

The Group's main maturities are December 2016 (800 million euros), March 2017 (850 million euros), January 2019 (800 million euros), January 2020 (930 million euros) and October 2022 (300 million euros).

4.4 REGULATORY RISKS

4.4.1 EUTELSAT S.A., THE GROUP'S MAIN OPERATING SUBSIDIARY, IS SUBJECT TO THE AMENDED CONVENTION OF EUTELSAT IGO, AND EUTELSAT COMMUNICATIONS IS SUBJECT TO THE LETTER-AGREEMENT

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

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

The rights of Eutelsat IGO under the Arrangement allow Eutelsat IGO to ensure that Eutelsat S.A. abides by the "Basic Principles" defined in the Amended Convention, namely: the public service/universal service obligation for telephony services connected to the international public switched network; the provision of audiovisual services in compliance 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.

For a complete description of Eutelsat S.A.'s obligations under the Arrangement, see Section 5.6 "Other provisions applicable to the Group".

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

Moreover, to facilitate reporting to Eutelsat IGO on the Company's operations, the Executive Secretary of Eutelsat IGO attends meetings of the Eutelsat S.A. Board of Directors and, since the IPO of Eutelsat Communications, has attended meetings of the latter's Board of Directors as an Observer.

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

4.4.2 THE APPLICATION OF INTERNATIONAL REGULATIONS ON CO-ORDINATING FREQUENCY ASSIGNMENTS COULD MAKE IT MORE DIFFICULT FOR THE GROUP TO IMPLEMENT ITS DEPLOYMENT PLAN

Frequency assignments are co-ordinated internationally according to the International Telecommunication Union's (ITU) "Radio Regulations". The purpose of this coordination is to limit the risks of interference between broadcasts (see Section 5.1 "Regulations governing frequency assignments and international coordination" for a description of the frequency assignment coordination procedure).

Eutelsat S.A. has a number of frequency assignments for which the international coordination procedure, in accordance with the general regime defined by the ITU's Radio Regulations (see Section 5.1 "Regulations governing frequency assignment and international coordination") is not yet complete and/or is not yet in operation with any of the Group's satellites. As regards assignments for which the coordination procedure is not yet complete, priorities for these assignments and for third parties involved in the coordination could mean that coordination restricts the Group's ability to fully operate some of these assignments. As regards assignments for which the coordination procedure is not yet in operation, the Group might not be in a position to activate them within the timeframes set by the Radio Regulations, which would result in a loss of their current priorities. Both situations could have a significant adverse impact on the Group's activities, financial situation and results.

The Group also has certain frequency assignments governed by one of two special regulations (see Section 5.1.1 "International coordination of frequency assignments under the Radio Regulations"). If any State decides to exercise their rights under these systems, or if these special regimes are amended, the Group could be forced to change or discontinue the current use of its assignments, which could have a significant negative impact on its business, financial situation and results.

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

4.4.3 THE GROUP'S PROVISION OF SATELLITE TELECOMMUNICATIONS SERVICES IS SUBJECT TO CERTAIN SPECIFIC STATUTORY AND REGULATORY PROVISIONS

The satellite telecommunications industry in which the Group operates is governed by extensive regulation (see Section 5 "Regulations"). Changes in policy or regulation on a global level within the framework of the ITU or within the European Union, France or other countries in which the Group does business could have a significant negative impact on the Group's activities, financial situation and results, particularly if such changes increase costs and regulatory restrictions relating to the Group's services.

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

In France, regulations on obtaining and using assigned frequencies relating to a satellite system have been in force since the "Confidence in the Digital Economy Act" (No. 2004-575 of 21 June 2004) and the Decree of 11 August 2006 (see Section 5.1.3 "French regulations relating to satellite frequency assignments and their operation"). Being strictly applied, 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 those of requests for frequency usage authorisations consists solely of the handling costs of the *Agence nationale des fréquences*. A change in the pricing policy could prompt the authorities to charge operators for part of the economic value of the orbital positions they operate. This could have a significant adverse effect on the Group's business, financial situation or results.

Furthermore, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments", see Section 5.2.1 "Regulations in France"). 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 be used at present 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 those relating to broadcasting (content broadcast) and earth stations. Compliance with these new regulatory requirements could involve considerable investment of time and resources. Furthermore, the Group cannot guarantee that it will be able to obtain or maintain the necessary authorisations, which could delay or interfere with the provision of services to clients in the affected countries or the implementation of its development strategy, thereby having a significant negative impact on its business, financial situation and results.

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

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

4.4.4 SINCE 10 DECEMBER 2010, THE GROUP HAS BEEN SUBJECT TO NEW REGULATIONS UNDER THE FRENCH SPACE OPERATIONS ACT

The Space Operations Act was published in France's *Journal officiel* on 4 June 2008, and its application decrees were published on 10 June 2009. The Group is mainly affected by Decree No. 2009-643 on authorisations. The Act has been in force since 10 December 2010 and is described in Section 5.4 "Regulations governing Space Operations".

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

4.4.5 THE GROUP IS SUBJECT TO STRICT REGULATIONS GOVERNING THE CONTENT OF PROGRAMMES BROADCAST *VIA* ITS SATELLITES

Regulations on the broadcasting of television programmes in the European Union provide 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 minors and prohibiting the promotion of hatred and racial discrimination. As a French satellite operator, the Group could be given formal notice to cease broadcasting of a television channel from outside the European Union if the channel's content does not comply with French laws and regulations or if it is likely to damage public order (see Section 5.3 "Regulations governing content"). However, the Group might not be technically able to cease the broadcast 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 apply for compensation, which could have a significant negative impact on the Group's business, financial situation and results.

In future, the French authorities could issue an order to interrupt broadcasting of non-European channels. As a result, if at any time, governmental or judicial decisions prevent the Group from delivering its transmission services, it could find it more and more difficult to pursue its policy of long-term contracts for the transmission of television channels with non-French customers, thereby encouraging some of its 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 5.3.1 "The 'Audiovisual Media Services' Directive", a large portion of foreign channels broadcast by the Group have been governed, since 19 December 2009, by the regulator of the country where the satellite uplink is conducted (Germany, Italy, UK, etc.), and no longer only by the French regulator.

Within the authorised European limits, some countries may be more flexible than France and/or their regulators may adopt different positions to those of the French regulator. 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 the designated national regulator within the European Union. The position of one or another of the appropriate European regulators may, moreover, change and become entrenched over time, and this can neither be predicted nor prevented.

Lastly, it is possible, although unlikely, that French legislation could in future be reinforced or amended, especially with respect to non-European television channels, and it could reintroduce, for instance, prior conventions for these non-European television channels (see Section 5.3 "Regulations governing content" for a description of the regulations on this point). This could have a significant negative impact on the Group's business, financial situation and results.

4.4.6 THE GROUP IS SUBJECT TO OTHER REGULATIONS APPLYING TO THE CHANNELS IT BROADCASTS

Some channels broadcast by the Group could be explicitly addressed by United Nations resolutions transposed *via* European Union regulations, introducing restrictive measures against some entities, or citing them directly in European regulations. These European regulations are directly applicable to the Group, which must ensure that none of the listed channels are broadcast using its satellites (see Section 5.3.2. "1986 French law on freedom of communication").

Considering the number of channels broadcast by the Group, and the absence of direct contractual links with television channels, the risk of transmitting channels covered by such regulations is real, representing a potentially significant negative impact on the Group's business, financial situation, and results.

4.5 MARKET RISK

The Group is exposed to market risks, principally in terms of currency and interest rates, and the Executive Board actively monitors this risk exposure using various derivative instruments. These instruments are traded over-the-counter with top-tier banking counterparts. The goal is, where appropriate, to reduce revenue and cash flow fluctuations arising from interest-rate and foreign exchange rate variations.

The Group's policy is to use financial derivative instruments to manage such exposure. These instruments are traded over-the-counter with first-rate banking counterparts. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset, *i.e.* the Group never sells assets it does not possess or does not know it will subsequently possess.

4.5.1 FOREIGN EXCHANGE RISK

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

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

Moreover, considering that development of the Group's business outside the eurozone is a key component of its business strategy, its exposure to exchange rate fluctuations could increase in the future. This geographical expansion could result in an increase in euro/U.S. dollar exchange rate risks.

The Group is also exposed to EUR/USD exchange rate risks because some purchases of satellites and launch services are denominated in U.S. dollars. These contracts involve significant amounts, generally in excess of 50 million U.S. dollars, whose payment may be phased over time. As of 30 June 2014, the Group owed phased payments totalling 202 million U.S. dollars for the financial year 2014-2015, mainly regarding four contracts in U.S. dollars.

Fluctuating exchange rates could lead to an increase in the price of the Group's capacity and services when paid in currencies other than the euro. These fluctuations could then reduce demand from customers paying in currencies other than the euro. Even if there is no change in demand, fluctuations in the exchange rate could have an impact on the Group's revenues because a portion of its revenues is in currencies other than the euro.

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

Finally, during the last financial year the Group acquired Satélites Mexicanos, whose accounts are held in U.S. dollars. EUR/USD exchange-rate variations could therefore generate a translation risk when the Group consolidates the accounts of this subsidiary.

In order to hedge the translation risk, the hedging policy of the Group consists in creating liabilities denominated in the currency of the cash-flows generated by these assets. Among the hedging instruments used, The Group also uses currency derivatives (cross-currency swaps), documented as hedges of net investments in foreign operations.

The Group put in place foreign exchange rate swaps for a notional amount of 500 million euros in order to hedge its net investment in Satmex.

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

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

As of 30 June 2014, the fair value of the Group's foreign-currency risk hedges was 9.3 million euros, against 0.4 million euros as of 30 June 2013.

Considering its exposure to foreign-currency risk, the Group believes that a 10% increase in the euro/U.S. dollar exchange rate would have a non-significant impact on Group income and would result in a negative change in Group OCI amounting to 55.1 million euros and a change of 115.9 million euros in Group translation reserve.

The following table shows the situation (in millions of euros) for all existing foreign currency hedging instruments as of 30 June 2014:

	Notional amounts		
	2012	**2013**	**2014**
Synthetic forward transaction with knock-in option	103.3	68.7	-
Cross-currency swap (Eutelsat S.A.)	-	-	500.0

4.5.2 INTEREST RATE RISK

The Group manages its exposure to interest rate volatility by maintaining a portion of its debt at fixed rates (Eutelsat S.A. bond issues) and by hedging most of its floating-rate credit lines.

The following table shows the situation for all existing interest-rate hedging instruments as of 30 June 2014:

(in millions of euros)	Contractual/ notional values at 30 June 2014	Fair value at 30 June 2014	Change in fair value over the period	Impact on income	Impact on equity
Swaps (Eutelsat Communications S.A.)	350.0	(5.8)	1.0	-	1.0
Collars (Eutelsat Communications S.A.)	350.0	(4.0)	0.3	0.4	(0.1)
Caps (Eutelsat Communications S.A.)	100.0	-	(0.2)	(0.2)	-
Tunnel (Eutelsat S.A.)	-	-	0.1	0.1	-
TOTAL	**800.0**	**(9.8)**	**1.2**	**0.3**	**0.9**

The net interest-rate position as of 30 June 2014 was as follows:

(in millions of euros)	Financial assets (a)		Liabilities (b)		Net position before hedging (c)=(a)-(b)		Off balance-sheet (fixed rate swaps, caps, collars) (d)		Net position after hedging (e)=(c)+(d)	
Maturity	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**
Less than 1 year	-	293.0	84.9	-	(84.9)	293.0	-	-	(84.9)	293.0
From 1 to 5 years	-	-	1,740.7	873.9	(1,740.7)	(873.9)	-	800.0	(1,740.7)	(73.9)
More than 5 years	-	-	1,399.8	95.0	(1,399.8)	(95.0)	-	-	(1,399.8)	(95.0)
TOTAL	**-**	**293.0**	**3,225.4**	**968.9**	**(3,225.4)**	**(675.9)**	**-**	**800.0**	**(3,225.4)**	**124.1**

Considering the full range of financial instruments available to the Group at 30 June 2014, a ten base-point increase (+0.10%) over the EURIBOR interest rate would have an insignificant impact on interest expense, and on the revaluing of financial instruments in the income statement. It would result in a positive change amounting to 0.8 million euros in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

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

4.5.3 COUNTERPARTY RISK

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk regarding liquidity and forward investments. The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits. As of 30 June 2014, the Eutelsat Communications banking syndicate comprised 11 lenders with Eutelsat S.A.'s banking syndicate comprising six banks.

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

The Group does not expect any losses resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded. As of 30 June 2014, the counterparty risk is not significant.

Risk linked to the Group's clients and suppliers are outlined, respectively, in Sections 4.1.3 "The Group's satellite deployment plan is dependent on a few major suppliers" and 4.2.5 "The Group is dependent on several major customers" of this Reference Document. The analysis of accounts receivable (matured and unmatured) can be found in Note 10.2 to the consolidated financial statements under Section 6.2 of this Reference Document.

05 REGULATION

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

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

5.1 REGULATIONS GOVERNING FREQUENCY ASSIGNMENTS AND INTERNATIONAL COORDINATION

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

The World Radiocommunication Conference (WRC 12), held in Geneva from 23 January to 17 February 2012, made several amendments to the Radio Regulations and their Appendices. The new, amended, Radio Regulations came into force on 1 January 2013.

5.1.1 INTERNATIONAL COORDINATION OF FREQUENCY ASSIGNMENTS UNDER THE RADIO REGULATIONS

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

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

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

- a general system governs assignments in all frequency bands assigned to space radiocommunications services in the parts of the spectrum known as "C-band", "Ku-band", "S-band" and "Ka-band" with the exception of those explicitly governed by one of the two special systems described below;
- the first special system (referred to below as the "BSS System") governs assignments in the Ku-band spectrum assigned to the Broadcasting Satellite Service (BSS) and the corresponding resources to be used for the uplinks to the broadcasting satellites; and
- the second special system (referred to below as the "FSS System") governs assignments in specific sections of the spectrum in the C-and Ku-bands, assigned to the Fixed Satellite Service (FSS).

Under these three systems, the countries that have international responsibility for the given assignments, either individually or jointly, must submit through their competent regulatory authority (the "Administration" which, for France, is the ANFR) certain items of information about the assignments to the ITU Radiocommunication Bureau (RB). The RB then publishes this information in circulars sent out periodically to the administrations of all ITU Member States.

››› General system

Under the general system, an initial submission ("Advance Publication") giving only limited general information about the assignments (orbital position, frequency bands) determines the start of the regulatory period during which operation of the assignments has to begin. For assignments filed under this initial submission before November 1997, this period lasts nine years and, for assignments filed after November 1997, this period lasts seven years.

A second submission, known as the "Request for Coordination", which provides very detailed information on the assignments, marks the beginning of the actual coordination process. From the date it is received by the Radiocommunication Bureau, this Request for Coordination takes priority over all assignments covered by a subsequent Request for Coordination. By virtue of this priority, when coordination between assignments covered by a subsequent Request for Coordination proves problematic or impossible, the Administration that submitted its Request for Coordination first is not required to make adjustments to its frequency assignments in order to facilitate coordination with assignments covered by a subsequent Request or Requests for Coordination.

The general system does not prohibit the implementation or operation of frequency assignments for which the coordination process has not been completed. However, in such a case, operation of these frequency assignments may have to be interrupted or adjusted if such operation causes harmful interference to operations covered by assignments with a higher priority.

Priority continues to apply for the seven or nine-year period during which assignments can be brought into operation. If the assignments have not been brought into operation when this time limit expires, the Advance Publication and Request for Coordination are both deemed to have never existed and the Administration responsible must then restart the process and re-submit the two submissions. The new Request for Coordination then gives these assignments a lower priority than the first, placing them behind all assignments for which a Request for Coordination has been submitted in the meantime.

Assignments that are brought into use before the deadline expires continue to enjoy the priority conferred by the Request for Coordination during the full term of validity of the assignments as declared by the relevant Administration in its Request for Coordination (30-40 years for the Group's frequency assignments). There are, however, provisions in the Radio Regulations enabling an extension in the period of validity for the assignments in operation.

››› The special BSS and FSS systems

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

Apart from these pre-defined frequency assignments for national coverage, public authorities may submit requests for additional frequency assignments as in the case of the general system. In this case, these two systems do not involve an initial submission (whose date, in the case of the general coordination system, determines the deadline for bringing the assignments into use), but instead call for a single detailed submission (request for registration of "additional assignments"), which, as in the general method of coordination, gives priority over subsequent submissions from the date it is received by the RB.

Under the BSS method, the submission date is the start of an eight-year period during which the assignments have to be brought into use, otherwise the entire process must be restarted with a new submission (request for registration) and a lower priority. Once operation has begun, it can continue for 15 years and is renewable once, without loss of rights, as long as the technical specifications of the uses remain the same. As under the general system of coordination, operation may begin before the end of the coordination process with priority uses that are predefined as being additional. In situations where there is harmful interference, the priority ranking will determine the uses that can be continued without adjustments and those which will have to be interrupted or adjusted, with pre-defined uses having the highest priority.

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

- the assignments do not affect the rights of any Member State, as predetermined by the plan, or the rights acquired by a Member State for assignments covered by a submission on which the RB has previously reached a favourable finding; or, if the opposite is the case;
- the administrations whose rights would have been affected have explicitly accepted that their rights can be affected.

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

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

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

Nevertheless, at a number of orbital positions, the Group operates under frequency assignments governed by the special BSS and FSS systems. Most of these assignments have been the subject of a successful coordination procedure. In a small number of cases, however, the Group began operation under such assignments without having yet completed the coordination process.

››› Resolution of disputes

The legal certainty obtained by satellite operators from the application of the Radio Regulations governing international coordination of frequency assignments depends on strict compliance with these procedures by all ITU Member States.

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

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

5.1.2 FREQUENCY ASSIGNMENTS UNDER JOINT RESPONSABILITY AND/OR GRANTED BY FRANCE

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

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

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

France is the main authority required by the Group for all new French frequency assignments (see the description of applicable French regulations under "Access to frequencies" as below). Eutelsat S.A. has already requested and obtained new frequency assignments, both to supplement the collective frequency assignments that were transferred to it on 2 July 2001 and to plan for the future development of its activities.

5.1.3 FRENCH REGULATIONS RELATING TO SATELLITE FREQUENCY ASSIGNMENTS AND THEIR OPERATION

Prior to the adoption of French Law No. 2004-575 of 21 June 2004, satellite frequency assignments were under the sole control of the ANFR. They depended on the ANFR submitting to the ITU's Radiocommunication Bureau information required under the Radio Regulations governing international coordination of frequency assignments. Relations between the operators and the ANFR for the operation of frequency assignments were not legally formalised.

Law No. 2004-575 of 21 June 2004 concerning confidence in the digital economy (known as LCEN) contains a section on "satellite frequency assignments" and was transposed into the *Code des postes et des communications électroniques* (Postal and Electronic Communications Code, hereinafter "CPCE") in Articles L. 97.2 and subsequent Articles. This law, together with decree No. 2006-1015 of 11 August 2006, transposed into the CPCE in Articles R. 52-3-1 and subsequent Articles, establishes a new two-stage process:

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

Entities applying to the French government or the ANFR to declare to the ITU a frequency assignment prior to the publication of the LCEN had to request, if they wanted to retain the rights to use the frequency assignment, the authorisation provided for in Article L. 97-2 of the CPCE within a period of one year from 12 August 2006, which was the publication date of decree No. 2006-1015 of 11 August 2007 on frequency assignments to satellite systems, which amended the CPCE. This was done by the Group on 10 August 2006, and a summary of the requests submitted on that occasion was published by the ANFR.

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

- 1° East (order of 3 December 2007);
- 3° East, 5° West, 8° West (order of 5 February 2008);
- 10° East C-band (order of 17 February 2009);
- 7° West (order of 5 August 2009);
- 76° East (order of 6 March 2010);
- 4° East, 7° East, 9° East, 10° East (other than C-band), 13° East, 16° East, 25.5° East, 33° East, 36° East, 70.5° East, 12.5° West (order of 22 June 2010);
- 28.5° East (order of 4 December 2013);
- 14.5° East (order of 6 March 2014);
- 3° East, 16° East and 48° East (orders of 26 May 2014);
- 8° West (order of 12 June 2014)
- 25.5° East (order of 16 July 2014).

Three authorisation requests are currently being reviewed by the ANFR for the following orbital positions: 1.6° East, 7° West, 21.5° East.

5.1.4 FREQUENCY ASSIGNMENTS GRANTED BY MEXICO

Providers of satellite services to or within Mexico and the use of orbital slots licensed by the Mexican government are subject to the requirements of the Telecommunications Law. Under the Telecommunications Law, a provider of satellite services must operate under a concession granted by the SCT, pursuant to an auction process. Such a concession may only be granted to a Mexican corporation and may not be transferred or assigned without the approval of the SCT. Pursuant to a recent amendment to the Mexican Constitution, foreign investors are permitted by law to hold up to 100% of the full-voting stock of such a corporation.

In addition, Satmex's operations are subject to the regulations of the Mexican (a) *Ley General de Bienes Nacionales* (the "General Law on National Assets"), which regulates all assets that fall within the public domain, as well as the safeguarding clauses contained in our Property Concession; (b) *Ley General del Equilibrio Ecológico y Protección al Ambiente* (the "General Law on Ecology and Protection of the Environment") together with other Mexican environmental laws; (c) *Ley Federal de Competencia Económica* (the "Federal Economic Competition Law"); (d) *Ley de Vías Generales de Comunicación* (the "Law of General Means of Communication") and (e) other international treaties, laws, rules, regulations and decrees.

Under the Telecommunications Law, the SCT is, among other things, responsible for issuing concessions and permits related to telecommunications and for formulating policies in the telecommunications area and otherwise taking all other actions on behalf of the Mexican government in connection with telecommunications. The *Instituto Federal de Telecomunicaciones* ("IFT") is the telecommunications regulator responsible for, among other things, most day-to-day regulation of satellite communications services in Mexico.

The rules promulgated pursuant to the Telecommunications Law require licensees of satellites intending to provide telecommunications services through one or more transmitting earth stations of their own to obtain a separate license to construct and operate a public telecommunications network. Where the satellite operator intends to provide telecommunication services to any person not holding a public telecommunications network concession or permit, it must provide such services only through an affiliate or subsidiary that holds a separate concession or permit.

Mexican laws currently allow competition in the provision of (a) Mexican FSS by any duly licensed Mexican satellite operators and (b) any foreign licensed satellite operators in the provision of international FSS, DTH FSS and broadcast satellite services. The Mexican government has liberalized its regulatory environment to allow non-Mexican satellite companies to provide satellite services in Mexico.

The Orbital Concessions awarded by the Mexican government to Satmex currently include the right to use the 113.0° W.L., 114.9° W.L. and 116.8° W.L. orbital slots and associated C- and Ku-radio-frequency bands, and the right to use a Ka-band upon fulfilment of certain requirements before the SCT.

As part of the three Orbital Concessions, Satmex is required by the SCT to allocate 362.88 MHz (156.11 MHz in C-band and 206.77 MHz in Ku-band) of capacity to the Mexican government, free of charge, for national security and certain social services (State Reserve). In the case of future satellites, the capacity reserved to the Mexican government will be defined by the SCT according to applicable law and regulations.

5.1.5 FREQUENCY ASSIGNMENTS GRANTED BY AUTHORITIES OTHER THAN FRANCE OR MEXICO

On an increasing number of orbital positions, the Group operates satellites with frequency assignments granted by authorities other than France (or Mexico). The Group may be the direct beneficiary of the corresponding rights, or these frequency assignments may be operated by the Group under agreements entered into with entities having the right to use these assignments.

This is the case as of 30 June 2014 of the EUTELSAT 36A satellite operated at 36° East under Russian frequency assignments, granted by the Russian Authority and held directly by RSCC.

In the case of the EUTELSAT 172A satellite, operated at 172° East, the Group is the direct beneficiary of the frequency assignments granted by the U.S. Authority. The satellite also operates its assignments under U.S. regulations and authority.

For the future EUTELSAT 65 West A satellite–to be operated at orbital position 65° West–frequency assignments have been granted by the Brazilian Authority. They have been obtained, together with associated authorisations, in an auction process in Brazil and the Group became its direct beneficiary. The satellite will operate these assignments under the Brazilian Authority and regulations, namely for operating outside of the Brazilian territory from the 65° West orbital position. The Group also intends to obtain rights on further assignments for additional frequencies and/or coverage.

5.2 REGULATIONS GOVERNING THE OPERATION OF EARTH STATIONS, THE DEPLOYMENT OF NETWORKS, THE OPERATION OF ELECTRONIC COMMUNICATIONS NETWORKS AND THE PROVISION OF ELECTRONIC COMMUNICATIONS SERVICES

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

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

5.2.1 REGULATIONS IN FRANCE

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

››› Operation of telecommunications networks

In France, the installation and operation of telecommunications networks open to the general public and the provision of telecommunications services used to require prior authorisation from the Minister of Telecommunications while independent networks reserved for a closed group of users to exchange internal communications required prior authorisation by

ARCEP. Under French Law No. 2004-669 of 9 July 2004 on electronic communications and audiovisual communications services, the installation and operation of networks open to the general public are now unrestricted, provided a prior declaration is made to ARCEP. This formality does not apply to independent networks.

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

Under a declaration registered by the ARCEP on 21 December 2012, Eutelsat has amended the previous declaration to add the supply of electronic communications services to the operating electronic telecommunications networks opened to the public.

››› Access to frequencies

Moreover, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments"). Under the terms of Article L. 42-1 of the CPCE, these authorisations cannot exceed 20 years. ARCEP also imposes a certain number of technical requirements that must be respected by the operators to which the frequencies have been assigned. In addition, operators are required to pay an annual fee to the government for the provision of frequencies and an annual fee for their management, under decree No. 2007-1532 and the order of 24 October 2007, as amended by decree No. 2008-656 and the order of 2 July 2008. They also have to take the necessary measures to protect the secrecy of private communications as well as the confidentiality of their customers' personal data. ARCEP has assigned to Eutelsat S.A. a certain number of frequencies for the operation of earth stations.

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

5.2.2 REGULATIONS IN OTHER COUNTRIES

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

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

For the operation of its satellite EUTELSAT KA-SAT 9A, the Group has obtained licences for the 10 gateways installed in France, Italy, Germany, Ireland, Spain, Finland, Cyprus and Greece. Furthermore the Group has obtained authorisations to operate fixed terminals using the system KA-SAT in all European Union Member States. Licences were also obtained in Turkey, Ukraine, Russia and Serbia. The applications for the required licences in all the other countries covered by the EUTELSAT KA-SAT 9A satellite are in progress. In addition, the Group has initiated the process to obtain licences required for mobile applications in Ka-band, when necessary.

Other countries, generally in emerging markets, have maintained strict or de facto monopolies. In these countries, a single State entity (generally the public postal, telephone and telegraph authority) often has a monopoly on the ownership and operation of communications equipment or on the provision of communications or broadcasting services to/from that country, including *via* satellite. To offer services in these countries, the Group may have to negotiate an operating agreement with the State entity, which defines the services to be offered by each party, the contractual terms of the service and tariffs. Depending on national regulatory requirements, operating agreements between the Group and the service provider may require end-user clients to obtain the Group's services through the State entity, with all associated ground services provided by that entity. These operating agreements also allow customers to possess and use their own equipment, while requiring them to purchase the Group's services through the State entity.

››› Landing rights

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

Prior to becoming a part of the Group, Satmex secured landing rights to provide satellite services to more than 45 nations and territories in the western hemisphere.

It maintains an authorization by the FCC to access the U.S. market with respect to Satmex 5 (renamed EUTELSAT 115 West A), Satmex 6 (renamed EUTELSAT 113 West A) and Satmex 8 (renamed EUTELSAT 117 West A). Satmex 5, Satmex 6 and Satmex 8 have been added to the list of foreign satellites approved to provide FSS in Canada The update of the landing rights granted by Brazil to deliver services Satmex 5 and Satmex 6, as well as the granting of landing rights for Satmex 8 are in process. A request for landing rights for Satmex 5 and Satmex 6 in Argentina has been issued, but the landing rights have not yet been granted, and may not be granted to Satmex.

The Group has also obtained these authorisations for some of its satellites in Brazil, India, Pakistan and a number of other South American countries. The Brazilian regulatory authority granted Eutelsat S.A. landing rights in April 2002 for EUTELSAT 8 West A (at 8° West), W1 (at 10° East) and EUTELSAT 12 West A (12.5° West) and, in June 2003, for EUTELSAT 5 West A (at 5° West).

Within the framework of the acquisition of orbital rights at the orbital position 65° West, *via* the auction process in Brazil, the Group has also automatically obtained the Brazilian landing rights for this orbital position.

››› Access to the Group's satellites from the USA

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

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

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

Name of satellite	Orbital position	Date of inclusion on the Permitted Space Station List
EUTELSAT 8 West A	8° West	30 August 2001
EUTELSAT 12 West A	12.5° West	30 August 2001
SATMEX 5 (renamed EUTELSAT 115 West A)	114.9° West	3 October 2000
SATMEX 8 (renamed EUTELSAT 117 West A)	116.8° West	7 December 2012

5.2.3 EUROPEAN UNION REGULATIONS

››› Current regulatory framework

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

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

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

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

››› Regulatory reform

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

One of the principles of this reform provides for the rationalisation and harmonisation of frequency management in Europe.

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

Mechanisms guaranteeing free competition will be put into place. More specifically, operators identified as exercising significant influence in a given market will be subject to more stringent obligations. As a last resort to end anti-competitive conduct, they may be ordered by the national regulator, subject to the Commission's control, to separate their businesses. This means that network operations and the provision of services could be separated into two autonomous entities.

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

5.3 REGULATIONS GOVERNING CONTENT

5.3.1 "AUDIOVISUAL MEDIA SERVICES" DIRECTIVE

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

- European Directive 97/36/EEC of 30 June 1997, on the coordination of certain legislative, regulatory or administrative provisions in Member States relating to the performance of television broadcasting activities; and
- European Directive 2007/65/EC of 11 December 2007 known as the "Audiovisual Media Services" Directive. This Directive (i) extends the scope of the "Television Without Frontiers" Directive to on-demand audiovisual media services, (ii) promotes the production of and access to European works and (iii) relaxes the rules governing audiovisual advertising. The Directive was required to be transposed into the national laws of Member States by 19 December 2009; it has direct and simultaneous application throughout the European Union since this date, hence preventing any dispute over jurisdiction liable to arise from any gap in transposition between Members States and was transposed into French law by the Act of 5 March 2009 relating to audiovisual communication and the new public television service.

Following these different modifications, the Directive was codified by means of the 2010/13/EU Directive of 10 March 2010.

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

››› Channels established in an EU Member State

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

››› Channels not established in an EU Member State

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

Since the "Audiovisual Media Services" Directive came into force on 19 December 2009, the responsible EU Member State has been the one from which the uplink is made towards the satellite (criterion No. 1) or, failing this, the one with authority over the satellite capacity used (criterion No. 2).

The Contact Committee of the European Commission, asked to identify the specific application conditions of the uplink criterion, published the document DOC CC TVSF (2009) showing that, for a same channel broadcast in Europe, when two uplinks leaving the territory of two different Member States are directed toward a single satellite, the principle of length of the uplink prevails to determine the responsible Member State; when, inversely, the two uplinks are directed toward two different satellites, the criterion is that of the satellite footprint (the larger footprint directed at Europe).

The Directive was transposed in France by the law of 5 March 2009. Since 2009, most of the non-European channels broadcast by the Group in Europe use an uplink coming from an EU country which is now covered by other European regulators. The French CSA is no longer systematically the competent regulatory authority.

5.3.2 FRANCE'S FREEDOM OF COMMUNICATION ACT 1986

In accordance with Law No. 86-1067 of 30 September 1986 on the freedom of communication, as amended, French TV channels broadcast by the Group were subject to a convention with the CSA until the Antiterrorism Act No. 2006-64 of 23 January 2006, introducing various provisions concerning security and border controls, which terminated all prior formalities (*i.e.* all authorisation procedures) regarding the broadcasting of non-EU channels for which France has authority, and those that come under the authority of other European Member States or parties to the European Economic Area Agreement. Nevertheless, like French channels, they remain subject to French law and all restrictions on content imposed by the 1986 Act, particularly regarding human dignity, protection of minors and the safeguarding of public order, as defined in Article 1, and non-incitement to hatred and violence for reasons of race, sex, religion or nationality, as established in Article 15.

As a satellite operator, the Group is not a provider of television programmes and does not therefore have to obtain authorisation from the CSA.

However, it is subject to certain obligations under the Act of 30 September 1986:

- it is required under Article 19 to provide the CSA with all information needed to identify the producers of the channels it broadcasts; and
- it is required under Article 33-1-III to inform channel producers of the regime applicable to them, including the aforementioned restrictions on the freedom of communication. Since Eutelsat S.A. has no direct contractual link with most of the channels it broadcasts, it fulfils its obligation by including in its contracts a clause stating that content broadcast on leased capacity must comply with the law in force in the country of reception.

The CSA's powers of sanction are defined in Article 42: it can serve a notice directly on Eutelsat to comply with its legal obligations. The CSA can serve a notice on Eutelsat not only to fulfil its obligations as defined in Articles 19 and 33-1, but also to cease broadcasting any non-EU TV channel that does not comply with the principles set out in the law. In practice, this provision has so far been used only to address threats against public order and incitement to racial hatred.

If Eutelsat S.A. were to fail to cease such transmissions by the specified deadline, the CSA would have the right to sanction the Company by imposing a fine of up to 3% of its annual revenues and 5% in the event of a further violation of the same obligation (Articles 42-1 and 42-2).

The CSA has another legal method of ensuring compliance with a notice, *i.e.* a summary application *(référé)* to the *Conseil d'État* for an interim order requiring Eutelsat to fulfil its legal obligations. However, since this method is more cumbersome than the service of a notice and direct penalties, it has rarely been used.

These specific powers, which enable the CSA to bring pressure to bear on the satellite operator, are not expressly provided for in the Directive. The Directive does accept, however, that Member States can take this type of action.

Finally, with the framework of sanctions imposed on some States by the European Union and/or the Security Council of United Nations, Eutelsat might have to request the termination of a service if a channel broadcast by its satellites were to figure amongst the sanctioned organisations.

In technical terms, were the channel in question to refuse to stop broadcasting, to cease transmission of an uplinked signal on a given transponder, the Group has to switch off the corresponding transponder on-board the satellite even if this transponder is carrying other, authorised television channels (a 36 MHz transponder can broadcast up to 10 television channels in digital mode). For this reason, it could prove difficult to comply with any CSA injunctions without being forced to terminate contracts with other distributors that lease capacity to duly-authorised channels in the event that the channel in question does not stop broadcasting on its own initiative (see Section 4.4.5 "The Group is subject to strict regulations on the content of the programmes broadcast *via* its satellites").

5.4 REGULATIONS GOVERNING SPACE OPERATIONS

The French Space Operations Act governing space operations was published in France's *Journal officiel* on 4 June 2008. This legislation is the direct result of France's international obligations, imposed by various UN treaties including:

- the 1967 Treaty on principles governing the activities of States in the exploration and use of outer space, including the moon and other celestial bodies; and
- the 1972 Convention on international liability for damage caused by space objects.

Two application decrees were published on 10 June 2009. Of the two, the Group is mainly affected by Decree No. 2009-643 relating to authorisations. This decree stipulates that the system will come into force one year after the publication of the relevant technical regulations and, at the latest, 18 months after publication of the decrees. The technical regulations were published by decree on 31 May 2011 and the system has thus been in force since 10 December 2010.

5.4.1 PRINCIPLES SET OUT IN THE ACT

The Act creates an authorisation regime for space operations that may incur France's international liability, namely the launch of a space object from France and, for a French operator, the launch of a space object from France or abroad, the control of a space object in outer space or the transfer of control of a space object that has already been authorised. These authorisations are granted by the Minister for Space within a period of four months, which may be extended by two months if there is a valid reason.

The Act also creates a licensing regime for operators involving certain guarantees. There are three levels of licence: licences attesting only the respect of moral, financial and professional guarantees; licences that, in addition, require that systems and procedures comply with the technical regulations, and licences that grant authorisation for certain operations, in which case there is only a case-by-case reporting requirement. In the first and second levels, case-by-case authorisation remains necessary for each operation, but will take less time to obtain than with the old procedure. The third level of licences only exists for in-orbit control operations, and will not cover launch operations, which remain subject to a system of case-by-case authorisations.

The Act also requires insurance (or equivalent financial guarantee) throughout the space operation. Nevertheless, the decree relating to authorisations states that the Minister for Space may waive this obligation for an operator during the station-keeping phase of a geostationary satellite if it can produce a document confirming its solvency.

If, as a result of an operation authorised under this Act, any operator is required to compensate a third party for damage caused by a space object during and/or after launch, the operator may benefit from a State guarantee for amounts exceeding the ceiling set out in the authorisation and enshrined by the applicable finance law. As things currently stand, the ceiling is between 50 million euros and 70 million euros as laid down by Article 119 of Law No. 2008-1443 of 30 December 2008 rectifying finances for 2008. However, the operator will not be able to claim in the event of intentional fault, and will only be able to claim if the operation is conducted from France or any EU or EEA country or using resources or facilities under the jurisdiction of any such country. Furthermore, during the orbital control phase, the guarantee will only apply if the damage is caused on the ground or in the airspace.

5.4.2 THE AUTHORISATION PROCESS

Decree No. 2009-643 stipulates the authorisation process, providing for delivery of authorisations by the Minister for Space no later than four months following the filing of a completed application, which can be extended by two months if the decision is justified. The process and timeframe are the same for licence applications. If the applicant already has a level 1 or 2 licence, the authorisations are delivered within one month, which may be extended by two months.

Authorisation or licence applications include two elements:

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

These technical regulations were published by decree on 31 May 2011. Within the framework of the authorisation process, they require the availability of various studies on orbital control (studies on danger and environmental impact), risk control measures (plan for limitation of debris in space, plan for preventing collision risk, etc.), documents on quality and proof of the implementation of an organisation to deal with all the technical and organisational facts, as the case may be, potentially affecting space operations as authorised. The regulations also require the CNES to be informed of the co-contractors' and subcontractors' undertaking to comply with the technical regulations.

They also establish a number of requirements linked to the limitation of debris in space, in the form of information on the likelihood of accidental disintegration, passivation at the end of useful life, the probability of being able to dispose of the energy resources needed for end of operational life manoeuvres, etc.

The regulations provide for temporary measures and progressive entry into force (best efforts) for the various requirements, to take the current design of satellites into account and to give manufacturers the time needed to apply the new requirements to future satellites. All the legal provisions will be applicable as of 1 January 2021.

The technical part of the applications is dealt with by the CNES, which transmits its decision to the Ministry responsible for space. Before handing down a decision, the Ministry informs the applicant of its draft decision, and the latter has a fortnight in which to make comments.

5.4.3 LICENCES AND AUTHORISATIONS OBTAINED BY THE GROUP

Within the framework of this process, on 24 December 2010, the Group obtained by decree a licence equivalent to authorisation for the control of space devices for its entire fleet. This licence was granted for a one-year period from the effective date of the decree insofar as the technical regulations associated with the Act had not yet been published. On 11 October 2011, the Group obtained a new licence serving as authorisation and valid until 31 December 2020.

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

On 29 July 2013, the Group also obtained the authorisation to operate EUTELSAT 25B, which was not covered by the licence obtained on 11 October 2011.

Any satellite launches undertaken by the Group from France or abroad remain subject to a case-by-case authorisation regime. However, on 23 December 2010, the Group obtained a licence certifying that Eutelsat has moral, financial and professional/business guarantees granting it an exemption from the administrative part of such subsequent requests and reducing the authorisation timeframe from four months to one month.

To date, the Group has obtained authorisations to launch EUTELSAT KA-SAT 9A, EUTELSAT 7 WEST A, EUTELSAT 16A, EUTELSAT 21B, EUTELSAT 70B, EUTELSAT 3D, EUTELSAT 25B, EUTELSAT 3B and EUTELSAT 9B.

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

5.5 U.S. EXPORT CONTROL REQUIREMENTS (REGULATIONS GOVERNING THE ACTIVITIES OF THE GROUP'S SUPPLIERS)

U.S. companies and companies located in the USA must comply with U.S. export control laws and regulations, specifically the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Act and the trade sanction laws and regulations administered by the U.S. Treasury's Office of Foreign Asset Control in connection with any information, products and equipment that is regulated by U.S. law and supplied to non-U.S. companies. The export of satellites, satellite hardware, defence services and technical information relating to satellites to non-U.S. satellite manufacturers, launch services providers, insurers, customers, non-U.S. employees and other persons who do not have U.S. nationality is regulated by the Office of Defence Trade Controls under the International Traffic in Arms Regulations of the U.S. Department of State. Since the Group and its service providers, distributors, suppliers and sub-contractors using U.S. technologies (including for communications) export U.S. components for the construction of the Group's satellites and provide launch services outside the USA, they are required to obtain permits for the export of technical data and material (under technical assistance agreements) for any material they purchase for the construction of satellites or for satellite launches outside the USA.

5.6 OTHER PROVISIONS APPLICABLE TO THE GROUP

Eutelsat S.A.'s activities were originally carried out by an intergovernmental organisation, the European Telecommunications Satellite Organisation (the "IGO"). The IGO was founded by certain countries in Western Europe (the "Signatories") on 1 September 1985 (under the "Convention") to develop and operate a telecommunications satellite system for trans-European telecommunications purposes. On 2 July 2001, all the IGO's operating activities were transferred to Eutelsat S.A. (the "Transformation"). As a result of the Transformation, the Convention was amended to adjust the IGO's missions (the "Amended Convention").

Eutelsat IGO has been maintained as an intergovernmental organisation and currently covers 49 European countries.

5.6.1 ROLE OF EUTELSAT IGO

The main purpose of Eutelsat IGO is to ensure that Eutelsat S.A. complies with the following principles ("Basic Principles"):

- public service/universal service obligations: these obligations apply to the space segment and to its use to provide services connected to the public switched telephone network. Audiovisual services and future services will be provided in compliance with the relevant national regulations and international agreements, in particular the provisions of the European Convention on Transfrontier Television, taking account of those applying to the universal service concept and the information society;
- pan-European coverage by the satellite system: Eutelsat S.A. shall, on an economic basis, seek through the pan-European coverage of its satellite system to serve all areas where there is a need for communications services in Member States;
- non-discrimination: services shall be provided to users on an equitable basis, subject to commercial flexibility and consistent with applicable laws and regulations; and
- fair competition: Eutelsat S.A. must comply with all applicable laws and regulations relating to competition.

5.6.2 CURRENT RELATIONSHIP BETWEEN EUTELSAT S.A. AND EUTELSAT IGO

The relationship between Eutelsat S.A. and Eutelsat IGO is governed by an agreement that came into force on 2 July 2001 and was amended on 10 December 2004 (the "Arrangement"). The Arrangement states that, on the understanding that the management of Eutelsat S.A. is carried out on a sound economic and financial basis, Eutelsat S.A.'s principal obligation under the Arrangement shall be to observe the "Basic Principles". The main provisions of the Arrangement are as follows:

››› Eutelsat S.A.'s obligations

- Eutelsat IGO shall be given 60 days' notice of any proposal to change its By-laws which would materially affect the observance of the "Basic Principles".
- Eutelsat S.A. shall inform Eutelsat IGO, and take into account any recommendation made by Eutelsat IGO, in the event of any major changes to its operating, technical, marketing or financial policies that might materially affect the observance of the "Basic Principles".
- Eutelsat S.A. shall obtain written prior approval from Eutelsat IGO if it intends to go into voluntary liquidation, or if it intends to merge or combine with another entity.
- Eutelsat IGO's Executive Secretary shall be named as an Observer on Eutelsat S.A.'s Board of Directors, subject to certain conditions.
- Eutelsat S.A. shall finance Eutelsat IGO's annual operating costs (as an illustration, the expense was approximately 800,000 euros for the financial year ended 30 June 2013).

››› Eutelsat IGO's obligations

- Eutelsat IGO shall make every effort to ensure that Eutelsat S.A. can make use of all frequency assignments acquired or filed with the ITU Radiocommunication Bureau as of 2 July 2001.
- Any proposed amendment to the Amended Convention that is liable to affect Eutelsat IGO's performance of its activities shall be submitted to Eutelsat S.A., which shall have six weeks in which to communicate its observations to Eutelsat IGO.

››› Liaison and information

- A joint committee made up of representatives of Eutelsat IGO and Eutelsat S.A. shall meet at least once per quarter to ensure that Eutelsat S.A. is observing the "Basic Principles". In this regard, Eutelsat S.A. shall send Eutelsat IGO extracts from its Five-Year Strategic Plan and its certified annual accounts and shall examine with Eutelsat IGO the impact on its activity or on its observance of the "Basic Principles" caused by any changes in regulations, particularly European or French, applicable to it.
- In his capacity as Observer, the Executive Secretary of Eutelsat IGO shall have access to information under the same conditions as those which apply to a Board Member and shall attend, but not vote at, meetings of Eutelsat S.A.'s Board of Directors.

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

5.6.3 RELATIONSHIP BETWEEN EUTELSAT COMMUNICATIONS AND EUTELSAT IGO

At the time of Eutelsat Communications' IPO, Eutelsat Communications and Eutelsat IGO signed a Letter-Agreement on 2 September 2005, which came into force on 6 December 2005 (the "Letter-Agreement"). Under the Letter-Agreement, Eutelsat Communications undertook:

- to give Eutelsat IGO's Executive Secretary a seat as Observer on the Board of Directors of Eutelsat Communications from the date of the latter's IPO;
- to ensure that Eutelsat S.A. is at all times able to honour its undertakings made pursuant to the Arrangement and not to take any decision which might entail any breach of the said undertakings by Eutelsat S.A.;
- in any event, and without constituting an exception to or a reduction of the undertaking set out in the above paragraph, to inform the Executive Secretary, in his capacity as Observer, of any decision taken by Eutelsat Communications which might affect Eutelsat S.A.'s compliance with the "Basic Principles" and to communicate to him all useful information on such matters;
- to inform Eutelsat IGO, through its Executive Secretary, of any crossing of a legal threshold or of a threshold contained in the By-laws, which has been notified to it by a shareholder;
- not to propose or vote for any proposal that Eutelsat S.A. distributes dividends in excess of the amount of Eutelsat S.A.'s annual net income

and/or annual net income plus retained earnings and/or which would result in Eutelsat S.A.'s net debt/EBITDA ratio rising above 3.75/1, given that this ratio will not be considered as having been exceeded where any excess comes as a result of any external growth operation and that the notion of dividends is that defined under Article L. 232-12 of the French *Code de commerce*;

- to take all steps necessary so that the undertakings given by Eutelsat Communications, or those that Eutelsat Communications may give, in particular in relation to its financial needs, present or future, cannot in any way result in cross default by Eutelsat S.A., unless such undertakings given by Eutelsat Communications were also given in Eutelsat S.A.'s direct interest;
- to maintain a level of consolidated Group debt that is not contrary to market practice and sound management of the Eutelsat Group; and
- to maintain within Eutelsat S.A. a minimum amount of equity in compliance with sound financial management of Eutelsat S.A. and allowing it to continue complying with the "Basic Principles".

The role, position, remuneration and right to information of the Observer, as well as the right to supply information to the Parties and the settlement of any disputes relating to such supply of information, are specified in the Letter-Agreement (see Section 7.1.3.2 "Board of Directors, Committees and Observer (Articles 13 to 19 of the By-laws)" for further information on the clause in Eutelsat Communications' By-laws concerning the Observer).

The Letter-Agreement also provides for the creation of a Coordination Committee, whose main tasks are (i) to exchange useful information and views for the proper implementation of the Letter-Agreement, (ii) to examine any request for the removal of confidentiality restrictions on information received by the Observer, and (iii) to examine in particular the annual accounts and the list of third-party experts designated to resolve any problem arising as to what information may be circulated by the Observer to the Parties to the Convention.

The Letter-Agreement will become null and void upon the expiry of the Arrangement pursuant to its terms and conditions (it should be noted that the Arrangement may only be terminated by mutual agreement). Eutelsat IGO and Eutelsat Communications may, however, terminate or amend the Letter-Agreement at any time upon mutual agreement, in particular in the event where such termination or amendment proves to be helpful in facilitating the development of the Group.

In the event of assignment of Eutelsat S.A. shares by Eutelsat Communications, the latter shall inform the proposed transferee of the content of the Letter-Agreement, it being understood that Eutelsat Communications shall remain bound, in any event, by its undertakings until the expiry of the Letter-Agreement in accordance with the paragraph above.

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

05 REGULATION

06 FINANCIAL INFORMATION

6.1 REVIEW OF EUTELSAT COMMUNICATIONS' FINANCIAL POSITION

6.1.1 PRELIMINARY NOTE ON THE PRESENTATION OF THE FINANCIAL STATEMENTS

The Company is a holding company with no business activities of its own other than its indirect equity interest in Eutelsat S.A. As of 30 June 2014, the Company held 96.3% of the share capital of Eutelsat S.A.

The following paragraphs are mainly dedicated to the presentation and analysis of Eutelsat Communications' consolidated results for the financial year ended 30 June 2014.

Readers are invited to peruse the following presentation together with the Reference Document as a whole, including Eutelsat Communications' consolidated financial statements for the financial year ended 30 June 2014 prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Notes to those financial statements in Section 6.2 "Eutelsat Communications 30 June 2014 consolidated accounts" of this Reference Document.

The review of the Company's financial position and results for the financial years ended 30 June 2013 and 2012 are incorporated for reference purposes in this Reference Document and may be found, respectively, in Section 6.1 of the Company's 2012-2013 Reference Document and in Section 9.4 of the 2011-2012 Reference Document.

6.1.2 ANALYSIS OF THE INCOME STATEMENT

Revenues

The Group's revenues chiefly come from supplying satellite capacity. The Group's customer base includes both distributors who resell satellite capacity to end-users and end-user customers who use the Group's satellite capacity for their own needs. The Group's ability to generate revenues largely depends on its tariffs, which vary mainly according to the type of capacity offered and the orbital neighbourhood of the satellites. However, the prices charged by the Group also depend on the rates charged by the competition.

In addition, a modest portion of the Group's revenues ("Other Revenues") mainly derives from: (i) the sale or lease of terminals and equipment for business networks and mobile services; (ii) compensation paid on the settlement of business-related litigation; (iii) the financing of certain research programmes by the European Union and other organisations, and (iv) the recognition of EUR/USD foreign exchange gains/losses. It is difficult to predict trends in most of these factors.

Furthermore, a modest portion of revenues ("non-recurring revenues") results from compensation paid by satellite manufacturers in the event of a significant delay.

Operating costs

Operating costs mainly include staff costs and other costs related to controlling and operating the Group's satellites, as well as satellite In-Orbit Life Insurance premiums:

- **Staff costs.** These costs include wages and payroll charges of employees responsible for supplying, operating and maintaining the satellites (including the Group's statutory employee profit-sharing costs).
- **Satellite operating and control costs.** These costs include the cost of running ground stations and the cost of equipment, notably range finding, control, positioning, payload management, maintenance of software applications and satellite control centre equipment, and also traffic supervision and management. The size of these costs depends on the number of satellites and satellite families operated, any possible repositioning of satellites and on the number and type of services being offered. These costs also include subcontracting costs for range-finding, control and monitoring operations for a number of satellites in-orbit. Additionally, the Group has entered into service contracts related to satellite communications systems control.
- **Satellite In-Orbit Life Insurance premiums.** A satellite's insurance for its In-Orbit Life generally takes effect when the launch insurance policy expires (generally one year after the satellite's launch). When the Group takes out launch insurance providing In-Orbit Life coverage, the premiums for periods subsequent to the first anniversary of the launch date are treated as In-Orbit Life Insurance costs. Almost all satellites in-orbit belonging to the Group are covered for amounts defined under an insurance policy structured in tranches. Depending on the selected risk-management policy and the conditions in the space insurance market, insurance premium costs may vary from one year to another.

Selling, general and administrative expenses

Selling, general and administrative expenses include notably:

- costs related to commercial and administrative staff (including statutory employee profit-sharing);
- marketing expenses, such as advertising and co-marketing expenses with client-distributors and users;
- overheads for leasing of premises, external studies and logistics;
- expenses relating to developing and marketing new products;
- a portion of operating taxes; and
- provisions for accounts receivable or other receivables.

Depreciation and amortisation

The depreciation charge is the Group's largest expense item and includes costs concerning the depreciation of non-current assets.

The Group's non-current assets mainly consist of its satellites, ground facilities and intangible assets. Capitalised satellite costs include (i) satellite construction and launch costs, (ii) launch insurance premiums (which generally include in-orbit coverage until the first anniversary of the launch date), (iii) charges for associated capitalised interest, (iv) net present value (at launch) of the incentives payable to the manufacturer throughout the satellite's operation, depending on its compliance with technical and contractual specifications, as well as (v) costs associated directly with procurement programme monitoring (research costs, employee salaries and consultancy fees).

Satellites are depreciated on a straight-line basis over their period of operation in stable orbit, which is generally 10 to 22 years.

At least once a year, the Group reviews the remaining service life of its satellites, according to forecast use and a technical assessment of their operational performance. If a change in operational life occurs, future depreciation charges are calculated on the basis of the satellite's new remaining operational life.

The Group's non-current assets also include transponders which are covered by contracts, under which the Group has capacity on all or some of the transponders of the third-party satellites, the risks and benefits of ownership having been transferred to it. As of 30 June 2014, these contracts concern the SESAT 2, Telstar 12, EUTELSAT 3A and Express-AT1. As the Express-AT2 satellite was not operational at 30 June 2014, it was not included in the non-current assets. The aggregate capitalised amount depends on the present value of the lease payments. Capitalised capacity costs are amortised over the duration of the contract.

Intangible assets consist of certain licences, the "Eutelsat" brand and the associated "Customer Contracts and Relationships" assets. Because their lifetimes are indefinite, the "Eutelsat" brand and the licences are not amortised but are systematically tested for impairment on a yearly basis. The "Customer Contracts and Relationships" assets are amortised on a straight-line basis over their economic life. This useful life was estimated on the basis of the average length of the contractual relationships existing at the date of acquisition of Eutelsat and taking into account anticipated contract renewal rates.

Operating income

Operating income reflects revenues less operating costs, selling, general and administrative expenses, depreciation and amortisation, and other operating income and charges.

Financial result

The financial result mainly reflects (i) interest expense and bond issuance costs related to the Group's borrowings, less borrowing costs offset against the value of eligible assets, (ii) changes in the fair value of the financial instruments (primarily including changes in time value and changes in the fair value of derivatives not eligible for hedge accounting) and (iii) foreign exchange gains and losses.

Consolidated net income

Consolidated net income reflects the sum of operating income, the financial result and income from equity investments, less income tax.

Net income attributable to the Group

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

››› 6.1.2.1 Comparative analysis of the income statements for the financial years ended 30 June 2013 and 2014

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEARS ENDED 30 JUNE 2013 AND 2014

IFRS (in millions of euros)	12-month financial year ended	
	30 June 2013	30 June 2014
REVENUES	**1,284.1**	**1,347.9**
Operating costs	(120.2)	(132.1)
Selling, general and administrative expenses	(168.6)	(182.6)
Depreciation and amortisation	(344.6)	(401.3)
Other operating income and charges	30.8	(8.5)
OPERATING INCOME	**681.5**	**623.4**
Financial result	(117.5)	(132.3)
NET INCOME BEFORE TAXES	**578.2**	**506.0**
Income tax expense	(208.4)	(189.8)
CONSOLIDATED NET INCOME	**369.8**	**316.2**
Attributable to the Group	354.9	303.2
Non-controlling interests	14.9	13.1

6.1.2.2 Revenues

The following table provides a breakdown of revenues by service for the financial years ended 30 June 2013 and 2014:

			Change (in %)	
(in millions of euros)	30 June 2013	30 June 2014	Reported	Excluding Satmex and at constant currency
Video Applications	865.6	877.2	+1.3%	=
Data and Value-Added Services	252.8	278.5	+10.2%	+0.8%
of which Data Services	*187.5*	*189.8*	*+1.2%*	*- 11.5%*
of which Value-Added Services	*65.3*	*88.7*	*+36.0%*	*+36.3%*
Multi-Usage Services	145.4	157.8	+8.5%	+6.7%
Other revenues	10.4	33.9	N/A	N/A
SUB-TOTAL	**1,274.2**	**1,347.4**	**+5.7%**	**+2.6%**
Non-recurring revenues	9.8	0.5	N/A	N/A
TOTAL	**1,284.1**	**1,347.9**	**+ 5.0%**	**+ 1.9%**

Total revenues for fiscal year 2013-2014 including Satmex rose to 1,347.9 million euros (from 1,284.1 euros as of 30 June 2013), up by 5.0%. Excluding non-recurring revenues and Satmex and at constant currency, revenues rose by 2.6%, in line with objectives. Consolidated as of 1 January 2014, Satmex contributed 52.6 million euros to revenues.

Video Applications

In full year 2013-2014, **Video Applications** revenues rose 1.3% to 877.2 million euros on a reported basis, including Satmex. Excluding Satmex, revenues were stable at constant currency.

The impact of limited additional capacity for much of the year and the suspension in October 2013 of operations on certain frequencies at 28.5° East was compensated by growth at video neighbourhoods serving broadcasters in fast-growing markets, notably 36° East (addressing Russia and Sub-Saharan Africa) and 7°/8° West (addressing the Middle East and North Africa) as well as by the entry into service in May 2014 of Express-AT1 (addressing Siberia).

Satmex has already started to contribute to Video Applications, notably with a contract signed with Millicom for the development of DTH pay-TV services over several countries in Latin America.

In the fourth quarter 2013-2014, Video Applications revenues amounted to 226.4 million euros (including Satmex), up 3.6% year-on-year and by 2.7% quarter-on-quarter, reflecting the entry into service in May of Express-AT1, with 21 transponders all contracted.

At 30 June 2014, the total number of channels broadcast by Eutelsat satellites stood at 5,746. Excluding Satmex (316 channels as of 30 June 2014), the channel count was up 769 channels (or +16.5%) year-on-year. Including Satmex, 584 channels were in High Definition, up from 419, implying a penetration rate of 10.2% (10.5% excluding Satmex), compared to 9.0% at 30 June 2013.

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

Orbital positions	Market	30 June 2013	30 June 2014	Change
7°/8° West	North Africa and Middle East	662	809	+22.2%
7° East	Turkey	224	310	+38.4%
16° East	Central Europe and Indian Ocean islands	666	780	+17.1%
36° East	Central Europe and Africa	761	835	+9.7%
56° East	Russia	-	273	N/A
TOTAL		**2,313**	**3,007**	**+30.0%**

Data and Value-Added Services

Revenues from **Data and Value-Added Services** rose by 10.2% to 278.5 million euros on a reported basis and by 0.8% excluding Satmex and at constant currency.

Data Services revenues declined by 11.5% at constant currency and excluding Satmex, but including EUTELSAT 172A since 25 September 2012. This performance continues to reflect:

- a persistently competitive environment, with point-to-point services under pressure from the roll-out of terrestrial networks and, specifically in Africa, from the significant existing supply of satellite capacity;
- the reclassification of certain contracts to more accurately reflect the final usage of capacity, as well as the termination of contracts with customers impacted by the US administration's budgetary constraints.

Satmex generated 27.9 million euros of revenues in Data Services in the second half of 2013-2014.

Value-Added Services recorded strong growth of 36.3% on a like-for-like basis, to 88.7 million euros.

Services on EUTELSAT KA-SAT 9A continued to perform well, with 154,000 broadband terminals activated at 30 June 2014, up from 91,000 a year earlier. Mobile connectivity services for the maritime market, notably through WINS, also contributed to revenue growth.

Both the broadband and mobility markets are experiencing good momentum and continue to enjoy solid growth potential.

Multi-Usage Services

Multi-usage revenues rose by 8.5% to 157.8 million euros, on a reported basis and by 6.7% excluding Satmex and at constant currency.

The negative carry-forward effect of the outcome of the last 18 months contract renewals continued to weigh on revenues, but was more than offset by the integration of EUTELSAT 172A into the fleet, new contracts, and the reclassification of certain contracts from Data Services.

Other revenues and non-recurring revenues

Other revenues mainly include compensation paid on the settlement of business-related litigation, the financing of certain research programmes by the European Union and other organisations, and the recognition of EUR/USD foreign exchange gains/losses. In full year 2013-2014, they amounted to 33.9 million euros, compared with 10.4 million euros at 30 June 2013, reflecting notably the agreements with SES at 28.5° East.

Non-recurring revenues were 0.5 million euros, versus 9.8 million euros at 30 June 2013. Non-recurring revenues are composed of penalties when satellites are delivered behind schedule.

Geographical breakdown of revenues

The Group generated nearly 26% of its revenues in U.S. dollars. The Group's policy is to hedge the foreign exchange risk on its sales, using forward exchange or options contracts (see Section 4.5.1 on "Foreign exchange hedges").

The following table gives a breakdown of the Group's revenue by geographical area for the financial years ended 30 June 2013 and 2014. This table is based on billing addresses and does not reflect the geographical origins of satellite capacity end-users, mainly owing to the substantial proportion of the Group's client portfolio accounted for by distributor-customers.

(in millions of euros and as a percentage)	30 June 2013		30 June 2014	
Regions	**Amount**	**%**	**Amount**	**%**
France	153.9	12.0	147.3	10.9
Italy	203.7	15.9	208.0	15.4
United Kingdom	100.2	7.8	104.8	7.8
Europe (other)	410.7	32.0	402.6	29.9
Americas	169.1	13.2	210.4	15.6
Middle East	150.9	11.8	169.3	12.6
Africa	67.0	5.2	73.8	5.5
Asia	25.1	2.0	29.1	2.2
Other (1)	3.5	0.3	2.7	0.2
TOTAL	**1,284.1**	**100.0**	**1,347.9**	**100.0**

(1) Including non-recurring revenues.

Owing to the Group's satellite resource distribution model and to the long duration of the contracts in its backlog, the geographical breakdown of revenues remained relatively stable during the financial year 2013-2014, including with the acquisition of Satmex.

Main customers

As of 30 June 2014, the Group's top 10 customers accounted for 47.3% of the Group's revenues with the breakdown as follows:

Customers	Revenue per customer (in millions of euros)	(as a percentage)
Public sector entities (United States of America)	127.0	9.4%
Orange/Globecast	124.5	9.2%
Sky Italia Srl	89.1	6.6%
Telespazio/Telecom Italia	69.6	5.2%
Nilesat	54.1	4.0%
British Telecom/Arqiva	45.0	3.3%
Noorsat WLL	43.6	3.2%
Intersputnik International Organization of Space Communication	32.4	2.4%
Multichoice Africa	26.2	1.9%
Deutsche Telekom/Media Broadcast	26.1	1.9%
TOTAL OF TOP 10 CUSTOMERS	**637.6**	**47.3%**
Others	710.3	52.7%
TOTAL	**1,347.9**	**100.0%**

As of 30 June 2013, the Group's top 10 customers accounted for 51.8% of the Group's revenues with the breakdown as follows:

Customers	Revenue per customer (in millions of euros)	(as a percentage)
Public sector entities	145.1	11.3%
France Telecom/Globecast	118.1	9.2%
Sky Italia S.r.l.	89.4	7.0%
Telespazio/Telecom Italia	72.4	5.6%
Nilesat	53.0	4.1%
Deutsche Telekom/T-Media Broadcast	50.1	3.9%
British Telecom/Arqiva	43.0	3.3%
Noorsat WLL	37.5	2.9%
Intersputnik International Organization of Space Communication	32.0	2.5%
Digital Platform Teknoloji Hizmetleri	24.5	1.9%
TOTAL OF TOP 10 CUSTOMERS	**665.2**	**51.8%**
Others	618.8	48.2%
TOTAL	**1,284.1**	**100.0%**

››› 6.1.2.3 Operating costs and selling, general and administrative expenses

Operating costs and selling and administrative expenses represented 23.3% of 2013-2014 revenues, compared to 22.5% for the financial year 2012-2013.

The 9.0% increase against the previous year reflects:

- the integration of Satmex;
- increased resources invested in the development of the Group's commercial activity;
- the continued strict policy of rigorous control over Group costs.

››› 6.1.2.4 Depreciation and amortisation, other operating charges and other operating income

A breakdown of trends in this line item is presented in Notes 5 and 6 of the Notes to the consolidated accounts of the financial year ended 30 June 2014 shown in Section 6.2 of this Reference Document.

Depreciation and amortisation chiefly corresponds to the depreciation of satellites and ground facilities, as well as the amortisation of intangible assets recorded under "Customer Contracts and associated relationships". This item represented an expense of 52.9 million euros as of 30 June 2014.

It represents the Group's largest expense item.

As of 30 June 2014, the rise in depreciation and amortisation expenses (+16.5%) to 401.3 million euros was due to the integration of Satmex (consolidated from 1 January 2014), the full year effect of the three satellites launched in 2012-2013 (EUTELSAT 21B, EUTELSAT 70B et EUTELSAT 3D), to the beginning of the depreciation of EUTELSAT 25B (entered in service at end-October 2013), and to the entry into the fleet of EUTELSAT 172A (acquired in September 2012).

"Other operating income (charges)" stood at -8.5 million euros as of 30 June 2014, versus a 30.8 million euros net product as of 30 June 2013. For the fiscal year 2013-2014, they reflected mainly the net impact of the disposals of Solaris Mobile Ltd (to EchoStar Corp.) and Eutelsat visAvision GmbH (to M7A Group S.A.) and fees related notably to the acquisition of Satmex. They also included an impairment charge amounting to 6.4 million euros related to the anomaly encountered by the satellite EUTELSAT 8 West C in January 2014 on one of its on-board power transmission assemblies.

Other operating income (charges) for the financial year 2012-2013 related mainly to the settlement of a litigation in the course of the financial year.

››› 6.1.2.5 Operating income

As of 30 June 2014, operating income decreased 8.5% to 623.4 million euros, representing 46.2% of revenues (compared to 53.1% as of 30 June 2013). The decrease was mostly due to the increase in depreciation and amortisation expenses and to the variation of the other operating income (charges).

››› 6.1.2.6 Financial result

The financial result posted a 132.3 million euros expense as of 30 June 2014, compared with a 117.5 million euros in the previous financial year.

This evolution is mainly related to a higher weighted average outstanding debt, following the acquisition of Satmex, which is partially offset by a lower overall average cost of debt (4.0% after hedging, versus 4.9% for the previous year).

››› 6.1.2.7 Income tax

Income tax expense decreased 8.9% to 189.8 million euros during the financial year ended 30 June 2014 compared with 208.4 million euros as of 30 June 2013.

As of 30 June 2014, the effective tax rate was 38.6% compared to 37.0% as of 30 June 2013. This increase reflects mainly a tougher tax environment in France (increase in corporate tax rate) and the settlement of a tax audit for 5.6 million euros.

››› 6.1.2.8 Consolidated net income

As of 30 June 2014, consolidated net income totalled 316.2 million euros, compared to 369.8 million euros as of 30 June 2013.

The decrease in consolidated net income reflects the changes in the operating income and in the financial result.

››› 6.1.2.9 Net income attributable to the Group

Net income attributable to the Group stood at 303.2 million euros at 30 June 2014, compared to 354.9 million euros at 30 June 2013.

6.1.3 LIQUIDITY AND CAPITAL RESOURCES

››› 6.1.3.1 Eutelsat Communications' equity

Investors are advised to refer to Note 15 on the consolidated financial statements for the year ended 30 June 2014 shown in Section 6.2 of this Reference Document, which contains information on the issuer's equity.

››› 6.1.3.2 Changes in Eutelsat Communications' cash flow

The following table shows changes in cash flow for the financial years ended 30 June 2013 and 2014.

(in millions of euros)	30 June 2013	30 June 2014
Cash flow from operating activities	816.2	777.6
Cash flow from investing activities	(647.3)	(987.1)
Cash flow from financing activities	(8.7)	254.8
Impact of exchange rate on cash and cash equivalents	0.0	(0.3)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**160.2**	**45.1**
Cash and cash equivalents at beginning of year	87.8	247.9
Cash and cash equivalents at end of year	247.9	293.0

Cash flow from operating activities

During the financial year ended 30 June 2014, the Group continued to generate very strong cash flows from operating activities representing 58% of revenues. Cash flows from operating activities decreased from 816.2 million euros to 777.6 million euros, notably due to the evolution of taxes paid (+40 million euros) which increased, contrary to the expense in the profit and loss account.

Cash flow from investing activities

Investing activities here mainly concern satellites ("Acquisitions of satellites") and ground equipment ("Other property and equipment").

"Acquisitions of satellites" cover the costs of satellite construction, launch, and entry into operational service. These expenses comprise construction costs (including performance-related incentive payments), launch costs and Launch-plus-one-year insurance premiums. Some of the Group's procurement and launch contracts state that the Group has to pay incentives according to whether or not the satellite launch is successful and on the basis of certain technical specifications. The Group recognises the present value of these payments as a liability, and capitalises them under satellite costs. Payment of satellite performance incentives are subject to reductions or to reimbursements if the satellite does not meet the predetermined criteria.

"Acquisitions of satellites" are the largest component of the Group's capital investments. The cost of procuring and launching a satellite is generally spread over the two-or three-year period prior to the satellite launch.

"Other property and equipment" essentially comprise satellite control and monitoring equipment. A large portion of these expenses concerns the three control and monitoring sites as well as equipment for the Group's registered office (such as technical facilities, office furniture and IT equipment). Investments in on-ground equipment closely mirror trends in the satellite launch programme.

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

During the financial year ended 30 June 2014, cash flows from investing activities moved from (647.3) million euros as of 30 June 2013 to (987.1) million euros. This was primarily due to the acquisition of Satmex in the financial year ended 30 June 2014.

The following table shows cash flows from investing activities, as well as the number of satellites launched during the financial years ended 30 June 2013 and 2014.

Financial year ended 30 June (in millions of euros)	**12-month period**	
	2013	**2014**
Acquisitions of satellites, other property and equipment and intangible assets	(566.4)	(439.6)
Acquisitions of equity investments and subsidiaries (net of cash acquired)	(83.5)	(565.7)
Sale of Solaris	-	15.6
Dividend received from associates	2.6	2.6
CASH FLOWS FROM INVESTING ACTIVITIES	**(647.3)**	**(987.1)**
Satellites launched	3	2

Cash flow from financing activities

During the financial year ended 30 June 2014, cash flow from financing activities moved from (8.7) million euros to 254.8 million euros. The increase is mainly due to the higher dividends paid and to the financing transactions related to the acquisition of Satmex.

6.1.3.3 Changes in debt and Group financing structure

The following paragraphs primarily describe the Group's liquidity needs and financial resources. See also the Company's historical consolidated financial statements for the financial years ended 30 June 2013 and 2014 prepared under IFRS standards and also the Notes to these financial statements.

The Group's liquidity needs mainly comprise:

- financing for satellite construction and launches;
- servicing of the Group's debt;
- financing of working capital.

The Group's financial resources

The Group's financial resources primarily comprise cash flows generated by Eutelsat S.A.'s operating activities. The Group has additional financial resources through the credit facilities obtained and the bonded debt issued by Eutelsat S.A.

Trend in the Group's net debt

The following table shows a breakdown of the Group's net debt as of 30 June 2013 and 2014.

Group net debt (in millions of euros)	**As of 30 June**	
	2013	**2014**
Eutelsat Communications' long-term bank debt	800	800
Eutelsat S.A.'s long-term bonded debt	1,950	2,880
Eutelsat S.A.'s long-term bank debt (1)	137	175
Foreign exchange portion of the cross-currency swap	-	(2.9)
BANK DEBT	**2,887**	**3,852**
Cash, cash equivalents and marketable securities net of bank overdrafts (2)	(248)	(293)
NET BANK DEBT	**2,640**	**3,559**
Long-life leases (3)	7	220
NET DEBT	**2,647**	**3,779**

(1) Including the short-term portion of long-term bank debt.
(2) Bank overdrafts stood at 0.1 million euros as of 30 June 2013. There were no bank overdrafts as of 30 June 2014.
(3) Including the short-term portion of these leases.

The Group's net debt includes all bank and bonded debt, as well as debt related to satellite financing leases, less cash, cash equivalents and marketable securities net of bank credit balances (see Note 16 "Financial debt" to the consolidated financial statements for the year ended 30 June 2014 in Section 6.2 of this Reference Document).

The Group's net debt as of 30 June 2014

As of 30 June 2014, the Group's consolidated net debt came to 3,779 million euros mainly comprising: (i) 800 million euros in debt under the Eutelsat Communications term loan, (ii) 2 880 million euros of bonds issued by Eutelsat S.A., (iii) 395 million euros of debt related to satellite financing agreements, and (iv) 293 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group had also 650 million euros available under its various lines of undrawn credit.

GROUP'S MAIN CREDIT FACILITIES AND BOND LOANS AS OF 30 JUNE 2014

(in millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan	800	800	6 December 2016
Eutelsat Communications revolving credit facility	200	-	6 December 2016
Eutelsat S.A. 2017 bond	850	850	27 March 2017
Eutelsat S.A. 2019 bond	800	800	14 January 2019
Eutelsat S.A. 2020 bond	930	930	13 January 2020
Eutelsat S.A. revolving credit facility	450	0	13 September 2018
Eutelsat S.A. 2022 bond	300	300	10 October 2022
US Ex-Im export credit facility	51	43	15 November 2021
ONDD export credit facility 1	122	78	30 June 2024
ONDD export credit facility 2	87	54	31 August 2024
TOTAL	**4,590**	**3,855**	

There has been no drawdown on the revolving lines of credit during the year ending 30 June 2014. Effective interest rates for the Eutelsat Communications bullet loan are respectively 3.11% and 4.55%, after taking into account the effects of hedging instruments, for the same period. As of 30 June 2014, the effective interest rate on bonds issued by Eutelsat S.A. is 4.35% for those maturing in March 2017, 5.17% for those maturing in January 2019, 2.87% for those maturing in January 2020 and 3.34% for those maturing in October 2022.

As of 30 June 2014, part of the Group's debt bore interest at a variable rate (generally EURIBOR plus a margin) and the bond loan and the US Ex-Im export credit facility bore interest at a fixed rate.

The increase in the Group's net debt from 2,647 million euros to 3,779 million euros is mainly the net result of the acquisition of Satmex closed in early 2014, increased financing requirements for satellites under construction or commissioned during the financial year and an increased distribution to shareholders of Eutelsat S.A. and the Company in November 2013.

The Group's financing structure

Eutelsat Communications credit facilities as of 30 June 2014

Eutelsat Communications S.A. financing structure is the following:

- a 800 million euro Term Loan bearing interest at EURIBOR plus a margin of between 1.50% and 3.25% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poor's (S&P) and Moody's. The initial margin is 2.25%. Interest periods are 6 months, beginning on 29 April and 29 October every year, except for the first three interest periods which were below 6 months;
- a 200 million euro Revolving Credit Facility (undrawn at 30 June 2014). Interest periods are of a maximum of six months and bear interest at EURIBOR (or LIBOR for drawings in U.S. dollars) plus a margin of between 1.00% and 2.75% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poor's (S&P) and Moody's. The initial margin is 1.75%. A fee for non-use representing 35% of the margin mentioned above is payable. The agreement also provides for a utilisation commission of 0.15% if the revolving credit facility is used between 0 and 33.33%, of 0.30% if the revolving credit facility is used more than 33.33% but less than 66.67% and 0.50% if the revolving credit facility is used more than 66.67%.

The loan agreements do not involve any guarantee by Eutelsat Communications' subsidiaries or any pledge of assets as collateral for the loan. This loan agreement includes some restrictive clauses, subject to the usual exceptions in loan agreements (see Note 16 to the consolidated financial statements for more information on the restrictive conditions and the limitations applying to this loan agreement). The agreement provides for each lender party to the agreement to ask for early repayment of all monies owed if there is a change in control of Eutelsat Communications and Eutelsat S.A., or in the event of concerted action.

In addition, Eutelsat Communications has agreed to directly or indirectly retain 95% of the capital and voting rights in Eutelsat S.A. for the duration of the loan.

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

Eutelsat Communications S.A. is required to maintain a total net debt to annualised EBITDA ratio (as these terms are defined contractually and based on the Group's IFRS consolidated accounts) less than or equal to 3.75 to 1, this ratio being tested on 30 June and 31 December each year.

In addition, interest rate hedging is required for a minimum period of three years in order to limit exposure to interest rate risk for no less than 50% of the amounts drawn under the Term Loan facility.

The fees incurred for setting up the Term Loan are amortised over the duration of the loans. As of 30 June 2014, they represent a balance of 5.9 million euros.

Eutelsat S.A. lines of credit and bonds as of 30 June 2014

Eutelsat S.A.'s financing structure is as follows:

- 930 million euros of six-year bonds issued on 9 December 2013 on the Luxembourg Stock Exchange regulated market and maturing on 13 January 2020 ("the Bond Loan 2020"). The 2020 bonds carry an annual coupon of 2.625%, were issued at 99.289%, and are redeemable at maturity at 100% of their principal amount;
- 300 million euros of ten-year bonds issued on 1 October 2012 on the Luxembourg Stock Exchange regulated market and maturing on 10 October 2022 ("the Bond Loan 2022"). The 2022 bonds carry an annual coupon of 3.125%, were issued at 99.148%, and are redeemable at maturity at 100% of their principal amount;
- 800 million euros of seven-year bonds issued on 7 December 2011 on the Luxembourg Stock Exchange regulated market and maturing on 14 January 2019 ("the Bond Loan 2019"). The 2019 bonds carry an annual coupon of 5.000%, were issued at 99.186%, and are redeemable at maturity at 100% of their principal amount;
- 850 million euros of seven-year bonds issued on 26 March 2010 on the Luxembourg Stock Exchange regulated market and maturing on 27 March 2017 ("the Bond Loan 2017"). The 2017 bonds carry an annual coupon of 4.125%, were issued at 99.232%, and are redeemable at maturity at 100% of their principal amount;
- a 66 million U.S. dollars Ex-Im export credit facility, of which 59 million U.S. dollars were drawn as of 30 June 2014. This credit facility will mature on 15 November 2021. It is repayable in 17 semi-annual instalments from November 2013 and bears interest at a fixed rate of 1.71%;
- two export credit facilities covered by *Office national du ducroire* (ONDD) for a total amount of 209 million euros, of which 132 million euros were drawn at 30 June 2014. These credit facilities have an 11.5 year maturity and will mature on 30 June 2024 and 31 August 2024. They are repayable in 17 semi-annual instalments starting in June 2016 and August 2016. The first one, for an amount of 121 million euros, bears interest at 2.07% (rate based on 6-month EURIBOR and calculated at the facility's signing date) will be used to finance the construction of a satellite. The second one, for an amount of 87 million euros, bears interest at 2.23% (rate based on 6-month EURIBOR and calculated at the facility's signing date) and will be used to finance a launcher;
- a 450 million euro revolving credit facility signed on 13 September 2013 with a five-year term. Amounts drawn for a maximum period of six months bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a 0.40% to 1.70% margin depending on Eutelsat S.A.'s long term rating assigned by Standard & Poor's. The initial margin stands at 0.70%. A non-use fee is payable representing 35% of the applicable margin mentioned above. The agreement also provides for a 0.10% utilisation commission if less than 33.33% of the revolving credit facility is drawn, 0.20% for the portion equal to or exceeding 33.33% but lower than 66.67% and a 0.35% commission for any portion exceeding 66.67%. Furthermore, under this credit agreement, Eutelsat Communications is required to maintain a total net debt to annualised EBITDA ratio (as contractually defined and based on the consolidated financial statements of the Eutelsat S.A. sub-group prepared in accordance with IFRSs) below or equal to 3.75 to 1 (this ratio is tested on 30 June and 31 December each year).

The credit agreements and the bond issues include neither a guarantee by the Group nor the pledging of assets to the lenders, but they do include restrictive clauses, subject to the usual exceptions contained in loan agreements limiting the capacity of Eutelsat S.A. and its subsidiaries, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- grant loans and carry out certain types of investments;
- enter into mergers, acquisitions, asset disposals, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The eurobond issues and the credit facilities allow each lender to request early repayment of all sums due in the event of the downgrading of Eutelsat S.A. or bonds issued by Eutelsat S.A., resulting from a change of control at Eutelsat S.A. or a change of control at Eutelsat Communications (except in the case of a takeover by the Group's main shareholders). This provision does not apply in the case of Group restructuring.

The credit contracts include a commitment to maintain Launch-plus-one-year insurance policies for any satellite located at 13° East and, with respect to any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

The costs for the bond issues were deferred over the loan period. Remaining costs as of 30 June 2014 amounted to 10.9 million euros.

Furthermore:

- to finance the acquisition of Satmex, a 850 million U.S. dollar bridge term loan with a two-year maturity was concluded on 13 September 2013, bearing interest at LIBOR plus a 0.20% to 1.50% margin depending on the long-term rating assigned to Eutelsat S.A. by Standard & Poor's. Following the bond issue of December 2013, this bridge term loan, which had not been drawn, was cancelled;
- on 15 May 2014, all the notes issued on 5 May 2011 and 30 March 2012 by Satmex, initially maturing on 15 May 2017, were redeemed at 104.75% of their principal amount, plus accrued and unpaid interest to the redemption date. The notes represented an aggregate principal amount of approximately 360 million U.S. dollars and bore a coupon of 9.5%.

6.1.3.4 Other Group commitments

The following table summarises the Group's contractual obligations (excluding long-term debt) and commercial commitments as of 30 June 2014 (see the Notes to Eutelsat Communications S.A.'s consolidated financial statements for the year ended 30 June 2014 in Section 6.2 of this Reference Document).

		Payments by period			
(in millions of euros)	Total	<1 year	1-3 years	3-5 years	>5 years
Amounts due in respect of long-term finance lease contracts	281.5	18.1	30.2	33.8	199.4
In-orbit incentive payments	4.3	3.2	1.1	-	-
Operating lease commitments	32.2	-	8.0	8.0	16.1
Satellite construction and launch contracts	1,136.9	397.3	331.9	106.0	301.7
Operating agreements and customer contracts (1)	160.0	50.6	39.5	26.1	43.8
Retirement indemnities and other post-employment benefits (2)	23.1	-	-	-	23.1
TOTAL CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS	**1,638.0**	**469.2**	**410.8**	**173.9**	**584.1**

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

As of 30 June 2014, Eutelsat S.A.'s contractual and commercial commitments comprised the following:

Long-life lease obligations

SESAT 2 satellite

In March 2004, the Group entered into a lease agreement with RSCC for 12 transponders on the SESAT 2 satellite for its entire operating life (with a contractual minimum of 12 years). These transponders were recognised as assets for 60 million euros, based on the discounted value of future payments.

EUTELSAT 3A satellite

In December 2010, the Group entered into a capacity lease agreement for 10 transponders on the EUTELSAT 3A satellite for the duration of its remaining operating life. These transponders were recognised as assets for 16.8 million euros, based on the discounted value of future payments.

Express-AT1 satellite

In June 2013, the Group entered into a capacity lease agreement for 19 transponders (extended to 21 transponders in a second phase) on the Express-AT1 satellite for its entire operating life. These transponders were recognised as assets for 218.4 million euros, based on the discounted value of future payments.

Express-AT2 satellite

In November 2012, the Group entered into a capacity lease agreement for eight transponders on the Express-AT2 satellite for its entire operating life. These transponders will be recognised as assets in the next financial year.

EUTELSAT 36C satellite

In November 2012 and June 2013, the Group entered into capacity lease agreements on the EUTELSAT 36C satellite for its entire operating life. Transponders covered by these agreements will be recognised as assets, under the condition of the satellite's entry into operational service. Its launch is scheduled in the second half of calendar year 2015.

In-orbit incentive payments

The Group's satellite construction contracts provide for payment obligations based on satellite performance. In some contracts, a portion of the purchase price is paid to the manufacturer in instalments throughout the satellite's operating life, according to its compliance with technical and contract specifications. For the most recent contracts, the Group has agreed to pay the entire satellite price upon its initial entry into operational use, including in-orbit incentives. If the satellite does not comply with technical operating requirements, the constructor has to repay to the Group a portion of the incentive payments, or reduce their amount. Repayments by the constructor are generally guaranteed up to the amount of the incentive payments by a bank guarantee or a shareholders' guarantee.

The Group recognises the discounted value of payments to be made in the future as a liability and includes those costs in the overall cost of the satellite (posted to assets). If an incentive payment is not payable or is repaid, the cost of the satellite is adjusted, as well as the associated liability. Depreciation is then reviewed in a prospective manner.

Operating leases

During the year ended 30 June 2005, the Group had renewed the lease on its registered office in Paris for a nine-year period. On 25 November 2009, the Group concluded a rider to the contract renewing the lease for a period of nine years as of 1 August 2009, with a firm period of six years and five months. During the year ended 30 June 2014, the Group renegotiated the lease on its registered office and concluded a new lease contract for a firm 9-year period, starting on 1 July 2014. As of 30 June 2014, future minimum rental payments came to around 4,020,000 euros. Furthermore, on 1 August 2012 Eutelsat entered into a lease agreement for an additional 923 m^2 in Paris, with an exit option as of 31 December 2015 subject to a termination penalty of 120,000 euros. As of 30 June 2014, future minimum rental payments stood at around 440,000 euros.

Financial guarantee granted to the IGO's Closed Pension Fund

Before the creation of Eutelsat S.A., the IGO managed a pension fund (the "Closed Pension Fund") for its staff members. The rights of Closed Pension Fund beneficiaries have been frozen, and responsibility for managing this fund and its corresponding assets transferred to a Trust (along with the related retirement liabilities). According to the Contribution Agreement of 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee arranged by the IGO to cover any financial shortfall on the Pension Fund. Any financial shortfall on the Closed Pension Fund could create new obligations for the Group under the financial guarantee, which could have a significant negative effect on the Group's business, financial situation and results.

As of 30 June 2014, the discounted value of the Trust's pension liabilities amounted to 217.4 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets stood at 154.1 million euros (see Note 22.1 to the consolidated financial statements for the financial year ended 30 June 2014). 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 assumptions applied.

The unlimited financial guarantee taken over by Eutelsat S.A. may be activated under certain conditions to make up for any such future funding shortfall. During the year ended 30 June 2014, the amount of guarantee being called upon was 2.5 million euros. This amount was measured on the basis of the Trust's projections, taking into account future market developments and will be paid in three settlements during the financial years ending 30 June 2014, 2015 and 2016.

Furthermore, in accordance with the agreements governing the Closed Pension Fund, the Trust's administrators have the power to liquidate the Closed Pension Fund if certain events occur, including if they deem that the Closed Pension Fund cannot continue to be effectively managed. Should 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 compared to its liabilities, and the Group would be required to pay the difference, which could be substantial.

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

Liquidity offers

The Company made an offer to all beneficiaries of options granted under the Partners and the Managers I, II, III and IV plans, and to beneficiaries under the stock purchase plans of March and April 2004 to buy back their Eutelsat S.A. shares.

Through its Eutelsat Communications Finance S.A.S. subsidiary, the Company made an initial liquidity offer for which the subscription period opened on 30 November 2009 and closed on 11 December 2009. Final settlement of the transaction took place on 18 December 2009. In respect of this transaction, 513,119 shares were purchased at a unit price of 6.00 euros per Eutelsat S.A. share.

Furthermore, in line with its prior commitments, the Company made a second liquidity offer *via* its Eutelsat Communications Finance S.A.S. subsidiary, whose subscription period opened on 15 March 2010 and closed on 26 March 2010. Final settlement of this transaction took place on 2 April 2010. This transaction saw 349,749 Eutelsat S.A. shares repurchased at a unit price of 6.85 euros per Eutelsat S.A. share.

Through its Eutelsat Communications Finance S.A.S. subsidiary, the Company made two liquidity offers in December 2010 and May 2011. In respect of these two transactions, 400,187 and 135,389 shares were repurchased at 6.99 euros and 7.73 euros per share respectively.

Two liquidity offers were made *via* the Company's Eutelsat Communications Finance S.A.S. subsidiary in December 2011 and May 2012. In respect of these two transactions, 104,539 shares and 246,403 shares were repurchased at 7.24 euros and 7.27 euros per share respectively.

Two liquidity offers were made *via* the Company's Eutelsat Communications Finance S.A.S. subsidiary in December 2012 and May 2013. In respect of these two transactions, 1,400 shares and 33,833 shares were repurchased at 6.33 euros and 6.74 euros per share respectively.

Two liquidity offers were made *via* the Company's Eutelsat Communications Finance S.A.S. subsidiary in November/December 2013 and May 2014. In respect of these two transactions, 964 shares and 8,837 shares were repurchased at 5.94 euros and 6.22 euros per share respectively.

6.1.3.5 Financing sources expected for future investments

The Group believes that cash flow generated by its operating activities, its cash and cash equivalents and the funds available under its credit facilities will be sufficient to meet its future financial obligations as currently anticipated, to satisfy its working capital requirements and to carry out its investment programme. However, the Group's financial performance depends on the general economic climate, the competitive, legislative and regulatory environment and other factors that are not necessarily under the Group's control. The Group cannot guarantee that its expected investment and working capital needs will materialise, nor can it guarantee that the funds made available to it under the resources mentioned above will be sufficient to meet its financial expenses and honour its obligations.

6.1.4 DIVIDEND PAYOUT POLICY

The dividend payout policy is set by the Board of Directors after analysis, in particular, of the Group's results and financial position.

Starting in the financial year ended 30 June 2011, Eutelsat Communications undertook the distribution of:

- an amount of 0.90 euro per share fully taken away from the distributable profit in respect of the financial year ended 30 June 2011;
- an amount of 1.00 euro per share fully taken away from the distributable profit in respect of the financial year ended 30 June 2012;
- an amount of 1.08 euros per share fully taken away from the distributable profit in respect of the financial year ended 30 June 2013.

For the financial year ended 30 June 2014, the Board of Directors decided to propose to the General Meeting of Shareholders a dividend of 1.03 euro per share or a total distribution of 226,717,401.46 euros, representing a distribution rate of 75% of the net income attributable to the Group. The dividend may be paid, for the entire part of the dividend, either in cash or in new shares of the Company, at the option of each shareholder.

This amount will be taken in full from profit available for distribution.

In the future, Eutelsat Communications' goal is to distribute between 65% and 75% of the Net Income Attributable to the Group to its shareholders. This goal is by no means a commitment by the Group and future distributions will depend on the Group's results, financial situation and a number of restrictions.

6.2 CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2014

CONSOLIDATED BALANCE SHEET

(in millions of euros)	Note	30 June 2013[(1)]	30 June 2014
ASSETS			
Non-current assets			
Goodwill	5	855.7	1,103.9
Intangible assets	5	639.8	798.8
Satellites and other property and equipment	6	2,797.4	3,232.1
Construction in progress	6	460.8	847.8
Investments in associates	7	261.3	271.9
Non-current financial assets	8,14	4.4	14.9
Deferred tax assets	21	13.0	32.2
TOTAL NON-CURRENT ASSETS		**5,032.4**	**6,301.6**
Current assets			
Inventories	9	1.3	1.4
Accounts receivable	10	272.7	323.3
Other current assets	11	18.6	15.9
Current tax receivable		1.7	37.8
Current financial assets	12,14	30.3	32.7
Cash and cash equivalents	13	248.0	293.2
TOTAL CURRENT ASSETS		**572.6**	**704.3**
TOTAL ASSETS		**5,605.0**	**7,005.9**

(1) The comparative accounts have been restated to include application of the IAS 19R standard. See Note 3.7. "Change in method".

(in millions of euros)	Note	30 June 2013[(1)]	30 June 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	15	220.1	220.1
Additional paid-in capital	15	453.2	453.2
Reserves and retained earnings		1,231.0	1,309.7
Non-controlling interests		46.5	47.7
TOTAL SHAREHOLDERS' EQUITY		**1,950.8**	**2,030.7**
Non-current liabilities			
Non-current financial debt	16	2,849.1	3,813.6
Other non-current financial liabilities	17,18	82.9	303.8
Non-current provisions	22	80.3	86.5
Deferred tax liabilities	21	317.9	338.0
TOTAL NON-CURRENT LIABILITIES		**3,330.2**	**4,542.1**
Current liabilities			
Current financial debt	16	35.9	49.4
Other current financial liabilities	17,18	40.5	34.6
Accounts payable		64.9	75.9
Fixed assets payable		66.8	52.8
Taxes payable		22.4	1.7
Other current payables	20	86.1	202.5
Current provisions	22	7.5	16.2
TOTAL CURRENT LIABILITIES		**324.0**	**433.1**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,605.0**	**7,005.9**

(1) The comparative accounts have been restated to include application of the IAS 19R standard. See Note 3.7. "Change in method".

CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per share data)	Note	30 June 2013	30 June 2014
Revenues from operations	**23.2**	**1,284.1**	**1,347.9**
Operating costs		(120.2)	(132.1)
Selling, general and administrative expenses		(168.6)	(182.6)
Depreciation and amortisation	5,6	(344.6)	(401.3)
Other operating income and expenses		30.8	(8.5)
Operating income		**681.5**	**623.4**
Cost of debt		(115.1)	(133.3)
Financial income		2.5	12.4
Other financial items		(4.9)	(11.4)
Financial result	**24**	**(117.5)**	**(132.3)**
Income from associates	7	14.2	14.9
Net income before tax		**578.2**	**506.0**
Income tax expense	21	(208.4)	(189.8)
Net income		**369.8**	**316.2**
Attributable to the Group		354.9	303.2
Attributable to non-controlling interests		14.9	13.1
Earnings per share attributable to Eutelsat Communications' shareholders	**25**		
Basic and diluted earnings per share (in euros)		1.612	1.377

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	30 June 2013[1]	30 June 2014
Net income		**369.8**	**316.2**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	15.5	(4.4)	7.7
Tax effect		-	-
Changes in post-employment benefits (IAS 19R)		(17.6)	2.5
Tax effect	21.2	6.7	(3.5)
Changes in fair value of hedging instruments	15.4	(23.6)	8.9
Tax effect	21.2	(8.5)	(3.2)
TOTAL OF OTHER ITEMS OF GAIN OR LOSS ON COMPREHENSIVE INCOME		**(0.2)**	**12.4**
TOTAL COMPREHENSIVE INCOME		**369.6**	**328.7**
Attributable to the Group		355.2	315.2
Attributable to non-controlling interests		14.4	13.5

(1) The comparative accounts have been restated to include application of the IAS 19R standard. See Note 3.7. "Change in method".

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	30 June 2013	30 June 2014
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		369.8	316.2
Income from equity investments	7	(14.2)	(14.9)
Tax and interest expense, other operating items		297.6	257.9
Depreciation, amortisation and provisions		352.1	429.7
Deferred taxes	21	14.8	16.6
Changes in accounts receivable		(9.8)	(80.5)
Changes in other assets		(16.3)	3.0
Changes in accounts payable		17.7	(2.8)
Changes in other debt		(17.3)	70.7
Taxes paid		(178.2)	(218.3)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**816.2**	**777.6**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of satellites, other property and equipment and intangible assets	6	(566.4)	(439.6)
Acquisition of equity investments and subsidiaries (net of cash acquired)	7.2, 3.8	(83.5)	(565.7)
Sale of Solaris	7.1	-	15.6
Dividends received from associates		2.6	2.6
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(647.3)**	**(987.1)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions		(229.6)	(249.5)
Movements in treasury shares		(0.5)	1.1
Increase in debt	16	445.5	930.0
Repayment of debt	16	(76.6)	(289.4)
Repayment in respect of performance incentives and long-term leases		(9.8)	(7.0)
Other loan-related expenses		(7.9)	(11.2)
Interest and other fees paid		(134.6)	(128.5)
Interest received		2.5	12.5
Other changes		2.3	(3.1)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(8.7)**	**254.8**
Impact of exchange rate on cash and cash equivalents		-	(0.3)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**160.2**	**45.1**
Cash and cash equivalents, beginning of period		**87.8**	**247.9**
Cash and cash equivalents, end of period		**247.9**	**293.0**
Cash reconciliation			
Cash	13	248.0	293.0
Overdraft included under debt(1)	16	(0.1)	-
CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT		**247.9**	**293.0**

(1) Overdrafts are included in determining "Cash and cash equivalents" in the cash-flow statement as they are repayable on demand and form an integral part of the Group's cash-flow management. They are shown as "Current financial debt" under "Current liabilities" on the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Common stock						
(in millions of euros, except share data)	Number	Amount	Additional paid in capital	Reserves and retained earnings	Share-holders' equity Group share	Non-controlling interests	Total
AS OF 30 JUNE 2012	**220,113,982**	**220.1**	**453.2**	**1,111.4**	**1,784.7**	**63.2**	**1,847.9**
Net income for the period				354.9	354.9	14.9	369.7
Other items of gain or loss on comprehensive income				10.8	10.8	-	10.8
TOTAL COMPREHENSIVE INCOME				**365.7**	**365.7**	**14.9**	**380.5**
Treasury stock				(0.5)	(0.5)	-	(0.5)
Transactions with non-controlling interests				0.5	0.5	(20.3)	(19.8)
Distributions				(219.2)	(219.2)	(10.4)	(229.6)
Benefits for employees upon exercising options and free shares granted				4.3	4.3	0.2	4.5
Liquidity offer and others				0.1	0.1	0.1	0.2
AS OF 30 JUNE 2013 (PUBLISHED)	**220,113,982**	**220.1**	**453.2**	**1,262.2**	**1,935.5**	**47.7**	**1,983.2**
Restatement for IAS 19R				(31.2)	(31.2)	(1.2)	(32.4)
AS OF 30 JUNE 2013 (RESTATED)	**220,113,982**	**220.1**	**453.2**	**1,231.0**	**1,904.3**	**46.5**	**1,950.8**
Net income for the period				303.2	303.2	13.1	316.2
Other items of gain or loss on comprehensive income				12.0	12.0	0.4	12.4
TOTAL COMPREHENSIVE INCOME				**315.2**	**315.2**	**13.5**	**328.7**
Treasury stock				1.1	1.1	-	1.1
Distributions				(237.2)	(237.2)	(12.2)	(249.4)
Benefits for employees upon exercising options and free shares granted				(0.3)	(0.3)	-	(0.3)
Liquidity offer and others				-	-	(0.1)	(0.1)
AS OF 30 JUNE 2014	**220,113,982**	**220.1**	**453.2**	**1,309.7**	**1,983.0**	**47.7**	**2,030.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1.
KEY EVENTS DURING THE FINANCIAL PERIOD

- Following its successful launch on 29 August 2013, the EUTELSAT 25B satellite went into operational service on 29 October 2013.
- On 13 December 2013, the Group raised 930 million euros through the issuance of a new 6-year bond (see Note 16 "Financial debt").
- On 1 January 2014, the acquisition of the Satmex Group announced on 31 July 2013 was finalised by the Group (see Note 3.8 "Change in Group structure").
- On 15 March 2014, the EXPRESS-AT1 and EXPRESS-AT2 satellites were successfully launched. EXPRESS-AT1 went into operational service on 1 May 2014 and EXPRESS-AT2 in the beginning of July 2014.
- The EUTELSAT 3B satellite was successfully launched on 26 May 2014. It is due to enter service at the beginning of the financial year starting on 1 July 2014.

NOTE 2.
GENERAL OVERVIEW

2.1. Business

The Eutelsat Communications Group (Eutelsat S.A. and its subsidiaries) is a private telecommunications satellite operator involved in the design, establishment, operation and maintenance of satellite telecommunications systems.

As of 30 June 2014, the Group operates *via* Eutelsat S.A. and its subsidiaries 37 satellites in geostationary orbit (including four satellites belonging to third parties or to related parties on which the Group uses additional capacity) to provide capacity (assignment and availability) to major international telecommunications operators and international broadcasting companies for television and radio broadcasting services (analogue and digital), for business telecommunications services, multimedia applications and messaging and positioning services.

2.2. Approval of the financial statements

The consolidated financial statements at 30 June 2014 were prepared under the responsibility of the Board of Directors, which adopted them at its meeting on 30 July 2014.

They will be submitted to the approval of the Ordinary General Meeting of Shareholders to be held on 7 November 2014.

NOTE 3.
BASIS OF PREPARATION OF FINANCIAL INFORMATION

3.1. Compliance with IFRSs

The financial statements at 30 June 2014 have been prepared in accordance with the IFRSs, as adopted by the European Union and effective as of that date. The relevant texts are available for consultation on the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The financial statements have been prepared on a historical cost basis except for certain items for which the standards require measurement at fair value.

3.2. Accounting principles

Since 1 July 2013, the Group has applied the following standards and interpretations which have been adopted by the European Union:

- amendments to IAS 19 "Employee Benefits" released in December 2011 on the removal of the "corridor" approach on the spreading of actuarial gains and losses. These amendments are effective for financial years beginning on or after 1 January 2013;
- IFRS 13 "Fair Value Measurement";
- IFRS 7 "Offsetting Financial Assets and Financial Liabilities";
- 2009-2011 improvements;
- IAS 12 "Deferred Tax: Recovery of Underlying Assets".

With the exception of the application of amendments to IAS 19, whose impacts are detailed in Section 3.7. "Change in method", none of these texts has had an impact on previous financial periods and on the consolidated accounts as of 30 June 2014.

Furthermore, none of the following standards, interpretations or amendments has been applied in advance. The Group is currently analysing the practical impact of these new texts and the effects of applying them in the financial statements. This concerns:

- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", including the amendment on the transitional provisions of IFRS 10 and IFRS 11;
- revised IAS 27 "Separate Financial Statements" and revised IAS 28 "Investments in Associates and Joint-Ventures" issued in May 2010 and applicable for financial years beginning on or after 1 January 2013;
- amendment to IAS 32 "Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities", applicable for financial periods beginning on or after 1 January 2014;
- IFRIC 21 "Levies".

Amendments to IFRS 1 "First-time Adoption - Government loans" and IFRIC 20 "Stripping costs" have had no impact on the Group.

3.3. Accounting procedures applied by the group in the absence of specific accounting standards

The *Cotisation sur la Valeur Ajoutée des Entreprises* or CVAE (Business contribution on the added value) was considered by the Group as an operating expense that does not meet the criteria laid down in IAS 12 "Income taxes" and therefore does not give rise to deferred taxes.

3.4. Presentation of the income statement

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites 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.

3.5. Significant accounting judgements and estimates

Preparation of the Group's consolidated financial statements requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The eventual outcome of the operations underpinning these estimates and assumptions could, due to the uncertainty that surrounds them, result in the need for significant adjustment in a subsequent financial period to amounts recognised.

Judgements

In preparing the financial statements for the period ended 30 June 2014, Management has exercised its judgement with regard to contingent liabilities and provisions.

3.6. Periods presented and comparatives

The financial year of Eutelsat Communications runs for 12 months and ends on 30 June.

The reference currency and the currency used to issue financial statements is the euro.

3.7. Change in method

Since 1 July 2013, the Group has applied the revised version of IAS 19 "Employee Benefits".

The change in method consists in recognising all of the Group's retirement commitments in the consolidated financial statements, including all actuarial gains and losses and unvested past-service costs which were not recognised in their entirety under the corridor approach.

The impact of this change in method on the Group's share of equity stood at (32.4) million euros as of 1 July 2013. The impacts of this change in method on the 2012-2013 financial statements are detailed as below:

3.7.1. Impact on balance sheet as of 30 June 2013

Liabilities and shareholders' equity (in millions of euros)	**30 June 2013 published**	**Impact IAS 19 r**	**30 June 2013 restated**
Equity			
Share capital	220.1		220.1
Additional paid-in capital	453.2		453.2
Reserves and retained earnings	1,262.2	(31.2)	1,231.0
Non-controlling interests	47.7	(1.2)	46.5
TOTAL SHAREHOLDERS' EQUITY	**1,983.2**	**(32.4)**	**1,950.8**
Non-current liabilities			
Non-current financial debt	2,849.1		2,849.1
Other non-current financial liabilities	82.9		82.9
Non-current provisions	29.6	50.7	80.3
Deferred tax liabilities	336.2	(18.3)	317.9
TOTAL NON-CURRENT LIABILITIES	**3,297.8**	**32.4**	**3,330.2**
TOTAL CURRENT LIABILITIES	**324.0**		**324.0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,605.0**		**5,605.0**

No impact on assets as of 1 July 2013.

3.7.2. Impact on consolidated income statement as of 30 June 2013

The amendment should have resulted in a 1.5 million euro decrease in other personnel expenses, which represents a 1.0 million euro increase in the consolidated net result.

The comparative accounts have not been restated to include the effects of application of IAS 19R to the consolidated income statement as these were not deemed as material, considering the size of the Group.

3.7.3. Impact on comprehensive income statement as of 30 June 2013

(in millions of euros)	12-month period ended 30 June 2013 Published	Impact IAS 19R	12-month period ended 30 June 2013 Restated
Net income	**369.8**	**1.0**	**370.8**
OCI items that can be reclassified to profit or loss	**10.6**	**-**	**10.6**
Actuarial differences relating to post-employment benefits		(18.6)	(18.6)
Tax on OCI items that cannot be reclassified		6.7	6.7
OCI items that cannot be reclassified to profit or loss	**-**	**(11.9)**	**(11.9)**
TOTAL COMPREHENSIVE INCOME	**380.4**	**(10.9)**	**369.5**
Group share of income	365.6	(10.5)	355.1
Portion attributable to non-controlling interests	14.8	(0.4)	14.4

››› 3.8. Change in group structure

3.8.1. Satmex Group

On 31 July 2013, the Group announced the signature of an agreement to acquire Satmex. The acquisition which included the total number of shares and voting rights for an aggregate value of 831 million U.S. dollars was finalised on 1 January 2014.

The Satmex Group's financial statements for the financial year ended 1 January 2014 may be summarised as follows:

(in millions of euros)	1 January 2014
Intangible fixed assets	169.1
Tangible fixed assets	486.7
Accounts receivable	12.4
Other current assets	29.2
Cash	21.6
TOTAL ASSETS	**719.0**
Bond debt	282.2
Accrued interest	3.3
Other current liabilities	73.8
Deferred revenues	17.0
TOTAL LIABILITIES	**376.2**
Residual goodwill (provisional)	251.3
ACQUISITION PRICE	**594.1**

Since 1 January 2014, the Satmex Group has contributed for:

- 52.6 million euros to the Group's consolidated revenues;
- 16.3 million euros to the Group's net income.

Furthermore, during the period between 1 July and 31 December 2013, the Satmex Group generated revenues amounting to 69.0 million U.S. dollars and net income amounting to 3.1 million U.S. dollars (*i.e.* 50.7 million and 2.3 million euros respectively).

3.8.2. Solaris

On 12 December 2013, the Group sold its interest in the Solaris Company (see Note 7.1 "Solaris Mobile Ltd.").

3.8.3. Eutelsat visAvision GmbH

On 20 May 2014, the Group announced the sale of Eutelsat visAvision GmbH, the operator of the KabelKiosk platform. Revenues generated by KabelKiosk over the financial year 2012-2013 stood at approximately 25 million euros. Subject to regulatory approvals and finalisation of other related conditions, the transaction, whose terms remain confidential and which includes standard guarantees, is expected to close in July 2014.

Considered in its entirety, the transaction has been estimated by the Group as representing a 10.6 million euro loss.

NOTE 4.
SIGNIFICANT ACCOUNTING POLICIES

››› 4.1. Consolidation method

The companies controlled directly or indirectly by Eutelsat Communications, even if the Company does not directly own any of the equity of these companies, are consolidated using the full consolidation method. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly, more than half of the voting power of an entity. The determination of control takes into account the existence of potential voting rights, provided that these are immediately exercisable or convertible.

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

Associates over which the Group exerts significant influence (generally between 20% and 50% of voting rights) are accounted for using the equity method. Significant influence is defined as the power to participate in the financial and operational policies of the investee without having joint or sole control over them. Companies are consolidated as of the date on which sole 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, post-acquisition changes in their reserves which are related to operations which had no impact on the income statement are recorded in the consolidated reserves up to the limit of the Group's share. Companies cease to be consolidated as of the date when the Group transfers control, joint control or significant influence.

››› 4.2. Accounting treatment for business combinations

Business combinations are recognised using the purchase accounting method, in accordance with the revised IFRS 3. Under this method, the various components of an acquisition are recognised at their fair values with some exceptions, as follows:

- the consideration transferred is measured at fair value. This includes contingent consideration that is also measured at fair value at the acquisition date, which takes into account probabilities of occurrence. Once classified as liabilities or as equity on the basis of their definition, obligations are entered as debts and subsequently remeasured at fair value, with their changes recorded under income;
- costs directly attributable to the acquisition are expensed in the year during which they are incurred;
- in the event of partial disposal, minority interests (known henceforth as "non-controlling interests") are measured on the option determined for each combination, either at fair value, or as their proportionate share of the assets acquired and liabilities assumed;
- in a business combination achieved in stages (step acquisition), the previously held ownership interest is remeasured at its acquisition-date fair value. The difference between the fair value and the carrying amount of the ownership interest is recognised directly in income for the reporting period.

The identifiable assets, liabilities and contingent liabilities of the entity are recognised at their fair values at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are measured at fair value less costs to sell, tax items and employee benefits which are recognised under IAS 12 and IAS 19 respectively.

Goodwill represents the excess of consideration transferred and the value of non-controlling interests, if any, over the fair value of the acquiree's identifiable net assets and liabilities. Depending on the option retained for the valuation of equity interest in an acquisition, the recognised goodwill represents either the only portion acquired by the Group (partial goodwill) or the aggregate of the Group's portion and the non-controlling interests' portion (full goodwill).

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

››› 4.3. Acquisition/disposal of non-controlling interests

Changes in ownership interests in subsidiaries without change in control are accounted for as equity transactions and recognised directly within equity.

››› 4.4. Operations in foreign currencies

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transactions.

Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the reporting currency at end of period using the balance sheet rate. Resulting foreign-exchange gains and losses are recorded in the income statement for the period.

Conversely, foreign exchange gains and losses arising from the translation of capitalisable advances made to foreign subsidiaries and forming part of the net investment in the consolidated subsidiary are recognised directly as "Cumulative translation adjustment" within shareholders' equity.

The main foreign currency used is the U.S. dollar. The closing exchange rate used is 1.362 U.S. dollars for 1 euro and the average exchange rate for the period is 1.359 U.S. dollars for 1 euro.

Translation of foreign subsidiaries' financial statements

Each subsidiary outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Their financial statements are translated into euros using the closing-rate method. All assets and liabilities, including goodwill, are translated into euros using the exchange rate prevailing at the balance sheet date. Income and expenses are translated using an average exchange-rate for the period, unless the use of such rate becomes inappropriate due to major erratic changes over the period. The resulting translation difference is recorded as a separate item of shareholders' equity under "Translation adjustments".

››› 4.5. Intangible fixed assets

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

Intangible assets purchased separately are recorded at their acquisition 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.

Intangible assets consist of certain licences, the "Eutelsat" brand and the associated "Customer Contracts and Relationships" assets. Because their lifetimes are indefinite, the "Eutelsat" brand and the licences are not amortised but are systematically tested for impairment on a yearly basis.

The "Customer Contracts and Relationships" assets are amortised on a straight-line basis over their economic life.

This useful life was estimated on the basis of the average length of the contractual relationships existing at the date of acquisition of Eutelsat and taking into account anticipated contract renewal rates (see Note 4.8 "Impairment of non-current assets").

Research and development costs

Development costs are recorded as intangible assets if the capitalisation criteria defined under IAS 38 "Intangible Assets" are met. Otherwise, they are expensed in the period in which they are incurred. Research costs are recorded as an item of expenditure.

The Group spent 17.4 million euros on research and development during the financial period ended 30 June 2014, including development costs amounting to 14.1 million euros recorded as intangible assets.

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

4.6. Goodwill

Goodwill is valued at the date of the business combination as the difference between the aggregate of the fair value of consideration transferred and the amount of non-controlling interests, and the fair value of identifiable assets acquired and liabilities assumed.

Goodwill arising on the acquisition of a subsidiary is separately identified in the consolidated balance sheet, under "Goodwill". Goodwill arising on the acquisition of an associated company is included within the book value of the investment within the line item "Investments in associates".

After initial recognition at cost, goodwill is measured at cost less any cumulative impairment losses.

Goodwill is tested for impairment at least annually or whenever events or circumstances indicate that the carrying amount may be impaired. Such events or circumstances arise when there are significant developments that call into question the recoverable amount of the initial investment.

4.7. Satellites and other property and equipment

Satellites and other property and equipment acquired separately ("Tangible fixed assets") are recognised at their acquisition cost, which includes all costs directly attributable to making the asset ready for use, less accumulated depreciation and any impairment.

Borrowing costs incurred for the financing of tangible assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan specifically related to the asset under construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the borrowing costs of the Company during the period after taking into account the financing structure of the Group.

Satellites – Satellite costs include all expenses incurred 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 change in the amount of such an incentive payment with respect to one or more periods is recognised as an adjustment to the cost of a satellite.

The new value of the satellite is amortised on a prospective basis over its 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 takes into account, as appropriate, the residual value of each asset or group of assets, starting from the date each asset enters into operational use.

The useful lives of the main categories of fixed assets are as follows:

Satellites	10 – 22 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.

Construction in progress – The "Construction in progress" primarily consist of percentage completion payments for the construction of future satellites and advances paid in respect of launch vehicles and related launch-insurance costs. Studies, staff and consultancy costs, interest and other costs incurred directly in connection with 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 pertaining to ownership to the Group. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

4.8. Impairment of non-current assets

Goodwill and other intangible assets with an indefinite useful life, such as the 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 fixed assets and intangible assets with finite useful lives, such as "Customer Contracts & Relationships", an impairment test is performed when there is an external or internal indication that their recoverable values may be lower than their carrying amounts (for example, the loss of a major customer or a technical incident affecting a satellite).

An impairment test consists of 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. In order to define its CGUs, the Group takes into account the conditions of use of its fleet, and in particular the capacity of certain satellites to be used as back-up for other satellites.

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 cash flows (discounted using the Group's WACC) to be generated by an asset or a CGU during its useful life, based upon the medium-term plan approved by Management and reviewed by the Board of Directors. Using a WACC per segment would have no impact on the results of this test. 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.

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.

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

As of 30 June 2014, each satellite and "Customer Contracts and Relationships", grouped by orbital position, as well as the investment in the Hispasat Group, were identified as CGUs.

››› 4.9. Inventories

Inventories are measured at the lower of acquisition cost and net realisable value. The calculation is at cost. The cost is calculated on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling costs.

››› 4.10. Financial instruments

Financial assets 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 on the objectives determined by Management at acquisition date. The designation and classification of these instruments are determined at initial recognition.

4.10.1. Financial assets

Financial assets are classified, reported and measured as follows:

Financial assets measured at fair value through the income statement

Financial assets measured at fair value through the income statement include financial instruments designated as being measured at fair value through the income statement at initial recognition. This category includes derivatives unless they are designated as hedges, and UCITS (managed on the basis of their fair values) measured by applying the fair value option through the income statement.

These financial assets are recognised at fair value. Realised or unrealised gains and losses arising from changes in the fair value of these assets are recorded as financial income or expense.

Assets held for sale

Held-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", "Assets held to maturity" or "Loans and receivables" categories. Held-for-sale financial assets include investments other than investments in companies recognised and consolidated as equity investments, which Management intends to hold over the long term period of time. These investments are classified as financial assets under "Non-current financial assets."

They are subsequently revalued at fair value, with gains and losses resulting from changes in fair value being recognised under shareholders' equity. When they are sold or when an impairment is recognised, 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 determined 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.

4.10.2. Financial liabilities

Financial liabilities comprise bank loans 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.

4.10.3. Derivatives

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 instrument can be qualified as a hedging instrument, it is valued and recorded in accordance with the hedge accounting rules in IAS 39 "Financial Instruments: Recognition and Measurement" (see Note 4.10.5 "Hedging transactions").

4.10.4. Impairment

At each balance sheet date, the Group applies impairment tests to all financial assets in order to determine whether there is an indication of impairment. Impairment is recognised in the income statement when there is objective evidence that the asset is impaired. Examples of target impairment indicators include defaulting on contractual payment terms, significant financial 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.

Impairment of investments in equity securities that do not have a quoted market price in an active market and are valued at cost, and of investments in equity instruments classified as held-for-sale financial assets measured at fair value, cannot be reversed.

4.10.5. Hedging transactions

Hedging transactions are carried out using derivatives. Changes in the fair value of the derivative instrument are used to offset the exposure of the hedged item to changes in fair value.

Derivative instruments are designated as hedging instruments and recorded according to hedge accounting rules when the following conditions are met by the Group: (a) at the inception of the hedge, there is a formal designation and documentation of the hedging relationship and of Management's risk management objective and strategy for undertaking the hedge; (b) Management expects the hedge to be highly effective in offsetting risks; (c) for hedges of forecast transactions, the forecast transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported income; (d) the effectiveness of the hedge can be reliably measured; and (e) the effectiveness of the hedge is assessed on an ongoing basis and the hedge is qualified as highly effective throughout the period for which the hedge was designated.

These criteria are applied where the Group uses derivatives designated as cash flow hedging instruments.

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.

Hedging of a net investment in a foreign operation involves a hedge of the foreign currency risk arising from nets assets held in a foreign operation which might affect Group net position.

For these two types of hedges, changes in the fair value of a hedging instrument relating to the effective portion of the hedge are recognised in shareholders' equity. Changes in fair value relating to the ineffective portion of the hedge are recognised in the income statement under financial result.

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 the income statement. Reclassified gains and losses are recorded under the income statement, at the level of the hedged item.

Where the anticipated transaction leads to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of the hedging instrument previously recognised in shareholders' equity are incorporated into the initial measurement of the asset or liability concerned.

4.10.6. Fair value of financial instruments

Fair value is the amount for which a financial asset could be exchanged, or a liability extinguished, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial assets and liabilities traded on an active market (this is the case of certain equity interests and certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date.

The fair value of other financial instruments, assets or liabilities which are not listed on an active market is determined by the Group using various valuation methods and assumptions which reflect market conditions at balance sheet date.

4.10.7. Firm or conditional commitments to purchase non-controlling interests

Under the revised IAS 27 "Consolidated and Separate Financial Statements", and IAS 32 "Financial Instruments: Presentation", the Group recognises the fair value of firm or conditional commitments to purchase non-controlling interests as financial debt, offset by a reduction in non-controlling interests.

Any change in the fair value of the obligation subsequent to its initial recognition is treated as an adjustment affecting the income statement.

››› 4.11. Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand and at bank, as well as short term deposits or investment certificates with original maturities of three months or less, and also mutual fund investments 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 insignificant.

››› 4.12. Shareholders' equity

Treasury stock

Treasury stock is recognised by reducing shareholders' equity on the basis of the acquisition cost. When the shares are sold, any gains and losses are recognised directly in consolidated reserves net of tax and are not included under income for the year.

Costs for capital increases

External costs directly related to increases in capital, reduction of capital and treasury stock buy-backs are allocated to additional paid-in capital, net of taxes when an income tax saving is generated.

Grant of stock options

Rewards granted to employees under stock-option plans are measured on the date the options are granted and represent additional employee compensation. This is recognised under personnel expenses over the vesting period of the rights representing the reward granted to the employee and is offset by increases in equity (equity settled plans) or by recognition of a debt (for plans deemed to be cash-settled plans).

Similarly, in accordance with IFRS 2 "Share-based Payment", awards granted to employees in the form of public issues or other capital transactions are measured at grant date. They constitute additional compensation, which is recorded during the financial year as an expense recognised over the vesting period.

4.13. Revenue recognition

The Group's revenues are mainly attributable to the allotment 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 service interruptions caused by under-performing transponders. Pursuant to certain contractual termination rights, the agreement can usually be terminated after two years with a one-year notice period and, depending on the type of lease, payment of the difference between the contractual price and the price that would have been paid for a lease with a duration similar to the expired period, plus interest for late payment, or by paying a percentage of the annual price applied to the remaining duration of the lease. The revenues initially recognised are then adjusted to reflect the overall economic outcome of the contract.

Revenues are recognised over the contractual period during which services are rendered, provided that a contract exists and the price is fixed or determinable, and provided that, as of the date it is recorded in the accounts, it is probable that the amount receivable will be recovered.

Deferred revenues include amounts received in advance from customers. Such amounts are recorded as revenue on a straight-line basis over the corresponding duration of the relevant transponder contracts or of the services provided.

4.14. Other operating income and expenses

The other operating income and expenses include:

- significant and infrequent factors such as impairment of intangible assets, launch failures and their related insurance reimbursements, as well as national and international non-commercial litigation, less the legal costs incurred;
- the impacts of changes in scope (including business combination costs and sales of tangible assets).

4.15. Deferred income tax

Deferred taxes are the result of temporary differences arising between the tax base of an asset or liability and its book value. Deferred taxes are recognised for each fiscal entity in respect of all temporary differences, with some exceptions, using the balance sheet liability method.

Accordingly, deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes or from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and
- when the deferred tax liability arises from investments in subsidiaries, associated companies or joint ventures unless the Group is able to control the reversal of the difference and it is probable that the temporary 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 temporary differences can be charged. However, a deferred tax asset is not recognised if it arises from a deductible temporary difference generated by the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss.

The book value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the use of the benefit of part or all of the deferred tax assets.

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 at balance sheet date.

Deferred taxes are not discounted and are recorded as non-current assets and liabilities.

4.16. Earnings per share

EPS (earnings per share) are calculated by dividing the net income for the period attributable to ordinary shareholders of the entity by the weighted average number of common shares outstanding during the period.

4.17. Post-employment benefits

The Group's retirement schemes and other post-employment benefits consist of defined contribution plans and defined benefit plans.

Defined benefit plans are plans for which the Group, or any of its entities, has contractually agreed to provide a specific amount or level of benefits following retirement. The cost of this defined benefit obligation, including lump sum retirement indemnities and other post-employment benefits is entered as a liability on the basis of an actuarial valuation of the obligations to employees at year-end, using the projected unit credit method. This method accrues the employee's pension benefit by periods of service according to the formula for entitlement to benefits under the plan.

The 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 outsourced each year and reviewed at interim periods to identify any significant changes.

The pension cost for the period, consisting of service cost, is posted to operating income.

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.

4.18. Financial guarantee granted to a pension fund

Following the acquisition of Eutelsat in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a trust prior to the contribution transactions that led to the creation of Eutelsat. 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 4.17 "Post-employment benefits", despite the fact that the Group has not assumed the legal commitments entered into by the Intergovernmental Organisation ("IGO") in respect of the pension fund.

4.19. 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.

NOTE 5.
GOODWILL AND OTHER INTANGIBLES

"Goodwill and Other Intangibles" breaks down as follows:

Changes in gross assets, depreciation and amortisation

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
GROSS ASSETS					
30 June 2012	**807.8**	**889.0**	**40.8**	**69.6**	**1,807.2**
Acquisitions	47.9	32.0	-	25.7	105.6
Transfers	-	-	-	0.7	0.7
Foreign-exchange variation	-	(0.3)	-	(0.7)	(1.0)
30 June 2013	**855.7**	**920.7**	**40.8**	**95.3**	**1,912.5**
Change in scope of consolidation	264.8	149.0	-	29.2	443.0
Acquisitions	-	1.7	-	42.1	43.8
Transfers	(4.6)	4.6	-	5.7	5.7
Foreign-exchange variation	(12.0)	(5.7)	-	(2.0)	(19.7)
30 JUNE 2014	**1,103.9**	**1,070.3**	**40.8**	**170.3**	**2,385.3**
DEPRECIATION AND AMORTISATION					
Accumulated depreciation as of 30 June 2012	**-**	**(322.3)**	**-**	**(38.9)**	**(361.2)**
Allowance	-	(46.1)	-	(9.7)	(55.8)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation as of 30 June 2013	**-**	**(368.4)**	**-**	**(48.6)**	**(417.0)**
Allowance	-	(52.9)	-	(12.9)	(65.8)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Foreign-exchange variation	-	0.1	-	0.1	0.2
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2014	**-**	**(421.2)**	**-**	**(61.4)**	**(482.6)**
Net value as of 30 June 2012	807.8	566.7	40.8	30.7	1,446.0
Net value as of 30 June 2013	855.7	552.3	40.8	46.7	1,495.5
NET VALUE AS OF 30 JUNE 2014	**1,103.9**	**649.1**	**40.8**	**108.9**	**1,902.7**

The economic conditions prevailing as of 30 June 2014 did not lead Management to review the annual impairment test of the goodwill, carried out at 31 December 2013. At that date, the recoverable value as measured by analysing the implicit market value (fair value) of Eutelsat S.A. based on the stock-exchange value of Eutelsat Communications S.A. (and taking into account this Company's debt) compared with/corroborated by the latest private transactions involving Eutelsat S.A. shares did not call into question the amount shown on the balance sheet.

The Group's Management took the view that the current context did not alter assumptions made on 31 December 2013.

The share price on the stock-exchange would have to drop by at least 63% for the fair value to fall below the carrying amount. Should such an event occur, a test would be carried out based on the value in use.

Increases in goodwill and in intangible assets primarily result from acquisition of the Satmex Group (see Note 3.8 "Change in Group structure").

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 values, depreciations and amortisation

(in millions of euros)	Satellites[1]	Other property and equipment	Construction in progress	Total
GROSS ASSETS				
Gross value as of 30 June 2012	**3,489.5**	**257.2**	**718.6**	**4,465.3**
Acquisitions	135.2	39.5	487.5	662.2
Disposals and scrapping of assets	(1.5)	(1.9)	-	(3.4)
Transfers	734.1	10.5	(745.3)	(0.7)
Foreign-exchange variation	(2.3)	-	-	(2.3)
Gross value as of 30 June 2013	**4,355.0**	**305.3**	**460.8**	**5,121.1**
Change in scope of consolidation	384.3	5.5	123.0	512.8
Acquisitions	218.3	29.7	433.3	681.3
Disposals and scrapping of assets	(127.2)	(1.7)	-	(128.9)
Foreign-exchange variation	(19.9)	(0.3)	(4.4)	(24.6)
Transfers	157.9	1.3	(164.9)	(5.7)
GROSS VALUE AS OF 30 JUNE 2014	**4,968.4**	**339.8**	**847.8**	**6,156.0**
AMORTISATION AND DEPRECIATION				
Accumulated depreciation as of 30 June 2012	**(1,441.0)**	**(136.5)**	**-**	**(1,577.5)**
Allowance	(256.3)	(31.9)	-	(288.2)
Reversals	1.5	1.4	-	2.9
Impairment	-	-	-	-
Accumulated depreciation as of 30 June 2013	**(1,695.8)**	**(167.0)**	**-**	**(1,862.8)**
Allowance	(294.2)	(42.2)	-	(336.4)
Reversals (disposals and scrapping of assets)	127.2	1.7	-	128.9
Impairment	(6.4)	-	-	(6.4)
Foreign-exchange variation	0.5	-	-	0.5
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2014	**(1,868.7)**	**(207.5)**	**-**	**(2,076.1)**
Net value as of 30 June 2012	2,048.5	120.7	718.6	2,887.8
Net value as of 30 June 2013	2,659.2	138.3	460.8	3,258.3
NET VALUE AS OF 30 JUNE 2014	**3,099.8**	**132.3**	**847.8**	**4,079.9**

[1] Including satellites under finance leases:

(in millions of euros)	
Gross value	310.2
NET VALUE AS OF 30 JUNE 2014	**229.1**

This item refers to four satellites for which capacity is leased, with the relevant agreements being considered as finance leases and recognised accordingly as assets:

(in millions of euros)	Gross value		
SESAT 2[1]	60.0	12 transponders	Contract dated March 2004 covering the satellite's remaining useful life
TELSTAR 12[1]	15.0	4 transponders	Contract dated December 1999 covering the satellite's remaining useful life
EUTELSAT 3A	16.8	10 transponders	Agreement dated December 2010 covering the satellite's remaining useful life
EXPRESS-AT1	218.4	19 transponders	Agreement covering the satellite's remaining useful life, starting May 2014

(1) Gross value corresponding to the fair value of the satellites as of 4 April 2005, the date of acquisition of Eutelsat S.A. by Eutelsat Communications.

Satellite-related transfers at 30 June 2013 correspond to the entry into operational service of the EUTELSAT 21B, EUTELSAT 70B and EUTELSAT 3D satellites launched during the financial year.

Satellite-related transfers as of 30 June 2014 mainly correspond to the entry into operational service of the EUTELSAT 25B satellite launched during the financial year.

During the financial year ended 30 June 2013, the fully-depreciated TELECOM 2D was de-orbited.

During the financial year ended 30 June 2014, the fully-depreciated EUTELSAT 25A was also de-orbited.

In January 2014, the satellite EUTELSAT 8WC encountered an anomaly on one of its on-board power transmission assemblies. Subsequently, the Group evaluated the damage incurred and reassessed the value of future cash flows generated by this satellite. As a result, the Group recognised an impairment charge amounting to 6.4 million euros.

››› Satellites under construction

The satellites listed as below are currently under construction and should be brought into service during the financial years indicated:

Projects	Expected year of commissioning
EXPRESS-AT2 and EUTELSAT 3B	2014-2015
EUTELSAT 115WB, EUTELSAT 65WA, EUTELSAT 8WB, EUTELSAT 36C and EUTELSAT 9B	2015-2016
EUTELSAT 117WB	2016-2017

NOTE 7. INVESTMENTS IN ASSOCIATES

At 30 June 2013 and 30 June 2014, the "Investments in associates" item breaks down as follows:

(in millions of euros)	30 June 2013	30 June 2014
Solaris Mobile	3.9	-
Hispasat	257.4	271.9
TOTAL	**261.3**	**271.9**

As of 30 June 2014, investments in associates consist in equity investments in the Hispasat Group.

››› 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 (Ireland) to provide services in the S-band. Following an anomaly observed on the S-band payload embarked on the EUTELSAT 10A satellite, the value of the S-band capacity was fully impaired as of 30 June 2009.

On 12 December 2013, the sale by the Group of its interest in the Solaris company generated a capital gain of 12 million euros.

Change in the carrying amount of the equity investment in the balance sheet

(in millions of euros)	30 June 2013	30 June 2014
Value of the equity investment at beginning of period	**5.8**	**3.9**
Share of income	(1.9)	(0.7)
Transfer of shares	-	(3.2)
VALUE OF THE EQUITY INVESTMENT AT END OF PERIOD	**3.9**	**-**

››› 7.2. Hispasat Group

As of 30 June 2014, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 33.69% of the Hispasat group, a private unlisted Spanish satellite operator, in which the Abertis Group is the majority shareholder.

On 27 December 2012, Eutelsat exercised its pre-emption right over the sale by Telefonica of its stake in the capital of the Spanish satellite operator Hispasat. The exercise of this right enabled the Group to acquire 19,359 new Hispasat shares for 56 million euros (excluding acquisition costs), increasing its stake in the Spanish operator's capital from 27.69% to 33.69%.

Change in the carrying amount of the equity investment in the balance sheet

(in millions of euros)	30 June 2013	30 June 2014
Value of the equity investment at beginning of period	**188.0**	**257.4**
Acquisition of supplementary stake	57.9	-
Share of income	16.2	15.7
Impact of income and expenses directly recognised under equity and dividends	(4.7)	(1.2)
VALUE OF THE EQUITY INVESTMENT AT END OF PERIOD	**257.4**	**271.9**

The following amounts represent the Group's share of the assets, liabilities and income of the Hispasat Group:

(in millions of euros)	30 June 2013	30 June 2014
Goodwill	15.2	15.2
Intangible rights[1]	33.7	33.7
Service agreement[2]	0.7	0.1
Investment in Hisdesat	6.1	6.1
SUB-TOTAL	**55.7**	**55.1**
Hispasat net assets	201.8	216.6
TOTAL	**257.4**	**271.9**

(1) These relate to rights to the use of frequencies at the 30° West orbital position, together with long-term contractual relationships with customers. The useful life of this intangible asset is considered indefinite, given the high probability of renewal of the administrative authorisations for the use of frequencies (which are given for a period of 75 years) and the specific nature of existing customer contracts. An impairment test is performed by the Company each year.

(2) The useful lives of the other identified intangible assets have been estimated at 15 years.

The following table summarises the annual financial statements released by the Hispasat group:

(in millions of euros)	31 December 2012	31 December 2013
Non-current assets	962.1	1,028.2
Current assets	183.5	197.4
Non-current liabilities	386.0	419.6
Current liabilities	128.3	130.8
TOTAL NET ASSETS	**631.3**	**675.2**
Operating income	200.3	201.4
Net income	**51.4**	**54.3**

At 30 June 2013 and 2014, "Income from equity investments" in the consolidated income statement corresponds to the Group's share of IFRS income from:

- Hispasat, after amortisation of the identified intangible assets;
- Solaris Mobile Ltd as of 12 December 2013.

NOTE 8.
NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are mainly made up of long-term loans and advances, as well as derivative instruments that qualify for hedge accounting.

These represent an aggregate amount of 9.3 million euros as of 30 June 2014.

Long-term loans and advances mainly consist of loans to social welfare bodies for 1.7 million euros and guarantee deposits paid for renting Eutelsat S.A. premises in Paris.

NOTE 9.
INVENTORIES

Gross and net inventories amount to 2.2 million euros and 1.3 million euros at 30 June 2013, and 2.3 million euros and 1.4 million euros as of 30 June 2014. They mainly include receiving antennae and modems.

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.

As of 30 June 2013, the net value of these receivables was 272.7 million euros. The corresponding impairment charge stood at 34.8 million euros.

As of 30 June 2014, the net value of these receivables was 323.3 million euros. The corresponding impairment charge stood at 46.1 million euros.

Accounts receivable at 30 June 2013 and 2014 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 2014 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.

During the financial year 2013-2014, the Group further experienced the effects of the current economic crisis in some of the areas in which it operates. Consequently, particular vigilance is called for with regard to clients in geographical areas considered as being most exposed to the effects of the financial crisis.

The amount of bad debt represents 1.3 million euros and 0.3 million euros as of 30 June 2013 and 2014 respectively.

10.1. Change in impairment of receivable:

(in millions of euros)	Total
Value at 30 June 2012	**31.0**
Allowance	17.8
Reversals (used)	(1.3)
Reversals (unused)	(12.7)
Value at 30 June 2013	**34.8**
Allowance	24.3
Reversals (used)	(0.3)
Reversals (unused)	(12.7)
VALUE AS OF 30 JUNE 2014	**46.1**

10.2. Analysis of accounts receivable (matured and unmatured)

(in millions of euros)	30 June 2013	30 June 2014
Non-matured receivables	193.7	251.4
Unimpaired matured receivables	72.3	64.7
Between 0 and 30 days	51.0	50.1
Between 30 and 90 days	9.8	4.3
Exceeding 90 days	11.5	10.3
Matured and impaired receivables	41.4	53.3
Between 0 and 30 days	-	-
Between 30 and 90 days	13.4	12.9
Exceeding 90 days	28.0	40.3
Impairment	(34.8)	(46.1)
TOTAL	**272.7**	**323.3**

10.3. Guarantees and commitments received, which mitigate credit risk

	30 June 2013		30 June 2014	
(in millions of euros)	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of guarantee
Guarantee deposits	57.4	31.3	57.5	30.4
Bank guarantees	75.6	70.0	72.4	71.5
Guarantees from the parent company	16.5	16.5	23.6	23.6
TOTAL	**149.5**	**117.8**	**153.5**	**125.5**

Guarantee deposits are posted to "Other liabilities" (see Note 17 "Other financial liabilities"). Bank guarantees and guarantees from parent companies are not shown on the balance sheet.

NOTE 11.
OTHER CURRENT ASSETS

Other current assets are as follows:

(in millions of euros)	30 June 2013	30 June 2014
Prepaid expenses	5.7	8.4
Tax and employee-related receivable	12.9	7.5
TOTAL	**18.6**	**15.9**

NOTE 12.
CURRENT FINANCIAL ASSETS

(in millions of euros)	30 June 2013	30 June 2014
Hedging instruments[(1)]	0.6	-
Other receivables	29.7	32.7
TOTAL	**30.3**	**32.7**

(1) See Note 26 "Financial instruments".

NOTE 13.
CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2013	30 June 2014
Cash	105.9	225.5
Cash equivalents	142.1	67.7
TOTAL	**248.0**	**293.2**

Cash equivalents are mainly made up of deposit certificates, which mature less than three months from the date of acquisition, and mutual fund investments qualifying as "cash equivalents" (see Note 4.11 "Cash and cash equivalents").

NOTE 14.
FINANCIAL ASSETS

The following tables give a breakdown of each balance sheet item representing financial instruments by category, and indicate its fair value, whether or not the instrument was recognised at fair value when the balance sheet was prepared.

(in millions of euros)	Category of financial instruments	Net carrying amount at 30 June 2013				Fair value at 30 June 2013
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	
ASSETS						
Non-current financial assets						
Unconsolidated investments	Available for sale					
Long-term loans and advances	Receivables	4.4	4.4			4.4
Current financial assets						
Accounts receivable	Receivables	272.7	272.7			272.7
Other receivables	Receivables	29.7	29.7			29.7
Financial instruments(1)						
Qualified as cash-flow hedges	N/A	0.2		0.2		0.2
No hedging	Held for trading purposes	0.4			0.4	0.4
Cash and cash equivalents						
Cash	N/A	105.9	105.9			105.9
Mutual fund investments(2)	Fair value	113.1		-	113.1	113.1
Other cash equivalents	Receivables	29.0	29.0			29.0

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

(in millions of euros)	Category of financial instruments	Net carrying amount at 30 June 2014				Fair value at 30 June 2014
		Total	Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
ASSETS						
Non-current financial assets						
Unconsolidated investments	Available for sale	-	-			-
Long-term loans and advances	Receivables	5.6	5.6			5.6
Current financial assets						
Accounts receivable	Receivables	323.3	323.3			323.3
Other receivables	Receivables	32.7	32.7			32.7
Financial instruments(1)						
Qualified as cash-flow hedges	N/A	9.3		9.3		9.3
No hedging	Held for trading purposes	-			-	-
Cash and cash equivalents						
Cash	N/A	225.5	225.5			225.5
Mutual fund investments(2)	Fair value	67.5		-	67.5	67.5
Other cash equivalents	Receivables	-	-			-

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

With the exception of financial instruments, the book value of financial assets represents a reasonable approximation of their fair value.

NOTE 15.
SHAREHOLDERS' EQUITY

15.1. Shareholders' equity

As of 30 June 2014, the share capital of Eutelsat Communications S.A. comprised 220,113,982 ordinary shares with a par value of 1 euro per share. As of the same date, in terms of treasury stock, the Group holds 138,627 treasury shares amounting to 3.4 million euros under a liquidity agreement. As of 30 June 2013, the Group was holding 176,110 such shares for an aggregate amount of 4.2 million euros. Furthermore, under the free share allocation plans (see below), the Group holds 263,909 equity shares amounting to 6.1 million euros. The aggregate amount of treasury stock is deducted from shareholders' equity.

The share capital and additional paid-in capital of the Company have not changed since 30 June 2013.

15.2. Dividends

On 7 November 2013, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.08 euros per share, *i.e.* a total of 237.7 million euros, taken from net income for the financial year 2012-2013.

The amount of the distribution for the financial year ended 30 June 2014, which is being proposed to the General Meeting of 7 November 2014, is 226.7 million euros, *i.e.* 1.03 euros per share.

15.3. Share-based compensation

There are currently three such plans implemented by the Group in July 2011, November 2012 and February 2014.

Under the three plans, the expense (excluding employer's contribution) recognised for the financial period ended 30 June 2014 was 1.2 million euros.

The expense was recognised within equity under the two first plans and it was provisioned under the third plan (as it was settled in cash).

The latter relates to a decision by the Board of Directors meeting on 13 February 2014 to implement a Long-Term Incentive Plan, based on cash-settled awards. These are calculated on the basis of a theoretical number of Eutelsat Communications shares, which are allocated by reference to the level reached by performance-related objectives.

Conditions	Plan 07/2011	Plan 11/2012	Plan 02/2014
Vesting period	July 2011-July 2014(1)	November 2012-November 2015(2)	February 2014-June 2016
Settled in	Shares	Shares	Cash
Lock-up period	July 2014-July 2016(3)	November 2015-November 2017(3)	Not applicable
Total number of attributable shares at inception	700,000	347,530	448,585
Expense/(income) over the period (in millions of euros)(4)	(0.1)	(0.2)	1.5
Aggregate valuation of plan as of 30/06/2014 (in millions of euros)(4)	2.9	1.0	9.5

(1) For foreign subsidiaries, the grant period covers July 2011 to July 2015.
(2) For foreign subsidiaries, the grant period covers November 2012 to November 2016.
(3) The lock-up period does not apply to foreign subsidiaries.
(4) Excluding employer's contribution.

Furthermore, in accordance with IAS 32 "Financial Instruments: Presentation", the acquisition cost of shares bought back by the Group under the free share allocation plan will be recorded as a reduction to the Group's share of shareholders' equity.

Liquidity offer for employees of the Group who are shareholders in Eutelsat S.A.

Since 30 June 2014, under a liquidity agreement implemented in December 2013 and May 2014, the Group has acquired 9,801 Eutelsat S.A. shares from Eutelsat S.A. employees. The acquisition cost amounted to 0.1 million euros.

15.4. Change in the revaluation surplus of financial instruments

All financial instruments that have an impact upon the revaluation reserve are hedges for the effective portion.

(in millions of euros)	Total
Balance at 30 June 2013	**(10.0)**
Changes in fair value within equity that can be reclassified to income	3.8
Transfer to income statement(1)	6.3
BALANCE AS OF 30 JUNE 2014	**0.1**

(1) This amount corresponds to coupons due and matured on the interest rate hedging instruments (see Note 24 "Financial result").

The revaluation reserve of financial instruments does not include the Hispasat portion, whose change amounts to (0.8) million euros.

15.5. Translation reserve

(in millions of euros)	Total
Balance at 30 June 2013	**(2.9)**
Change over the period	8.2
BALANCE AS OF 30 JUNE 2014	**5.3**

The translation reserve does not include the (0.5) million euro change in the translation adjustment for Hispasat.

NOTE 16.
FINANCIAL DEBT

At 30 June 2013 and 2014, all debt was denominated in euros and U.S. dollars.

16.1. Financial information as of 30 June 2013 and 2014

(in millions of euros)	Rate	30 June 2013	30 June 2014	Maturity
Term loan 2016	Variable	800.0	800.0	6 December 2016
Bond 2017(1)	4.125%	850.0	850.0	27 March 2017
Bond 2019(1)	5.000%	800.0	800.0	14 January 2019
Bond 2022(1)	3.125%	300.0	300.0	10 October 2022
Bond 2020(1)	2.625%	-	930.0	13 January 2020
US EXIM's export credit	1.710%	42.0	43.0	15 November 2021
ONDD-guaranteed export credit	Variable	95.1	131.7	31 August 2024
SUB-TOTAL OF DEBT (NON-CURRENT PORTION)		**2,887.1**	**3,854.7**	
Loan set-up fees and premiums		(38.0)	(41.1)	
TOTAL OF DEBT (NON-CURRENT PORTION)		**2,849.1**	**3,813.6**	
Bank overdrafts		0.1	-	
Accrued interest not yet due		35.8	49.4	
TOTAL OF DEBT (CURRENT PORTION)		**35.9**	**49.4**	

(1) Fair values are detailed below

(in millions of euros)	30 June 2013	30 June 2014
Bond 2017	931.9	915.4
Bond 2019	927.7	929.8
Bond 2022	305.1	323.1
Bond 2020	-	982.5

The book values of the term loan and the export credit facilities are reasonably close to their fair values.

No amount was drawn on the revolving credit facility during the financial period ended 30 June 2014.

The Group also has 650 million euros available under its various active lines of undrawn revolving credit.

16.2. Change in structure

On 13 December 2013, the Group issued a 6-year 930 million euro Eurobond on the Luxembourg Stock Exchange regulated market, with maturity date of 13 January 2020. This bond was issued by the Eutelsat S.A. subsidiary. The bond carries a coupon of 2.625% per annum, issued at 99.289%, and redeemable at maturity at 100% of its principal amount.

16.3. Debt maturity analysis

At 30 June 2014, the debt maturity analysis is as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Term loan	800.0	-	800.0	-
US EXIM export credit	43.0	5.7	23.0	14.3
ONDD-guaranteed export credit	131.7	-	51.1	80.6
Bond 2017	850.0	-	850.0	-
Bond 2019	800.0	-	800.0	-
Bond 2022	300.0	-	-	300.0
Bond 2020	930.0	-	-	930.0
TOTAL	**3,854.7**	**5.7**	**2,524.1**	**1,324.9**

16.4. Compliance with banking covenants

The new bond is linked to a financial covenant that is identical to those existing on other agreements (the total net debt to EBITDA ratio must remain less than or equal to 3.75 to 1). The banking covenants on financing facilities as of 30 June 2014 have not changed since their inception. As of 30 June 2014, the Group was in compliance with all banking covenants under its credit facilities.

16.5. Risk management

Information on interest rate risk and liquidity risk is available in Note 18 “Financial liabilities” and Note 26 “Financial instruments”.

NOTE 17. OTHER FINANCIAL LIABILITIES

Other financial liabilities break down as follows:

(in millions of euros)	30 June 2013	30 June 2014
Financial instruments(1)	11.2	9.8
Performance incentives(2)	7.3	4.2
Finance leases	7.2	221.2
Other liabilities	97.7	103.2
TOTAL	**123.4**	**338.4**
Incl. current portion	*40.5*	*34.6*
Incl. non-current portion	*82.9*	*303.8*

(1) See Note 26 “Financial instruments”.
(2) Including interest on “Performance incentives” of 2.3 million euros as of 30 June 2013 and 1.0 million euros at 30 June 2014.

The financial instruments are measured at fair value (Level 2), and the other liabilities at amortized cost. For information, the amortized cost of financial liabilities represents a reasonable approximation of fair value.

Finance lease agreements are mainly impacted by the entry into commercial service of the EXPRESS-AT1 satellite (see Note 6 “Satellites and other property and equipment”).

Amounts shown for finance leases include accrued interest totalling 1.1 million euros as of 30 June 2014 (nil as of 30 June 2013).

“Other liabilities” mainly includee advance payments and deposits from clients and debts over non-controlling interests.

NOTE 18.
FINANCIAL LIABILITIES

18.1. Breakdown by category

(in millions of euros)	Category of financial instruments	Net carrying amount at 30 June 2013 Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	Fair value at 30 June 2013
LIABILITIES						
Financial debt						
Floating rate loans	At amortised cost	877.9	877.9			877.9
Bond	At amortised cost	1,931.2	1,931.2			2,164.7
Fixed rate loans	At amortised cost	40.0	40.0			40.0
Bank overdrafts	N/A	0.1	0.1			0.1
Other financial liabilities						
Non-current	At amortised cost	82.9	82.9			82.9
Current	At amortised cost	29.3	29.3			29.3
Financial instruments(1)						
■ Qualified as cash-flow hedges		11.1		11.1		11.1
■ No hedging		0.1			0.1	0.1
Accounts payable	At amortised cost	64.9	64.9			64.9
Fixed assets payable	At amortised cost	66.8	66.8			66.8

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

(in millions of euros)	Category of financial instruments	Net carrying amount at 30 June 2014 Total	Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	Fair value at 30 June 2014
LIABILITIES						
Financial debt						
Floating rate loans	At amortised cost	917.6	917.6			917.6
Bond	At amortised cost	3,150.8	3,150.8			3,150.8
Fixed rate loans	At amortised cost	41.3	41.3			41.3
Bank overdrafts	N/A	-	-			-
Other financial liabilities						
Non-current	At amortised cost	293.9	293.9			293.9
Current	At amortised cost	34.6	34.6			34.6
Financial instruments(1)						
■ Qualified as cash-flow hedges		9.8		9.8		9.8
■ No hedging		-			-	-
Accounts payable	At amortised cost	75.9	75.9			75.9
Fixed assets payable	At amortised cost	52.8	52.8			52.8

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

With the exception of financial instruments and bonds, the book value of financial assets represents a reasonable approximation of their fair value.

NOTE 19.
OPERATING AND FINANCE LEASES

19.1. Operating leases

Eutelsat S.A. pays rent for use of its registered office located in Paris. The operating lease was renewed in advance on 25 June 2014 for a fixed term nine-year period starting on 1 July 2014. The rent expense amounted to 4.0 million euros and 4.4 million euros for the financial years ended 30 June 2013 and 2014 respectively. Future payments with respect to the lease agreement are detailed in the following table:

(in millions of euros)	Total	Less than 1 year	From 1 to 5 years	Exceeding 5 years
Future payments for operating leases	32.2	-	16.1	16.1

19.2. Finance leases

The Group operates four satellites under finance leases. None of the finance leases contains any purchase option at the expiry of the lease term. The last finance lease contract expires in 2029.

As of 30 June 2014, two of the four finance leases were prepaid.

Financial expenses for satellites operated under finance leases amounted to 0.4 million euros at 30 June 2013 and 0.2 million euros at 30 June 2014.

Finance lease contracts mature as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Finance leases	286.7	18.3	65.2	203.2
TOTAL	**286.7**	**18.3**	**65.2**	**203.2**

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 as of 30 June 2013 and 2014:

(in millions of euros)	30 June 2013	30 June 2014
Deferred revenues	47.8	150.4
Tax liabilities	3.1	11.7
Liabilities for social contributions[1]	35.2	40.4
TOTAL	**86.1**	**202.5**

(1) Including the liability related to the liquidity offer of 4.6 million euros at 30 June 2013 and 5.0 million euros at 30 June 2014.

"Deferred revenues" mainly includes the provision of telecommunication services and the coordination of frequencies prepaid by clients.

NOTE 21.
INCOME TAX

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., Eutelsat Communications Finance S.A.S., Fransat S.A. and Skylogic France S.A.S.

The entities Eutelsat Communications S.A. and Eutelsat S.A., which belong to the tax group headed by Eutelsat Communications S.A., were subject to a tax inspection procedure for the periods ended 30 June 2009, 2010 and 2011.

As a result of the tax inspection, the French tax authorities notified Eutelsat Communications S.A. and Eutelsat S.A., on 20 December 2012, of tax adjustments of 1.5 million euros and 26.1 million euros respectively, including late payment interest and penalties.

During the financial year ended 30 June 2014, the Group signed an agreement with the French tax authorities providing for tax adjustments totalling 7.4 million euros, including late payment interest and penalties. This amount was paid during the second half-year of this financial year.

21.1. Income-statement tax balances

"Income tax expense" shows current and deferred tax expenses for consolidated entities.

The Group's income tax expense is as follows:

(in millions of euros)	30 June 2013	30 June 2014
Current tax expense	(193.6)	(173.2)
Deferred tax income (expense)	(14.8)	(16.6)
TOTAL INCOME TAX EXPENSE	**(208.4)**	**(189.8)**

The theoretical income tax expense, based on application to the pre-tax result (excluding the share of net income from equity investments) of the standard French corporate tax rate, can be reconciled to the actual expense as follows:

(in millions of euros)	30 June 2013	30 June 2014
Income before tax and income from equity investments	564.0	491.1
Standard French corporate tax rate	*36.1%*	*38.0 %*
Theoretical income-tax expense	(203.6)	(186.6)
Permanent differences and other items	(4.8)	(3.2)
CORPORATE TAX EXPENSE IN THE INCOME STATEMENT	**(208.4)**	**(189.8)**
Actual corporate tax rate	*37.0%*	*38.6%*

As of 30 June 2013 and 2014, the difference between the actual corporate income tax rate and the theoretical income tax rate is mainly explained by the new French tax laws which led to an increase of the standard income tax rate in France.

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 2013 and 30 June 2014 were as follows:

(in millions of euros)	30 June 2013	Change in scope of consolidation	Net income for the period	Recognised in equity	30 June 2014
DEFERRED TAX ASSETS					
Financial Instruments	3.7		-	(3.7)	0.0
Capitalisation of losses carried forward	8.7	55.1	11.3		75.1
Bad-debt provisions	19.5	0.4	5.7		25.6
Financial guarantee granted to the pension fund	24.6		(0.2)	3.5	20.9
Provisions for risks and expenses	1.8	1.2	0.7		3.7
Accrued liabilities	5.2	8.0	(2.2)		11.0
Pension provision	3.0		2.2		5.2
SUB-TOTAL (A)	**66.5**	**64.7**	**17.5**	**(7.2)**	**141.5**
DEFERRED TAX LIABILITIES					
Intangible assets	(194.6)	(4.9)	15.8		(183.7)
Tangible assets	(165.2)	(43.5)	(37.9)		(246.6)
Capitalised interest	(2.1)		0.4		(1.7)
Finance leases	(0.9)		(1.5)		(2.4)
Performance incentives and capitalised salaries	(1.7)	(2.3)	(2.4)		(6.4)
Miscellaneous	(6.9)	8.9	(3.3)		(6.5)
SUB-TOTAL (B)	**(371.4)**	**(41.8)**	**(34.1)**	**0.0**	**(447.3)**
TOTAL = (A) + (B)	**(304.9)**	**22.9**	**(16.6)**	**(7.2)**	**(305.8)**
REFLECTED AS FOLLOWS IN THE FINANCIAL STATEMENTS					
Deferred tax assets	13.0				32.2
Deferred tax liabilities	(336.2)				(338.0)
TOTAL	**317.9**				**(305.8)**

Deferred tax assets and liabilities break down as follows:

(in millions of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	(3.4)	0.2
Due after one year	35.6	(338.2)
TOTAL	**32.2**	**(338.0)**

Deferred tax liabilities relate mainly to the taxable temporary difference generated by:

- the accounting treatment at fair value of "Customer contracts and relationships" and of the Eutelsat brand, valued at 929.8 million euros (see Note 5 "Goodwill and other intangibles"), giving rise, as a result of the acquisition of Eutelsat S.A., to an initial deferred tax liability of 320.1 million euros. The 44.4 million euro amortisation of customer contracts over 20 years generates a deferred tax income;
- the fair value recognisition of "Customer contracts and relationships" and other intangible assets in the context of the acquisition of Satmex;
- the accelerated depreciation of satellites.

Furthermore, the Group has a stock of unrecognised tax loss carry forwards amounting to 148 million euros as of 30 June 2014.

NOTE 22.
PROVISIONS

(in millions of euros)	30 June 2013	Allowance	Reversal Used	Reversal Unused	Other[3]	30 June 2014
Financial guarantee granted to a pension fund	65.5	2.0	-	-	(4.1)	63.4
Retirement indemnities	12.4	1.2	(0.1)	-	1.5	15.0
Post-employment benefits[1]	2.4	1.9	(0.2)	-	4.0	8.1
TOTAL POST-EMPLOYMENT BENEFITS	**80.3**	**5.1**	**(0.3)**	**-**	**1.4**	**86.5**
Litigation[2]	7.0	2.8	(2.4)	(2.5)	-	4.9
Other	0.5	11.3	(0.1)	(0.4)	-	11.3
TOTAL PROVISIONS	**87.8**	**19.2**	**(2.8)**	**(2.9)**	**1.4**	**102.7**
Incl. non-current portion	*80.3*	*5.1*	*(0.3)*	*-*	*1.4*	*86.5*
Incl. current portion	*7.5*	*14.1*	*(2.5)*	*(2.9)*	*-*	*16.2*

(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, employee-related and tax litigation.

(3) Change in scope of consolidation and other.

22.1. Financial guarantee granted to a pension fund

As a result of the transfer by the IGO of its operational business as of 2 July 2001, Eutelsat S.A. granted its financial guarantee to the Trust managing the pension plan 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 offset future under-funding of the plan.

The actuarial valuation performed on 30 June 2013 and 2014 used the following assumptions:

	30 June 2013	30 June 2014
Discount rate[1]	3.00%	2.75%
Expected rate of return on assets	3.00%	2.75%
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	61 years	2.75%

(1) The discount rate applied is determined by reference to the yield, at measurement date, on high-quality corporate bonds with maturities in line with the maturity of the obligation.

As of 30 June 2013 and 2014, the position was as follows:

Comparative summary

(in millions of euros)	30 June 2010	2011	2012	2013	2014[1]
Present value of obligations wholly or partly funded	163.9	151.7	202.7	225.3	217.4
Fair value of plan assets	(151.6)	(156.2)	(155.0)	(159.9)	154.1
Net financing requirement	**12.3**	**(4.5)**	**47.7**	**65.4**	**63.3**
Actuarial differences: gains/(losses) and other - amortised	9.6	23.6	(32.4)	-	-
NET (ASSET)/LIABILITY RECOGNISED IN THE BALANCE SHEET	**21.9**	**19.1**	**15.3**	**65.4**	**63.3**

(1) See Note 3.7 "Change in method".

Reconciliation between the present value of obligations at beginning and end of period

(in millions of euros)	30 June 2013	30 June 2014
Present value of the obligations at beginning of period	**202.7**	**225.3**
Service cost for the period	-	-
Finance cost	7.0	6.7
Actuarial differences: (gains)/losses	20.7	(10.5)
Benefits paid	(5.1)	(4.1)
PRESENT VALUE OF THE OBLIGATIONS AT END OF PERIOD	**225.3**	**217.4**

The absence of service costs is explained by the fact that rights were frozen and that the IGO pension fund was closed prior to the transfer of business on 2 July 2001.

Reconciliation between the fair value of plan assets at beginning and end of period

(in millions of euros)	30 June 2013	30 June 2014
Fair value of plan assets at beginning of period	**155.0**	**159.9**
Expected return on plan assets	5.4	4.7
Actuarial differences: gains/(losses)	4.5	(6.4)
Contributions paid	-	-
Benefits paid	(5.0)	(41.1)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**159.9**	**154.1**

The fair value of plan assets includes no amount relating to any financial instruments issued by Eutelsat S.A. nor any property occupied by, or other assets used by, Eutelsat S.A.

The actual return on the plan's assets was 0.9 million euros and 11.2 million euros as of 30 June 2013 and 2014 respectively.

Net expense (net gains) recognised in the income statement

(in millions of euros)	30 June 2013	30 June 2014
Service cost for the period	-	-
Finance cost	7.0	6.7
Expected return on plan assets	(5.4)	(4.7)
NET EXPENSE (NET GAINS) RECOGNISED IN THE INCOME STATEMENT	**1.6**	**2.0**

Reconciliation of assets and obligations recognised in the balance sheet

(in millions of euros)	30 June 2013	30 June 2014
Provision at beginning of period	**47.6**	**65.4**
Net expense/(net gains) recognised in the income statement	1.6	2.0
Actuarial differences: (gains)/losses	16.2	(4.1)
Contributions paid	-	-
PROVISIONS AT END OF PERIOD	**65.4**	**63.3**

››› 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 actuarial valuations performed at 30 June 2013 and 2014 were based on the following assumptions:

	30 June 2013	30 June 2014
Discount rate	3.00%	2.75%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Mortality table	TH/TF04-06	TH/TF00-02
Retirement age	65 years	65 years
Type of retirement	Voluntary retirement	Voluntary retirement
Rate of employer's contributions	52%	52%

Staff turnover per age bracket is based on the history of experience within EUTELSAT S.A. The last valuation was performed during the financial year 2012-2013.

Age (years)	2013 turnover	2014 turnover
25	7.72	7.72
30	5.42	5.42
35	3.69	3.69
40	2.38	2.38
45	1.40	1.40
50	0.66	0.66
55	0.10	0.10
60	0.00	0.00

As of 30 June 2013 and 2014, the position was as follows:

Comparative summary

	30 June				
(in millions of euros)	2010	2011	2012	2013	2014[1]
Present value of obligations not financed	7.9	8.0	9.3	12.4	15.1
Past-service cost (amortised)	1.1	1.0	1.0	-	-
Actuarial differences: gains/(losses) – amortised	(2.4)	(1.5)	(2.3)	-	-
LIABILITY RECOGNISED ON BALANCE SHEET	**6.6**	**7.5**	**8.0**	**12.4**	**15.1**

(1) See Note 3.7 "Change in method".

Reconciliation between the present value of obligations at beginning and end of period

(in millions of euros)	30 June 2013	30 June 2014
Present value of the obligations at beginning of period	**9.3**	**12.4**
Service cost for the period	0.6	0.8
Finance cost	0.3	0.4
Actuarial differences: (gains)/losses	2.4	1.5
Termination indemnities paid	(0.2)	-
PRESENT VALUE OF THE OBLIGATIONS AT END OF PERIOD	**12.4**	**15.1**

Net expense recognised in the income statement

(in millions of euros)	30 June 2013	30 June 2014
Service cost for the period	0.6	0.8
Finance cost	0.3	0.4
NET EXPENSE RECOGNISED IN THE INCOME STATEMENT	**0.9**	**1.2**

History of experience and changes in assumptions

(in millions of euros)	30 June 2014
History of experience regarding the value of obligations: (gains)/losses	0.6
Impact of changes in assumptions	0.9
	1.5

b) 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 under these schemes were 6.9 million euros and 7.1 million euros at 30 June 2013 and 2014 respectively.

c) Supplementary schemes

The Group has a supplementary defined-contribution funded plan for its employees working in France (excluding directors and corporate officers who are employees), financed by employees' and employer's contributions of 6% of gross annual salary, limited to eight times the French Social Security threshold. There are no other commitments in relation to these contributions. Employer's contributions paid under the plan stood at 1.6 million euros and 1.7 million euros as of 30 June 2013 and 2014 respectively.

NOTE 23.
SEGMENT INFORMATION

The Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their finality. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

The information presented below is intended for the Managing Director, the Deputy Managing Director and the Chief Financial Officer who together make up the Group's main operational decision-making body.

Management data is presented according to IFRS principles applied by the Group for its consolidated financial statements as described in the Notes to the financial statements.

The performance indicators that are monitored by the decision making body include turnover, EBITDA (EBITDA is defined as the operating result before amortisation and depreciation, impairment of assets and other operating income and expense), 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 (net of bank credit balances)).

Internal reporting is a presentation of the Group's consolidated income statement according to a different breakdown of items than the one used in the consolidated financial statements in order to highlight performance indicators for which the main aggregates are identical to those included in the Group's consolidated accounts, such as the operating result, net result, the share attributable to non-controlling interests and the share attributable to the Group.

››› 23.1. Segment reporting

(in millions of euros)	30 June 2013	30 June 2014
Total revenues	**1,284.1**	**1,347.9**
Total operating costs	(288.8)	(314.7)
EBITDA	**995.3**	**1,033.2**
Depreciation and amortisation	(344.6)	(401.3)
Other operating income (expenses), net	30.8	(8.5)
Operating income	**681.5**	**623.4**
Total interest	(114.1)	(133.3)
Income tax	(208.4)	(189.8)
Other financial income (expenses)	(3.5)	(1.0)
Net income before revenue from equity investments and non-controlling interests	**355.5**	**301.3**
Income from equity investments	14.3	14.9
Net income	**369.8**	**316.2**
Non-controlling interests	(14.9)	(13.1)
Net income attributable to the Group	**354.9**	**303.2**
Tangible investments (cash flow)	566.4	439.6
NET DEBT (INCLUDING FINANCE LEASES)	**2,646.5**	**3,779.0**

Net debt breaks down as follows:

(in millions of euros)	30 June 2013	30 June 2014
Credit *in fine*	800.0	800.0
Bonds	1,950.0	2,880.0
Export credit	137.1	174.7
"Change" portion of the cross-currency swap	-	(2.9)
Finance leases	7.2	220.1
Cash and cash equivalents	(247.9)	(293.0)
TOTAL	**2,646.5**	**3,779.0**

23.2. Information per geographical zone

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 30 June 2013 and 2014 are as follows:

(in millions of euros and as a percentage)	30 June 2013		30 June 2014	
Regions	**Amount**	**%**	**Amount**	**%**
France	153.9	12.0	147.3	10.9
Italy	203.7	15.9	208.0	15.4
United Kingdom	100.2	7.8	104.8	7.8
Europe (other)	410.7	32.0	402.6	29.9
Americas	169.1	13.2	210.4	15.6
Middle East	150.9	11.8	169.3	12.6
Africa	67.0	5.2	73.8	5.5
Asia	25.1	2.0	29.1	2.2
Other[1]	3.5	0.3	2.7	0.2
TOTAL	**1,284.1**	**100.0**	**1,347.9**	**100.0**

(1) Including 9.8 million euros and 0.5 million euros in indemnity payments for late delivery for the periods ended 30 June 2013 and 2014 respectively.

Most of the Group's assets are satellites in orbit. The remaining assets are mainly located in France, Italy and Mexico.

NOTE 24.
FINANCIAL RESULT

The financial result is made up as follows:

(in millions of euros)	30 June 2013	30 June 2014
Interest expense after hedging(1)	(133.2)	(142.6)
Loan set-up fees and commissions(2)	(8.2)	(12.8)
Capitalised interest(3)	26.3	22.1
Cost of gross debt	**(115.1)**	**(133.3)**
Financial income	2.5	12.4
Cost of net debt	**(112.6)**	**(120.9)**
Changes in financial instruments(4)	1.5	0.5
Foreign-exchange gains and losses	(1.6)	(7.4)
Other	(4.8)	(4.5)
FINANCIAL RESULT	**(117.5)**	**(132.3)**

(1) The interest expense was impacted by instruments qualified as interest-rate hedges for 25.8 million euros and 6.3 million euros during the financial periods ended 30 June 2013 and 30 June 2014 respectively.

(2) Issuing costs include amortisation of all loan issuing costs and premiums.

(3) The amount of capitalised interest mainly depends on the state of progress and number of satellite construction programmes recorded during the financial year concerned. The capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 4.4% at 30 June 2013 and 3.5% at 30 June 2014.

(4) Changes in fair value of financial instruments mainly include:

- *changes in fair value of derivatives not qualified as hedges;*
- *the ineffective portion of qualifying derivatives in a hedging relationship;*
- *the de-qualifications/sales of hedging instruments (see Note 26 "Financial instruments").*

NOTE 25.
EARNINGS PER SHARE

The following table shows the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted). There are no dilutive instruments as of 30 June 2013 and 2014.

(in millions of euros)	30 June 2013	30 June 2014
NET INCOME	369.8	316.2
Income from subsidiaries attributable to non-controlling interests, before taking into account dilutive instruments in subsidiaries	(14.9)	(13.1)
NET EARNINGS USED TO COMPUTE DILUTED EARNINGS PER SHARE	**354.9**	**303.2**

NOTE 26.
FINANCIAL INSTRUMENTS

The Group is exposed to market risks, principally in terms of currency and interest rates. Exposure to such risks is actively managed by Management, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to hedge such exposure and comply with its financial covenants. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, *i.e.* the Group never sells assets it does not possess, or about which it is uncertain whether it will subsequently possess them.

26.1. Foreign-exchange risk

Through the sale of its satellite capacity, the Group is a net receiver of currencies, mainly the U.S. dollar.

Consequently, the Group is primarily exposed to the U.S. dollar/euro foreign exchange risk.

During the financial year ended 30 June 2014, the Group had to collect the amount in U.S. dollars required for settling the acquisition of Satmex. For this, the Group used monetary instruments to hedge its purchase of U.S. dollars. These instruments were designated as future cash flow hedges for the highly probable acquisition of Satmex. The effective portion of changes in their fair value posted to OCI at 31 December 2013 was recycled during the acquisition of the Satmex Group.

Due to the geographic diversification of its activities, the Group is exposed to conversion risk, which means that its balance sheet and income statement are impacted by fluctuations in exchange parities upon consolidation of the financial statements of its foreign subsidiaries outside the euro zone (translation risk). For investments in currencies not included in the euro zone, the Group's translational risk hedging policy consists of creating liabilities denominated in the same currency as the cash flows generated by these assets. Of the hedging instruments used, the Group also uses currency derivatives (cross-curency swaps) documented as net foreign investment hedges.

Given its exposure to foreign-currency risk, the Group believes that a 10% increase in the U.S. dollar/euro exchange rate would have a non-significant impact on Group income and would result in a negative change in Group OCI amounting to 55.1 million euros and a change of 115.9 million euros in the Group translation reserve.

26.2. Interest-rate risk

Interest rate risk management

During the financial year ended 30 June 2014 and in accordance with its hedging policy, the Group hedges its exposure to changes in interest rates by the use of hedging instruments such as:

- two swaps for a notional amount of 350 million euros;
- two collars for a notional amount of 350 million euros; and
- one cap for a notional amount of 100 million euros.

Sensitivity to interest-rate risk

Considering the full range of financial instruments available to the Group as of 30 June 2014, an increase of ten base points (+0.10%) over the EURIBOR interest rate would have an insignificant effect on the interest expense and the revaluation of financial instruments in the income statement. This would be reflected in a 0.8 million euro positive change in equity related to the change in the effective fair value of hedging instruments qualified as hedges of future cash flows.

26.3. Financial information as of 30 June 2013 and 2014

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 2013 and 2014. The instruments are valued by an independent expert and this valuation is verified/validated by .the Group's banking counterparts.

	Notional		Fair value				
(in millions of euros)	30 June 2013	30 June 2014	30 June 2013	30 June 2014	Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	68.7	-	0.4	-	(0.4)	(0.4)	-
Cross-currency swaps	-	500.0	-	9.3	9.3	-	9.3
TOTAL FOREIGN EXCHANGE DERIVATIVES	**68.7**	**500.0**	**0.4**	**9.3**	**8.9**	**(0.4)**	**9.3**
Future Swaps	350.0	350.0	(6.8)	(5.8)	1.0	-	1.0
Collars	350.0	350.0	(4.3)	(4.0)	0.3	0.4	(0.1)
Caps	100.0	100.0	0.2	-	(0.2)	(0.2)	-
Collar	100.0	-	(0.1)	-	0.1	0.1	-
TOTAL INTEREST RATE DERIVATIVES	**900.0**	**800.0**	**(11.0)**	**(9.8)**	**1.2**	**0.3**	**0.9**
TOTAL DERIVATIVES			**(10.6)**	**(0.5)**	**10.1**	**(0.1)**	**10.2**
Equity interests							(0.8)
TOTAL							**9.4**

At 30 June 2014, the cumulative fair value of financial instruments was positive at 9.3 million euros and negative at 9.8 million euros (see Note 8 "Non-current financial assets" and Note 17 "Other financial liabilities").

Impact on income statement and equity

The impact on the income statement and equity of changes in fair value of derivatives qualified as hedges is as follows:

- the coupons on swaps that qualify as cash flow hedges are directly recognised under income. Changes recognised in equity with respect to these instruments correspond to changes in fair value excluding coupons ("clean fair value");
- the coupons on the cross currency swap that qualifies as net investment hedge, as well as its fair value excluding coupons ("clean fair value") are recognised directly in equity.

26.4. Financial 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.

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

As of 30 June 2014, the counterparty risk is not considered as significant.

26.5. Liquidity risk

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

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

The Group's debt maturity is reflected in the table below.

Breakdown of net financial liabilities by maturity (in millions of euros)

At 30 June 2013	Balance-sheet value	Total contractual cash flows	06/2014	06/2015	06/2016	06/2017	06/2018	Exceeding 5 years
Eutelsat Communications term loan	(791.6)	(868.6)	(19.6)	(19.6)	(19.6)	(809.8)	-	-
Eutelsat S.A. bonds	(1,931.2)	(2,424.0)	(84.4)	(84.4)	(84.4)	(934.4)	(49.4)	(1,186.9)
US EXIM's export credit	(40.0)	(45.2)	(5.6)	(5.6)	(5.5)	(5.4)	(5.3)	(17.9)
ONDD-guaranteed export credit	(86.3)	(107.7)	(1.8)	(1.8)	(4.3)	(12.5)	(12.7)	(74.7)
Qualified interest rate derivatives(1)	(11.1)	(11.1)	(0.7)	-	(10.4)	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives(1)	(0.1)	(0.1)	(0.1)	-	-	-	-	-
Bank overdrafts	(0.1)	(0.1)	(0.1)	-	-	-	-	-
TOTAL FINANCIAL DEBT	**(2,860.4)**	**(3,456.9)**	**(112.4)**	**(111.4)**	**(124.2)**	**(1,762.1)**	**(67.3)**	**(1,279.5)**
Other financial liabilities	(112.2)	(113.6)	(31.7)	(41.3)	(23.3)	(8.5)	(4.8)	(4.0)
TOTAL FINANCIAL LIABILITIES	**(2,972.6)**	**(3,570.5)**	**(144.1)**	**(152.7)**	**(147.5)**	**(1,770.6)**	**(72.1)**	**(1,283.5)**
Non-qualifying Eutelsat S.A. interest rate derivatives(1)	0.4	0.4	0.4	-	-	-	-	-
Non-qualifying Eutelsat Communications interest rate derivatives(1)	0.2	0.2	0.2	-	-	-	-	-
Financial assets	34.1	34.1	29.7	-	-	-	-	4.4
Cash	105.8	105.8	105.8	-	-	-	-	-
Mutual fund investments	113.1	113.1	113.1	-	-	-	-	-
Other cash equivalents	29.0	29.0	29.0	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**282.6**	**282.6**	**278.2**	**-**	**-**	**-**	**-**	**4.4**
NET POSITION	**(2,690.0)**	**(3,287.9)**	**134.1**	**(152.7)**	**(147.5)**	**(1,770.6)**	**(72.1)**	**(1,279.1)**

(1) Amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

At 30 June 2014	Balance-sheet value	Total contractual cash flows	06/2015	06/2016	06/2017	06/2018	06/2019	Exceeding 5 years
Eutelsat Communications term loan	(794.1)	(855.2)	(22.1)	(22.1)	(810.9)	-	-	-
Eutelsat S.A. bond	(2,854.6)	(3,418.2)	(108.9)	(108.9)	(958.9)	(73.8)	(873.8)	(1,294.0)
US EXIM's export credit	(41.3)	(46.0)	(6.4)	(6.3)	(6.2)	(6.1)	(6.0)	(14.8)
ONDD-guaranteed export credit	(123.5)	(147.6)	(2.5)	(7.1)	(17.9)	(17.6)	(17.3)	(85.3)
Finance leases	(221.2)	(281.5)	(18.1)	(14.3)	(15.9)	(16.2)	(17.7)	(199.4)
Qualified interest rate derivatives(1)	(9.8)	(9.8)	-	(9.8)	-	-	-	-
TOTAL FINANCIAL DEBT	**(4,044.5)**	**(4,758.3)**	**(158.0)**	**(168.5)**	**(1,809.8)**	**(113.7)**	**(914.8)**	**(1,593.5)**
Other financial liabilities	(107.4)	(108.6)	(67.6)	(9.4)	(8.4)	(22.4)	(0.3)	(0.6)
TOTAL FINANCIAL LIABILITIES	**(4,151.9)**	**(4,866.9)**	**(225.6)**	**(177.9)**	**(1,818.2)**	**(136.1)**	**(915.1)**	**(1,594.1)**
Eutelsat S.A. interest rate derivatives(1)	9.3	9.3	-	-	-	-	-	9.3
Financial assets	38.3	38.3	32.7	-	-	-	-	5.6
Cash	225.5	225.5	225.5	-	-	-	-	-
Mutual fund investments	67.5	67.5	67.5	-	-	-	-	-
Other cash equivalents	-	-	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**340.6**	**340.6**	**325.7**	**-**	**-**	**-**	**-**	**14.9**
NET POSITION	**(3,811.3)**	**(4,526.3)**	**100.1**	**(177.9)**	**(1,818.2)**	**(136.1)**	**(915.1)**	**(1,579.2)**

(1) Amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

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						
(in millions of euros)	Total	Maximum 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Exceeding 5 years
Foreign exchange risk hedges	9.3	-	-	-	-	-	9.3
Interest rate risk hedges	(9.8)	-	(9.8)	-	-	-	-
NET TOTAL AT 30 JUNE 2014[1]	**(0.5)**	**-**	**(9.8)**	**-**	**-**	**-**	**9.3**

(1) Excluding equity investments for a negative amount of 2.6 million euros.

Furthermore, the amendment to IFRS7 on the offsetting of assets and liabilities has no impact: there was no offsetting agreement which could have an impact for the Group as of 30 June 2014 (neither on the balance sheet under IAS 32, nor on the net exposure).

NOTE 27. OTHER COMMITMENTS AND CONTINGENCIES

As of 30 June 2014, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial position with the exception of the following items:

27.1. Purchase commitments

At 30 June 2014, future payments under satellite construction, launch and financing contracts amount to 1,137 million euros (including 574 million euros with related parties). These future payments are spread over 17 years.

The Group has also entered into commitments with certain suppliers for the provision of services and the acquisition of fixed assets in relation with the monitoring and control of satellites.

The following table lists the payments for these services and acquisitions as of 30 June 2013 and 30 June 2014:

(in millions of euros)	At 30 June 2013	At 30 June 2014
2014	53	-
2015	24	51
2016	17	25
2017	16	22
2018 and beyond[1]	62	19
2019 and beyond		75
TOTAL	**172**	**192**

(1) For the period reported in respect of the financial year ended 30 June 2013.

At 30 June 2014, the above total includes 3 million euros for purchase commitments entered into with related parties (see Note 28 "Related-party transactions").

Furthermore, the Group may receive penalties related to incidents affecting the performance of its operational satellites.

27.2. Fleet insurance

As of 30 June 2014, the Group's existing Launch-plus-one-year and in-orbit insurance policies have been taken out with insurance syndicates 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 in-orbit insurance plan taken out by the Group was renewed for a 12-month period starting on 1 July 2013. The programme has been designed with a view to minimising, at an acceptable cost, the impact of one or several satellite losses on the balance sheet and the income statement. Satellites covered under this policy are insured for their net book value.

On 1 July 2014, this policy was renewed for a 12-month period.

27.3. Commitments received

The Group holds a put option *vis-à-vis* a related party, with no limited validity, exercisable twice a year with respect to its equity interest in Hispasat.

27.4. Disputes

The Group is involved in certain cases of litigation in the normal course of its business. In respect of the expected cost of such litigation, regarded as probable by the Company and its advisers, the Company has set aside provisions considered to be sufficient enough to cover the risks incurred (see Note 22 "Provisions").

On 6 April 2011, Eutelsat initiated a request for arbitration before the International Chamber of Commerce against Deutsche Telekom and Media Broadcast to enforce its rights at the orbital position 28.5° East. The rights to certain frequencies at this orbital position are currently exploited by Eutelsat under an agreement dated June 1999 between Eutelsat S.A. and Deutsche Telekom whose satellite activity has since been transferred to Media Broadcast. Pursuant to a settlement agreement signed between Eutelsat S.A. and Deutsche Telekom on 7 February 2013, the Court of Arbitration terminated the arbitration proceedings between the two companies. In an initial ruling, the Arbitration Court declared it had no competent jurisdiction with respect to Media Broadcast. This prompted Eutelsat to appeal against the court's decision, seeking its revocation by the Paris Court of Appeal.

On 16 October 2012, Eutelsat filed a request for arbitration against SES before the International Chamber of Commerce. This request is grounded on a breach by SES of the Intersystem Coordination Agreement signed with Eutelsat in 1999, whose purpose is to coordinate Eutelsat's and SES's respective operations at several orbital positions, including 28.2° East and 28.5° East.

On 29 January 2014, Eutelsat and SES have concluded a series of agreements including a comprehensive settlement of legal proceedings concerning the right to operate at the 28.5° East orbital position and containing long-term commercial as well as frequency coordination elements.

27.5. Contingent liability

As of 30 June 2014, the contingent liability presented in Note 27.5 "Contingent liability" to the financial statements for the year ended 30 June 2013 no longer exists (see Note 21 "Income Tax").

NOTE 28.
RELATED-PARTY TRANSACTIONS

Related parties consist of:

- direct and indirect shareholders, and their subsidiaries, who have significant influence, which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of a Group entity;
- minority shareholders of entities which the Group consolidates under the full consolidation method;
- companies in which the Group has an equity interest that it consolidates under the equity method; and
- key management personnel.

The Group considers that the concept of "key management personnel" as applied to Eutelsat's governance includes members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEO and the other members of the Board of Directors.

28.1. Related parties that are not members of the "key management personnel"

Amounts due by or owed to related parties and included on the balance sheet within current assets and liabilities as of 30 June 2013 and 2014 are as follows:

(in millions of euros)	30 June 2013	30 June 2014
Gross receivables (including unbilled revenues)[1]	5.1	4.8
Debt (including accrued invoices)	0.5	217.9

(1) Including 0.2 million euros and 0.3 million euros for entities accounted for via the equity method as of 30 June 2013 and 2014 respectively.

As of 30 June 2014, debt includees a finance lease agreement entered into in respect of the EXPRESS-AT1 satellite.

Related party transactions included in the income statements for the periods ended 30 June 2013 and 2014 are as follows:

(in millions of euros)	30 June 2013	30 June 2014
Revenues[1]	24.6	27.0
Operating costs, selling, general and administrative expenses	2.1	1.8
Financial result	-	1.1

(1) Including 1.6 million euros and 1.3 million euros for entities accounted for via the equity method as of 30 June 2013 and 2014 respectively.

For the year ended 30 June 2014, no related party transaction accounts individually for more than 10% of revenues.

In addition, the Group entered into transactions with certain shareholders for the provision of services related to the monitoring and control of its satellites.

28.2. Compensation paid to members of the "key management personnel"

(in millions of euros)	30 June 2013	30 June 2014
Compensation excluding employer's charges	1.0	1.2
Short-term benefits: employer's charges	0.3	0.4
TOTAL SHORT-TERM BENEFITS	**1.3**	**1.6**
Post-employment benefits	Not applicable	Not applicable
Other long-term benefits (indemnity payment for unintended termination of activity)	Not applicable	Not applicable
Share-based payment	0.5	0.2

Share-based payment

At its meetings of 28 July 2011, 8 November 2012 and 13 February 2014 (cf Note 15.3 "Share based compensation"), the Board of Directors approved free share allocation plans for the benefit of members of the Group's administrative and management bodies subject to conditions set out in the plan and to set 50% holding rate for all fully vested shares during the terms of office of the Company's directors and corporate officers (*mandataires sociaux*).

The value of the benefit granted is spread over a three-year vesting period. The expense recognised for the periods ended 30 June 2013 and 2014, was 0.5 million euros and 0.2 million euros.

NOTE 29.
STAFF COSTS

Staff costs (including mandatory employee profit-sharing and employee-related charges) are as follows:

(in millions of euros)	30 June 2013	30 June 2014
Operating costs	46.0	50.9
Selling, general and administrative expenses	64.4	74.1
TOTAL [(1)]	**110.4**	**125.0**

(1) Including 4.3 million euros and 1.1 million euros at 30 June 2013 and 2014 respectively for expenses related to share-based payments.

The average number of employees is as follows:

	30 June 2013	30 June 2014
Operations	359	399
Selling, general and administrative	431	511
TOTAL	**790**	**910**

As of 30 June 2014, the Group had 1,011 employees, against 822 as of 30 June 2013.

Compensation (including employer's social contributions) paid to the Eutelsat Communications' directors and corporate officers (*mandataires sociaux*) employed by the Group is 1.6 million euros for the year ended 30 June 2014. During the reporting period, attendance fees paid to the members of the Board of Directors amounted to 0.3 million euro.

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 through voluntary contributions by employees.

Via its subsidiary Eutelsat S.A., the Group has an employee incentive scheme (*accord d'intéressement*), which was set up for a three-year period. The incentive scheme is based on objectives renewable each year.

NOTE 30.
SCOPE OF CONSOLIDATION

As of 30 June 2014, the list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% control at 30 June 2014	% interest as of 30 June 2014
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	100.00%	96.34%
Eutelsat S.A. Sub-Group				
■ EUTELSAT VAS S.A.S.	France	FC	100.00%	96.34%
■ Fransat S.A.	France	FC	100.00%	96.34%
■ Eutelsat do Brasil S.A.(1)	Brazil	FC	100.00%	96.34%
■ Eutelsat Participaoes(1)	Brazil	FC	100.00%	96.34%
■ Satmex Holding	Mexico	FC	100.00%	96.34%
■ Satmex Holding BV	Netherlands	FC	100.00%	96.34%
■ Satelites Mexicanos SMVS	Mexico	FC	100.00%	96.34%
■ Alterna	USA	FC	100.00%	96.34%
■ Satelites Mexicanos Administracion SMVS	Mexico	FC	100.00%	96.34%
■ Satelites Mexicanos Tecnicios SMVS	Mexico	FC	100.00%	96.34%
■ Eutelsat Italia S.r.l	Italy	FC	100.00%	96.34%
■ Skylogic S.p.A.	Italy	FC	100.00%	96.34%
■ Eutelsat Latin America	Panama	FC	100.00%	96.34%
■ Eutelsat Russia	Russia	FC	100.00%	96.34%
■ Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.34%
■ VisAvision GmbH	Germany	FC	100.00 %	96.34%
■ Eutelsat Inc.	United States	FC	100.00%	96.34%
■ Eutelsat America Corp.	United States	FC	100.00%	96.34%
■ Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.34%
■ Eutelsat Polska spZoo	Poland	FC	100.00%	96.34%
■ Skylogic Polska spZoo	Poland	FC	100.00%	96.34%
■ Skylogic Finland Oy	Finland	FC	100.00%	96.34%
■ Skylogic France SAS	France	FC	100.00%	96.34%
■ Skylogic Germany GmbH	Germany	FC	100.00%	96.34%
■ Skylogic Mediterraneo S.r.l	Italy	FC	100.00%	96.34%
■ Irish Space Gateways	Ireland	FC	100.00%	96.34%
■ CSG Cyprus Space Gateways	Cyprus	FC	100.00%	96.34%
■ Skylogic Eurasia	Turkey	FC	100.00%	96.34%
■ Skylogic Greece	Greece	FC	100.00%	96.34%
■ Skylogic Espana S.A.U.	Spain	FC	100.00%	96.34%
■ Eutelsat do Madeira Unipessoal Lda	Madeira	FC	100.00%	96.34%
■ Wins Ltd(1)	Malta	FC	100.00%	67.44%
■ Wins GmbH	Germany	FC	100.00%	67.44%
■ DH Intercomm	Germany	FC	100.00%	50.58%
■ Eutelsat Asia	Singapore	FC	100.00%	96.34%
■ DSat Cinéma	Luxembourg	FC	100.00%	48.33%
■ Eutelsat Middle East	Dubai	FC	100.00%	96.34%
■ Eutelsat International	Cyprus	FC	100.00%	49.13%
■ Eutelsat Network	Russia	FC	100.00%	49.13%
■ Hispasat S.A.(1)	Spain	EM	33.69%	32.45%

FC: Full consolidation method.
EM: Equity method.
(1) Companies with financial years ending on 31 December.
NB: The other companies' financial years end on 30 June.

Consolidation of these subsidiaries under the full consolidation method was performed using financial statements prepared as of 30 June 2014.

NOTE 31.
SUBSEQUENT EVENTS

No significant event occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Board of Directors.

NOTE 32.
STATUTORY AUDITORS' FEES

	Ernst & Young				Mazars			
	Amount		Amount		Amount		Amount	
(in thousands of euros)	N	%	N-1	%	N	%	N-1	%
AUDIT								
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat Communications	168	16%	168	18%	133	27%	133	29%
Other subsidiaries	706	69%	582	63%	330	66%	299	65%
Other due care and services directly linked to the statutory audit task								
Eutelsat Communications	-	0%	34	4%				
Other subsidiaries	40	4%	63	7%	37	7%	31	7%
SUB-TOTAL	**913**	**89%**	**847**	**92%**	**500**	**100%**	**463**	**100%**
OTHER SERVICES, WHEN APPROPRIATE								
Legal, tax, social	109	11%	74	8%				
Information technology	-		-					
Internal audit	-		-					
Others (to be specified if more than 10% of statutory audit fees)	-		-					
SUB-TOTAL	**-**		**74**	**8%**				
TOTAL	**1,022**	**100%**	**921**	**100%**	**500**	**100%**	**463**	**100%**

6.3 ANNUAL FINANCIAL STATEMENTS AS OF 30 JUNE 2014

BALANCE SHEETS

(in thousands of euros)	Notes	30 June 2013	30 June 2014
ASSETS			
Long-term assets			
Financial assets	3	2,445,718	2,446,401
TOTAL LONG-TERM ASSETS		**2,445,718**	**2,446,401**
Current assets			
Accounts receivable		1,036	203
Other receivables	4	40,602	120,829
Cash and marketable securities	5	37,610	12,625
TOTAL CURRENT ASSETS		**79,247**	**133,657**
Prepaid expenses	6	8,601	6,065
TOTAL ASSETS		**2,533,566**	**2,586,123**

(in thousands of euros)	Notes	30 June 2013	30 June 2014
PASSIF			
Common stock (220,113,982 ordinary shares as of 30 June 2014 with a nominal value of €1 per share)		220,114	220,114
Additional paid-in-capital		453,214	453,214
Legal reserve		22,011	22,011
Retained earnings		807,312	763,546
Result of the year		193,469	279,593
Regulated provisions		467	467
TOTAL SHAREHOLDER'S EQUITY	**7**	**1,696,587**	**1,738,945**
Provisions for risks		-	-
Provisions for expenses		2,391	812
TOTAL PROVISIONS FOR RISKS AND EXPENSES	**8**	**2,391**	**812**
Loans and bank debt[1]	9	801,517	801,637
Other financial debt			
TOTAL FINANCIAL DEBT		**801,517**	**801,637**
Accounts payable		2,252	2,299
Tax and employee-related payable	10	21,354	1,218
Fixed assets payable		-	-
Other payables	15.1	9,465	41,213
TOTAL OPERATING DEBT		**33,071**	**44,729**
Deferred revenues		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,533,566**	**2,586,123**
(1) Including part maturing within one year		*1,517*	*1,637*

INCOME STATEMENTS

(in thousands of euros)	Notes	30 June 2013	30 June 2014
Revenues	12	2,228	1,456
Release of provisions and reclassification of costs	6	2,909	107
Other income		-	-
Total operating income		**5,137**	**1,563**
Other purchases and external expenses		7,057	6,960
Taxes and assimilated		155	817
Wages	18.2	1,016	1,352
Social charges	18.2	1,541	365
Depreciation, amortisation and provisions	6	2,995	2,535
Other charges		601	603
Total operating charges		**13,364**	**12,631**
Operating result		**(8,227)**	**(11,068)**
Financial income		237,396	303,588
Financial expenses		48,598	27,645
Financial result	**13**	**188,798**	**275,943**
Exceptional income		14,377	2,487
Exceptional charges		17,745	769
Exceptional result	**14**	**(3,368)**	**1,718**
Mandatory employee profit-sharing		-	-
Income tax	15	(16,266)	(13,000)
NET INCOME		**193,469**	**279,593**

STATEMENTS OF CASH FLOWS

(in thousands of euros)	Notes	30 June 2013	30 June 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		193,469	279,593
Adjustments for non-cash items:			
Capital (gain)/loss on disposal of assets		-	-
Depreciation, amortisation and provisions		3,673	537
Other non-operating items		(187,558)	(275,412)
Changes in operating assets and liabilities:			
Accounts receivable		(215)	832
Other current assets		14,782	(32,690)
Accounts payable		443	46
Other payables		24,327	11,612
Net cash flows provided by operating activities		**48,920**	**(15,481)**
NET CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisitions of intangible assets		-	-
Acquisitions of satellites and other property and equipment		-	-
Proceeds from sale of assets		-	-
Changes in other long-term assets		-	-
Equity investments and other movements in financial investments		(1,237)	(366)
Net cash flows used in investing activities		**(1,237)**	**(366)**
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Changes in capital		-	-
Distribution	7.1	(219,166)	(237,235)
Dividends received	13	237,030	302,392
Additional long-term and short-term debt	9	-	-
Reimbursements of long-term and short-term debt	9	-	-
Changes in borrowing		7,000	(47,435)
Financial instruments	13,16	-	-
Free share plans		13,267	-
Interest paid		(55,015)	(27,524)
Interest received		495	664
Changes in other debt		-	-
Net cash flows provided by (used in) financing activities		**(16,390)**	**(9,138)**
Increase (decrease) in cash and cash equivalents		31,293	(24,985)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**193**	**31,486**
CASH AND CASH EQUIVALENTS, END OF PERIOD	**6**	**31,486**	**6,501**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1.
GENERAL OVERVIEW

1.1. Business description

The purpose of Eutelsat Communications S.A. ("the Company" or "Eutelsat") is to hold shares and provide services to its equity interests. It is the parent company of the Eutelsat Communications Group ("the Group").

The Company's fiscal year runs for twelve months and ends on 30 June.

1.2. Key events during the period

The purpose of the company being the holding of equity interests, no particular key event occurred during the financial year.

NOTE 2.
SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of presentation

The annual financial statements are prepared in accordance with the French *Code de commerce* (Articles L. 123-12 to L. 123-28) and Rule 99-03 of the *Comité de la Réglementation Comptable* (CRC – French accounting regulation body).

The following conventions have been applied in compliance with the principle of prudence and in accordance with the following basic rules:

- going concern;
- separation of the financial periods;
- consistent accounting methods used from one financial year to the next;

and in accordance with the general rules for preparing and presenting annual financial statements.

The basic method used for evaluating the items recorded is the historical cost method.

There have been no changes in accounting methods during the period.

The currency used in the presentation of the Company's accounts is the euro.

2.2. Significant judgements and estimates

Preparation of financial statements requires Management to make judgements and estimates that are liable to affect certain assets and liabilities, the amounts shown for the corresponding income and expenses in these annual financial statements and their accompanying Notes. Eutelsat constantly updates its estimates and assessments by using past experience and other relevant factors related to the economic environment. The eventual outcome of the operations underpinning these estimates and assumptions could, due to the uncertainty that surrounds them, result in the need for significant adjustment in a subsequent financial period to amounts recognised.

2.3. Other long-term assets

Stock is recorded in the balance sheet at its acquisition value less incidental expenses. It may include treasury shares acquired under liquidity agreements.

Any excess of cost over fair value, as estimated by Management of the Company based on various criteria such as the market value, the expected development and profitability or the shareholders' equity, and taking into account the specific nature of each investment, is recorded as an impairment charge to net income. A provision for impairment of treasury shares is recognised if their book value is higher than their market value at balance sheet date.

2.4. Cash and marketable securities

Cash and marketable securities consist of treasury shares acquired under share buyback programmes designed to serve free share allocation plans, mutual fund investments, cash at bank and deposit certificates with original maturities of three months or less.

Shares repurchased for the purpose of serving stock plans are recorded at their initial cost until they are delivered to their recipients or reclassified if not attributed. This results in their not being impaired in the event of a drop in the share price.

2.5. Receivables and debt

Receivables and debt have been evaluated at their nominal value.

Receivables are entered with a loss in value, where appropriate, to reflect any difficulties in recovering outstanding amounts.

2.6. Apportionment of loan set-up costs

Loan set-up costs are amortised over the duration of the loan.

2.7. Shareholders' equity

External costs directly related to increases in capital, reduction of capital and share buy-back for reduction of capital, are allocated to the share premium net of taxes when an income tax benefit is generated.

Under French law, Eutelsat Communications S.A. is required to allocate 5% of its net annual result (after deduction of balances brought forward in the red, if any) to a legal reserve. This minimum contribution is no longer mandatory if and when the legal reserve represents at least 10% of the share capital. The legal reserve can only be distributed when the company is being wound up.

2.8. Provisions

A provision is an item with a negative economic value for the Company, *i.e.* it is a corporate obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely determined.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

NOTE 3.
FINANCIAL ASSETS

Financial assets break down as follows:

(in thousands of euros)	30 June 2013	30 June 2014
Equity investments	2,440,645	2,440,645
Other investments in securities	5,389	5,756
Loans and other financial assets	1	-
TOTAL GROSS BOOK VALUES	**2,446,035**	**2,446,401**
Less provisions	(317)	-
TOTAL NET CARRYING AMOUNTS	**2,445,718**	**2,446,401**

The changes in net carrying amounts between beginning and end of period are as follows:

(in thousands of euros)	Equity investments	Other investments in securities(1)	Loans and other financial assets(1)	Total
Net carrying values as of 1 July 2013	**2,440,645**	**5,072**	**1**	**2,445,718**
Acquisitions	-	37,020	37,019	74,038
Transfers	-	-	-	-
Reimbursement (of capital contribution) and disposals	-	(36,653)	(37,020)	(73,672)
Reversals/Depreciation, amortisation and provisions	-	317	-	317
NET CARRYING VALUES AS OF 30 JUNE 2014	**2,440,645**	**5,756**	**-**	**2,446,401**

(1) Transactions relating to the liquidity agreement (see Note 3.2 "Other investments in securities").

3.1. Equity interests

As of 30 June 2013 and 2014, the "Equity investments" item includes:

- 500,000 shares in Eutelsat Communications Finance for an amount of 2,401,488,322.14 euros;
- 7,248,478 shares in Eutelsat S.A. for an amount of 39,156,817.32 euros (including acquisition costs of 467,000 euros).

3.2. Other investments in securities

"Other investments in securities" breaks down as follows:

- treasury stock held under a liquidity agreement for 4,158 thousand euros corresponding to 176,110 shares as of 30 June 2013 and for 3,441 thousand euros corresponding to 138,627 shares as of 30 June 2014. As of 30 June 2014, treasury shares were not impaired;
- *SICAV de trésorerie* (short-term marketable securities) held under the liquidity agreement for an amount of 1,231 thousand euros corresponding to 535 SICAV BNP Paribas as of 30 June 2013 and 2,315 thousand euros corresponding to 1,005 SICAV BNP Paribas as of 30 June 2014.

3.3. Loans and other financial assets

"Loans and other financial assets" comprises the cash account related to the liquidity agreement on treasury stock for one thousand euros as of 30 June 2013 and 30 June 2014.

NOTE 4.
OTHER RECEIVABLES

"Other receivables" break down as follows:

(in thousands of euros)	30 June 2013	30 June 2014
Income tax	3,512	35,458
Deductible VAT	301	142
Inter-company accounts within the Group	36,765	85,218
Other debit balances	24	11
TOTAL	**40,602**	**120,829**

All other receivables mature within one year.

NOTE 5.
CASH AND MARKETABLE SECURITIES

Cash and marketable securities are as follows:

(in thousands of euros)	30 June 2013	30 June 2014
Treasury stock[1]	6,124	6,124
Mutual fund investments	31,478	6,453
Cash	8	48
Deposit warrants	-	-
TOTAL	**37,610**	**12,625**

(1) See Note 7.2 "Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards".

NOTE 6.
PREPAID EXPENSES AND OTHERS

"Prepaid expenses and others" is composed as follows:

(in thousands of euros)	30 June 2013	30 June 2014
Prepaid expenses	234	134
Expenses to be accrued over several years	8,366	5,931
TOTAL	**8,601**	**6,065**

As of 30 June 2013 and 2014, expenses to be accrued relate to loan set-up costs initially amounting to 11,982 thousand euros. They are accrued over 5 years, which is the lifetime of the loan taken out in December 2011.

Amortisation of accrued expenses recorded in the income statement amounted to 2,435 thousand euros as of 30 June 2013 and 2014.

NOTE 7.
SHAREHORDERS' EQUITY

››› 7.1. Statement of changes in shareholders' equity

As of 30 June 2014, the Company's share capital was composed of 220,113,982 ordinary shares with a par value of one euro each. No movement occurred during the financial period with respect to the number or the par value of shares. As of 30 June 2014, the legal reserve is 22.0 million euros representing 10% of the share capital.

On 7 November 2013, the Ordinary and Extraordinary General Meeting of Shareholders reviewed the full-year financial statements for the period ended 30 June 2013. Noting that there was a profit of 193,469 thousand euros, the AGM decided to distribute a dividend of 1.08 euros per share for a total amount of 237,235 thousand euros taken partly from net income and allocate the remaining balance, *i.e.* 43,766 thousand euros to retained earnings, now amounting to 763,546 thousand euros.

(in thousands of euros)	01/07/2013	Movements affecting the capital: Increase	Movements affecting the capital: Reduction	Allocation of result	Distribution of dividends	Other movements	30/06/2014
Share capital	220,114	-	-	-	-	-	220,114
Additional paid-in capital	419,929	-		-	-	-	419,929
Share premium	33,285	-	-	-	-	-	33,285
Legal reserve	22,011	-	-	-	-	-	22,011
Retained earnings (+)	807,312	-	-	(43,766)	-	-	763,546
Result as of 30/06/2013	193,469	-	-	43,766	(237,235)	-	-
Regulated provisions[1]	467	-	-	-	-	-	467
TOTAL	**1,696,586**	**-**	**-**	**-**	**(237,235)**	**-**	**1,459,352**
						Shareholders' equity before result	1,459,352
						Result for the year	279,593
TOTAL SHAREHOLDERS' EQUITY							**1,738,945**

(1) Regulated provisions cover the exceptional amortisation ("amortissement dérogatoire") of securities acquisition costs.

7.2. Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards

Position as of 30 June 2014

During the financial year ended 30 June 2014, a new free share plan based on Eutelsat Communications shares has been approved. The Board of Directors meeting on 13 February 2014 decided to implement a Long-Term Incentive Plan based on cash-settled awards. These are calculated on the basis of a theoretical number of Eutelsat Communications shares, which are allocated by reference to the level reached by performance-related objectives.

As of 30 June 2014, the Group runs three free share allocation plans started in July 2011, November 2012 and February 2014 respectively:

Conditions	Plan 07/2011	Plan 11/2012	Plan 02/2014
Vesting period	July 2011-July 2014(1)	November 2012-November 2015(1)	February 2014-June 2016
Settled in	Shares	Shares	Cash
Lock-up period	July 2014-July 2016(2)	November 2015-November 2017(2)	N/A
Minimum number of share-based awards	700,000	347,530	448,585
Number of recipients	619	712	781
Features of "Employees" Plan			
■ number of shares per recipient	600	200	300
■ performance-related targets	Cumulative EBITDA(3) for 50% Average ROCE(4) for 50%	Cumulative EBITDA for 50% Average ROCE for 50%	Cumulative EBITDA for 50% Average ROCE for 50%
Features of "Managers" Plan			
■ total number of shares	343,750	205,530	214,885
■ performance-related targets	Cumulative EBITDA for 25% Average ROCE for 25% Cumulative EPS(5) for 25% TSR(6) for 25%	Cumulative EBITDA for 25% Average ROCE for 25% Cumulative EPS for 25% TSR for 25%	Cumulative EBITDA for 25% Average ROCE for 25% Cumulative EPS for 25% TSR for 25%
Share price used as taxation basis for calculating social contributions and employer's charges			
■ "Employees" Plan	€26.77	€19.73	€23.60
■ "Managers" Plan	€7.48	€6.88	€13.08

(1) For foreign subsidiaries, the vesting period is four years.
(2) There is no lock-up period for foreign subsidiaries.
(3) EBITDA is defined as the operating result before depreciation and amortisation, impairment of assets, other operating income and charges.
(4) ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill).
(5) EPS is defined as the Group's net earnings per share.
(6) TSR is Total Shareholder Return. Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).

The performance objectives are defined on the basis of the Group's consolidated financial statements.

Treasury stock

As of 30 June 2013 and 2014, the Company holds 263,909 equity shares for 6.1 million euros, recorded as "Cash and marketable securities" (see Note 5 "Cash and marketable securities").

NOTE 8. PROVISIONS FOR RISKS AND EXPENSES

"Provisions for risks and expenses" mainly includes the provision for allocating free shares (see Note 7.2 "Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards") and provisions for litigation.

The change in the provisions for risks and expenses is as follows:

(in thousands of euros)	30 June 2013	Allowance	Reversals (used provisions)	Reversals (unused provisions)	30 June 2014
Operating result	261	99	137	-	224
Financial result	154	-	109	45	-
Exceptional result	1,976	276	829	835	587
TOTAL	**2,391**	**375**	**1,075**	**880**	**811**

NOTE 9.
FINANCIAL DEBT

Loans and bank debt are denominated in euros with a five-year maturity period and are repayable at maturity. Breakdown is as follows:

(in thousands of euros)	30 June 2013	30 June 2014
Bank debt (between 1 and maximum 5 years)	800,000	800,000
Accrued interest	1,517	1,637
TOTAL	**801,517**	**801,637**

Maturities of debts are as follows:

(in thousands of euros)	30 June 2013	30 June 2014
2016	800,000	800,000
TOTAL	**800,000**	**800,000**

As of 30 June 2013 and 30 June 2014, Eutelsat Communications has access to the following credit facilities:

- a term loan for 800 million euros, bearing interest at EURIBOR plus a margin of between 1.50% and 3.25%, with maturity date of December 2016;
- a 200 million euro revolving credit line (undrawn as of 30 June 2014) entered into on 6 December 2011 with a five-year maturity.

The credit agreements include neither a guarantee by the Group, nor the pledging of assets to the lenders, but provide for restrictive clauses (subject to the usual exceptions contained in this type of loan agreement) which limit the capacity of Eutelsat Communications and its subsidiaries, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- sell assets;
- enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company and its subsidiaries.

The credit agreements allow each lender to request early repayment of all sums due if there is a change in control of the Company and of Eutelsat S.A. or in the event of concerted action. Furthermore, the Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan.

The credit agreements provide for a commitment to maintain Launch-plus-one-year insurance policies for any satellite located at 13° East and, for any other satellite, a commitment not to have more than one satellite not covered by a launch insurance policy.

Furthermore, the credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in accordance with IFRSs:

- Eutelsat Communications is required to maintain a total net debt to annualised EBITDA ratio (as defined contractually) which is less than or equal to 3.75 to 1, this ratio being tested as of 30 June and 31 December each year;
- furthermore, interest rate hedging is required for a minimum period of three years to limit exposure to interest rate risk for no less than 50% of the amounts drawn under the term loan facility.

››› Compliance with banking covenants

As of 30 June 2014, the Company was in compliance with all banking covenants under its credit facilities.

NOTE 10.
TAX AND EMPLOYEE-RELATED PAYABLES

Tax and employee-related payables are composed of the following:

(in thousands of euros)	30 June 2013	30 June 2014
State: accrued liabilities	143	85
Income tax	19,940	-
Output VAT	134	-
Staff: accrued liabilities	646	778
Social charges payable	492	354
TOTAL	**21,354**	**1,218**

All tax and employee-related payables mature within one year.

NOTE 11. PERSONNEL

The Company has no employees.

Compensation paid to senior managers is indicated in Note 18.2 "Compensation paid to members of the 'key management personnel'".

NOTE 12. REVENUES

Company revenue is generated through reinvoicing of services to its equity investments.

Activities mainly include managing their staff, setting up and implementing their industrial and commercial policies, their strategy and their technical, financial and institutional communication.

Revenue breakdown is as follows:

(in thousands of euros)	30 June 2013	30 June 2014
France	2,140	1,548
Export	88	(92)
REVENUE RECOGNITION	**2,228**	**1,456**

NOTE 13. FINANCIAL RESULT

The financial result is made up as follows:

(in thousands of euros)	30 June 2013	30 June 2014
Interest expense	(48,127)	(27,536)
Interest income	326	664
Proceeds from equity investments	237,030	302,392
Provisions on investments	(317)	317
Investment earnings	2	1
Proceeds from mutual fund investments	38	44
Hedging instruments	-	-
Other	(154)	61
TOTAL	**188,798**	**275,943**

The interest expense corresponds to existing loans (see Note 9 "Financial debt"), after taking into account interest received or paid on hedging instruments.

As of 30 June 2014, income from equity investments mainly consists of interim dividends and dividends from the subsidiaries Eutelsat Communications Finance (300 million euros) and Eutelsat S.A. (2 million euros).

For the year ended 30 June 2013, income from investments mainly consists of interim dividends and dividends from the subsidiaries Eutelsat Communications Finance (235 million euros) and Eutelsat S.A. (2 million euros).

NOTE 14. EXCEPTIONAL RESULT

The exceptional result comprises the following:

(in thousands of euros)	30 June 2013	30 June 2014
Gain on repurchase of treasury stock	990	823
Cost of free share grant invoiced to subsidiaries[1]	13,387	-
Reversal of provisions for tax risks	-	1,665
Exceptional income	**14,377**	**2,487**
Fines and penalties	-	35
Loss on repurchase of treasury stock	755	458
Cost of purchase of free shares allocated[1]	14,937	-
Exceptional depreciation and amortisation	77	-
Tax risk allocation	1,976	276
Exceptional charges	**17,745**	**769**
EXCEPTIONAL RESULT	**(3,368)**	**1,718**

(1) Free share plan of February 2010 granted on 1 February 2013.

NOTE 15.
TAX ON PROFITS

15.1. Tax consolidation

On 28 June 2006, the Company decided to apply a tax consolidation system to the Group consisting of itself and its subsidiary Eutelsat Communications Finance.

Under the tax consolidation agreement, the subsidiaries bear corporate income tax, social contributions and an 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 is the Company at the head of the tax consolidation group that bears or benefits from any additional tax expense or tax savings resulting from the application of such a system.

The scope of the tax consolidation group includes the entities Eutelsat S.A., Eutelsat Communications Finance S.A.S., Eutelsat VAS S.A.S, Fransat S.A. and Skylogic France S.A.S.

As of 30 June 2013 and 2014, the tax expense for the tax consolidation group is 183 million euros and 155 million euros respectively, and the amount due by the sub-subsidiaries under the tax consolidation agreement is 205 million euros and 174 million euros, which yields a profit of 22 million euros and 19 million euros respectively. As of 30 June 2014, the Company posted current accounts with respect to the tax consolidation system with debit balances for one million euros and credit balances for 41 million euros.

As a reminder, Eutelsat Communications' losses prior to the tax consolidation system were 43.3 million euros.

15.2. Tax audit

Eutelsat Communications S.A. Company was subject to a tax inspection procedure for financial years ended 30 June 2009, 2010 and 2011. As a result of the tax inspection, the French tax authorities issued a tax reassessment on 20 December 2012 amounting to 1.5 million euros, including late interest and penalties.

The proposed tax reassessments have been challenged. However, in view of the tax authorities' stance displayed in their reply dated 7 May 2013, as well as ongoing discussions, a provision for risks and expenses was set aside as of 30 June 2013.

During the first half of the financial year ended 30 June 2014, the Company signed an agreement with the French tax authorities providing for tax adjustments totalling 0.9 million euros, including late payment interest and penalties. This amount was entirely expensed and settled.

15.3. Common law provisions

As of 30 June 2014, the Company's estimated tax liability breaks down into current income and exceptional income, as follows:

(in thousands of euros)	Income before tax	Tax due	Net income
Current	264,875	(12,924)	277,791
Exceptional	1,718	(76)	1,802
TOTAL	**266,593**	**(13,000)**	**279,593**

Corporate tax includes the income tax rate estimated at 38.0% pursuant to the general arrangements for business taxation, and results from the application of the Amended Finance Act for 2012 (*Loi de finances rectificative* 2012) which introduced an additional 3% contribution on dividends, and the 2013 Finance Act (*Loi de finances* 2013) which caps deductibility of financial expenses at 85%.

15.4. Increases and reductions in future tax liability

(in thousands of euros)	30 June 2013	30 June 2014
Reductions in future tax liability:		
Loss carry-forwards(1)	14,910	14,910
Impairment of assets	-	-
Non-deductible provisions(2)	461	224
TOTAL	**15,371**	**15,134**
Increases in future tax liability:		
Other	-	-
TOTAL	**-**	**-**

(1) Rate used: 34.43%.
(2) Rate used: 36.10% as of 30 June 2013 and 38.0% as of 30 June 2014.

NOTE 16. MARKET RISK

The Company has exposure to market risks, particularly with regard to interest rates. Exposure to such risks is actively managed by Management, and for this purpose the Company employs a certain number of derivatives, the objective of which is to limit, where appropriate, exposure of revenue and cash flows to interest-rate risk. The Company's policy is to use derivatives to manage exposure to such risks. The Company does not engage in financial transactions whose associated risk cannot be quantified at their outset, *i.e.* the Company never sells assets it does not possess or does not know it will subsequently possess.

Eutelsat Communications S.A.'s exposure to interest-rate risk is managed by hedging its floating rate debt.

In order to hedge the risk on future cash flow changes related to floating rate coupon payments on its debt, the Company has implemented the following interest rate hedging instruments for hedging the term loan facility:

- two swaps for a notional amount of 350 million euros;
- two collars for a notional amount of 350 million euros; and
- one cap for a notional amount of 100 million euros.

16.1. Financial-counterpart risk

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Company minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits. The Company does not foresee any loss that would result from a failure by its counterparts to respect their commitments under the agreements concluded. The risks to which the Company is exposed are confined neither to the financial sector nor to any particular country.

16.2. Financial information at 30 June 2013 and 2014

The following table analyses the contractual or notional amounts and fair values of derivatives by type of contract:

	30 June 2013		30 June 2014	
(in thousands of euros)	Contractual or notional amounts	Fair values	Contractual or notional amounts	Fair values
FINANCIAL				
Swap 2015 no.1	175,000	(3,360)	175,000	(2,909)
Swap 2015 no.2	175,000	(3,408)	175,000	(2,909)
Collar 2015 no.1	175,000	(2,173)	175,000	(1,994)
Collar 2015 no.2	175,000	(2,148)	175,000	(1,988)
Cap 2015	100,000	191	100,000	0
TOTAL		**(10,898)**		**(9,800)**

NOTE 17. OTHER COMMITMENTS AND CONTINGENCIES

In accordance with the loan agreements referred to in Note 9 "Financial debt", Eutelsat Communications has commitments to perform or not to perform certain actions.

This type of commitment cannot be quantified.

The Company's off-balance sheet purchase commitments maturing within less than one year stand at 0.3 million euros.

NOTE 18. RELATED-PARTY TRANSACTIONS

Related parties are defined as any third parties having a direct or indirect capital-based link (not exceeding 99%) with Eutelsat.

More specifically, related-party transactions consist of the direct and indirect shareholders who have significant influence (which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of a subsidiary of the Company, the companies other than subsidiaries in which Eutelsat has an equity and "key senior managers".

The Company considers that the concept of "key management personnel" as applied to the governance of Eutelsat includes members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEO and the other members of the Board of Directors.

18.1. Related parties that are not members of the "key management personnel"

Amounts due by or owed to related parties and included on the balance sheet within current assets and liabilities are as follows:

(in thousands of euros)	30 June 2013	30 June 2014
Gross receivables (including unbilled revenues)	982	-
Inter-company accounts: receivables (payables)	9,516	40,195
Debt (including accrued invoices)	590	669

Current assets comprise trade receivable balances, inter-company accounts and unbilled revenues, but do not take into account any provisions for bad debts.

Transactions with related parties included in the income statement are as follows:

(in thousands of euros)	30 June 2013	30 June 2014
Revenues	2,228	1,456
Transfer of expenses	14,168	-
Operating charges	2,157	2,292
Financial result	2,117	2,428

18.2. Compensation paid to members of the "key management personnel"

Gross compensation (including employer's contributions) paid by the Company to its Directors and Corporate Officers during the financial period ended 30 June 2014 breaks down as follows:

(in millions of euros)	30 June 2014
Short-term benefits	1.6
Post-employment benefits	Not applicable
Share-based payment	See below

Free share allocation programmes and share-based awards in force as of 30 June 2014:

During its meetings of 28 July 2011, 8 November 2012 and 13 February 2014, the Board of Directors approved new free share allocation plans (see Note 7.2 "Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards") and decided to grant a maximum of 155,377 free shares in Eutelsat Communications to members of the Company's administrative and Management bodies under the conditions set out in the plan. It also decided to define a 50% holding rate for all fully vested shares during the terms of office of Eutelsat's non-executive directors and corporate officers (*mandataires sociaux*).

As of 30 June 2014, the gross value of the benefit granted has been estimated at 1,081 thousand euros, spread over a three-year vesting period.

Expenses related to free share allocation plans and share-based awards

The gross expense recorded under staff expenses for the financial years ended 30 June 2013 and 30 June 2014 was 559 thousand euros and 87 thousand euros respectively.

On July 2013 and October 2013, members of the Board of Directors received 338 thousand euros as attendance fees in respect of the financial year 2012-2013.

No payment was made in respect of the financial year 2013-2014.

NOTE 19.
FINANCIAL INFORMATION RELATED TO SUBSIDIARIES AND EQUITY INVESTMENTS

The table below contains the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2014:

(in thousands of euros)	Capital	Other components of shareholders' equity as of 30 June (local accounts)	Percentage of ownership (as a %)	Last financial period ended: Revenues (local accounts)	Last financial period ended: Net income (local accounts)
Eutelsat Communications Finance RCS No. 490416674 Paris Headquarters in Paris (period ended 30/06/2014)	5,000	2,949,092	100%	-	314,182

The table below provides aggregated information on all investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2014:

(in thousands of euros)	Gross book value of investments	Provision for impairment	Loans and advances	Pledges and guarantees granted	Dividends received
Subsidiaries and equity interests	2,401,488	-	-	-	300,000

NOTE 20.
SUBSEQUENT EVENTS

No significant event occurred between the balance sheet date and the date on which the financial statements were approved by the Board of Directors.

07 OTHER INFORMATION

7.1 LEGAL INFORMATION REGARDING THE GROUP

7.1.1 GROUP HISTORY AND DEVELOPMENT

7.1.1.1 Corporate and trading name

Eutelsat Communications.

7.1.1.2 Commercial and Corporate Registry

Eutelsat Communications is registered with the French *Registre du Commerce et des Sociétés* in Paris (Paris Registry of Trade and Businesses) under number 481 043 040.

7.1.1.3 Incorporation date and duration

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

7.1.1.4 Registered office, legal form and applicable legislation

Registered office

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

Legal form and applicable legislation

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

7.1.1.5 Key events

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

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

Eutelsat IGO has been maintained as an intergovernmental organisation and currently includes 49 European countries.

In February 2005, Eutelsat Communications was incorporated. In April 2005 it acquired Eutelsat S.A., and in June 2005, it bought out some of Eutelsat S.A.'s non-controlling interests.

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

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

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

In July 2009, CDC Infrastructure sold all its shareholding in Eutelsat Communications representing 25.66% of share capital and voting rights to CDC in an off-market transaction. Then, CDC transferred the entirety of its stake in the Company to the *Fonds Stratégique d'Investissement* ("FSI").

In March 2010, to refinance its bank debt, Eutelsat S.A.:

- set up a 450 million euro revolving credit facility with a 5-year maturity;
- issued a seven-year 850 million euro inaugural unsecured eurobond on the Luxembourg Stock Exchange regulated market.

In December 2011, the Group refinanced Eutelsat Communications S.A.'s debt notably by:

- setting up a new 800 million euro term loan at Eutelsat Communications S.A. level and a new 200 million euro revolving credit facility, both maturing in December 2016;
- an unsecured 800 million euro bond issue at Eutelsat S.A. level on the Luxembourg Stock Exchange's regulated market, maturing in January 2019.

In January 2012, Abertis Telecom announced the disposal of 16.1% of Eutelsat Communications through an Accelerated Book Building ("ABB") with qualified investors. Then Abertis Telecom announced the disposal to China Investment Corporation (CIC) of a 7.00% shareholding in the Group in June 2012. The disposal of a further 1.08% shareholding was announced in February 2013, and in June 2014 5.01% of share capital was sold to qualified investors through an accelerated bookbuilding process. As of the filing date of this Reference Document, Albertis Telecom no longer holds any interest in Eutelsat Communication's capital.

In September 2012, the Group finalised the acquisition of the GE-23 satellite (renamed EUTELSAT 172A) and its associated assets for a total amount of 228 million U.S. dollars.

In October 2012, given notably the acquisition of the GE-23 satellite, Eutelsat S.A. issued an unsecured 300 million euro bond issue at Eutelsat S.A. level on the Luxembourg Stock Exchange's regulated market, maturing in October 2022.

Since 12 July 2013, in the framework of the establishment of the *Banque Publique d'Investissement*, the 25.62% stake of share capital and voting rights of Eutelsat Communications previously held by the FSI is now held by Bpifrance Participations, which is wholly owned by BPI Groupe S.A. (50% owned by the CDC and 50% owned by French government and EPIC BPI Groupe).

On 31 July 2013, the Group announced the acquisition of 100% of the share capital of Satmex, the Mexican satellite operator, for an amount of 831 million U.S. dollars. The transaction was closed on 1 January 2014, having obtained all required government and regulatory approvals.

On 9 December 2013, to cover financing requirements related to the acquisition of Satmex, Eutelsat S.A. issued unsecured 6-year bonds for a total amount of 930 million euros on the Luxembourg Stock Exchange's regulated market.

7.1.2 GENERAL INFORMATION ON THE SHARE CAPITAL

7.1.2.1 Share capital

At the filing date of this Reference Document, the share capital stood at 220,113,982 euros, divided into 220,113,982 ordinary shares, each with a par value of one euro.

The Company's shares are fully subscribed, fully paid-up and they are all in the same category.

The Company's shares have been admitted for trading since 2 December 2005 in compartment A of NYSE Euronext Paris under the ISIN code FR0010221234.

7.1.2.2 Securities not representing the share capital

None.

7.1.2.3 Shares held by the Company or for its own account

Share buy-back programme

The Company's General Meeting held on 7 November 2013 authorised the Board of Directors to proceed with purchases of its own shares by the Company pursuant to Articles L. 225-209 *et seq.* of the French *Code de commerce*, within a 10% limit of the share capital (excluding external growth transactions) and for a maximum unit price of 50 euros. The Company's Board of Directors meeting held the same day decided to implement the authorised share buy-back programme, that can be used exclusively for the liquidity contract and for long-term incentives programmes.

The report on the implementation of the share buy-back programme and the use of the shares, as required under Articles L. 225-211 of the French *Code de commerce* is as follows (excluding the liquidity contract):

- number of shares purchased during the financial year ended 30 June 2014 pursuant to Articles L. 225-208, 209 and 209-1 of the French *Code de commerce*: none;
- number of shares held as treasury stock at 30 June 2014: 263,909:
  - estimated value at acquisition price: 6.1 million euros,
  - number of shares used: none,
  - possible reallocations: not applicable,
  - portion of capital represented: 10% maximum.

The Company publishes on its website, under the heading: http://www.eutelsat.com/fr/investors/programme-rachat-actions.html, the transactions realised in its own shares (excluding those realised under the liquidity agreement), in compliance with the applicable law.

Shares held under free share allocation plans for 2011 and 2012

As of 30 June 2014, under the free share allocation plans of 28 July 2011 and 8 November 2012 as detailed in Section 2.3.1 "Compensation and other benefits paid to the Company's Corporate Officers and Executive Directors", the Company held 263,909 of its own shares.

Shares held under liquidity agreement

In 2007, the Company entrusted Exane BNP Paribas with implementing a liquidity agreement in line with the AMAFI Code of Ethics. This agreement was amended by an addendum in 2011 in order to take into account the updated accepted market practice published by the AMF on 24 March 2011. It was modified again by an addendum on 12 June 2013.

As of 30 June 2014, the liquidity provider had purchased 138,627 shares in the name of and on behalf of the Company, representing a total of 3.4 million euros.

7.1.2.4 Other securities giving access to the share capital

None.

7.1.2.5 Share capital authorised but not issued

The table below summarises the delegations of power and authorisations granted to the Board by the General Meetings of Shareholders on 8 November 2011, 8 November 2012 and 7 November 2013 and remaining in force at the filing date of this Reference Document:

	Operation concerned	Maximum nominal amount	Duration of authorisation and expiry date
1.	**Authorisation granted to the Board of Directors for the purchase by the Company of its own shares** (9th resolution– OGM of 7 November 2013).	10% of the share capital except for shares acquired with a view to their retention or future delivery in connection with a merger, demerger or asset-for-share transfer or external growth operations: 5% of share capital.	Maximum duration of 18 months as from the OGM of 7 November 2013.
2.	**Delegation of power to the Board of Directors:**		
	(i) to issue ordinary shares in the Company and/or securities conferring rights to ordinary shares in the Company: **a - with maintained preferential subscription rights for shareholders** (12th resolution OGM of 7 November 2013), **b - without preferential subscription rights for shareholders in the case of a public offering** (13th resolution OGM of 7 November 2013), **c - without preferential subscription rights for shareholders in the case of a private placement pursuant to chapter II of the Article L. 411-2 of the Financial and Monetary Code** (14th resolution OGM of 7 November 2013), **d - in the event of a public exchange offer initiated by the Company** (17th resolution OGM of 7 November 2013), **e - to remunerate contributions in kind within the limit of 10% of the Company's share capital except public exchange offer initiated by the Company** (18th resolution OGM of 7 November 2013);	**a -** 44 million euros (chargeable to the total common ceiling for the 12th to 14th, 17th to 19th and 21st resolutions of the OGM of 7 November 2013); **b -, c -, d - and e -** 22 million euros (chargeable to the total common sub-ceiling for the 13th and 14th, 17th to 19th and 21st resolutions of the OGM of 7 November 2013); **c -** 20% of share capital per year; **e -** 10% of share capital.	Maximum duration of 26 months as from the OGM of 7 November 2013.
	(ii) to increase the share capital through the incorporating of reserves, profits, premiums or other sums whose capitalisation is admitted (11th resolution OGM of 7 November 2013);	44 million euros (separate ceiling).	Maximum duration of 26 months as from the OGM of 7 November 2013.
	(iii) to issue: **a - ordinary shares as a result of the issuance by the Company's subsidiaries of securities conferring rights to the Company's ordinary shares** (19th resolution OGM of 7 November 2013), **b - securities conferring rights to the allocation of debt securities** (20th resolution OGM of 7 November 2013).	**a -** 22 million euros (chargeable to the total common sub-ceiling for the 13th and 14th, 17th to 19th and 21st resolutions of the OGM of 7 November 2013); **b -** 1.5 billion euros (separate ceiling).	Maximum duration of 26 months as from the OGM of 7 November 2013.
3.	**Authorisation granted to the Board of Directors to increase the number of shares to be issued in the case of a capital increase with or without preferential subscription right, decided in application of the 12th to 14th resolutions** (16th resolution OGM of 7 November 2013).	Ceiling set forth in the resolution under which the initial issue has been decided +15% of initial offering size.	Maximum duration of 26 months as from the OGM of 7 November 2013.

Operation concerned	Maximum nominal amount	Duration of authorisation and expiry date
4. **Authorisation granted to the Board of Directors to:**		
(i) increase the share capital by issuing ordinary shares and/or securities conferring rights to the Company's capital reserved to members of a Company or Group savings plan (21st resolution OGM of 7 November 2013);	2 million euros (chargeable to the sub-ceiling common to the 13th to 14th, 17th to 19th and 21st resolutions of the OGM of 7 November 2013).	26 months as from the OGM of 7 November 2013.
(ii) to grant: **a - free shares in the Company to eligible employees and Corporate Officers of the Company or Group** (32nd resolution of the OGM of 8 November 2011), **b - stock and/or purchase options in the Company's ordinary shares to eligible employees and Corporate Officers of the Company or Group** (33rd resolution OGM of 8 November 2011);	0.5% of the share capital (ceiling common to the 32nd and 33rd resolutions of the OGM of 8 November 2011).	A maximum of 38 months as from the OGM of 8 November 2011.
(iii) to reduce the share capital by cancelling shares acquired by the Company under its share repurchase programme (10th resolution OGM of 7 November 2013).	10% of the share capital by periods of 24 months.	A maximum of 18 months as from the OGM of 7 November 2013.

During the financial year ended 30 June 2014, the Board of Directors used the authorisation granted under the 9th resolution of the OGM of 7 November 2013 within the framework of the liquidity agreement to stimulate trading in the secondary market.

The table below summarises the delegations of power and authorisations that will be proposed to the General Meeting of Shareholders scheduled on 7 November 2014:

Nature of the authorisations	Cap	Maximum period of the authorisations
Authorisation to be granted to the Board of Directors to purchase the Company's own shares (resolution No. 9)	10% of the share capital, except for shares acquired with a view to their retention or future delivery in connection with an external growth operations, a merger, a demerger or an asset-for-share transfer : 5% of share capital.	18 months, starting from the date of the Shareholders' Meeting
Authorisation granted to the Board of Directors to reduce the share capital through the cancellation of shares acquired by the Company in connection with its buy-back programme (resolution No. 10)	10% of the share capital in any given 24-month period	18 months, starting from the date of the Shareholders' Meeting

7.1.2.6 Options or agreements concerning the share capital of the Company or of a member of the Group

Not applicable.

7.1.2.7 Changes in the share capital up to the filing date of this Reference Document

There has been no change in the share capital in the three years preceding the filing date of this Reference Document.

7.1.2.8 Pledges, guarantees and securities

Pledges of Company shares

To the best of the Company's knowledge, at the filing date of this Reference Document, no Company share was pledged.

Pledges, guarantees and securities on the Company's assets

To the best of the Company's knowledge, at the filing date of this Reference Document, the Company's assets were neither pledged nor used as collateral or security deposits.

7.1.3 ORGANISATIONAL DOCUMENTS AND BY-LAWS

The provisions described in the following paragraphs provide a summary of the Company's By-laws applicable at the filing date of this Reference Document.

7.1.3.1 Corporate purpose (Article 3 of the by-laws)

The Company's corporate purpose in France and abroad shall be:

- to supply Space Segment capacity, and satellite communications systems and services. To this end, the Company shall undertake any activities relating to the design, development, construction, installation, operation and maintenance of its Space Segment and those satellite systems and services; and

- more generally, to acquire an equity interest in any enterprise or company that has been formed or is to be formed and participate in any transactions of any nature, be they financial, commercial, industrial, civil, real-estate-related or other, pertaining directly or indirectly to that corporate purpose or to any similar, related or complementary purposes, and likely to promote, directly or indirectly, the aims pursued by the Company, its expansion into other fields, its growth and its assets.

The term "Space Segment" shall designate a set of telecommunications satellites, and the tracking, telemetry, command, control, monitoring and related facilities and equipment necessary for the operation of those satellites.

7.1.3.2 Board of Directors, Committees and Observer (Articles 13 to 19 of the By-laws)

The Company is administered by a Board of Directors composed of at least three and at most 12 Board Members, subject to the exceptions stipulated by law. Board Members are appointed for a period of four years by the Ordinary General Meeting of Shareholders.

Board Members may be re-elected and their term of office may be revoked at any time by decision of the Ordinary General Meeting of Shareholders.

No one may be appointed to be a Board Member if he/she has passed the age of 70 and if, as a result of his/her appointment, more than one third of the members of the Board will have exceeded that age.

From among its members, the Board of Directors shall elect a Chairman, who shall be an individual, failing which the appointment shall be null and void.

The Chairman shall be appointed for a period that may not exceed the duration of his/her term of office as a Board Member. He/she may be re-elected.

The Board of Directors may revoke his/her appointment at any time.

No Board Member aged 71 or over may be elected as Chairman of the Board of Directors. The term of office of the Chairman of the Board of Directors will automatically come to an end at the close of the General Meeting of Shareholders held after the date on which the Chairman of the Board of Directors has reached the aforementioned age.

The Chairman of the Board of Directors shall organise and manage the work of the Board, about which he/she shall report to the General Meeting of Shareholders. He/she shall see to it that the bodies of the Company function properly and, specifically, ensure that the Board Members are able to do their work.

Board Meetings

The Board of Directors shall meet as often as required by the Company's interest, in response to a notice from its Chairman. Moreover, if the Board has not met for more than two months, Board Members who together constitute at least one third of the members of the Board may ask the Chairman to convene it for a specific agenda. The Chief Executive Officer may also ask the Chairman to convene the Board for a specific agenda.

Notices of meetings shall be given by any means, even orally.

Quorum–Majority–Minutes of meetings

The Board of Directors may deliberate validly if at least half of its members are present.

Decisions are made by a majority of the members present or represented.

In the event of a tie, the Chairman's vote shall be decisive.

In accordance with statutory and regulatory provisions and except for transactions indicated specifically by the applicable law, the Internal rules may provide that the Board Members who participate in the meeting by means of video conference or any other telecommunications technologies permitting their identification and guaranteeing their actual participation under the conditions set by the applicable regulations, shall be considered present for calculating the quorum and the majority.

Meetings of the Board of Directors shall be recorded in minutes, written in a special register numbered and initialled and kept at the registered office pursuant to regulatory provisions.

Representation

Any Board Member may, in writing, authorise another Board Member to represent him/her at a meeting of the Board.

During one and the same meeting, each Board Member may hold only one of the proxies received under the preceding paragraph.

These provisions shall be applicable to the permanent representative of a legal entity appointed as a Board Member.

Powers

The Board of Directors determines the priorities for the Company's business activities and ensures that they are implemented. Subject to the powers expressly vested in General Meetings of Shareholders and within the limit of the corporate purpose, it shall take up any question involving the proper operation of the Company and shall settle, by its deliberations, the matters that concern it.

In dealings with third parties, the Company shall be bound even by acts of the Board of Directors that do not fall within the corporate purpose, unless it can prove that the third party knew that the act exceeded that purpose or if the third party could not have been ignorant of that fact considering the circumstances. Mere publication of the By-laws shall not be sufficient to constitute such proof.

Committees

The Board may decide to create committees to study the questions that it or its Chairman submits for examination and opinion. The Board shall determine the composition and powers of the committees, which shall conduct their activity under its responsibility. It shall furthermore determine the remuneration of the persons who are members of the committees.

Compensation

The General Meeting of Shareholders may allocate to Board Members, in consideration for their activities, by way of Board Members' attendance fees, an annual fixed sum that the Meeting determines, without being bound by previous decisions.

The Board of Directors shall freely distribute among its members the total amounts allocated to the Board Members in the form of attendance fees.

The Board of Directors may allocate extraordinary compensation for duties or appointments assigned to Board Members under the conditions provided by law.

Board Members who are bound to the Company by an employment contract may receive compensation on the basis of that employment contract under the conditions provided by law.

The Board of Directors may authorise the reimbursement of travel costs and expenses incurred by the Board Members in the Company's interest.

Observer *(censeur)*

The position of Observer has been created.

This Observer position is reserved for the individual who holds the position of Executive Secretary of Eutelsat IGO and may only be exercised by this individual.

No person may be an Observer if he/she has any direct or indirect relationship with any direct or indirect competitor of any entity of the Eutelsat Group (Eutelsat Group being defined as Eutelsat Communications and all entities controlled directly or indirectly by Eutelsat Communications, including Eutelsat S.A., where "Control" has the meaning ascribed to such term in Article L. 233-3 of the French *Code de commerce*).

In the event of a vacancy in the position of Executive Secretary of Eutelsat IGO, the Observer's position shall remain vacant as long as the Executive Secretary position remains vacant.

The Observer shall be called to and may attend meetings of the Board of Directors and express his/her point of view on any item on the agenda, but he/she may not take part in the voting.

The Observer may not be represented at a meeting of the Board of Directors except, if it is impossible for him/her to attend a meeting, with the approval of the Chairman of the Board.

The Observer shall receive the same information and the same documentation as the Board Members, the afore-mentioned information and documentation being sent concurrently to the Board Members and Observer.

All the information brought to the attention of the Observer in connection with his/her duties shall be considered strictly confidential and he/she shall be bound by the same obligations as the Board Members (unless such information has fallen into the public domain).

No confidential information may be disclosed to a third party by the Observer without first having been authorised by the Chairman of the Board of Directors, the CEO if the latter is not the Chairman, or the Deputy CEO.

7.1.3.3 Form of shares– Identification of shareholders (Article 10 of the By-laws)

The shares shall be in registered or bearer form, at the option of each shareholder. They shall be recorded in an account pursuant to laws and regulations.

For purposes of identifying the holders of bearer shares, the Company shall have the right, at any time, in return for compensation at its expense, to ask the central depositary that keeps the Company's securities account, under current statutory and regulatory conditions, for information about the holders of shares that immediately or ultimately confer the right to vote at Meetings of Shareholders and the number of shares held by each of them and any restrictions that may affect such shares.

7.1.3.4 Rights and obligations attached to shares (Article 12 of the By-laws)

The shares shall be indivisible with respect to the Company.

The co-owners of undivided shares shall be represented at General Meetings of Shareholders by one of them or a single agent. In the event of disagreement, the agent shall be designated by a court of law at the request of the co-owner who acts first.

According to the version of the By-laws in force at the date of filing of this reference document, each share confers the right to one vote at General Meetings of Shareholders.

In order to draw the consequences of Article L. 225-123 paragraph 3 of the French *Code de commerce*, as amended by Law No. 2014-384 of 29 March 2014 "which is aimed at regaining the real economy", pursuant to which "In companies whose shares are admitted to trading on a regulated market, double voting rights [laid down in the first paragraph] are automatic, unless otherwise provided for in the articles of association by a decision adopted after the enactment of [said law], for all fully paid-up shares that have been registered for two years in the name of the same owner (…)", it will be proposed to the General Shareholders' Meeting of 7 November 2014 to adopt the amendment of the articles of association designed to confirm that each share gives entitlement to one single vote within general shareholder's meetings.

The By-laws impose no limit on voting rights.

The voting right shall belong to the beneficial owner at Ordinary General Meetings and to the owner of title at Extraordinary General Meetings. However, shareholders may agree among themselves to any other distribution for exercising the voting right at General Meetings of Shareholders, provided that the beneficial owner is not deprived of the right to vote on decisions concerning the profits. In this case, they must bring their agreement to the Company's attention by registered letter with acknowledgement of receipt sent to the head office. The Company shall be required to respect that agreement for any General Meetings held at least five days after receipt of the notice of that agreement.

Even deprived of the voting right, the owner of title of the shares shall always have the right to participate in General Meetings of Shareholders.

Each share shall give the right to a stake in the Company's assets, the liquidation surplus and the profits, in proportion to the percentage of the share capital that it represents.

Possession of a share shall automatically entail adherence to these By-laws and the resolutions duly adopted by the General Meeting of Shareholders.

Whenever it is necessary to own several shares in order to exercise any right, the owners of isolated shares or a number of shares less than the required number may exercise those rights only on the condition that they personally see to the pooling and, possibly, the purchase or sale of the required number of shares.

Each share is entitled, if applicable, to the dividend approved by the Annual General Meeting of Shareholders.

7.1.3.5 Modification of the rights attached to shares

Modification of the rights attached to shares is subject to legal requirements, as the Company's By-laws do not contain any specific provisions in this respect.

7.1.3.6 General Meetings of Shareholders (Article 21 of the By-laws)

The collective decisions of the shareholders shall be made in General Meetings of Shareholders under the conditions defined by law. Any General Meeting duly convened shall represent all shareholders of the Company.

The resolutions of the General Meetings shall be binding on all shareholders, even those who are absent, dissenting or deemed legally incapable.

General Meetings shall be called and convened under the conditions set by the law and the regulations.

Meetings shall take place at the registered office or at any other location stated in the convening notice.

Shareholders will have to produce evidence of their right to take part in General Meetings of the Company in accordance with the applicable regulations.

If not attending the General Meetings in person, a shareholder may choose between one of the following three options: give a proxy to any person of his choice, or vote by mail, or send a proxy to the Company without indicating any agent, under the conditions provided in the law and regulations.

An intermediary who has satisfied the applicable statutory provisions may, under a general power of attorney for management of securities, convey for a General Meeting the vote or the proxy of an owner of shares who does not have his/her domicile in French territory.

The Company shall have the right to ask the intermediary indicated in the preceding paragraph to furnish a list of the non-resident owners of the shares to which those voting rights are attached and the number of shares held by each of them.

According to the version of the By-laws in force at the date of filing of this reference document:

- Under the conditions set by the law and regulations, shareholders may send their proxy and voting forms concerning any General Meeting of Shareholders either in paper form or, by decision of the Board of Directors indicated in the convening notice, by remote transmission.
- In the event of remote voting, only the forms received by the Company by 3:00 p.m. (Paris time), at the latest on the day before the General Meeting is held, shall be counted.
- The Board of Directors may shorten or eliminate the time period indicated in the preceding section.

In order to streamline the procedures for voting by correspondence by shareholders at General Meetings and to thereby promote participation in corporate life, it will be proposed to the General Shareholders' Meeting of 7 November 2014 to adopt the amendment of this clause of the articles of association in order to allow shareholders, upon decision by the Board of Directors, to complete, sign and send their correspondence voting form electronically. This is set forth in a draft resolution as follows:

- Shareholders may, under conditions provided for by law and regulations, send their proxy and correspondence voting form concerning any Shareholders' Meeting, either in paper form, or, upon decision by the Board of Directors, by electronic means of telecommunications until 3:00 p.m. (Paris time) the day before the General Meeting; the mailing procedures will be specified by the Board of Directors in the meeting notice and convening letter.
- The correspondence or proxy voting forms, along with the certificate of participation, may be established using electronic media duly signed under conditions set forth by the applicable legal and regulatory provisions.
- To this end, the form may be completed and electronically signed on the Internet site set up by the centralising agent of the Shareholders' Meeting.

Legal representatives of shareholders deemed legally incapable and individuals representing legal-entity shareholders shall participate at the General Meetings, irrespective of whether or not they are themselves shareholders.

General Meetings of Shareholders shall be chaired by the Chairman of the Board of Directors or, in his absence, by a Board Member specially delegated for that purpose by the Board. Otherwise, the General Meeting itself shall elect its Chairman.

The duties of scrutineers shall be performed by the two members of the General Meeting present and accepting those duties, who have the largest number of votes. A secretary shall be designated who may be chosen from those who are not shareholders.

An attendance sheet shall be kept under the conditions provided by the law and regulations.

Minutes shall be kept and copies or extracts of the resolutions shall be issued and certified pursuant to the law and regulations.

Ordinary General Meetings and Extraordinary General Meetings shall meet on first call and, if applicable, on second call under the quorum conditions provided by law.

Resolutions of General Meetings shall be adopted under the majority conditions provided for by law.

Shareholders who participate in the Meeting by video conference or by telecommunications media making it possible to identify them under the conditions set by the regulations applicable at the time of its use shall also be considered present for calculating the quorum and majority.

Ordinary General Meetings and Extraordinary General Meetings shall exercise their respective powers under the conditions provided by law.

7.1.3.7 Crossing of statutory thresholds (Article 11 of the By-laws)

The shares shall be freely transferable, subject to statutory and regulatory provisions.

The assignment of shares, regardless of their form, shall occur by transfer from account to account under the conditions and according to the terms provided by law.

In addition to the legal obligations to report the crossing of thresholds or declaration of intent, any individual or legal entity, acting alone or in concert, that comes to possess, in any way, pursuant to Articles L. 233-7 *et seq.* of the French *Code de commerce*, directly or indirectly, a number of shares representing a stake equal to 1% of the capital and/or voting rights of the Company, must inform the Company of the total number of shares and voting rights that it possesses, and the number of securities that it owns that ultimately give access to the capital and the voting rights that are attached thereto, by registered letter with acknowledgement of receipt sent to the head office, or by any equivalent means for shareholders or bearers of securities domiciled outside France, within five stock exchange business days after that threshold is crossed. This information shall be renewed for the holding of each additional stake of 1% of the capital or voting rights without limitation.

This disclosure obligation shall apply under the same conditions as those stipulated above whenever the percentage of the share capital and/or voting rights possessed becomes less than a multiple of 1% of the capital or voting rights.

If not duly disclosed under the conditions stipulated above, the shares that exceed the percentage that should have been reported shall, upon request, be recorded in the minutes of the General Meeting, from one or more shareholders holding a percentage of the capital or the voting rights of the Company at least equal to 1%, be deprived of the voting right for any General Meeting of Shareholders that is held until the expiry of a period of two years following the date of rectification of the notice.

7.1.3.8 Changes in the share capital (Article 8 of the Company's By-laws)

The share capital may be increased, reduced or redeemed under the conditions set by law.

7.2 OTHER OPERATIONAL INFORMATION

7.2.1 SATELLITE AND COMMUNICATIONS CONTROL

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 acquired from France Telecom in September 2004. There is full back-up between the Paris and Rambouillet facilities. The first control centre handles satellite telemetry and remote control ("Satellite Control Centre") and the second is responsible for managing traffic on the space segment ("Communications Control Centre"). All software used to control the satellite platforms and communications payload was developed by companies in accordance with the Group's specifications.

The Group monitors its satellites and communications 24 hours a day, 365 days a year and, as of 30 June 2014, employed more than 100 expert technicians and engineers for this purpose.

Eutelsat S.A.'s satellite and communications control activities are certified ISO 9001 (quality management system) and ISO 27001 (management of information security system).

Satmex's Satellites (EUTELSAT 113 West A, 115 West A and 117 West A) are operated from Satmex's control centres locatel respectively in Iztapalapa, Mexico City (Mexico) and in Hermosillo (Mexico). These centres are redundant and they have the same functions as the centres located in France. Their activities are also certified ISO 9001.

››› Activities of the Satellite Control Centre

The Group managed the 31 satellites it owned as of 30 June 2014 (including the three Satmex's Satellites controlled from Mexico), with support from a contractor for EUTELSAT 12 West A. Telstar 12 is controlled by Skynet, SESAT 2 by RSCC, while EUTELSAT 3A is controlled by China Satcom.

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

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

The satellite control centre is connected to a TCR (telemetry, command and ranging) station network to communicate with the satellites. The Rambouillet teleport contains the largest number of TCR stations. Furthermore, the Group has entered into long-term service agreements with five operators who provide capacity at their transmission/reception earth stations and perform telemetry and in-orbit monitoring operations. These contracts also cover the operation and maintenance of the Group's equipment installed at 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, Caniçal in Madeira, Makarios in Cyprus and Fucino in Italy. The different stations and control centres are all linked up with a network of protected and redundant voice/data lines. The network and the location of the sites were selected so that operations could be continued even if one of the sites were to become unavailable. For satellites controlled from Mexico, TCR stations are located on the same sites as the main control centre (Iztapalapa) and the backup control centre (Hermosillo).

The Rambouillet teleport is also used for in-orbit positioning of new satellites joining the Group's fleet. LEOP ("Launch and Early Orbit Phase") operations on a geostationary satellite were successfully performed for the first time from Rambouillet for the EUTELSAT 7A satellite in March and April 2004. Since then, LEOP operations have been carried out from the Rambouillet site for all satellites except for EUTELSAT 16A and EUTELSAT 25B, for which LEOP operations were conducted by the manufacturers Thales Alenia Space and Space Systems Loral respectively, following their launch in October 2011 and August 2013. For satellites controlled from Mexico, positioning operations were performed by the satellite manufacturer (Boeing and Loral).

››› Activities of the Communications Control Centre (CSC)

Payload control is carried out for all satellites and transponders whose capacity is marketed by the Group, including satellites owned by other companies. For this purpose, the Group has a set of facilities at its Paris and Rambouillet sites and at Iztapalapa and Hermosillo for Satmex's satellites. In addition to these facilities, the Group has service contracts with operators of 13 sites worldwide, selected according to the geographical coverage of the 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, Doubna (Russia), Hartebeesthoek (South Africa) for Sub-Saharan Africa, Singapore for the Far East, Yaoundé (Cameroon) for Western Africa, Dubai (United Arab Emirates) for beams covering North Africa and the Arabian peninsula, Mauritius for the Indian Ocean, Cagliari (Sicily) for the Western Mediterranean and North Africa, Yamaguchi in Japan for the North of the Pacific Ocean and the West of Asia, Noumea in New Caledonia for the South of the Pacific Ocean and Madagascar in order to reinforce the facilities on Mauritius. The last two sites are heavily impacted by violent weather conditions. 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 site operators.

In addition to this infrastructure, Eutelsat also operates nine other sites dedicated to the control of EUTELSAT KA-SAT 9A.

All equipment is managed automatically and centrally by the Communications Control Centre (CSC), which has been based at the Rambouillet teleport since December 2007, with a back-up centre in Paris (except for the satellites managed from Mexico). The two centres are connected to each other and to each monitoring site *via* a network of protected and redundant voice/data communication lines.

7.2.2 TECHNICAL FAILURES AND LOSS OF EQUIPMENT

The theoretical length of operation in stable orbit of the Group's satellites is generally between 12 and 15 years. However, because of the launch configuration and the remaining estimated propellant on-board after positioning the satellite, the operational lives of the Group's most recently launched satellites (EUTELSAT 7A, EUTELSAT 9A, EUTELSAT HOT BIRD 13B and 13C, EUTELSAT 3C, EUTELSAT 10A, EUTELSAT 36B, EUTELSAT KA-SAT 9A, EUTELSAT 7 West A, EUTELSAT 16A, EUTELSAT 21B, EUTELSAT 70B, EUTELSAT 3D, EUTELSAT 25B and EUTELSAT 3B) were estimated between approximately 14 years and more than 20 years once they became operational. A number of factors can reduce the operating life of a satellite and/or affect its transmission capability, including:

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

The Group believes that on the whole, its fleet of satellites is in good operating condition. Some of the Group's satellites, however, have experienced equipment failure and are currently operating with their back-up equipment.

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

In 1999, the Group experienced operational anomalies on its EUTELSAT 16B and EUTELSAT 25A satellites due to a faster-than-expected deterioration in some solar panels (the power source for satellites). To date, these defects have only had a limited impact on the satellites (four transponders were shut down on each satellite).

The EUTELSAT 12 West A satellite has suffered a number of failures since it began operational service in October 2002. All necessary measures have been taken to solve the problems encountered.

Additionally, the EUTELSAT 5 West A and EUTELSAT HOT BIRD 13A satellites experienced a minor reduction in battery power (the reduction in battery power of EUTELSAT 5 West A was caused by the loss of six cells out of 108 during the eclipse period in March-April 2004). These batteries provide satellites with energy during the two annual eclipse periods. A loss of cells leads to a reduction in the electrical power of satellites and may result in reduced transmission capabilities during such periods. To date, these failures have only had a very limited impact on the overall performance of satellites during eclipses.

On 16 June 2008, EUTELSAT 70A suffered an anomaly in one of its power generation sub-systems. The satellite's power sub-system was stabilised following a technical investigation carried out jointly with the manufacturer, Thales Alenia Space. However, the default reduced the satellite's capacity from 24 to 20 transponders in current operating conditions, and reduced its estimated remaining in-orbit life by 12 months.

The performance of the EUTELSAT 48D satellite, which was launched on 20 December 2008, does not comply with the specifications established with its manufacturer EADS Astrium/ISRO Antrix because of a major anomaly affecting its electrical power sub-system. This default came to light on 22 January 2009 while the satellite was being transferred from its test position to its planned operational position. A claim for total loss was filed with the insurance company, which refunded the total claim during the financial year 2008-2009.

In-orbit testing of EUTELSAT 10A's S-band payload belonging to Solaris Mobile Ltd (which was a joint venture with SES Astra and which has since been sold) revealed an anomaly with this payload's coverage and power. This required further testing to be carried out with Thales Alenia Space manufacturer. Since the satellite's S-band payload does not comply with its contractual specifications, Solaris Mobile Ltd filed a claim for constructive total loss with its insurers, who refunded the full claim during the financial year 2009. This incident does not affect the non-S-band operations and performance of the satellite.

On 18 April 2012, the EUTELSAT 33A satellite (which has since been relocated and renamed EUTELSAT 31A) lost one of two telemetry transmitters that also function as beacons transmitted by this satellite. The loss of this equipment has no impact on the quality of service provided by the satellite. Should the remaining transmitter be lost, EUTELSAT 33A's mission would be terminated.

On 4 September 2012, a 42-minute transmission cut occurred on EUTELSAT 16A. The cut was due to the excessively sensitive on-board system used for detecting pointing loss. The on-board software has been modified to avoid such excessive sensitivity on the satellite as well as on other satellites of the fleet equipped with the same on-board software.

On 28 November 2012, EUTELSAT 3C suffered an anomaly on one of the sensors used to detect earth. The on-board software automatically replaced the sensor with the redundant equipment. Eutelsat is developing methods for stabilising the satellite in order to be protected in case of possible problems with the active sensor. EUTELSAT 70B experienced the same anomaly on 1 March 2014.

In January 2014, EUTELSAT 8 West C experienced an anomaly to an onboard power transmission assembly. Subsequently, the Group evaluated the damage incurred and reassessed the value of future cash flows generated by this satellite. As a result, the Group recognised an impairment charge amounting to 6.4 million euros.

››› Launch failures

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

In October 2010, the Group reported the loss of the W3B satellite following an operating malfunction observed on the satellite's propulsion sub-system after its launch by an Ariane 5 rocket.

››› Technical failures and loss of equipment affecting satellites leased by the Group

The Group has no knowledge of technical defaults or loss of equipment affecting satellites leased from third parties.

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

7.2.3 SATELLITE END-OF-LIFE

After 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 an international level by the Inter-Institution Coordination Committee on Space Debris and the United Nations Committee on the Peaceful Uses of Outer Space as well as the new French Space Operations Act, which came into force in December 2010.

During the financial year ended 30 June 2014, EUTELSAT 4B was de-orbited in September 2013, after reaching the end of its operational life, in accordance with the principles mentioned above.

7.3 PRINCIPAL SHAREHOLDERS

7.3.1 BREAKDOWN OF OWNERSHIP AND STRUCTURE AND VOTING RIGHTS

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

	30 June 2014		30 June 2013		30 June 2012	
Shareholders	**Number of shares and voting rights**	**As a percentage**	**Number of shares and voting rights**	**As a percentage**	**Number of shares and voting rights**	**As a percentage**
Bpifrance Participations (since 12 July 2013, previously Fonds Stratégique d'Investissement)	56,399,660	25.62%	56,399,660	25.62%	56,399,660	25.62%
China Investment Corporation (CIC)	15,541,767	7.06%	15,541,767	7.06%	15,541,767	7.06%
Other minority shareholders (1)	3,177,077	1.44%	3,227,077	1.47%	3,227,577	1.47%
Entreprise des Postes et Telecoms (Luxembourg)	2,395,886	1.09%	2,395,886	1.09%	2,395,886	1.09%
Employees and senior managers	1,866,768	0.85%	2,139,922	0.97%	1,436,449	0.65%
Radio Televizija Slovenia	1,212,000	0.55%	1,212,000	0.55%	1,619,724	0.74%
Abertis Telecom S.A.U.	-	0.0%	11,027,890	5.01%	18,396,773	8.35%
Free float (2)	139,520,824	63.39%	128,169,780	58.23%	120,096,146	55.02%
TOTAL SHARES	**220,113,982**	**100%**	**220,113,982**	**100%**	**220,113,982**	**100%**

(1) *This category includes a number of Eutelsat Communications minority shareholders including the Croatian Ministry for the Sea, Transportation and Infrastructure, Turksat Satellite Communications and the national telecommunication companies of Bosnia-Herzegovina, Bulgaria and Albania.*

(2) *Of which 263,909 treasury shares as of 30 June 2014.*

At the filing date of this Reference Document, the share capital is made up of ordinary shares, all of the same class, entitling the bearer to one vote per share. For this reason, the main shareholders in the Company do not enjoy preferential voting rights.

To the best of the Company's knowledge, no other shareholders own, directly or indirectly, more than 5% of its share capital or voting rights at the date of this Reference Document.

To the best of the Company's knowledge, there are no other shareholders holding registered shares who own more than 1% of the Company's share capital at the date of this Reference Document. However, other bearer shareholders have reported to the Company that they have crossed thresholds exceeding 1% of the share capital and may therefore hold at least 1% of the Company's capital.

7.3.2 CROSSING OF DISCLOSURE THRESHOLDS

To the best of the Company's knowledge, no shareholder, acting alone or in concert, holds more than 50% of the shares bearing voting rights in the Company, and no shareholder, alone or in concert, controls the Company within the meaning of Article L. 233 *et seq.* of the French *Code de commerce*.

Pursuant to Article 12 of the By-laws, the Company has been notified of the following crossings of threshold:

Crossing of disclosure thresholds	
5 September 2014	Notification of the upward crossing of the 2% threshold in terms of Company capital and voting rights by Deutsche Bank AG, which owns 4,607,325 shares, representing 2.09 % of the Company's share capital.
3 September 2014	Notification of the downward crossing of the 2% threshold in terms of Company capital and voting rights by Crédit Suisse Group AG, which owns 4,343,067 shares, representing 1.97% of the Company's share capital.
26 August 2014	Notification of the downward crossing of the 2% threshold in terms of Company capital and voting rights by Deutsche Bank AG, which owns 4,271,728 shares, representing 1.94% of the Company's share capital.
21 August 2014	Notification of the upward crossing of the 2% threshold in terms of Company capital and voting rights by Crédit Suisse Group AG, which owns 4,539,447 shares, representing 2.06% of the Company's share capital.
21 August 2014	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by International Value Advisers, which owns 2,945,112 shares (and has 2,726,698 voting rights), representing 1.34% of the Company's share capital.
4 June 2014	Notification of the downward crossing of the threshold between 5% and 1% rights by successive instalments of 1%, in terms of Company capital and voting rights by Abertis Telecom Satélites S.A.U. as a consequence of the off-market sale of a block of 11,027,890 shares. Abertis Telecom Satélites S.A.U. no longer owns any shares of the Company.
1 May 2014	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by Crédit Suisse Group AG, which owns 3 599 408 shares, representing 1,64% of the Company's share capital.
6 February 2014	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights by Pimco Europe Ltd, which owns 2,189,235 shares, representing 0.99% of the Company's share capital.
8 January 2014	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by State Street Corporation ("SSC"), which owns 3,048,414 shares, representing 1.38% of the Company's share capital.
25 November 2013	Notification of the downward crossing of the 2% threshold in terms of Company capital and voting rights by UBS Investment Bank Wealth Management and Corporate Centre, which owns 3,598,539 shares, representing 1.63% of the Company's share capital.
13 November 2013	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by BNP Paribas Investment Partners S.A., which owns 2,215,323 shares, representing 1.0064% of the Company's share capital.
8 November 2013	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights by Crédit Suisse Group AG, which owns 2,093,973 shares, representing 0.95% of the Company's share capital.
7 November 2013	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights by BNP Paribas Investment Partners S.A., which owns 2,170,418 shares, representing 0.98% of the Company's share capital.
6 November 2013	Notification of the upward crossing of the 2% threshold in terms of Company capital and voting rights by UBS Investment Bank Wealth Management and Corporate Centre, which owns 4,922,356 shares, representing 2.24% of the Company's share capital.
5 November 2013	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by BNP Paribas Investment Partners S.A., Wealth Management and Corporate Centre, which owns 2,201,157 shares, representing 1.00% of the Company's share capital.
1 November 2013	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights by BNP Paribas Investment Partners S.A., which owns 2,200,271 shares, representing 0.99% of the Company's share capital.
30 October 2013	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights by Blackrock Inc., which owns 10,401,963 shares, representing 4.73% of the Company's share capital.
24 October 2013	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by Pimco Europe Ltd, which owns 2,237,437 shares, representing 1.01% of the Company's share capital.
4 October 2013	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights by Blackrock Inc., which owns 11,030,133 shares, representing 5.01% of the Company's share capital. In addition, Blackrock Inc. declared that it owned 11,101,764 shares, representing 5.04% of the Company's share capital, as of 3 October 2013.
3 September 2013	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights by Blackrock Inc., which owns 10,997,746 shares, representing 4.99% of the Company's share capital.
3 September 2013	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by Crédit Suisse Group AG, which owns 2,263,080 shares, representing 1.03% of the Company's share capital.
23 August 2013	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights by Blackrock Inc., which owns 11,032,724 shares, representing 5.01% of the Company's share capital.
22 August 2013	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by Commonwealth Bank of Australia, which owns 2,202,823 shares, representing 1.00% of the Company's share capital.
21 August 2013	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights by GIC Pte Limited (Government of Singapore Investment Corporation), which owns 2,112,361 shares, representing 0.96% of the Company's share capital.
5 July 2013	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights by Franklin Resources Inc., which owns 2,055,000 shares, representing 0.93% of the Company's share capital.

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

7.3.3 SECURITIES TRANSACTIONS BY SENIOR MANAGEMENT

Declarations of securities trading by corporate officers	
16 September 2014	Michel Azibert: acquisition of 19,000 shares
13 August 2013	Michel de Rosen and related party(ies): acquisition of 17,457 shares
12 August 2013	Michel de Rosen and related party(ies): acquisition of 16,043 shares

7.3.4 SHAREHOLDERS' AGREEMENTS

To the best of the Company's knowledge, there are no shareholders' agreements.

7.3.5 AGREEMENTS LIKELY TO LEAD TO A CHANGE IN CONTROL OF THE COMPANY

At the filing date of this Reference Document, the Company has no knowledge of any agreement, shareholders' agreement, or clause of any convention providing for preferential conditions for disposing of or acquiring shares in the Company involving at least 5% of the capital or voting rights in the Company, the implementation of which could lead, at a later date, to the Company being taken over.

7.4 ORGANISATIONAL CHART

During the financial year ended 30 June 2014:

- the Group acquired Satélites Mexicanos, S.A. de C.V., now operating under the name Eutelsat Americas since March 2014;
- the Group and SES completed the sale of Solaris Mobile Limited, a jointly-owned company to EchoStar Corp. Under a joint-venture agreement signed with SES Astra S.A. in March 2008, Eutelsat S.A. directly held 50% of the share capital and the voting rights of Solaris Mobile Ltd. The company's mission was to supply S-band services on the EUTELSAT 10A satellite enabling the marketing of television, video and radio services, as well as bidirectional communications on mobile equipment such as telephones, computers and multimedia readers;
- the Group concluded the sale, subject to normal closing condition, to M7A Group S.A., trading under the name of M7 Deutschland, of the shares of its subsidiary Eutelsat visAvision GmbH, that operates the KabelKiosk platform. The sale was closed on 30 July 2014.

As of 30 June 2014, Eutelsat Communications S.A. owned directly or indirectly 42 subsidiaries and held eight equity interests.

The simplified organisational chart below reflects the Group at 30 June 2014. The complete list of the companies consolidated within Eutelsat Communications as of 30 June 2014 is provided in Note 30 of the Group's consolidated accounts in Section 6.2 "Consolidated financial statements as of 30 June 2014" in the Notes to this report.

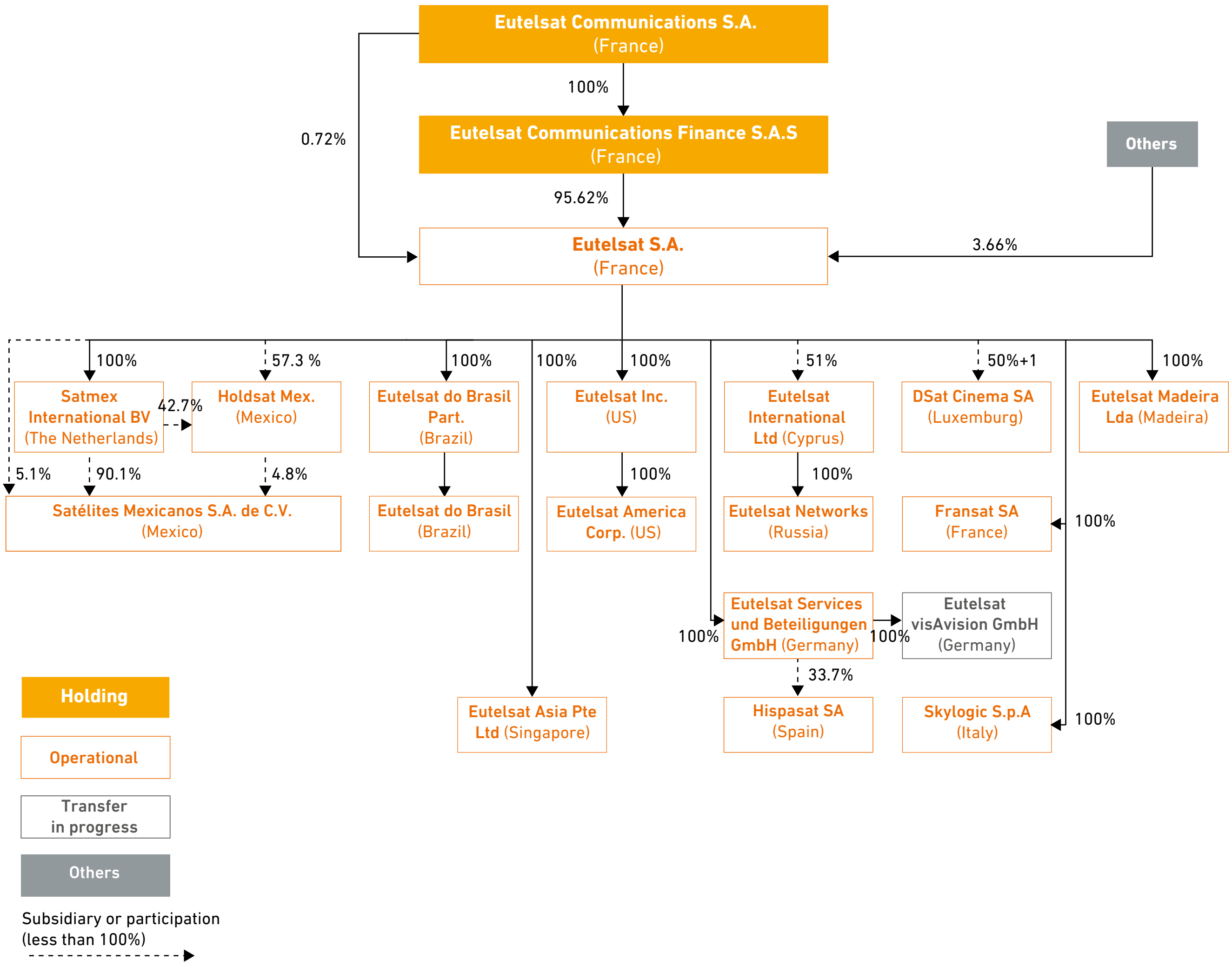
Eutelsat Communications is a holding company with no operational role other than its direct and indirect interest in Eutelsat S.A.

The companies' revenues and results shown in Section 7.4.2 "Main subsidiaries and equity interests" are based on these companies' annual accounts.

The list of offices held by the Management of the Company within the Group is provided in Section 2.2 "Key management personnel" of this Reference Document.

7.4.1 THE GROUP'S SIMPLIFIED ORGANISATIONAL CHART

››› The simplified organisational chart below depicts the Eutelsat Group at 30 June 2014



As of 31 July 2014, Holdsat Mexico SAPI de C.V. was absorbed by Satélites Mexicanos S.A. de C.V.

Information on the agreements between the Company and its various subsidiaries is provided in Section 7.9 "Related Party Transactions" in this Reference Document.

7.4.2 MAIN SUBSIDIARIES AND EQUITY INTERESTS

The Group's main operating subsidiaries are Eutelsat S.A. (France), Skylogic S.p.A. (Italy), Eutelsat Madeira Lda (Madeira), Eutelsat Services und Beteiligungen GmbH (Germany), Eutelsat Asia (Singapore) and Fransat (France), which are all 100% directly-owned by Eutelsat S.A., Eutelsat do Brasil Ltda, Eutelsat America Corp. (United States of America) and Satmex (Mexico) which are indirectly fully-owned by Eutelsat S.A. and Eutelsat Networks (Russia) and DSAT Cinema (Luxemburg).

The Group's main equity interest is Hispasat (Spain).

Furthermore, the Group owns a number of other operating subsidiaries for developing its activities that represent and promote the services of Eutelsat S.A. Revenues and net income from these subsidiaries are not significant.

››› 7.4.2.1 Eutelsat Communications Finance S.A.S. and Eutelsat S.A.

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

Established in June 2006 and fully-owned (100%) by Eutelsat Communications, Eutelsat Communications Finance S.A.S. is a simplified stock corporation domiciled at 70, rue Balard 75015 Paris. Its purpose is to hold a stake of the capital of Eutelsat S.A., which amounts to 95.62% as of 30 June 2014.

Based on the projected results of Eutelsat Communications Finance S.A.S. for the financial year 2013-2014, an interim dividend of 300 million euros was paid to Eutelsat Communications during the financial year, under a decision dated 12 November 2013, based on interim financial statements at 31 October 2013 showing distributable income of 314.4 million euros.

Eutelsat S.A. (France)

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

As of 30 June 2014, Eutelsat Communications owned directly and indirectly 96.34% of the capital of Eutelsat S.A., through which it controls several subsidiaries and equity interests.

Revenues and net result of Eutelsat Communications Finance and Eutelsat S.A.

The table below presents the revenues and the net result of Eutelsat Communications Finance and Eutelsat S.A. as of 30 June 2014:

	30 June 2014	
(in millions of euros)	Eutelsat Communications Finance S.A.S.	Eutelsat S.A.
Revenues	-	1,196.3
Net income	314.2	262.2

7.4.2.2 Main subsidiaries of Eutelsat S.A.

Eutelsat America Corp. (USA)

Incorporated in November 2006, Eutelsat America Corp.'s role is to distribute Eutelsat satellite capacity in the North American market. Eutelsat America Corp. is a 100% indirectly-owned subsidiary of Eutelsat S.A. It is 100% owned by Eutelsat Inc., which itself is 100% owned by Eutelsat S.A.

Skylogic S.p.A. (Italy)

Initially, Skylogic S.p.A., a wholly-owned subsidiary of Eutelsat S.A. was responsible for operating Value-Added Services, in particular the D-STAR™ satellite Internet access system as well as Tooway.

As of 31 December 2012, Skylogic S.p.A. transferred its business related to D-STAR™ and Tooway to Eutelsat S.A.

As of 30 June 2014, Skylogic S.p.A. owns 11 subsidiaries and four equity interests, among which:

- Skylogic Mediterraneo S.r.l. (Italy), a directly-owned 100% subsidiary of Skylogic S.p.A. that operates a teleport in Sardinia;
- seven directly-owned subsidiaries of Skylogic S.p.A., incorporated in each country (outside Italy) where the gateways required for the operations of the EUTELSAT KA-SAT 9A satellite have been deployed (France, Germany, Ireland, Cyprus, Finland, Greece and Spain);
- WINS Ltd (Malta), direct equity interest held 70% by Skylogic S.p.A. and 30% by Maltese operator MaltaSat, is responsible for marketing the D-STAR™ service to cruise ships and ferries in the Mediterranean Basin, providing them with telephony services (GSM) and broadband access.

Eutelsat do Madeira Lda (Portugal)

Incorporated in June 2008, Eutelsat Madeira Lda is a 100% directly-owned subsidiary of Eutelsat S.A. It is responsible for marketing the fully-owned satellite capacity on EUTELSAT 10A since April 2009 for Africa and the Portuguese-speaking regions, and in January 2012 on the EUTELSAT 16A satellite, for Africa and the Indian Ocean islands.

Eutelsat Services und Beteiligungen GmbH and Eutelsat visAvision GmbH (Germany)

Eutelsat Services und Beteiligungen GmbH is a 100% directly-owned subsidiary of Eutelsat S.A. This subsidiary owned until July 2014 (when the sale of the shares to M7 Group S.A. was closed) Eutelsat visAvision GmbH (Germany), which is in charge of promoting the KabelKiosk, a platform of digital channels and interactive services for cable and IPTV networks in Germany.

Since 2003, Eutelsat Services und Beteiligungen GmbH also owns the Group's equity interest in the Spanish non-listed satellite operator Hispasat. This interest was initially acquired by Eutelsat S.A. in 2001. It was then increased in 2002 to 27.69% of the share capital and then transferred in full to Eutelsat Services und Beteiligungen GmbH in 2003. In April 2013, its interest in Hispasat's share capital was increased to 33.69%, through the exercise of its preemption right.

Eutelsat Asia Pte Ltd (Singapore)

Incorporated in 2012, Eutelsat Asia Pte Ltd is a wholly directly-owned subsidiary of Eutelsat S.A. This company holds and controls the EUTELSAT 172A satellite.

Fransat S.A. (France)

Incorporated in 2009, Fransat S.A. is a 100% directly-owned subsidiary of Eutelsat S.A. It is responsible for developing and operating the FRANSAT offer on the EUTELSAT 5 West A satellite (this free-to-air offering includes all the French free-to-air DTT channels), for promoting this offer towards broadcasters with a view to include additional free-to-air channels, and finally to provide the technical means to integrate new channels (free-to-air or not) as a complement to the FRANSAT offering.

Satélites Mexicanos S.A. de C.V. (Mexico)

On 1 January 2014, the Group closed the acquisition of the Mexican company Satmex, having obtained all required government and regulatory approvals. Since March 2014, this company operates under the name Eutelsat Americas. Based in Mexico City, Satmex operates three satellites: EUTELSAT 113 West A at 113° West (previously Satmex 6), EUTELSAT 115 West A (previously Satmex 5) in included orbit at 114.9° West and EUTELSAT 117 West A (previously Satmex 8) at 116.8° West, covering 90% of the population of the Americas. The integration process, initiated by the Group continues.

Eutelsat do Brasil Participatoes Ltda and Eutelsat do Brasil Ltda

Eutelsat do Brasil Participatoes is the holding company with a 100% interest in Eutelsat do Brasil.

Eutelsat do Brasil was initially granted landing rights by the Brazilian authorities enabling it to offer capacity on satellites EUTELSAT 12 West A and EUTELSAT 8 West A in order to meet Brazilian market needs. In June 2013, the Brazilian telecommunications regulation authority granted Eutelsat do Brasil an additional licence for a set of C-, Ku- and Ka-band frequencies at 65° West. Eutelsat do Brasil also signed a 15-year contract with Hughes, subsidiary of EchoStar, for the rental of all Ka-band capacity covering Brazil on satellite EUTELSAT 65 West currently under construction.

Eutelsat International (Cyprus) and Eutelsat Networks (Russia)

Since May 2013, the Group has been holding a 51% interest in Eutelsat International Ltd, the remaining capital being owned by Managekept Investments Ltd. Eutelsat International Ltd is notably in charge of marketing Ku-band capacity on the Express-AT1 satellite launched in March 2014 at orbital position 56° East.

Held at 99% by Eutelsat, International Ltd Eutelsat Networks will market Ka-band capacity on the EUTELSAT 36C satellite which will be launched in 2015 at orbital position 36° East.

DSAT Cinema (Luxembourg)

In November 2012, the Group, alongside Belgian company dcinex, leader of the European digital cinema market, created a joint venture called DSAT Cinema, in order to develop the booming market for the live digital distribution of films and events across Europe. From its constitution, the company's capital has been broken down into 50% +1 share for the Group, and 50% -1 share for its partner. In March 2013, the company's capitalisation operation was finalised through a contribution in kind of a business segment by Eutelsat S.A. and a cash contribution by dcinex.

Revenues and net results of the main subsidiaries of Eutelsat S.A.

The table below presents the revenues and the net results of the main subsidiaries of Eutelsat S.A. as of 30 June 2014:

(in millions of euros)	Eutelsat America Corp.	Skylogic S.p.A.	Eutelsat Madeira Lda	Eutelsat visAvision GmbH	Eutelsat Services und Beteiligungen GmbH	Fransat S.A.	Eutelsat Asia Pte. Ltd.	Satélites Mexicanos S.A. de C.V.	Eutelsat do Brasil Ltda	DSat Cinema	Eutelsat Networks
Revenues	151.4	53.0	29.5	7.2	2.8	8.0	39.5	49.3	3.7	4.2	0
Net income	1.6	4.4	13.3	0.8	(0.8)	0.0	12.7	16.4	3.1	(2.0)	0

››› 7.4.2.3 Main equity interests of Eutelsat S.A.

Hispasat S.A. (Spain)

As of 30 June 2014, Eutelsat S.A. indirectly owned through its subsidiary Eutelsat Services und Beteiligungen GmbH 33.69% of Hispasat's share capital and voting rights. As of 31 December 2013, Hispasat posted revenues of 201.4 million euros and a net income of 54.3 million euros.

The following table shows a summary of Hispasat group's annual data for the years ended 31 December 2012 and 2013 (latest data published by Hispasat):

(in millions of euros)	31 December 2012	31 December 2013
Assets	1,145.6	1,225.6
Equity	631.3	675.2
Revenues	200.3	201.4
Net income	51.4	54.3

7.4.3 GROUP CASH FLOW

At the filing date of this Reference Document, there are no contractual relationships generating significant cash flow aside from the cash flows generated under the service agreements and centralised cash management agreements signed within the Group. Cash flows having been the subject of regulated agreements and commitments are presented in the Statutory Auditors' report figuring in Appendix 5 of this Reference Document.

The following table summarises relations between the Company and its subsidiaries as of 30 June 2014:

Consolidated items (except dividends) (in millions of euros)	Eutelsat S.A. (sub-group)	Eutelsat Communications Finance	Eutelsat Communications	Consolidated total
Non-current assets (incl. goodwill)	6,296	-	6	6,302
Debt (owed to non-Group entities)	3,055	-	800	3,855
Cash assets on balance sheet	286	1	6	293
Cash flow from operating activities	860	(6)	(76)	778
Dividends paid to the Company	2	300	-	302

7.5 LEGAL AND ARBITRATION PROCEEDINGS

The Group may be involved in a number of cases of litigation in the normal course of its business. The Company has set up provisions that are considered to be adequate to cover the costs deemed to be likely by the Company and its advisers.

On 30 January 2014, Eutelsat and SES announced that they had concluded a series of agreements including a comprehensive settlement of legal proceedings concerning the right to operate at the 28°5 East orbital position and containing long-term commercial as well as frequency coordination elements. One of these agreements ends the arbitral procedure between Eutelsat and SES that was initiated in October 2012 under the rules of the International Chamber of Commerce (ICC) in Paris. The dispute has now been resolved, with SES continuing to operate its satellites at this location, and Eutelsat independently commercialising part of the capacity of the previously disputed frequencies.

To the Company's knowledge, there are no other governmental, judicial or arbitration proceedings pending or threatened against the Company that are likely to have a material impact on the financial position or profitability of the Company and/or the Group, or that effectively had such a material impact over the past 12 months.

7.6 GROUP PROPERTY AND EQUIPMENT

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

In August 2009, Eutelsat S.A. negotiated the early renewal of the lease on the building for a nine-year period, including a fixed term of six years and five months during which the lease cannot be terminated. During the year ended 30 June 2014, the Group renegotiated the lease on its registered office and concluded a new lease contract for a firm 9-year period, starting on 1 July 2014.

Eutelsat entered on 1 August 2012 into a lease agreement for one floor at the *Tour Cristal,* a building situated at 21, quai André-Citroën, 75015 Paris, with an exit option as of 31 December 2015.

The Rambouillet teleport, owned by Eutelsat since 2004, notably serves as a back-up control and satellite telecommunications centre, to be used in the event of a failure at the control centres located in Eutelsat S.A.'s technical control facility in Paris. This teleport also has the technical resources required to deliver Value-Added Services. It hosts, amongst other things, a D-STAR™ platform and the EutelTRACS platform. Furthermore, this teleport enables the Group to offer uplink/downlink services to its clients, including for Video Applications or hosting operator platforms for satellite communications networks.

Skylogic S.p.A. has owned a teleport in Turin (Italy) since 2005. Skylogic Mediterraneo S.r.l., a company based in Cagliari (Italy) and wholly owned by Skylogic S.p.A. also owns a teleport which operates, notably, C-band, Ku-band, Ka-band and S-band services.

Since early 2009, Eutelsat do Madeira has occupied a 5,000 m^2 site in Eastern Madeira where it has built a satellite control centre whose first phase was completed in June 2010.

Satmex rents two floors (*circa* 1,500 m^2) located at Avenida Paseo de la Reforma 222, Pisos 20 and 21, Colonia Juárez, Mexico City, Federal District of Mexico, C.P. 06600. The lease is for a firm term of five years starting from 1 October 2013. Satmex rents from Mexican government two control centres: one in Iztapalapa, Mexico City (Mexico) and another one in Hermosillo, Sonora (Mexico). The concession granted by the Mexican government is valid for a period of 40 years, from the 15 October 1997.

As of 30 June 2014, the Group also operates 29 geostationary satellites in stable orbit, which are described in Section 1.3 "In-orbit operations".

7.7 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

When the IGO was operating as an intergovernmental organisation, its strategy was to secure for itself and for its signatories, on conditions that varied in accordance with the use of intellectual property, a free licence for any intellectual property (notably in respect of invention patents and software) developed under contracts financed by the IGO. Its status as an international organisation prevented it from filing patent applications for technologies developed jointly with third parties. At the time of the Transformation on 2 July 2001, all intellectual property developed by the IGO was transferred to Eutelsat S.A., which is now the owner thereof.

As regards trademarks, the IGO had assembled a portfolio prior to July 2001. This portfolio was transferred to Eutelsat S.A. under the contribution agreement.

At the date of this Reference Document, the Group owned 41 patent families, one of which is held on a co-ownership basis with Invacom Ltd (UK), one of which in co-ownership with the company Calearo Antenne S.p.A. (Italy), and one of which in co-ownership with the *Commissariat à l'énergie et aux energies alternatives* (France).

At the date of this Reference Document, the Group owns 61 trademarks [(1)].

The Group spent 17.4 million euros on research and development during the financial period ended 30 June 2014, including 14.1 million euros on development costs recorded as intangible assets.

As of 30 June 2014, patents, licenses and brands were accounted for as intangible assets for a total amount of 112.5 million euros.

(1) Excluding trademarks owned by Satmex.

7.8 IMPORTANT CONTRACTS

7.8.1 CONTRACTS CONCERNING SATELLITES

During the financial year 2013-2014:

- The Group did not sign new satellite procurement contracts.

  However the future order of the EUTELSAT 172B satellite was announced. This satellite will allow an early follow-on programme to EUTELSAT 172A and will provide continuity and expansion capacity at a position that is already a prime gateway for services in the Asia-Pacific region. EUTELSAT 172B will pioneer High Throughput payload customised for in-flight broadband over trans-Pacific and Asian flight paths and was selected by Panasonic Avionics Corporation as prime platform for growth for in-flight connectivity and entertainment; EUTELSAT 172B will host three distinct payloads:

  - a C-band payload delivering increased power and broader coverage that will enhance service provided today to existing customers *via* EUTELSAT 172A and tap into new growth markets in South East Asia;
  - a regular Ku-band payload doubling capacity at 172° East and connected to five improved service areas: North Pacific, North East Asia, South East Pacific, South West Pacific and South Pacific;
  - an innovative High Throughput Ku-band payload specifically designed for in-flight broadband, featuring multiple user spots optimised to serve densely-used Asian and trans-Pacific flight paths and interconnected to gateways operating in the Ka-band. This new payload will be the first customised for in-flight connectivity over the Pacific Ocean Region, delivering an overall throughput of 1.8 Gbps.

  In July 2014, EUTELSAT 172B was ordered and will be launched by an Ariane 5 rocket in the first half of 2017 to 172° East. It will be manufactured by Airbus Defence and Space and will use electric propulsion for in-orbit raising, a procedure expected to take approximately four months.

- In August 2013, Satmex, which was acquired by the Group in January 2014, exercised the option of the contract signed with Boeing for the procurement of Satmex 9 (later renamed EUTELSAT 117 West B).

During the financial year 2012-2013, the Group signed the following satellite procurement contracts:

- in September 2012, EUTELSAT 8 West B was ordered from Thales Alenia Space;
- in November 2012 and in June 2013, the Group signed long-term lease agreements with RSCC for capacities on the satellites Express-AT1, Express-AT2 and EUTELSAT 36C;
- in June 2013, EUTELSAT 65 West A was ordered from Space Systems/Loral.

During the financial year 2011-2012, the Group signed the following satellite procurement contracts:

- in July 2011, EUTELSAT 3B was ordered from EADS Astrium;
- in March 2012, Satmex, which was acquired by the Group in January 2014, ordered Satmex 7 (later renamed EUTELSAT 115 West B).

Main provisions of satellite procurement and launch contracts

The Group is entitled to closely monitor all the tasks carried out as part of these manufacturing contracts, including the design, assembly and testing phases as well as construction. To this end, some engineers of the Group are assigned to the production site. Such supervision allows the Group to ensure that its high standards concerning quality and its technical specifications are met at all stages of the satellite's construction. Furthermore, by virtue of these procurement contracts, the constructors provide a number of in-orbit support services.

In-orbit incentive payments

The Group's satellite procurement contracts also contain a provision for in-orbit incentive payments whereby the manufacturer is paid a portion of the procurement cost throughout the estimated contractual life of the satellite on the basis of the satellite's compliance with the technical and contractual specifications.

In the most recent contracts, the Group has agreed to pay the price for the satellite in full, including the amount allocated for incentive payments and the acceptance review at the time the satellite is brought into operation. However, the Group is entitled to reimbursement of part of the sums paid if the satellite does not meet the technical specifications, or in the event of malfunction. Satellite procurement contracts also contain penalty clauses which become applicable in the event of late delivery.

Launch service contracts

The Group has entrusted the launch services for its satellites under construction or which were launched during the last financial year to Arianespace, Sea Launch S.A., International Launch Services and Space Exploration Technologies Corp. The fact of having at least four launch service suppliers gives the Group additional flexibility and security to ensure that its satellites under construction will be launched within the scheduled time limits.

During the financial year 2013-2014, the satellite EUTELSAT 25B was launched by the launcher Ariane 5, which is operated by the company Arianespace. Furthermore the satellite EUTELSAT 3B was launched by launcher Zenit 3SL operated by Sea Launch S.A.

Under the terms of these launch service contracts, the Group can delay or cancel a launch with or without giving reasons. In the event of a cancellation supported by a reason, the Group is entitled to full reimbursement of any sums paid to the launch service provider.

7.8.2 ALLOTMENT AGREEMENT WITH THIRD PARTIES

These agreements are described in Section 1.3 "In-orbit operations" of this Reference Document.

7.8.3 FINANCING AGREEMENTS

The Group has entered into a number of financing agreements it considers significant. These financing agreements, together with the bonds issued by Eutelsat S.A., are described in Section 6.1.3.3 "Changes in debt and the Group's financing structure".

7.9 RELATED PARTY TRANSACTIONS

The disclosures with regard to related party agreements cited in Article L. 225-38 of the French *Code de commerce* may be found in the special Statutory Auditors' report on regulated agreements and commitments in the Appendices of this Reference Document.

SERVICE AGREEMENTS WITHIN THE GROUP AND OTHER CONVENTIONS

The Company and its subsidiaries maintain contractual relationships linked to the organisation and operations of the Group. These operations mainly relate to the division of common administrative expenses, centralised cash management, the existence of a tax group and the chargeback agreement in the event of share purchases as part of the implementation of the free share allocation plans.

7.10 SIGNIFICANT CHANGES IN FINANCIAL AND COMMERCIAL POSITION

None.

7.11 RELATIONS AND CONFLICTS OF INTEREST WITHIN THE ADMINISTRATIVE AND MANAGEMENT BODIES

7.11.1 RELATIONS WITH THE ADMINISTRATIVE AND MANAGEMENT BODIES

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

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

- conviction for fraud within at least the last five years;
- bankruptcy, sequestration or liquidation within at least the last five years;
- official public charges and/or sanctions handed down by statutory or regulatory authorities within at least the last five years.

Finally, to the best of the Company's knowledge, no Corporate Officer has been barred by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from taking part in the management or running of the affairs of an issuer within at least the last five years.

7.11.2 CONFLICTS OF INTEREST WITHIN THE ADMINISTRATIVE AND MANAGEMENT BODIES

To the best of the Company's knowledge, at the filing date of this Reference Document, there are no potential conflicts of interest between the duties carried out on behalf of the Company by Corporate Officers and their private interests.

7.12 STATUTORY AUDITORS

7.12.1 STATUTORY AUDITORS

Ernst & Young et Autres

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

1/2, place des Saisons
92400 Courbevoie
Paris-La Défense 1
France

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

Mazars

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

61, rue Henri-Regnault
92400 Courbevoie
France

The Combined Ordinary and Extraordinary General Meeting of 8 November 2011, having duly noted the expiry of the term of office of Mazars as Statutory Auditor, appointed the firm of Mazars as Statutory Auditor for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2017.

7.12.2 ALTERNATE STATUTORY AUDITORS

Auditex

1/2, place des Saisons
92400 Courbevoie
Paris-La Défense 1
France

The Combined Ordinary and Extraordinary General Meeting of 9 November 2009, having duly noted the expiry of the term of office of Mr Thierry Gorlin as Alternate Statutory Auditor, appointed Auditex as alternate Statutory Auditor for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2015.

Mr Gilles Rainaut

39, rue de Wattignies
75012 Paris
France

The Combined Ordinary and Extraordinary General Meeting of 8 November 2011, having duly noted the expiry of the term of office of Mr Gilles Rainaut as Alternate Statutory Auditor, appointed Gilles Rainaut as Alternate Statutory Auditor for a term of six financial years.

This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2017.

7.12.3 AUDITOR FEES

See Section 6.2 "Eutelsat Communications' consolidated financial statements prepared under IFRS for the financial year ended 30 June 2014", Note 32 "Statutory Auditors' fees", in the Notes to the consolidated financial statements of Eutelsat Communications for the financial year ended 30 June 2014.

7.13 DOCUMENTS AVAILABLE TO THE PUBLIC

For the life of this document, the following documents (or copies), may be inspected at the registered office of the Company:

- the By-laws of the Company;
- the minutes of the meetings of the shareholders and other corporate documents of the Company, which are required to be made available to shareholders pursuant to applicable regulation, as well as, where applicable, all audits or statements provided by experts at the request of the Company of which an extract is inserted or mentioned in this document;
- the historical financial information of the Company and its group for each of the three financial years preceding the publication of this document.

Regulated information within the meaning of the provisions of the General Regulations of the French *Autorité des marchés financiers* is available on the Company website (www.eutelsat.com).

7.14 PERSON RESPONSIBLE

7.14.1 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

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

7.14.2 CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

I hereby certify, after having taken all reasonable care to ensure that such is the case, that the information contained in this Reference Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the accounts have been drafted in accordance with the applicable accounting standards and that they constitute a true and fair view of the assets and liabilities, the financial position and results of the Company and the consolidated Group of companies, and that the management report contained in this document presents an accurate picture of developments in the business, results and financial position of the Company and the consolidated group of companies as well as a description of the main risks and uncertainties that these companies face.

I have received a letter from the Statutory Auditors certifying that they have verified the financial and accounting information given in this Reference Document and that they have read the document in its entirety.

The financial information presented herein has been the subject of Statutory Auditors' reports figuring in appendices 3 and 4. The statutory auditor's report on the consolidated financial statements contains the following observation: *"Without qualifying our opinion, we draw your attention to Note 3.7 which describes the terms and the impacts of the first-time application of IAS 19 Revised"*.

Paris, 15 October 2014

Michel de Rosen
Chairman and Chief Executive Officer

PERSON RESPONSIBLE FOR INFORMATION

Joanna Darlington

Head of Investor Relations
70, rue Balard 75015 Paris

PROVISIONAL TIMETABLE FOR FINANCIAL REPORTING

The following dates are provided for information only and may be changed at any time by the Company:

- 30 October 2014: publication of first-quarter revenues for the financial year 2014-2015;
- 7 November 2014: Combined Ordinary and Extraordinary General Meeting of Shareholders;
- 12 February 2015: publication of half-year results for the financial year 2014-2015;
- 12 May 2015: publication of third-quarter revenues for the financial year 2014-2015;
- 31 July 2015: publication of the full year results for the financial year 2014-2015.

A APPENDICES

A1

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH *CODE DE COMMERCE*, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF EUTELSAT COMMUNICATIONS

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with and construed in accordance with, French law and professional standards applicable in France.

Year ended 30 June 2014

To the shareholders,

In our capacity as Statutory Auditors of Eutelsat Communications and in accordance with article L. 225-235 of the French *Code de commerce*, we hereby report on the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French *Code de commerce* for the year ended 30 June 2014.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by article L. 225-37 of the French *Code de commerce* relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information;
- confirm that the report also includes the other information required by article L. 225-37 of the French *Code de commerce*. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

››› INFORMATION ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225-37 of the French *Code de commerce*.

››› OTHER INFORMATION

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French *Code de commerce*.

Courbevoie and Paris-La-Défense, 30 July 2014
The Statutory Auditors
French original signed by

MAZARS
Isabelle Sapet

ERNST & YOUNG et Autres
Jeremy Thurbin

A2 VERIFICATION REPORT OF SOCIAL AND ENVIRONMENTAL INFORMATION

At the request of Eutelsat Communications, SGS ICS conducted the verification of information contained in the management report established for the financial year which ended on 30 June 2014, in accordance with the provisions of Article L. 225-102-1 of the French *Code de commerce* (Grenelle II of 12 July 2010) and Decree No. 2012-557 of 24 April 2012 on the transparency obligations of corporate social and environmental responsibility. With regards to the application of Article 225 of Law No. 2010-788 of 12 July 2010 and Article 12 of Law No. 2012-387 of 22 March 2012 which amended Article L. 225-102-1 of the French *Code de commerce* and with regards to the decree of 13 May 2013 which determines the manner in which the independent third party should lead its mission.

It is the responsibility of the Board of Directors to prepare a report on the Management of the Company including social, environmental and societal information, to define the appropriate standard(s) used for the establishment of qualitative or quantitative data, and to ensure its provision.

SGS ICS's responsibility, as an independent third party, accredited by COFRAC (No. 3-1086, scope available on www.cofrac.fr) is to verify that the management report includes all of the information prescribed in Article R. 225-105-1, to give a reasoned opinion as to the accuracy of the information and to the explanations given by the Company regarding the absence of certain information, and to indicate the procedures implemented to accomplish our verification assignment.

››› NATURE AND SCOPE OF THE VERIFICATION

SGS ICS's verification process consists of:

- reviewing the statement on sustainable development policies in relation to the social and environmental impacts of the Company's business activities, its societal commitments and the actions that stem from these policies and commitments;
- comparing the list of information mentioned in Eutelsat Communications' 2013-2014 management report against the list set forth under article R. 225-105-1 and noting, where applicable, any missing information not accompanied by explanations as mentioned under the third paragraph of article R. 225-105;
- verifying that the Company has a data collection process in place to ensure that the information mentioned in the management report is complete and consistent and identifying any irregularities.

››› VERIFICATION PROCEDURES

SGS ICS carried out its assignment to Eutelsat Communications including its subsidiaries and companies in which it has a controlling interest, on an international scale, as Eutelsat Communications draws up consolidated accounts.

SGS ICS carried out its assignments from 16 May to 18 July 2014 conducting interviews with individuals involved in the collection, validation and publication of quantitative and qualitative data from within the Holding Company and two (2) of its subsidiaries, Eutelsat S.A. and Skylogic, representing 85.59% of the staff.

- SGS ICS has reviewed the reliability of the internal standards, procedures and internal control systems for the aggregation of data and information on each site.
- Regarding the quantitative data, a suitable sample was selected for evaluation at each site. These evaluations consisted of verifying formulas and data reconciliation with supporting documents. Fifteen (15) indicators were selected in terms of their relevance (conformity with the law and taking into account the sector activity), their reliability, neutrality and completeness.
  - Social component: policies implemented regarding training – number of training hours – annual performance review – staff turnover – frequency and severity of accidents at work – diversity.
  - Environmental component: electricity consumption – diesel consumption – water consumption – measures to improve energy efficiency and use of renewable energy – prevention, recycling and waste disposal – paper consumption.
  - Societal component: responsible purchasing policy – territorial, economic and social impact – prevention of corruption.
- Random checks were performed on the remaining quantitative and qualitative data in the final phase of consolidation.
- Two (2) assessors were assigned to this verification assignment.
- Nine (9) interviews were conducted with the Senior Management, the Human Resources Department, the Internal Audit Department, the Purchasing Department, the Information Services Department, the Insurance Department, the Institutional Affairs Department and the Satellites and Investors Relations Department.

››› DECLARATION OF INDEPENDENCE AND COMPETENCE

SGS is the world's leading inspection, verification, testing and certification company. We are recognized as the global benchmark for quality and integrity. With more than 80,000 employees, we operate a network of more than 1,500 offices and laboratories around the world.

SGS ICS is the French subsidiary 100% owned by the SGS Group. SGS ICS states that its assignment and its opinion has been developed in complete independence and impartiality from Eutelsat Communications and that the accomplished work has been conducted in line with SGS Group's Code of Ethics and in accordance with good professional practice of an independent third party organisation.

Assessors are authorized and mandated on every assignment on the basis of their knowledge, experience and qualifications.

A2 VERIFICATION REPORT OF SOCIAL AND ENVIRONMENTAL INFORMATION

››› CERTIFICATION AND REASONED OPINION

Based on the statement of guidelines for sustainable development of Eutelsat Communications, the social and environmental impacts associated with its activities, and its societal commitments and procedures,

- we certify that information included in Eutelsat Communications' 2013-2014 management report are in compliance with the list set forth under Article R. 225-105-1 and that any exceptions have been duly justified;
- we declare that we have not identified any significant anomalies likely to call into question the fair representation of the information contained in the 2013-2014 management report.

››› COMMENTS

- The Company having an international presence, it may be appropriate to consider to comply with an international standard for both internal indicators standards and reporting guidance procedures, and publication of non-financial information, by producing a table of correspondences of the indicators used.

Completed the 18 July 2014, in Arcueil,

Technical Director of Inspection,
Stéphane LANGLOIS

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FRANCE
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A3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the Group's management report.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Year ended 30 June 2014

To the shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, we hereby report to you, for the year ended 30 June 2014, on:

- the audit of the accompanying consolidated financial statements of Eutelsat Communications;
- the justification of our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques of other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at 30 June 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 3.7 which describes and explains the impacts of the first-time application of IAS 19 Revised.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French *Code de commerce* relating to the justification of our assessments, we bring to your attention the following matters:

- As explained in Note 4.7 to the consolidated financial statements, your company performs an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecasted utilisation and their technically assessed life time. We assessed the reasonableness of the assumptions used.
- As explained in Note 4.8 to the consolidated financial statements, the carrying-values of long-life assets including goodwill, intangible assets, the satellites and equity investments are subjected to review for impairment. Your company compares the carrying-value of these assets to the estimated recoverable value based on discounted future cash-flows. We assessed the reasonableness of the assumptions used by your company to prepare the business plans and the resulting evaluations.

The assessments were made as part of our audit of the consolidated financial statements taken as a whole and, therefore, contributed to our audit opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, 30 July 2014
The Statutory Auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
Isabelle Sapet	Jeremy Thurbin

A4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Year ended 30 June 2014

To the shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended 30 June 2014, on:

- the audit of the accompanying financial statements of Eutelsat Communications;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 30 June 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French *Code de commerce* relating to the justification of our assessments, we bring to your attention the following matters:

- Your company records impairments on financial investments according to the method described in Note 2.3 to the financial statements. Based on available information, we have assessed the methods and assumptions considered by your company to estimate the value of its investments. We have also performed some tests to control the correct application of these methods. As part of the justification of our assessments, we have assessed reasonableness of these assumptions.
- These assessments were made as part of our audit of the financial statements taken as a whole and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French *Code de commerce* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or being controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Courbevoie and Paris-La Défense, 30 July 2014
The Statutory Auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
Isabelle Sapet	Jeremy Thurbin

A5 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users.
This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

General Meeting of Shareholders to approve the financial statements for the year ended 30 June 2014

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French *Code de commerce,* to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French *Code de commerce* concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

››› AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE GENERAL MEETING OF SHAREHOLDERS

We hereby inform you that we have not been advised of any related party agreements or commitments authorised in the course of the year and to be submitted to the General Meeting of Shareholders for approval in accordance with Article L. 225-38 of the French *Code de commerce.*

››› AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

In accordance with Article R. 225-30 of the French *Code de commerce,* we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years continued during the year.

WITH EUTELSAT S.A., EUTELSAT INC., EUTELSAT AMERICA CORP., EUTELSAT DO BRASIL, EUTELSAT MADEIRA UNIPESSOAL LDA, EUTELSAT POLSKA, EUTELSAT SERVICES UND BETEILIGUNG GMBH, EUTELSAT VISAVISION GMBH, EUTELSAT UK LTD, SKYLOGIC S.P.A., SKYLOGIC ESPAÑA S.A.U. AND SKYLOGIC MEDITERRANEO S.R.L., EUTELSAT ITALY, SUBSIDIARIES OF YOUR COMPANY

NATURE AND PURPOSE

Reinvoicing agreement in case of purchase of shares under free share plans.

CONDITIONS

On 22 June 2010 an agreement was signed between Eutelsat S.A. and several subsidiaries of the Group (including Eutelsat S.A. and Eutelsat Inc.) to reinvoice the costs of any shares purchased on the market by your company in the context of the implementation of plans for the free allotment of shares in your company to employees of the Eutelsat group.

During the year ended 30 June 2014, your Company did not purchase any shares on the market. Your Company has not invoiced its subsidiaries.

WITH EUTELSAT S.A., EUTELSAT VAS S.A.S., EUTELSAT COMMUNICATIONS FINANCES S.A.S., FRANSAT S.A., AND SKYLOGIC FRANCE S.A.S.

NATURE AND PURPOSE

Tax consolidation agreement.

CONDITIONS

A tax consolidation agreement approved by the Board of Directors on 28 June 2007 and dated 2 July continued during the period.

In accordance with this agreement, your Company recognised tax income in the amount of 18.9 million euros during the period ended 30 June 2014.

Courbevoie and Paris-La Défense, 30 July 2014
The Statutory Auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
Isabelle Sapet	Jeremy Thurbin

A6 CROSS-REFERENCE TABLE OF THE ANNUAL FINANCIAL REPORT

This Reference Document incorporates all information required for the annual financial report as mentioned in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the General Regulations of the *Autorité des marchés financiers* (French financial markets regulator, AMF).

The documents mentioned in Article 222-3 of the AMF General Regulations and the corresponding sections in this Reference Document are as follows:

AMF's General Regulations–Article 222-3

	Reference Document	
No. Section	Reference	Pages
1. Annual financial statements of Eutelsat Communications	Section 6.3	146
2. Consolidated financial statements of the Eutelsat Group	Section 6.2	106
3 Management report		
Review of business trends, financial position and earnings	Chapter 1	4
	Section 1.1	4
	Section 1.2	6
	Section 6.1	95
Indications concerning the use of financial instruments by the business	Section 2.4.4.14	45
	Section 4.3	74
	Section 4.5	79
	Section 6.1.3	100
Description of the main risks and uncertainties	Chapter 4	65
Factors likely to have an influence in the event of a public offer	Section 6.1.3.3	101
	Section 2.3	31
	Section 2.4.3.2	41
	Chapter 7	159
Purchase and sale of treasury shares	Section 7.1.2.3	160
Summary table of delegations of powers currently valid	Section 7.1.2.5	161
4. Certification of the person responsible for the annual financial report	Section 7.14.2	178
5. Statutory Auditors' report on the annual financial statements	Appendix 4	184
6. Statutory Auditors' report on the consolidated financial statements	Appendix 3	183

A7 CROSS-REFERENCE TABLE OF THE REFERENCE DOCUMENT

A7 CROSS-REFERENCE TABLE OF THE REFERENCE DOCUMENT

CROSS-REFERENCE TABLE OF THE REFERENCE DOCUMENT

A7

G GLOSSARY

Analogue
Format of a broadcast signal where a continuously varying physical quantity precisely describes the variation of the information it represents.

Bandwidth
Band of frequencies used for an RF transmission (*e.g.* 36 MHz).

Beam
Term used to describe the radiation pattern of a satellite antenna. The intersection of a satellite beam with the surface of the earth is called the footprint (of the beam).

Broadcast Satellite Service (BSS)
Communications service in which signals transmitted or retransmitted by satellite are intended for direct reception by the general public. Use of the corresponding frequencies is governed by international regulations, with the aim of allowing all countries to offer services of this kind. In Europe, the downlink frequency range for the BSS is 11.7 to 12.5 GHz.

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

Capacity
Quantity of information transmitted. As an analogy, there is often reference to spectrum width and to the associated power needed to transmit such a quantity of information.

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

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

Downlink
Path travelled by the signal in the direction space-earth.

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

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

Earth segment
A series of earth stations operated in a given satellite system or network (synonym: ground segment).

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

Fixed Satellite Service (FSS)
Communications service between earth stations located at fixed points, such points being determined when one or more satellites are used. However, this expression frequently refers to “unplanned” frequency bands, that are not subject to international regulations governing the use of BSS frequencies. In Europe, the downlink FSS frequencies are 10.7-11.7 GHz and 12.5-12.75 GHz.

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

High throughput satellite or payload (HTS)

Satellite or payload that provides more throughput than a classic satellite for the same amount of spectrum thanks to frequency reuse, thus with a lower cost per megabit.

Internet backbone

The communications networks on which the Internet is based.

IP

Internet Protocol.

Ka-band

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

Ku-band

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

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 new Video Applications.

Operating period

Period during which a satellite is able to function. The operating period of a satellite in-orbit depends in particular on the quantity of fuel it carries for station-keeping.

Passband

Range of frequencies permitted for an RF transmission (see “Bandwidth”).

Payload

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

Radio frequency

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

Redundancy

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

RF relay

Professional terrestrial RF link generally used between the studios of a radio or TV station and the antennae transmitting the programmes to customers’ homes.

S-band

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

Signal

Variation of a physical value of any kind carrying information.

Simulcasting

Simultaneous transmission of a programme or service using two transmission standards or media. This technique developed by Eutelsat under the name of Simulcast makes it possible to transmit a carrier wave in analogue mode and a digital TV signal on a single satellite transponder which could normally only transmit the carrier wave of the analogue signal.

Space segment

Satellites in a satellite communications system belonging to an operator.

G GLOSSARY

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 a satellite, whose function is to retransmit the signals received from the earth uplink station to a specific part of the globe.

Uplink
Path travelled by the signal in the direction earth-space.

VSAT Terminal
Microterminal connected to a fixed antenna and making satellite reception or transmission possible.

SPACE FOR A DIGITAL WORLD

In this Reference Document, the terms "Eutelsat Communications" and the "Company" mean Eutelsat Communications S.A. "Eutelsat S.A." means the company Eutelsat S.A., which is the Company's main operating subsidiary. "Group" or "Eutelsat Group" means the group of companies consisting of the Company and all its subsidiaries. "IGO" means the European Satellite Telecommunications Organisation before the Transformation (the "Transformation"–see Section 7.1.1.5 "Key events" and Section 5.6 "Other provisions applicable to the Group") and "Eutelsat IGO" means the same organisation after the Transformation.

This Reference Document contains the Group's consolidated financial statements and data for the year ended 30 June 2014 prepared in accordance with International Financial Reporting Standards (IFRS) and incorporates for reference purposes the IFRS consolidated financial statements for the years ended 30 June 2012 and 30 June 2013.

This Reference Document also includes the Company's financial statements for the year ended 30 June 2014 as presented in Section 6.3 "Eutelsat Communications' annual financial statements for the year ended 30 June 2014".

Unless otherwise stated, the figures presented in this Reference Document are based on the consolidated financial statements for the year ended 30 June 2014 and the consolidated financial statements presented in Section 6.2 of this Reference Document for the year ended 30 June 2014.

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

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

A glossary defining the main technical terms used in this Reference Document is provided at pages 190 to 192 of the document.

This document is an unofficial translation of the French *document de référence* filed with the *Autorité des marchés financiers* ("AMF") on 15 October 2014 in accordance with Article 212-13 of the AMF General Regulations. The French *document de référence* may be used in connection with a financial transaction if supplemented with an offering memorandum *(note d'opération)* approved by the AMF.

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

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

- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2013 and the related Statutory Auditors' report figuring, respectively, in Sections 6.2 and in Appendix 3 of Eutelsat Communications' 2013-2013 *document de référence* registered under No. D.13-0973 by the AMF on 10 October 2013 (the "2012-2013 Reference Document");
- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2012 and the related Statutory Auditors' report figuring, respectively, in Sections 20.1.1 and 20.1.2 of Eutelsat Communications' 2011-2012 *document de référence* registered under No. D.12-0861 by the AMF on 24 September 2012 (the "2011-2012 Reference Document");
- information on the Eutelsat Group's financial situation and results for the financial years ended 30 June 2013 and 2012 figuring, respectively, in Section 6.1 of the 2012-2013 *document de référence* and Section 9.4 of the 2011-2012 *document de référence.*

Parts not included in this or these document(s) are either irrelevant to the investor or included elsewhere in this Reference Document.

As of the date of this Reference Document, no additional financial information (neither quarterly nor half yearly) has been published since the financial statements for the year ended 30 June 2014, provided in Sections 6.2 and 6.3 of this Reference Document.

Copies of this Reference Document are available free of charge at the registered office of Eutelsat Communications, 70, rue Balard, 75015 Paris, France or on the websites of Eutelsat Communications (www.eutelsat.com) or the *Autorité des marchés financiers* (www.amf-france.org).

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